

Annexure 2

7

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

HB STOCKHOLDINGS LIMITED

AND

HB PORTFOLIO LIMITED

AND

HB ESTATE DEVELOPERS LIMITED

AND

THEIR RESPECTIVE MEMBERS AND CREDITORS

(Under sections 391 to 394 read with sections 100 to 104 of the Companies Act, 1956 or any corresponding provisions of Companies Act, 2013)

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PREAMBLE

This Scheme (*as defined hereinafter*) is presented under Sections 391 to 394 read with Sections 100 to 104 and other relevant provisions of the Act (*as defined hereinafter*) and Sections 13, 52, 61 and other relevant provisions of the Companies Act, 2013 for:

- (i) Demerger of HBSL Long Term Equity Investment Undertaking or Demerged Undertaking 1 (as defined hereinafter) from HBSL (as defined hereinafter) and transfer and vesting of the same into HBPL (as defined hereinafter);
- (ii) Demerger of HBSL Preference Shares Investment Undertaking or Demerged Undertaking 2 (as defined hereinafter) from HBSL (as defined hereinafter) and transfer and vesting of the same to HBEDL (as defined hereinafter);
- (iii) Demerger of HBPL Preference Shares Investment and Loan & Advances Undertaking or Demerged Undertaking 3 (as defined hereinafter) from HBPL (as defined hereinafter) and transfer and vesting of the same to HBEDL (as defined hereinafter);

and for matters consequential, supplemental and/or otherwise integrally connected therewith.



A. DESCRIPTION OF COMPANIES

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(a) **HB Stockholdings Limited ("HBSL")** is a public limited company having its shares listed on Bombay Stock Exchange and National Stock Exchange. HBSL is primarily engaged in the activities of investment in securities (sale and purchase of securities) including equity shares, preference shares, mutual fund units, debentures etc. of listed as well as unlisted companies on long-term as well short-term basis. HBSL is registered with Reserve Bank of India as a non-banking financial company. The investments of HBSL can broadly be classified into the following undertakings:

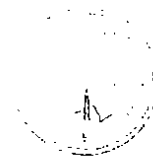
- (i) **Long Term Equity Investment Undertaking:** This undertaking comprises of the investment made and held by HBSL in the equity shares of listed companies as well as unlisted companies (other than investment held in its wholly owned subsidiary company for strategic purpose) and includes the application money given by HBSL towards subscription of equity shares. Such equity investments are made by HBSL with the objective of holding for long term.
- (ii) **Preference Shares Investment Undertaking:** This undertaking comprises of the investment made and held by HBSL in the preference shares of listed companies as well as unlisted companies and includes the application money given by HBSL to other entities towards subscription of preference shares. Such preference share investments are made by HBSL with the objective of holding for long term.
- (iii) **Current Investment Undertaking:** This undertaking mainly comprises of the investment made and held by HBSL in the equity shares of listed companies as well as unlisted companies with the objective of holding for short term period only. Such investments are primarily made for trading purpose and earning profit therefrom.

(b) **HB Portfolio Limited ("HBPL")** is a public limited company having its shares listed on Bombay Stock Exchange. The main business activity of HBPL is to undertake financial services and investing and dealing in various kinds of securities. HBPL is also the sponsor of Taurus Mutual Fund. The business of HBPL can broadly be classified into the following undertakings:



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- (i) **Equity Investment Undertaking:** This undertaking comprises of the investment made and held by HBPL in the equity shares of listed companies as well as unlisted companies for long-term and short term objective and includes the application money given by HBPL towards subscription of equity shares.
  - (ii) **Preference Shares Investment and Loans & Advances Undertaking:** This undertaking comprises of the investment made and held by HBPL in the preference shares of listed companies as well as unlisted companies, short term loans & advances given by HBPL to other entities, and includes the application money given by HBPL to other entities towards subscription of preference shares. Such preference share investments are made by HBPL with the objective of holding for long term.
  - (iii) **Residual Investment Undertaking:** This undertaking comprises of the long term loans & advances given by HBPL to other entities and also the investment made and held by HBPL in the units of mutual funds, debentures and other securities other than equity shares and preference shares.
- (c) **HB Estate Developers Limited ("HBEDL")** is a public limited company having its shares listed on Bombay Stock Exchange Limited. HBEDL is primarily engaged in the development of commercial complexes. HBEDL is also engaged in the hotel business and financial service activities. The business of HBEDL can broadly be classified into the following undertakings:
- (i) **Hotel Business:** HBEDL is the asset owner of a hotel named "VIVANTA BY TAJ – Gurgaon, NCR" which is located at Gurgaon, Haryana. The Company entered into a long-term management agreement with The Indian Hotels Company Limited ("TAJ") in respect to the said hotel. As per the agreement, the hotel is being operated in the Five Star category under the TAJ portfolio of hotels.
  - (ii) **Real Estate Business:** HBEDL is engaged in carrying real estate operations including acquisition, purchase, owing, development, appropriation and/or construction of or otherwise dealing in any manner with, for commercial and/or non-commercial objectives, lands, properties, estates, commercial buildings, residential buildings,



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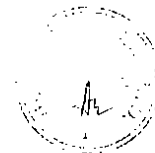
business centers, townships, industrial estates and complexes, commercial complexes, multi-storied flats and/or infrastructure facilities relating thereto.

- (iii) **Financial Service Business:** HBEDL is also engaged in the activities of acquiring and holding shares, stocks, debentures, debenture stocks, bonds, obligations, units, and securities of any kind description issued or guaranteed by any listed companies, unlisted companies, mutual funds etc. on long term as well as short term basis.

**B. RATIONALE AND PURPOSE OF THE COMPOSITE SCHEME OF ARRANGEMENT**

HBSL, HBPL and HBEDL belong to HB Group of companies ("HB Group"). The management of HB Group has decided to restructure the business of all the three companies whereby long-term equity investment undertaking of HBSL is proposed to be demerged from HBSL and transferred to HBPL to become part of equity investment undertaking of HBPL. Similarly, Preference Share Investment Undertaking of HBSL and Preference Share Investment and Loans & Advances undertaking of HBPL will be transferred to HBEDL thereby consolidating the preference shares investment activities under the financial service business undertaking of HBEDL. The proposed restructuring of HB Group of companies is likely to result into the following benefits:

- (a) The proposed restructuring will enable investors to hold investment separately in businesses with different investment characteristics thereby enabling them to select investments that best suit their investment strategies and risk profiles.
- (b) In order to effectively and efficiently cater to the independent growth plans both through organic and inorganic means, for each of the businesses of the respective company, there is a requirement of diversification and continuous funding support through equity and debt. In view of this, the management of HB Group proposes to re-organize the business of all the three companies in order to facilitate greater efficiency in cash management and excess of cash flow generated to maximize shareholders' value. Therefore, it is, proposed to demerge various demerged undertakings, being the investment divisions for different asset types of the demerged companies and transfer the same in different resulting companies.
- (c) The demerger shall facilitate the running of other Investment business of HB Group with a more focused approach. Further, the demerger shall help to create more focused Investment companies.



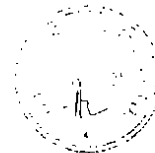
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- (d) The proposed reorganization and segregation of the businesses is indispensable to provide focused management attention and leadership required by the business, which is to be segregated and demerged as by the residual business.
- (e) The proposed segregation will create enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of the companies, its shareholders, creditors, and all other person connected with the companies.

