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**UNDERTAKING IN RELATION TO NON-APPLICABILITY OF REQUIREMENTS PRESCRIBED IN PARAGRAPH (A)(10)(a) OF PART I READ WITH PARAGRAPH (A)(10)(b) OF PART I OF SEBI MASTER CIRCULAR NO. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 DATED NOVEMBER 23, 2021 (“SEBI CIRCULAR”) (AS AMENDED FROM TIME TO TIME) IN RESPECT TO THE SCHEME**

**1. Background**

This is with reference to the proposed Scheme of Arrangement between Bajaj Electricals Limited (“the Demerged Company” or “the Company”) and Bajel Projects Limited (a wholly owned subsidiary of the Company) (“the Resulting Company”) and their respective shareholders pursuant to Sections 230 to 232 of the Companies Act, 2013 (“the Scheme”).

The Scheme, inter alia, provides as under:

- a. Transfer by way of demerger of the Demerged Undertaking (defined in the Scheme) of the Demerged Company into the Resulting Company and consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company and;
- b. Various other matters consequential or otherwise integrally connected.

**2. Requirement of SEBI Circular**

SEBI Circular mandates all listed companies to ensure that the Scheme submitted with National Company Law Tribunal (“NCLT”) for sanction, shall provide for voting by public shareholders and Scheme shall be acted upon in certain cases as mentioned in Para (A)(10)(b) of Part I of SEBI Circular only if the votes cast by public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against the Scheme.

SEBI Circular further provides that in Para (A)(10)(c) of Part I of SEBI Circular that in cases where the Scheme does not fall within the cases mentioned in Para (A)(10)(b) of Part I of SEBI Circular, the listed entity shall furnish an undertaking certified by the auditor and duly approved by the Board of the Company, clearly stating the reasons for non-applicability of aforesaid requirement and the approval by public shareholders shall not be applicable.

Thus, in terms of Para (A)(10)(c) of Part I of SEBI Circular, the Company hereby undertakes that the requirements stated at Para (A)(10)(a) of Part I read with Para (A)(10)(b) of Part I under SEBI Circular are not applicable to the Company for reasons mentioned below.

**3. Reasons for non-applicability**

**Para (A)(10)(b)(i) of Part I of SEBI Circular:**

*“Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed entity”*

**Reasons for non-applicability:** The Resulting Company shall issue and allot equity shares at par on proportionate basis to each shareholder of the Demerged Company whose name is recorded in the register



of members of the Demerged Company on the Record Date as per the share entitlement ratio mentioned in the Scheme. Simultaneously, with the issuance of equity shares by the Resulting Company to the shareholders of the Demerged Company, the existing equity share capital of the Resulting Company will be cancelled. This will ensure that shareholding of the Resulting Company is identical to and mirror image of that of the Demerged Company. Accordingly, it is evident that all the shareholders of the Demerged Company would get shares in the Resulting Company in proportion to their entitlement and there would be no additional allotment of shares to the promoter/ promoter group, related parties of promoter/ promoter group, associates of promoter/ promoter group, subsidiary/(s) of promoter/ promoter group of the Demerged Company.

**Para (A)(10)(b)(ii) of Part I of SEBI Circular:**

*“Where the Scheme of Arrangement involves the listed entity and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group”*

**Reasons for non-applicability:** The Scheme involves the Demerged Company and its direct wholly owned subsidiary i.e., the Resulting Company. Thus, the Scheme does not involve any arrangement between the Demerged Company and any other entity involving Promoter/ Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Demerged Company.

**Para (A)(10)(b)(iii) of Part I of SEBI Circular:**

*“Where the parent listed entity has acquired, either directly or indirectly, the equity shares of the subsidiary from any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed entity under the Scheme.”*

**Reasons for non-applicability:** The Demerged Company has not acquired, either directly or indirectly, the equity shares of the Resulting Company from any person who belongs to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Demerged Company. Further, the Scheme does not involve merger of any such company into the parent listed company.

**Para (A)(10)(b)(iv) of Part I of SEBI Circular:**

*“Where the scheme involving merger of an unlisted entity results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity”*

**Reasons for non-applicability:** The Scheme does not involve merger of an unlisted entity into the Demerged Company. The present Scheme does not involve any reduction in voting share of pre-scheme public shareholders. Further, post allotment, the Resulting Company shall have mirror shareholding of the Demerged Company. Hence, the said para is not applicable.



