

Report of the Committee of Independent Directors (“ID Committee” / “Committee”) of Bajaj Electricals Limited on the Scheme of Merger by Absorption of Starlite Lighting Limited with Bajaj Electricals Limited

This Report is considered and approved by the Committee in its meeting held on May 25, 2021.

Members present and participated:

Mr. Shailesh Haribhakti	:	Chairman of the Committee
Mr. Harsh Vardhan Goenka	:	Member
Dr. (Mrs.) Indu Shahani	:	Member
Dr. Rajendra Prasad Singh	:	Member
Mr. Siddharth Mehta	:	Member
Mr. Munish Khetrupal	:	Member

Convener:

Mr. Ajay Nagle : EVP and Head – Legal & Company Secretary

1. Background

1.1 The Committee has considered the proposed Scheme of Merger by Absorption of Starlite Lighting Limited (“**Transferor Company**”) with Bajaj Electricals Limited (“**Transferee Company**”) and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 (“**Act**”) (hereinafter referred to as the “**Scheme**” / “**Merger**”).

1.2 The equity shares of the Transferee Company are listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”, and together with BSE, the “**Stock Exchanges**”). The Transferee Company will be filing the Scheme along with necessary documents with the Stock Exchanges for their no objection or observation letter pursuant to Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”) and applicable statutory provisions.

The Transferor Company is a subsidiary of the Transferee Company and is not listed on any stock exchange in India or abroad.

1.3 The ID Committee was briefed about the proposed Merger, valuation and share exchange ratio. The ID Committee reviewed the (a) Draft Scheme, (b) Valuation Report dated May 24, 2021 issued by Messrs R V Shah & Associates, Chartered Accountants and registered valuer (“**Valuation Report**”), (c) Fairness Opinion dated May 25, 2021 issued by Messrs Navigant Corporate Advisors Limited, SEBI Registered Merchant Banker (“**Fairness Opinion**”), (d) Certificate dated May 25, 2021 issued by the Statutory Auditors of the Transferee Company, to the effect that the Scheme is in compliance with applicable Accounting Standards specified in Section 133 of the Act (“**Statutory Auditors Certificate**”) and (e) other relevant documents relating to the Merger.




- 1.4 The ID Committee also reviewed the SEBI Circulars dated March 10, 2017 and November 3, 2020 ("**SEBI Circulars**"), relating to requirement of "Report from the Committee of Independent Directors recommending the draft Scheme, taking into consideration, *inter alia*, that the scheme is not detrimental to the shareholders of the listed entity".

2. Proposed Scheme and review

- 2.1 The salient features of the Scheme are as under:

- a) Merger of the Transferor Company with the Transferee Company, transfer of Undertaking (as defined in the Scheme) of the Transferor Company into the Transferee Company, and issue of equity shares by Transferee Company to the shareholders of Transferor Company (except to the Transferee Company itself).
- b) Rationale and purpose of the Scheme are as described in detail in the Scheme.
- c) Upon the Scheme becoming effective, in consideration of the Merger, and based on the Valuation Report and Fairness Opinion, the equity shares of the Transferee Company will be issued and allotted to the shareholders of the Transferor Company (except to the Transferee Company itself) in the following ratio (the "**Share Exchange Ratio**"):

"The Transferee Company shall without any further act or deed, issue and allot 1 (one) equity share of face value of Rs. 2 (Rupees Two Only) each of the Transferee Company to each of the Eligible Members."

The equity shares of the Transferor Company shall be cancelled and extinguished.

- 2.2 Pursuant to the Scheme, the Transferee Company shall do necessary accounting entries, post the Scheme becoming effective, as per the applicable accounting principles prescribed under Indian Accounting Standards (IndAS). The ID Committee considered the Statutory Auditors Certificate.

- 2.3 The ID Committee considered that the Fairness Opinion confirmed that the Share Exchange Ratio as mentioned in the Valuation Report is fair to the Transferee Company, and their shareholders.

- 2.4 The ID Committee noted that the equity shares of the Transferee Company to be issued to the shareholders of the Transferor Company (except to the Transferee Company itself) pursuant to the Scheme shall be listed on the Stock Exchanges.




3. Scheme not Detrimental to the Shareholders of the Transferee Company

The ID Committee members discussed and deliberated upon the rationale and salient features of the Scheme. In light of the same and the fair Share Exchange Ratio, Valuation Report, Fairness Opinion and other documents presented before the ID Committee, the ID Committee is of the informed opinion that the proposed Scheme is in the best interest of the shareholders of the Transferee Company.

4. Recommendations of the ID Committee

ID Committee considered the Scheme and after due deliberations and discussion on relevant provisions of the Scheme, Share Exchange Ratio, Valuation Report, Fairness Opinion, Statutory Auditors Certificate, recommends the draft Scheme for favorable consideration to the Board of Directors of Transferee Company, the Stock Exchanges and Securities Exchange Board of India and other appropriate authorities.

This Report of the Committee of Independent Directors is made after considering the necessary documents and the same shall be treated as compliance under the applicable provisions of the SEBI Listing Regulations, SEBI Circulars and other applicable provisions, if any. The Committee is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For Committee of Independent Directors of
Bajaj Electricals Limited



Shailesh Haribhakti
Independent Director
Chairman of the ID Committee
DIN: 00007347



Mumbai, May 25, 2021