#### C. PARTS OF THE SCHEME

The Scheme is divided into following parts:

1. Part A deals with definitions and Share Capital;
2. Part B deals with demerger of HBSL Long Term Equity Investment Undertaking ("Demerged Undertaking 1") from HBSL and its vesting in HBPL;
3. Part C deals with demerger of HBSL Preference Shares Investment Undertaking("Demerged Undertaking 2") from HBSL and its vesting in HBEDL;
4. Part D deals with demerger of HBPL Preference Shares Investment and Loan & Advances Undertaking("Demerged Undertaking 3") from HBPL and its vesting in HBEDL;
5. General terms and conditions that would be applicable to the Scheme;



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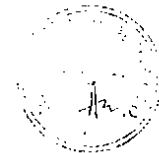
PART A

DEFINITION, SHARE CAPITAL AND DATE OF TAKING EFFECT

1. DEFINITIONS

In this scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively assigned against them:

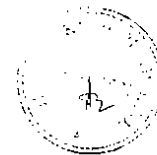
- 1.1. 'The Act' means The Companies Act, 1956 and rules and regulation made there under (to the extent applicable) and the Companies Act, 2013 (as may be notified from time to time) and the rules made there under, and shall include any statutory amendments or re-enactment thereto;
- 1.2. 'Appointed Date 1' means opening of business hours on 1<sup>st</sup> day of April 2015 or such other date as the Hon'ble High Court may direct or fix for the purpose of demerger of HBSL Long Term Equity Investment Undertaking ("Demerged Undertaking 1") from HBSL and transfer and vesting of the same into HBPL in accordance with the provisions of Part B of this Scheme..
- 1.3. 'Appointed Date 2' means opening of business hours on 2<sup>nd</sup> day of April 2015 or such other date as the Hon'ble High Court may direct or fix for the purpose of demerger of HBSL Preference Shares Investment Undertaking ("Demerged Undertaking 2") from HBSL and transfer and vesting of the same into HBEDL in accordance with the provisions of Part C of this Scheme.
- 1.4. 'Appointed Date 3' means opening of business hours on 3<sup>rd</sup> day of April 2015 or such other date as the Hon'ble High Court may direct or fix for the purpose of demerger of HBPL Preference Shares Investment and Loans & Advances Undertaking ("Demerged Undertaking 3") from HBPL and transfer and vesting of the same into HBEDL in accordance with the provisions of Part D of this Scheme.
- 1.4. 'Board of Directors' in relation to HBSL, HBPL and HBEDL shall, unless it be repugnant to the context or otherwise, include a Committee of Directors of the respective companies or any person authorized by such Committee of Directors or Board of Directors.
- 1.5. 'BSE' means the Bombay Stock Exchange.
- 1.6. 'Court' or 'High Court' or 'Hon'ble High Court' means Hon'ble High Court of Punjab & Haryana at Chandigarh having jurisdiction in relation to HBSL, HBPL and HBEDL and also



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includes the National Company Law Tribunal (NCLT), if applicable and or such other forum or authority as may be vested with any of the powers of a High Court in relation to the Scheme.

- 1.7. 'Demerged Company' with reference to demerger of HBSL Long Term Equity Investment Undertaking and HBSL Preference Shares Investment Undertaking means HBSL, and with reference to demerger of HBPL Preference Shares Investment and Loans & Advances Undertaking means HBPL.
- 1.8. 'Effective Date' means the last of the dates on which all conditions, matters and filings referred to in Clause 38 hereof have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date.
- 1.9. 'HBSL' means HB Stockholdings Limited, a company registered under the provisions of the Act and having its registered office at Plot No. 31, Echelon Institutional Area, Institutional Area, Sector-32, Gurgaon-122001, Haryana, India.
- 1.10. "HBSL Long Term Equity Investment Undertaking" or "Demerged Undertaking 1" means equity investment undertaking of HBSL which is engaged in the activities of making and holding investments in the equity shares of listed companies as well as unlisted companies (other than the investment made in its wholly owned subsidiary and held for strategic purpose) for long term period and includes all the assets and liabilities as set out in Schedule I, which, *inter alia*, also includes the following:
  - a. application money appearing in the books of accounts of HBSL as on Appointed Date 1 given by HBSL towards subscription of equity shares of other entities;
  - b. investment made and held by HBSL in the equity shares of other entities for long term period as appearing in the books of accounts of HBSL as on Appointed Date 1;
  - c. All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) related to the Demerged Undertaking 1, including, without being limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office



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equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by HBSL, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, excise duty benefits, custom duty benefits and other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever's situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by HBSL in connection with or relating to the Demerged Undertaking 1 and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by HBSL in relation to the Demerged Undertaking 1, whether in India or abroad;

- d. All liabilities including, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, relating to Demerged Undertaking 1 of HBSL;
- e. All agreements, rights, contracts, entitlements, permits, licences, approvals, authorizations, concessions, consents, quota, fuel linkages, engagements, arrangements, authorities, allotments, benefits of any guarantees, powers and all





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other approvals of every kind, nature and description whatsoever relating to the Demerged Undertaking 1 of HBSL;

f. All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Demerged Undertaking 1 of HBSL;

g. All employees, whether permanent or contractual or otherwise, engaged by HBSL in or in relation to Demerged Undertaking 1 as on the Effective Date.

[It is hereby clarified that all rights, obligations, liabilities and litigations of HBSL related to Assets / Liabilities comprised in the Demerged Undertaking 1 shall stand transferred to HBPL with effect from the Appointed Date 1 upon the Scheme becoming effective.

Further clarified that the investment made and held by HBSL in Mount Finance Limited, its wholly owned subsidiary company, shall not form part of Demerged Undertaking 1.]

1.11. "HBSL Preference Shares Investment Undertaking" or "Demerged Undertaking 2" means preference shares investment undertaking of HBSL which is engaged in the activities of making and holding investments in the preference shares of listed companies as well as unlisted companies for long term period and includes all the assets and liabilities as set out in Schedule II, which, *inter alia*, includes the following:

- a. application money appearing in the books of accounts of HBSL as on Appointed Date 2 towards subscription of preference shares of other entities (non-trade investment);
- b. investment made and held by HBSL in the preference shares of other entities for long term period as appearing in the books of accounts of HBSL as on Appointed Date 2;
- c. All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) related to the Demerged Undertaking 2, including, without being limited to, plant and machinery, equipment, buildings and structures, offices, residential and other



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premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by HBSL, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, excise duty benefits, custom duty benefits and other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever's situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by HBSL in connection with or relating to the Demerged Undertaking 2 and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by HBSL in relation to the Demerged Undertaking 2, whether in India or abroad;

- d. All liabilities including, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, relating to Demerged Undertaking 2 of HBSL;
- e. All agreements, rights, contracts, entitlements, permits, licences, approvals, authorizations, concessions, consents, quota, fuel linkages, engagements,



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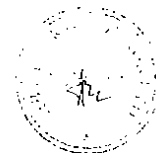
arrangements, authorities, allotments, benefits of any guarantees, powers and all other approvals of every kind, nature and description whatsoever relating to the Demerged Undertaking 2 of HBSL;

f. All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Demerged Undertaking 2 of HBSL;

g. All employees, whether permanent or contractual or otherwise, engaged by HBSL in or in relation to Demerged Undertaking 2 as on the Effective Date.

[It is hereby clarified that all rights, obligations, liabilities and litigations of HBSL related to Assets / Liabilities comprised in the Demerged Undertaking 2 shall stand transferred to HBEDL with effect from the Appointed Date 2 upon the Scheme becoming effective.]

- 1.12. 'HBSL Remaining Business' or 'Remaining Business of HBSL' means the entire business and undertakings of the HBSL as would emerge immediately after the demerger of Demerged Undertaking 1 and Demerged Undertaking 2 from HBSL and transfer of the same to HBPL and HBEDL respectively pursuant to this Scheme.
- 1.13. "HBSL Record Date" means the record date to be determined by the Board of Directors of HBSL in consultation with the Board of Directors of HBPL and HBEDL for the purpose of reckoning names of the equity shareholders of HBSL who shall be entitled to receive the equity shares of HBPL and HBEDL in consideration for the transfer and vesting of Demerged Undertaking 1 and Demerged Undertaking 2 into HBPL and HBEDL as provided under Part B and Part C of this Scheme respectively. It is hereby clarified that HBSL Record Date shall also be taken as the record date for the purpose of reckoning names of the equity shareholders of HBSL who shall be entitled to receive the equity shares of HBSL consequent to reduction of issued and paid up equity share capital of HBSL and subsequent consolidation thereof as provided in Clause 32 of this Scheme.
- 1.14. 'HBPL' means HB Portfolio Limited, a company registered under the provisions of the Act and having its registered office at Plot No. 31, Echelon Institutional Area, Institutional Area, Sector-32, Gurgaon-122001, Haryana, India.



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- 1.15. 'HBPL Preference Shares Investment and Loans & Advances Undertaking' or "Demerged Undertaking 3" means the preference shares investment and loans & advances undertaking of HBPL which is engaged in the activities of making and holding investments in the preference shares of listed companies as well as unlisted companies for long term period and providing short term loans & advances to other entities and includes all the assets and liabilities as set out in Schedule III, which, *inter alia*, also includes the following:
- a. application money appearing in the books of accounts of HBPL as on Appointed Date 3 given by HBPL towards subscription of preference shares of other entities;
  - b. investment made and by HBPL in the preference shares of other entities for long term period as appearing in the books of accounts of HBPL as on Appointed Date 3;
  - c. short term loans and advances given by HBPL to other entities as appearing in the books of accounts of HBPL as on Appointed Date 3;
  - d. All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) related to the Demerged Undertaking 3, including, without being limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by HBPL, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line



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connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, excise duty benefits, custom duty benefits and other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever's situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by HBPL in connection with or relating to the Demerged Undertaking 3 and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by HBPL in relation to the Demerged Undertaking 3, whether in India or abroad;

- e. All liabilities including, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, relating to Demerged Undertaking 3 of HBPL;
- f. All agreements, rights, contracts, entitlements, permits, licences, approvals, authorizations, concessions, consents, quota, fuel linkages, engagements, arrangements, authorities, allotments, benefits of any guarantees, powers and all other approvals of every kind, nature and description whatsoever relating to the Demerged Undertaking 3 of HBPL;
- g. All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Demerged Undertaking 3 of HBPL;
- h. All employees, whether permanent or contractual or otherwise, engaged by HBPL in or in relation to Demerged Undertaking 3 as on the Effective Date.