**Para (A)(10)(b)(v) of Part I of SEBI Circular:**

*“Where the scheme involves transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares. For the purpose of this clause, the expression “substantially the whole of the undertaking” in any financial year shall mean twenty per cent or more of value of the company in terms of consolidated net worth or consolidated total income during previous financial year as specified in Section 180(1)(a)(ii) of the Companies Act, 2013. 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”*

**Reasons for non-applicability:** This clause is not applicable on demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, since on demerger, the Resulting Company would issue shares to the shareholders of the Demerged Company in proportion of their shareholding in the Demerged Company, pursuant to which the Resulting Company would get listed on the Stock Exchange(s) where shares of the Demerged Company are listed.

4. In view of above-mentioned reasons, the requirement of obtaining approval from majority of public shareholders, as stated in Para (A)(10)(a) of Part I read with Para (A)(10)(b) of Part 1 of SEBI Circular is not applicable to the Scheme.

Thanking You,

**For Bajaj Electricals Limited**



E C Prasad

Chief Financial Officer

**Mumbai, February 8, 2022**

**Report for non-applicability of requirements prescribed in Part I (A)(10)(b) read with Part I (A)(10)(a) of Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 issued by Securities and Exchange Board of India (together referred as "SEBI Master Circular")**

The Board of Directors  
Bajaj Electricals Limited  
45/47, Veer Nariman Road,  
Mumbai, Maharashtra, India

1. This report is issued in accordance with the terms of our service scope letter dated February 07, 2022 read with master engagement agreement dated September 6, 2017 as amended between S R B C & CO LLP ("we" or "us" or "SRBCCo") with Bajaj Electricals Limited (hereinafter "the Company").
2. We S R B C & CO LLP, Chartered Accountants, the Statutory Auditors of the Company, have been requested by the Company to examine the undertaking approved by the Board of Directors in its meeting held on February 8, 2022 (the "Undertaking") stating the reasons for non-applicability of paragraph 10(b) read with paragraph 10(a) of Part I (A) of the SEBI Master Circular. The said Undertaking has been prepared by the Management of the Company and signed by us for identification, pursuant to the requirements of paragraph 10(c) of the SEBI Master Circular in connection with the proposed Scheme of Arrangement between Bajaj Electricals Limited and Bajel Projects Limited and their respective shareholders for demerger of the Demerged Undertaking of the Company into the Bajel Projects Limited (hereinafter referred to as the "Scheme").

**Management's Responsibility**

3. The preparation of the Undertaking is the responsibility of the management of the Company including the creation and maintenance of all accounting and other records supporting the contents of the Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Undertaking.
4. The management is also responsible for ensuring that the Company complies with the requirements of the aforesaid SEBI Master Circular and Companies Act 2013, in relation to the Scheme and for providing all the information to the Securities Exchange Board of India (SEBI) and the BSE Limited and National Stock Exchange of India Limited (collectively referred to as "Stock Exchanges").

**Auditor's Responsibility**

5. Pursuant to the requirements of the SEBI Master Circular, our responsibility is to express reasonable assurance on whether the conditions prescribed in paragraph 10(b) read with paragraph 10(a) of Part I (A) of the SEBI Master Circular as set out in the Undertaking are applicable to the Scheme.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
8. Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion. Further our examination did not extend to any aspects of a legal or propriety nature in the Scheme and compliances thereof other than the matters referred to in this certificate.
9. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria, mentioned in paragraph 5 above. Accordingly, we have performed the following procedures in relation to the report:
  - a) Obtained a draft copy of the Scheme.



- b) Obtained a certified copy of the Undertaking as per the SEBI Master Circular.
- c) Read the certified copy of the Scheme and the Undertaking given by the Company and noted that:
  - i) The Scheme does not envisage any issue of shares to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company;
  - ii) There is no scheme of arrangement between the Company and an entity of the Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group;
  - iii) The Company has not acquired, directly or indirectly, the equity shares of the subsidiary, from any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company, under the Scheme;
  - iv) The Scheme does not envisage merger of an unlisted entity which results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity; and
  - v) The Scheme does not envisage the transfer of the whole or substantially the whole of the undertaking, as defined under the SEBI Circular, of a listed company in consideration in a form other than listed equity shares.


## Opinion

10. Based on the procedures performed by us, as referred in paragraph 9 above and according to the information and explanations given to us and based on management representations, we are of the opinion that the conditions prescribed in paragraph 10(b) read with paragraph 10(a) of Part I (A) of the SEBI Master Circular as set out in the Undertaking are not applicable to the Scheme.

## Restriction on use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the aforesaid SEBI Master Circular. Nothing in this report nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company. This report has been issued at the request of the Company and is addressed to and provided to the Company, solely for the purpose pursuant to the requirements of SEBI Master Circular for onward submission to the Stock Exchanges. This report should not be used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this report.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

  
Per Vikram Mehta  
Partner  
Membership Number: 105938  
UDIN: 22105938AATQGO8077  
Place of Signature: Mumbai  
Date: February 08, 2022