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[It is hereby expressly clarified that all rights, obligations, liabilities and litigations of HBPL related to Assets / Liabilities comprised in the Demerged Undertaking 3 shall stand transferred to HBEDL with effect from the Appointed Date 3 upon the Scheme becoming effective.]

- 1.16. "HBPL Remaining Business" or "Remaining Business of HBPL" means the entire business and undertakings of the HBPL as would emerge immediately after the demerger of Demerged Undertaking 3 from HBPL and transfer of the same to HBEDL pursuant to this Scheme.
- 1.17. 'HBPL Record Date' means the record date to be fixed by the Board of Directors of HBPL in consultation with the Board of Directors of HBEDL for the purpose of reckoning names of the equity shareholders of HBPL who shall be entitled to receive the equity shares of HBEDL in consideration for the transfer and vesting of Demerged Undertaking 3 into HBEDL as provided under Part D of this Scheme It is hereby clarified that HBPL Record Date shall also be taken as the record date for the purpose of reckoning names of the equity shareholders of HBPL who shall be entitled to receive the equity shares of HBPL consequent to reduction of issued and paid up equity share capital of HBPL and subsequent consolidation thereof as provided in Clause 33 of this Scheme
- 1.18. 'HBEDL' means HB Estate Developers Limited, a company registered under the provisions of the Act and having its registered office at Plot No. 31, Echelon Institutional Area, Institutional Area, Sector-32, Gurgaon-122001, Haryana, India.
- 1.19. 'HBEDL Record Date' means the record date to be fixed by the Board of Directors of HBEDL for the purpose of reckoning names of the equity shareholders of HBEDL who shall be entitled to receive the equity shares of HBEDL consequent to reduction of issued and paid up equity share capital of HBEDL and subsequent consolidation thereof as provided in Clause 34 of this Scheme.
- 1.20. 'NSE' means the National Stock Exchange of India.
- 1.21. 'Resulting Company', with reference to demerger of Demerged Undertaking 1 shall mean HBPL; and with reference to demerger of Demerged Undertaking 2 and Demerged Undertaking 3 shall mean HBEDL.
- 1.22. "SEBI" means Securities & Exchange Board of India.



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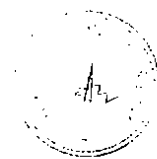
1.23. "Scheme" or "the Scheme" or "this Scheme" means this Composite Scheme of Arrangement in its present form filed with the High Court or with any modification(s)/ amendment(s) approved or imposed or directed by the High Court or modification(s)/ amendment(s) made under Clause 38 hereof.

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning as prescribed to them under the Act, Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996, the Income Tax Act, 1961 or their successor Acts and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof from time to time. In particular, wherever reference is made to the Hon'ble High Court in this Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal ("NCLT") or such other forum or authority, as may be vested with any of the powers of a High Court under the Act.

## 2. SHARE CAPITAL

2.1. The Share Capital of HBSL as on March 31, 2015 is as follows:

Particulars	Amount (In Rs.)
<b>Authorized Share Capital</b>	
7,00,00,000 Equity Shares of Rs. 10/- each	70,00,00,000
3,00,00,000 Redeemable Preference Shares of Rs. 10/- each	30,00,00,000
<b>Total</b>	<b>1,00,00,00,000</b>
<b>Issued Share Capital</b>	
2,54,43,257 Equity Shares of Rs. 10/- each	25,44,32,570
<b>Total</b>	<b>25,44,32,570</b>
<b>Subscribed and paid up Share Capital</b>	
2,37,92,218 Equity Shares of Rs. 10/- each fully paid up	23,79,22,180
	54,31,643



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Add: Forfeited Shares- 16,51,039 Equity Shares (Amount originally paid up)	
<b>Total</b>	<b>24,33,53,823</b>

2.2. The Share Capital of HBPL as on March 31, 2015 is as follows:

Particulars	Amount (In Rs.)
<b>Authorized Share Capital</b>	
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000
1,00,00,000 Redeemable Preference Shares of Rs. 10/- each	10,00,00,000
<b>Total</b>	<b>30,00,00,000</b>
<b>Issued Share Capital</b>	
1,28,21,630 Equity Shares of Rs. 10/- each	12,82,16,300
<b>Total</b>	<b>12,82,16,300</b>
<b>Subscribed and paid up Share Capital</b>	
119,92,329 Equity Shares of Rs. 10/- each fully paid up	11,99,23,290
Add: Forfeited shares – 8,29,301 Equity Shares (Amount originally paid up)	27,36,299
<b>Total</b>	<b>12,26,59,589</b>

2.3. The Share Capital of HBEDL as on March 31, 2015 is as follows:

Particulars	Amount (In Rs.)
<b>Authorized Share Capital</b>	
3,50,00,000 Equity Shares of Rs. 10/- each	35,00,00,000
80,00,000 Redeemable Preference Shares of Rs. 100/- each	80,00,00,000
<b>Total</b>	<b>1,15,00,00,000</b>





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<b>Issued Share Capital</b>	
1,69,67,625 Equity Shares of Rs. 10/- each	16,96,76,250
30,00,000 9% Redeemable Non-convertible Non-cumulative Preference Shares of Rs. 100/- each	30,00,00,000
50,00,000 9% Redeemable Non-convertible Non-cumulative Preference Shares Series II of Rs. 100/- each	50,00,00,000
<b>Total</b>	<b>96,96,76,250</b>
<b>Subscribed and paid up Share Capital</b>	
1,61,38,287 Equity Shares of Rs. 10/- each fully paid up	16,13,82,870
Add: Forfeited Shares- 8,29,338 Equity Shares (Amount originally paid up)	27,37,438
30,00,000 9% Redeemable Non-convertible Non-cumulative Preference Shares of Rs. 100/- each fully paid up	30,00,00,000
50,00,000 9% Redeemable Non-convertible Non-cumulative Preference Shares Series II of Rs. 100/- each fully paid up	50,00,00,000
<b>Total</b>	<b>96,41,20,308</b>



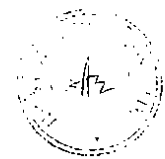
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PART B

DEMERGER, TRANSFER AND VESTING OF DEMERGED UNDERTAKING 1 FROM HBSL TO HBPL

3. TRANSFER AND VESTING OF DEMERGED UNDERTAKING 1 FROM HBSL TO HBPL

- 3.1. Upon the Scheme becoming effective and with effect from the Appointed Date 1, the Demerged Undertaking 1 of HBSL (including all the estate, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities etc.) shall, pursuant to the provisions of Section 391 to 394A of the Companies Act, 1956, without any further act, deed, matter or thing, be demerged from HBSL and transferred to and vested in HBPL or be deemed to have been demerged from HBSL, and transferred to and vested in HBPL on a going concern basis in such a manner that all the properties, assets, rights, claims, title, interest, , obligations, liabilities, litigations and authorities etc. comprised in the Demerged Undertaking 1 as on Appointed Date 1 shall become the properties, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities of HBPL by virtue of and in the manner provided in this Scheme.
- 3.2. In respect of such of the assets of the Demerged Undertaking 1 as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement and delivery, the same shall stand transferred by HBSL to HBPL upon the coming into effect of this Scheme pursuant to the provisions of Section 391-394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of HBPL as an integral part of the Demerged Undertaking 1.
- 3.3. Any and all movable properties of HBSL relating to the Demerged Undertaking 1, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of HBPL.
- 3.4. In relation to assets belonging to the Demerged Undertaking 1, which require separate documents for vesting in HBPL, or which HBSL and/ or HBPL otherwise desire to be vested separately, HBSL and HBPL will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.



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- 3.5. All assets acquired by HBSL after the Appointed Date 1 and prior to the Effective Date for operation of the Demerged Undertaking 1 shall be deemed to have been acquired for and on behalf of HBPL and shall also stand transferred to and vested in HBPL upon the Scheme becoming effective.
- 3.6. It is hereby clarified that if any assets (including but not limited to any estate, rights, title, interest, obligations, liabilities, litigations and authorities relating to such assets) in relation to the Demerged Undertaking 1 which HBSL owns, cannot be transferred to HBPL for any reason whatsoever, HBSL shall hold such asset in trust for the benefit of HBPL.
- 3.7. All debts, liabilities, secured and unsecured loans including general or multi-purpose borrowings, contingent liabilities, undertakings given with respect to loans raised by HBSL, duties and obligations of every kind, nature and description related to the Demerged Undertaking 1 shall, without any further act or deed, be transferred to, or be deemed to be transferred to HBPL with effect from the Appointed Date 1 upon the Scheme becoming effective and HBPL undertakes to meet, discharge and satisfy the same.

Thus, the primary obligation to redeem or repay such loans and/or liabilities shall be that of HBPL. However, without prejudice to such transfer of proportionate liability amount, if any, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, HBPL may discharge such liability (including accretions) by making payments on the respective due dates to HBSL, which in turn shall make payments to the respective creditors.

It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

- 3.8. Where any of the liabilities and obligations pertaining to the Demerged Undertaking 1 on the Appointed Date 1 has been discharged by HBSL after the Appointed Date 1 and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of HBPL.
- 3.9. All loans raised and used, and liabilities incurred, if any, by HBSL after the Appointed Date 1, but prior to the Effective Date, for the Demerged Undertaking 1 shall be deemed to be transferred to, and discharged by HBPL without any further act or deed.



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- 3.10. Upon the Scheme becoming effective, the secured creditors of HBSL, relating to the Demerged Undertaking 2 and HBSL Remaining Business, shall not be entitled to security over properties, assets, rights, benefits and interest of HBPL.
- 3.11. The provisions of this Clause 3 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.
- 3.12. With effect from the Appointed Date 1 and upon the Scheme becoming effective, all taxes and duties payable by HBSL, accruing and relating to the operations of the Demerged Undertaking 1 from the Appointed Date 1 onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of HBPL.
- 3.13. Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax etc. relating to the Demerged Undertaking 1 to which HBSL is entitled to shall be available to and vest in HBPL, without any further act or deed.
- 3.14. Upon this Scheme becoming effective, HBSL and HBPL are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date 1, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- 3.15. The Board of Directors of HBSL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Demerged Undertaking 1 and whether the same would be transferred to HBPL.

#### 4. LEGAL PROCEEDINGS

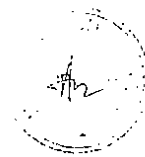
- 4.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against HBSL under any statute, pending on Effective Date, relating to assets/liabilities comprised in the Demerged Undertaking 1 ("Demerged Undertaking 1 Proceedings") shall be continued and enforced by or against



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HBPL after the Effective Date, to the extent legally permissible. To the extent, such Demerged Undertaking 1 Proceedings cannot be taken over by HBPL; such proceedings shall be pursued by HBSL as per the instructions of and entirely at the costs and expenses of HBPL and all benefits, liabilities, penalties arising out of such proceedings shall be to the account of HBPL.

- 4.2. If any Demerged Undertaking 1 Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against HBPL in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against HBSL, as if this Scheme had not been made.
  - 4.3. In the event of any difference or difficulty in determining whether any specific legal or other proceedings relates to the Demerged Undertaking 1 or not, the decision of the Board of Directors of HBSL in this regard shall be conclusive and binding on HBSL and HBPL.
  - 4.4. It is clarified that HBSL shall be responsible for all legal and other proceedings of whatsoever nature, pending and/or arising before and after the Effective Date which relate to HBSL Remaining Business (including the proceedings arising out of the contingent liabilities that would remain in the HBSL Remaining Business) and HBPL shall not in any way be liable, prosecuted or affected from any of them.
5. CONTRACTS, DEEDS ETC.
- 5.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking 1 to which HBSL is a party or to the benefit of which HBSL may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect by or against or in favour of HBPL, as the case may be, and may be enforced as fully and effectually as if, instead of HBSL, HBPL had been a party or beneficiary or obligee thereto.
  - 5.2. Notwithstanding the fact that vesting of the Demerged Undertaking 1 occurs by virtue of this Scheme itself, HBPL may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite



arrangements with any party to any contract or arrangement to which HBSL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. HBPL will, if necessary, also be a party to the above. HBPL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of HBSL and to carry out or perform all such formalities or compliances referred to above on the part of HBSL to be carried out or performed.

**6. SAVING OF CONCLUDED TRANSACTIONS**

6.1. The transfer of properties and liabilities to, and the continuance of proceedings by, or against, HBPL as envisaged in Part B above shall not affect any transaction or proceedings already concluded by HBSL on or before the Appointed Date 1 and after the Appointed Date 1 till the Effective Date, to the end and intent that HBPL accepts and adopts all acts, deeds and things done and executed by HBSL in respect thereto as done and executed on behalf of itself.

**7. EMPLOYEES**

7.1. HBPL undertakes to engage, on and from the Effective Date, all the employees or retainers or consultants of HBSL engaged in the Demerged Undertaking 1 on the same terms and conditions on which they are engaged as on the Effective Date by HBSL without any interruption of service as a result of the transfer of the Demerged Undertaking 1. HBPL agrees that the services of all such employees with the HBSL up to the Effective Date shall be taken into account for the purposes of all benefits to which these employees may be eligible, including for the purpose of payment of any bonus, retrenchment compensation, gratuity and other terminal benefits.

7.2. The accumulated balances, if any, standing to the credit of the employees and officers of HBSL engaged in the Demerged Undertaking 1 in the existing Provident Fund, Gratuity Fund and Superannuation Fund, of which they are members, will be transferred to the Provident Fund, Pension Fund, Gratuity Fund and Superannuation Fund nominated by HBPL and/or such new Funds to be established by HBPL. Pending the transfer as aforesaid, the Provident Fund, Pension Fund, Gratuity Fund and Superannuation Fund dues to the said employees and officers of the Demerged Undertaking 1 would be continued to be deposited in the existing Provident, Gratuity and Superannuation Funds respectively.



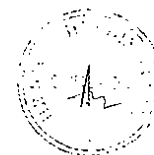
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**8. CONDUCT OF THE BUSINESS OF THE DEMERGED UNDERTAKING 1**

- 8.1.** With effect from the Appointed Date 1 and up to and including the Effective Date:
- a. HBSL undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and assets of the Demerged Undertaking 1, for and on account of and in trust for HBPL.
  - b. All profits accruing to HBSL or losses arising or incurred by it relating to the Demerged Undertaking 1 shall for all purposes, be treated as the profits or losses, as the case may be of HBPL.
- 8.2.** HBSL undertakes that with effect from the approval of the Scheme by the Board of Directors of HBSL and HBPL respectively, HBSL will preserve and carry on the business of the Demerged Undertaking 1 with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking 1 or any part thereof or recruit new employees or conclude settlements with union or employees or undertake substantial expansion or change the general character or nature of the business of the Demerged Undertaking 1 or any part thereof save and except in each case:
- a. if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - b. if the same is expressly permitted by this Scheme; or
  - c. if the prior written consent of the Board of Directors of HBPL has been obtained.
- 8.3.** HBPL shall be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which HBPL may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any law for time being in force for carrying on business of the Demerged Undertaking 1.

**9. CONSIDERATION**

- 9.1.** Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking 1 of HBSL in HBPL in terms of Part B of the Scheme, HBPL shall, without any further act or deed, issue and allot equity shares to the equity



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shareholders of HBSL whose names appear in the Register of Members of HBSL on HBSL Record Date in the following ratio:

"25 (Twenty Five) equity shares of Rs.10/- (Rupees Ten only) fully paid up of HBPL for every 100 (One Hundred) Equity Shares of Rs.10/- (Rupees Ten only) fully paid of HBSL".

- 9.2. In the event, the aforesaid issue and allotment of shares of HBPL results in fractional entitlements to the eligible shareholders, the Board of Directors of HBPL shall consolidate all such fractional entitlements into equity shares and allot the resultant equity share(s) to any director or officer of HBPL or to such other person, as the Board of HBPL may appoint in this behalf, to be held in the trust by such director or officer for all such shareholders who are entitled to such fractional entitlements. Such trustee/s who is allotted the consolidated equity shares shall be bound by the express understanding to cause the sale of such equity shares at such price at such time as he/they may deem fit and shall distribute the sale proceeds (after deduction therefrom the expenses incurred, if any, in connection with the sale of shares and all incidental expenses related thereto) to such shareholders in the ratio of their fractional entitlement. The Board of Directors of HBPL, if deem necessary, in the interests of respective company, approve such other method in this regard as they may, in their absolute discretion, deem fit.
- 9.3. The new equity shares, pursuant to clause 9.1 above, shall be issued and allotted by HBPL in a dematerialized form to those equity shareholders who hold equity shares in HBSL in dematerialized form, into the account with the depository participant in which the equity shares of HBSL are held or such other account with the depository participant as is intimated by the equity shareholders of HBSL. All those equity shareholders of HBSL who hold equity shares of HBSL in physical form shall also have the option to receive the new equity shares, as the case may be, in dematerialized form provided the details of their account with the depository participant are intimated in writing to HBPL or HBSL. In the event that HBPL or HBSL has received notice from any equity shareholder of HBSL that equity shares are to be issued in physical form or if any equity shareholder has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any equity shareholder do not permit electronic credit of the shares of HBPL, then HBPL shall issue





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- new equity shares of HBPL, in accordance with Clause 9.1, as the case may be, in physical form to such equity shareholder.
- 9.4. The new equity shares issued and allotted by HBPL, in terms of clause 9.1 above, shall be subject to the provisions of the Memorandum and Articles of Association of HBPL and shall rank pari-passu in all respects with the then existing equity shares of HBPL.
- 9.5. In the event of there being any pending share transfers, whether lodged or outstanding, of any equity shareholder of HBSL, the Board of Directors of HBSL shall be empowered in appropriate cases, prior to or even subsequent to the HBSL Record Date, to effectuate such a transfer in HBSL as if such changes in registered holder were operating as on the HBSL Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in HBPL issued by HBPL upon the coming into effect of this Scheme.
- 9.6. Where the new equity shares of HBPL are to be allotted, pursuant to Clause 9.1 above, to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of HBSL, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of HBPL.
- 9.7. The new equity shares to be issued by HBPL, pursuant to Clause 9.1 above, in respect of any equity shares of HBSL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be held in abeyance by HBPL.
- 9.8. Approval of this Scheme by the equity shareholders of HBPL shall be deemed to be the due compliance of the provisions of Section 42, Section 62 and other relevant provisions of the Companies Act, 2013 including the rules made thereunder and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other rules or regulations by SEBI for the issue and allotment of the new equity shares by HBPL to the equity shareholders of HBSL, as provided in this Scheme and that HBPL shall not be required to do any other compliances including any further approval of its members.
- 9.9. The new equity shares to be issued by HBPL, in terms of Clause 9.1 above, will be listed and/or admitted to trading on the BSE where the equity shares of HBPL are listed and/or admitted to trading in terms of the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable regulations. HBPL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations



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for complying with the formalities of the aforesaid stock exchanges. On such formalities being fulfilled the said stock exchanges shall list and /or admit such new equity shares also for the purpose of trading. The new equity shares allotted by HBPL, pursuant to Clause 9.1 above, shall remain frozen in the depositories system till the listing / trading permission is given by the BSE.

- 9.10. It is clarified that the equity shares of HBPL allotted in lieu of locked-in equity shares of HBSL, if any, shall also be subject to lock-in for the remaining period.

**10. TREATMENT FOR THE PURPOSE OF INCOME TAX ACT, 1961**

- 10.1. The demerger of Demerged Undertaking 1 from HBSL to HBPL shall be in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961 such that:

10.1.1 All the properties of HBSL relating to the Demerged Undertaking 1, immediately before the demerger, shall become the properties of HBPL by virtue of such demerger.

10.1.2 All the liabilities of HBSL relating to the Demerged Undertaking 1, immediately before the demerger, shall become the liabilities of HBPL by virtue of such demerger.

10.1.3 The properties and liabilities relating to the Demerged Undertaking 1 shall be transferred to HBPL at the values appearing in the books of account of HBSL immediately before the demerger.

10.1.4 HBPL shall issue, in consideration of the demerger of Demerged Undertaking 1, shares to the shareholders of HBPL on proportionate basis.

10.1.5 Shareholders holding at least 75% value of shares of HBSL shall become shareholders of HBPL by virtue of demerger of Demerged Undertaking 1.

10.1.6 Transfer of Demerged Undertaking 1 from HBSL to HBPL shall be on a going concern basis.

- 10.2. The provisions of this Part B of the Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income-tax Act, 1961. If any of the terms or provisions of Part B of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with



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Section 2(19AA) of the Income-tax Act, 1961. Such modifications will however not affect the other parts of the Scheme.

**11. REMAINING BUSINESS OF HBSL**

- 11.1. The Remaining Business of HBSL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by HBSL subject to the provisions of the Scheme.
- 11.2. All legal or other proceedings by or against HBSL under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of HBSL (including those relating to any property, right, power, liability, obligation or duties of HBSL in respect of the Remaining Business of HBSL) shall be continued and enforced by or against HBSL. HBPL shall in no event be responsible or liable in relation to any such legal or other proceedings by or against HBSL.
- 11.3. With effect from the Appointed Date 1 and up to and including the Effective Date:
  - a. HBSL shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of HBSL for and on its own behalf;
  - b. all profits and income accruing or arising to HBSL, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business of HBSL shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of HBSL;
  - c. all employees relatable to the Remaining Business of HBSL shall continue to be employed by HBSL; and
  - d. HBPL shall not in any event be liable or responsible for any claims whatsoever regarding such employees.



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PART C

DEMERGER, TRANSFER AND VESTING OF DEMERGED UNDERTAKING 2 FROM HBSL TO HBEDL

**12. TRANSFER AND VESTING OF DEMERGED UNDERTAKING 2 FROM HBSL TO HBEDL**

- 12.1. Upon the Scheme becoming effective and with effect from the Appointed Date 2, the Demerged Undertaking 2 of HBSL (including all the estate, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities etc.) shall, pursuant to the provisions of Section 391 to 394A of the Companies Act, 1956, without any further act, deed, matter or thing, be demerged from HBSL and transferred to and vested in HBEDL or be deemed to have been demerged from HBSL, and transferred to and vested in HBEDL on a going concern basis in such a manner that all the properties, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities etc. comprised in the Demerged Undertaking 2 as on Appointed Date 2 shall become the properties, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities of HBEDL by virtue of and in the manner provided in this Scheme.
- 12.2. In respect of such of the assets of the Demerged Undertaking 2 as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement and delivery, the same shall stand transferred by HBSL to HBEDL upon the coming into effect of this Scheme pursuant to the provisions of Section 391-394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of HBEDL as an integral part of the Demerged Undertaking 2.
- 12.3. Any and all movable properties of HBSL relating to the Demerged Undertaking 2, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of HBEDL.
- 12.4. In relation to assets belonging to the Demerged Undertaking 2, which require separate documents for vesting in HBEDL, or which HBSL and/ or HBEDL otherwise desire to be vested separately, HBSL and HBEDL will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.



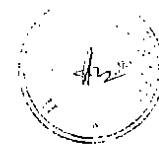
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- 12.5. All assets acquired by HBSL after the Appointed Date 2 and prior to the Effective Date for operation of the Demerged Undertaking 2 shall be deemed to have been acquired for and on behalf of HBEDL and shall also stand transferred to and vested in HBEDL upon the Scheme becoming effective.
- 12.6. It is hereby clarified that if any assets (including but not limited to any estate, rights, title, interest, obligations, liabilities, litigations and authorities relating to such assets) in relation to the Demerged Undertaking 2 which HBSL owns, cannot be transferred to HBEDL for any reason whatsoever, HBSL shall hold such asset in trust for the benefit of HBEDL.
- 12.7. All debts, liabilities, secured and unsecured loans including general or multi-purpose borrowings, contingent liabilities, undertakings given with respect to loans raised by HBSL, duties and obligations of every kind, nature and description related to the Demerged Undertaking 2 shall, without any further act or deed, be transferred to, or be deemed to be transferred to HBEDL with effect from the Appointed Date 2 upon the Scheme becoming effective and HBEDL undertakes to meet, discharge and satisfy the same.

Thus, the primary obligation to redeem or repay such loans and/or liabilities shall be that of HBEDL. However, without prejudice to such transfer of proportionate liability amount, if any, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, HBEDL may discharge such liability (including accretions) by making payments on the respective due dates to HBSL, which in turn shall make payments to the respective creditors.

It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

- 12.8. Where any of the liabilities and obligations pertaining to the Demerged Undertaking 2 on the Appointed Date 2 has been discharged by HBSL after the Appointed Date 2 and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of HBEDL.



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- 12.9. All loans raised and used, and liabilities incurred, if any, by HBSL after the Appointed Date 2, but prior to the Effective Date, for the Demerged Undertaking 2 shall be deemed to be transferred to, and discharged by HBEDL without any further act or deed.
- 12.10. Upon the Scheme becoming effective, the secured creditors of HBSL, relating to the Demerged Undertaking 1 and HBSL Remaining Business, shall not be entitled to security over properties, assets, rights, benefits and interest of HBEDL.
- 12.11. The provisions of this Clause 12 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.
- 12.12. With effect from the Appointed Date 2 and upon the Scheme becoming effective, all taxes and duties payable by HBSL, accruing and relating to the operations of the Demerged Undertaking 2 from the Appointed Date 2 onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of HBEDL.
- 12.13. Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax etc. relating to the Demerged Undertaking 2 to which HBSL is entitled to shall be available to and vest in HBEDL, without any further act or deed.
- 12.14. Upon this Scheme becoming effective, HBSL and HBEDL are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date 2, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- 12.15. The Board of Directors of HBSL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Demerged Undertaking 2 and whether the same would be transferred to HBEDL.



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### 13. LEGAL PROCEEDINGS

- 13.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against HBSL under any statute, pending on Effective Date, relating to assets/liabilities comprised in the Demerged Undertaking 2 ("Demerged Undertaking 2 Proceedings") shall be continued and enforced by or against HBEDL after the Effective Date, to the extent legally permissible. To the extent, such Demerged Undertaking 2 Proceedings cannot be taken over by HBEDL; such proceedings shall be pursued by HBSL as per the instructions of and entirely at the costs and expenses of HBEDL and all benefits, liabilities, penalties arising out of such proceedings shall be to the account of HBEDL.
- 13.2. If any Demerged Undertaking 2 Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against HBEDL in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against HBSL, as if this Scheme had not been made.
- 13.3. In the event of any difference or difficulty in determining whether any specific legal or other proceedings relates to the Demerged Undertaking 2 or not, the decision of the Board of Directors of HBSL in this regard shall be conclusive and binding on HBSL and HBEDL.
- 13.4. It is clarified that HBSL shall be responsible for all legal and other proceedings of whatsoever nature, pending and/or arising before and after the Effective Date which relate to HBSL (including the proceedings arising out of the contingent liabilities that would remain in the HBSL Remaining Business) and HBEDL shall not in any way be liable, prosecuted or affected from any of them.

### 14. CONTRACTS, DEEDS ETC.

- 14.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking 2 to which HBSL is a party or to the benefit of which HBSL may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect by or against or in



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favour of HBEDL, as the case may be, and may be enforced as fully and effectually as if, instead of HBSL, HBEDL had been a party or beneficiary or obligee thereto.

14.2. Notwithstanding the fact that vesting of the Demerged Undertaking 2 occurs by virtue of this Scheme itself, HBEDL may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which HBSL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. HBEDL will, if necessary, also be a party to the above. HBEDL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of HBSL and to carry out or perform all such formalities or compliances referred to above on the part of HBSL to be carried out or performed.

**15. SAVING OF CONCLUDED TRANSACTIONS**

15.1. The transfer of properties and liabilities to, and the continuance of proceedings by, or against, HBEDL as envisaged in Part C above shall not affect any transaction or proceedings already concluded by HBSL on or before the Appointed Date 2 and after the Appointed Date 2 till the Effective Date, to the end and intent that HBEDL accepts and adopts all acts, deeds and things done and executed by HBSL in respect thereto as done and executed on behalf of itself.

**16. EMPLOYEES**

16.1. HBEDL undertakes to engage, on and from the Effective Date, all the employees or retainers or consultants of HBSL engaged in the Demerged Undertaking 2 on the same terms and conditions on which they are engaged as on the Effective Date by HBSL without any interruption of service as a result of the transfer of the Demerged Undertaking 2. HBEDL agrees that the services of all such employees with the HBSL up to the Effective Date shall be taken into account for the purposes of all benefits to which these employees may be eligible, including for the purpose of payment of any bonus, retrenchment compensation, gratuity and other terminal benefits.

16.2. The accumulated balances, if any, standing to the credit of the employees and officers of HBSL engaged in the Demerged Undertaking 2 in the existing Provident Fund, Gratuity Fund and Superannuation Fund, of which they are members, will be transferred to the





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Provident Fund, Pension Fund, Gratuity Fund and Superannuation Fund nominated by HBEDL and/or such new Funds to be established by HBEDL. Pending the transfer as aforesaid, the Provident Fund, Pension Fund, Gratuity Fund and Superannuation Fund dues to the said employees and officers of the Demerged Undertaking 2 would be continued to be deposited in the existing Provident, Gratuity and Superannuation Funds respectively.

**17. CONDUCT OF THE BUSINESS OF THE DEMERGED UNDERTAKING 2**

- 17.1. With effect from the Appointed Date 2 and up to and including the Effective Date:
- a. HBSL undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and assets of the Demerged Undertaking 2, for and on account of and in trust for HBEDL.
  - b. All profits accruing to HBSL or losses arising or incurred by it relating to the Demerged Undertaking 2 shall for all purposes, be treated as the profits or losses, as the case may be of HBEDL.
- 17.2. HBSL undertakes that it will preserve and carry on the business of the Demerged Undertaking 2 with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking 2 or any part thereof or recruit new employees or conclude settlements with union or employees or undertake substantial expansion or change the general character or nature of the business of the Demerged Undertaking 2 or any part thereof save and except in each case:
- a. if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - b. if the same is expressly permitted by this Scheme; or
  - c. if the prior written consent of the Board of Directors of HBEDL has been obtained.
- 17.3. HBEDL shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which HBEDL may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any law for time being in force for carrying on business of the Demerged Undertaking 2.



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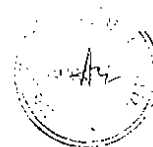
#### 18. CONSIDERATION

18.1. Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking 2 of HBSL in HBEDL in terms of Part C of the Scheme, HBEDL shall, without any further act or deed, issue and allot equity shares to the equity shareholders of HBSL whose names appear in the Register of Members of HBSL on HBSL Record Date in the following ratio:

"24 (twenty four) equity shares of Rs.10/- (Rupees Ten only) fully paid up of HBEDL for every 100 (One Hundred) equity shares of Rs.10/- (Rupees Ten only) fully paid of HBSL."

18.2. In the event, the aforesaid issue and allotment of shares of HBEDL results in fractional entitlements to the eligible shareholders, the Board of Directors of HBEDL shall consolidate all such fractional entitlements into equity shares and allot the resultant equity share(s) to any director or officer of HBEDL or to such other person, as the Board of HBEDL may appoint in this behalf, to be held in the trust by such director or officer for all such shareholders who are entitled to such fractional entitlements. Such trustee/s who is allotted the consolidated equity shares shall be bound by the express understanding to cause the sale of such equity shares at such price at such time as he/they may deem fit and shall distribute the sale proceeds (after deduction therefrom the expenses incurred, if any, in connection with the sale of shares and all expense incidental thereto) to such shareholders in the ratio of their fractional entitlement. The Board of Directors of HBEDL, if deem necessary, in the interests of respective company, approve such other method in this regard as they may, in their absolute discretion, deem fit.

18.3. The new equity shares issued, pursuant to Clause 18.1 above, shall be issued and allotted by HBEDL in a dematerialized form to those equity shareholders who hold equity shares in HBSL in dematerialized form, into the account with the depository participant in which the equity shares of HBSL are held or such other account with the depository participant as is intimated by the equity shareholders of HBSL. All those equity shareholders of HBSL who hold equity shares of HBSL in physical form shall also have the option to receive the new equity shares, as the case may be, in dematerialized form provided the details of their account with the depository participant are intimated in writing to HBEDL or HBSL. In the event that HBEDL or HBSL has received notice from any equity shareholder of HBSL that equity shares are to be issued in physical form or if any equity shareholder has not provided the requisite details relating to his/her/its account with a depository participant



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- or other confirmations as may be required or if the details furnished by any equity shareholder do not permit electronic credit of the shares of HBEDL, then HBEDL shall issue new equity shares of HBEDL, in accordance with Clause 18.1, as the case may be, in physical form to such equity shareholder.
- 18.4. The new equity shares issued and allotted by HBEDL, in terms of Clause 18.1 above, shall be subject to the provisions of the Memorandum and Articles of Association of HBEDL and shall rank paripassu in all respects with the then existing equity shares of HBEDL.
  - 18.5. In the event of there being any pending share transfers, whether lodged or outstanding, of any equity shareholder of HBSL, the Board of Directors of HBSL shall be empowered in appropriate cases, prior to or even subsequent to the HBSL Record Date, to effectuate such a transfer in HBSL as if such changes in registered holder were operating as on the HBSL Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in HBEDL issued by HBEDL upon the coming into effect of this Scheme.
  - 18.6. Where the new equity shares of HBEDL are to be allotted, pursuant to Clause 18.1 above, to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of HBSL, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of HBEDL.
  - 18.7. The new equity shares to be issued by HBEDL, pursuant to Clause 18.1 above, in respect of any equity shares of HBSL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be held in abeyance by HBEDL.
  - 18.8. Approval of this Scheme by the equity shareholders of HBEDL shall be deemed to be the due compliance of the provisions of Section 42, Section 62 and other relevant provisions of the Companies Act, 2013 including the rules made thereunder and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other rules or regulations by SEBI for the issue and allotment of the new equity shares by HBEDL to the equity shareholders of HBSL, as provided in this Scheme and that HBEDL shall not be required to do any other compliances including any further approval of its members.
  - 18.9. The new equity shares to be issued by HBEDL, in terms of Clause 18.1 above, will be listed and/or admitted to trading on the BSE where the equity shares of HBEDL are listed and/or admitted to trading in terms of the provisions of Securities and Exchange Board of India



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(issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable regulations. HBEDL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the aforesaid stock exchanges. On such formalities being fulfilled the said stock exchanges shall list and /or admit such new equity shares also for the purpose of trading. The new equity shares allotted by HBEDL, pursuant to Clause 18.1 above, shall remain frozen in the depositories system till the listing / trading permission is given by the BSE.

- 18.10. It is clarified that the equity shares of HBEDL allotted in lieu of locked-in equity shares of HBSL, if any, shall also be subject to lock-in for the remaining period.

**19. TREATMENT FOR THE PURPOSE OF INCOME TAX ACT, 1961**

- 19.1. The demerger of Demerged Undertaking 2 from HBSL to HBEDL shall be in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961 such that:
- 19.1 All the properties of HBSL relating to the Demerged Undertaking 2, immediately before the demerger, shall become the properties of HBEDL by virtue of such demerger.
- 19.2 All the liabilities of HBSL relating to the Demerged Undertaking 2, immediately before the demerger, shall become the liabilities of HBEDL by virtue of such demerger.
- 19.3 The properties and liabilities relating to the Demerged Undertaking 2 shall be transferred to HBEDL at the values appearing in the books of account of HBSL immediately before the demerger.
- 19.4 HBEDL shall issue, in consideration of the demerger of Demerged Undertaking 2, shares to the shareholders of the HBSL on proportionate basis.
- 19.5 Shareholders holding at least 75% value of shares of HBSL shall become shareholders of HBEDL by virtue of demerger of Demerged Undertaking 2.
- 19.6 Transfer of Demerged Undertaking 2 from HBSL to HBEDL shall be on a going concern basis.
- 19.2. The provisions of this Part C of the Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income-tax Act, 1961. If any of the terms or provisions of Part C of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date



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including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modifications will however not affect the other parts of the Scheme.

**20. REMAINING BUSINESS OF HBSL**

- 20.1. The Remaining Business of HBSL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by HBSL subject to the provisions of the Scheme.
- 20.2. All legal or other proceedings by or against HBSL under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of HBSL (including those relating to any property, right, power, liability, obligation or duties of HBSL in respect of the Remaining Business of HBSL) shall be continued and enforced by or against HBSL. HBEDL shall in no event be responsible or liable in relation to any such legal or other proceedings by or against HBSL.
- 20.3. With effect from the Appointed Date 1 and up to and including the Effective Date:
  - a. HBSL shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of HBSL for and on its own behalf;
  - b. all profits and income accruing or arising to HBSL, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business of HBSL shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of HBSL;
  - c. all employees relatable to the Remaining Business of HBSL shall continue to be employed by HBSL; and
  - d. HBEDL shall not in any event be liable or responsible for any claims whatsoever regarding such employees.



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PART D

DEMERGER, TRANSFER AND VESTING OF DEMERGED UNDERTAKING 3 FROM HBPL TO HBEDL

**21. Transfer and vesting of Demerged Undertaking 3 from HBPL to HBEDL**

- 21.1. Upon the Scheme becoming effective and with effect from the Appointed Date 3, the Demerged Undertaking 3 of HBPL (including all the estate, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities etc.) shall, pursuant to the provisions of Section 391 to 394A of the Companies Act, 1956, without any further act, deed, matter or thing, be demerged from HBPL and transferred to and vested in HBEDL or be deemed to have been demerged from HBPL, and transferred to and vested in HBEDL on a going concern basis in such a manner that all the properties, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities etc. comprised in the Demerged Undertaking 3 as on Appointed Date 3 shall become the properties, assets, rights, claims, title, interest, obligations, liabilities, litigations and authorities of HBEDL by virtue of and in the manner provided in this Scheme.
- 21.2. In respect of such of the assets of the Demerged Undertaking 3 as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement and delivery, the same shall stand transferred by HBPL to HBEDL upon the coming into effect of this Scheme pursuant to the provisions of Section 391-394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of HBEDL as an integral part of the Demerged Undertaking 3.
- 21.3. Any and all movable properties of HBPL relating to the Demerged Undertaking 3, other than those specified above, including cash and cash equivalents, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons shall without any further act, instrument or deed become the property of HBEDL.
- 21.4. In relation to assets belonging to the Demerged Undertaking 3, which require separate documents for vesting in HBEDL, or which HBPL and/ or HBEDL otherwise desire to be



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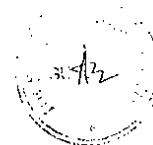
vested separately, HBPL and HBEDL will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.

- 21.5. All assets acquired by HBPL after the Appointed Date 3 and prior to the Effective Date for operation of the Demerged Undertaking 3 shall be deemed to have been acquired for and on behalf of HBEDL and shall also stand transferred to and vested in HBEDL upon the Scheme becoming effective.
- 21.6. It is hereby clarified that if any assets (including but not limited to any estate, rights, title, interest, obligations, liabilities, litigations and authorities relating to such assets) in relation to the Demerged Undertaking 3 which HBPL owns, cannot be transferred to HBEDL for any reason whatsoever, HBPL shall hold such asset in trust for the benefit of HBEDL.
- 21.7. All debts, liabilities, secured and unsecured loans including general or multi-purpose borrowings, contingent liabilities, undertakings given with respect to loans raised by HBPL, duties and obligations of every kind, nature and description related to the Demerged Undertaking 3 shall, without any further act or deed, be transferred to, or be deemed to be transferred to HBEDL with effect from the Appointed Date 3 upon the Scheme becoming effective and HBEDL undertakes to meet, discharge and satisfy the same.

Thus, the primary obligation to redeem or repay such loans and/or liabilities shall be that of HBEDL. However, without prejudice to such transfer of proportionate liability amount, if any, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, HBEDL may discharge such liability (including accretions) by making payments on the respective due dates to HBPL, which in turn shall make payments to the respective creditors.

It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

- 21.8. Where any of the liabilities and obligations pertaining to the Demerged Undertaking 3 on the Appointed Date 3 has been discharged by HBPL after the Appointed Date 3 and prior



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- to the Effective Date, such discharge shall be deemed to have been for and on behalf of HBEDL.
- 21.9. All loans raised and used, and liabilities incurred, if any, by HBPL after the Appointed Date 3, but prior to the Effective Date, for the Demerged Undertaking 3 shall be deemed to be transferred to, and discharged by HBEDL without any further act or deed.
- 21.10. Upon the Scheme becoming effective, the secured creditors of HBPL, relating to the HBPL Remaining Business, shall not be entitled to security over properties, assets, rights, benefits and interest of HBEDL.
- 21.11. The provisions of this Clause 21 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.
- 21.12. With effect from the Appointed Date 3 and upon the Scheme becoming effective, all taxes and duties payable by HBPL, accruing and relating to the operations of the Demerged Undertaking 3 from the Appointed Date 3 onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of HBEDL.
- 21.13. Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax etc. relating to the Demerged Undertaking 3 to which HBPL is entitled to shall be available to and vest in HBEDL, without any further act or deed.
- 21.14. Upon this Scheme becoming effective, HBPL and HBEDL are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date 3, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- 21.15. The Board of Directors of HBPL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Demerged Undertaking 3 and whether the same would be transferred to HBEDL.





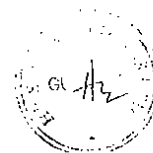
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## 22. LEGAL PROCEEDINGS

- 22.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against HBPL under any statute, pending on Effective Date, relating to assets/ liabilities comprised in the Demerged Undertaking 3 ("the Demerged Undertaking 3 Proceedings") shall be continued and enforced by or against HBEDL after the Effective Date, to the extent legally permissible. To the extent, such Demerged Undertaking 3 Proceedings cannot be taken over by HBEDL; such proceedings shall be pursued by HBPL as per the instructions of and entirely at the costs and expenses of HBEDL and all benefits, liabilities, penalties arising out of such proceedings shall be to the account of HBEDL.
- 22.2. If any Demerged Undertaking 3 Proceedings is pending, the same shall not abate, be discontinued or in anyway be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against HBEDL in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against HBPL, as if this Scheme had not been made.
- 22.3. In the event of any difference or difficulty in determining whether any specific legal or other proceedings relates to the Demerged Undertaking 3 or not, the decision of the Board of Directors of HBPL in this regard shall be conclusive and binding on HBPL and HBEDL.
- 22.4. It is clarified that HBPL shall be responsible for all legal and other proceedings of whatsoever nature, pending and/or arising before and after the Effective Date which relate to the HBPL Remaining Business (including the proceedings arising out of the contingent liabilities that would remain in the HBPL Remaining Business) and HBEDL shall not in any way be liable, prosecuted or affected from any of them.

## 23. CONTRACTS, DEEDS ETC.

- 23.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking 3 to which HBPL is a party or to the benefit of which HBPL may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect by or against or in



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favour of HBEDL, as the case may be, and maybe enforced as fully and effectually as if, instead of HBPL, HBEDL had been a party or beneficiary or obligee thereto.

23.2. Notwithstanding the fact that vesting of the Demerged Undertaking 3 occurs by virtue of this Scheme itself, HBEDL may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which HBPL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. HBEDL will, if necessary, also be a party to the above. HBEDL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of HBPL and to carry out or perform all such formalities or compliances referred to above on the part of HBPL to be carried out or performed.

#### 24. SAVING OF CONCLUDED TRANSACTIONS

24.1. The transfer of properties and liabilities to, and the continuance of proceedings by, or against, HBEDL as envisaged in Part D above shall not affect any transaction or proceedings already concluded by HBPL on or before the Appointed Date 3 and after the Appointed Date 3 till the Effective Date, to the end and intent that HBEDL accepts and adopts all acts, deeds and things done and executed by HBPL in respect thereto as done and executed on behalf of itself.

#### 25. EMPLOYEES

25.1. HBEDL undertakes to engage, on and from the Effective Date, all the employees or retainers or consultants of HBPL engaged in the Demerged Undertaking 3 on the same terms and conditions on which they are engaged as on the Effective Date by HBPL without any interruption of service as a result of the transfer of the Demerged Undertaking 3. HBEDL agrees that the services of all such employees with the HBPL up to the Effective Date shall be taken into account for the purposes of all benefits to which these employees may be eligible, including for the purpose of payment of any bonus, retrenchment compensation, gratuity and other terminal benefits.

25.2. The accumulated balances, if any, standing to the credit of the employees and officers of HBPL engaged in the Demerged Undertaking 3 in the existing Provident Fund, Gratuity Fund and Superannuation Fund, of which they are members, will be transferred to the



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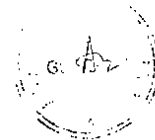
Provident Fund, Pension Fund, Gratuity Fund and Superannuation Fund nominated by HBEDL and/or such new Funds to be established by HBEDL. Pending the transfer as aforesaid, the Provident Fund, Pension Fund, Gratuity Fund and Superannuation Fund dues to the said employees and officers of the Demerged Undertaking 3 would be continued to be deposited in the existing Provident, Gratuity and Superannuation Funds respectively.

#### 26. TREATMENT OF TAXES

- 26.1. With effect from the Appointed Date 3 and upon the Scheme becoming effective, all taxes and duties payable by HBPL, accruing and relating to the operations of the Demerged Undertaking 3 from the Appointed Date 3 onwards, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds and claims, as the case may be, of HBEDL.
- 26.2. Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including MAT credit), Cenvat, customs, VAT, sales tax, service tax etc. relating to the Demerged Undertaking 3 to which HBPL is entitled to shall be available to and vest in HBEDL, without any further act or deed.
- 26.3. Upon this Scheme becoming effective, HBPL and HBEDL are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date 3, and to claim refunds/ credits, pursuant to the provisions of this Scheme.
- 26.4. The Board of Directors of HBPL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Demerged Undertaking 3 and whether the same would be transferred to HBEDL.

#### 27. CONDUCT OF THE BUSINESS OF THE DEMERGED UNDERTAKING 3

- 27.1. With effect from the Appointed Date 3 and up to and including the Effective Date:



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- a. HBPL undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and assets of the Demerged Undertaking 3, for and on account of and in trust for HBEDL.
  - b. All profits accruing to HBPL or losses arising or incurred by it relating to the Demerged Undertaking 3 shall for all purposes, be treated as the profits or losses, as the case may be of HBEDL.
- 27.2. HBPL undertakes that with effect from the date of approval of the Scheme by the Board of Directors of HBPL and HBEDL respectively, HBPL will preserve and carry on the business of the Demerged Undertaking 3 with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking 3 or any part thereof or recruit new employees or conclude settlements with union or employees or undertake substantial expansion or change the general character or nature of the business of the Demerged Undertaking 3 or any part thereof save and except in each case:
- a. if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - b. if the same is expressly permitted by this Scheme; or
  - c. if the prior written consent of the Board of Directors of HBEDL has been obtained.
- 27.3. HBEDL shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which HBEDL may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any law for time being in force for carrying on business of the Demerged Undertaking 3.

#### 28. CONSIDERATION

- 28.1. Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking 3 of HBPL in HBEDL in terms of Part D of the Scheme, HBEDL shall, without any further act or deed, issue and allot equity shares to the equity shareholders of HBPL whose names appear in the Register of Members of HBPL on HBPL Record Date in the following ratio:



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"59 (fifty nine) equity shares of Rs. 10/- (Rupees Ten only) fully paid up of HBEDL for every 100 (One Hundred) equity shares of Rs. 10/- (Rupees Ten only) fully paid of HBPL."

It is hereby expressly clarified that the members of HBSL, being entitled to receive shares of HBPL in terms of the provisions of Clause 9 but not having been allotted equity shares by HBPL till the HBPL Record Date, shall also be entitled to receive the equity shares of HBEDL in the following ratio:

"59 (fifty nine) equity shares of Rs. 10/- (Rupees Ten only) fully paid up of HBEDL for entitlement to every 100 (One Hundred) equity shares of Rs. 10/- (Rupees Ten only) fully paid of HBPL."

- 28.2. In the event, the aforesaid issue and allotment of shares of HBEDL results in fractional entitlements to the eligible shareholders, the Board of Directors of HBEDL shall consolidate all such fractional entitlements into equity shares and allot the resultant equity share(s) to any director or officer of HBEDL or to such other person, as the Board of HBEDL may appoint in this behalf, to be held in the trust by such director or officer for all such shareholders who are entitled to such fractional entitlements. Such trustee/s who is allotted the consolidated equity shares shall be bound by the express understanding to cause the sale of such equity shares at such price at such time as he/they may deem fit and shall distribute the sale proceeds (after deduction therefrom the expenses incurred, if any, in connection with the sale of shares and expense incidental thereto) to such shareholders in the ratio of their fractional entitlement. The Board of Directors of HBEDL, if deem necessary, in the interests of respective company, approve such other method in this regard as they may, in their absolute discretion, deem fit.
- 28.3. The new equity shares issued, pursuant to Clause 28.1 above, shall be issued and allotted by HBEDL in a dematerialized form to those equity shareholders who hold equity shares in HBPL and HBSL, if applicable, in dematerialized form, into the account with the depository participant in which the equity shares of HBPL and HBSL, if applicable, are held or such other account with the depository participant as is intimated by the equity shareholders of HBPL and HBSL, if applicable, to HBEDL. All those equity shareholders of HBPL and HBSL, if applicable, who hold equity shares of HBPL and HBSL, if applicable, in physical form shall also have the option to receive the new equity shares, as the case may be, in dematerialized form provided the details of their account with the depository participant are intimated in writing to HBEDL or HBSL or HBPL, as the case may be. In the



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event that HBEDL or HBSL or HBPL has received notice from any equity shareholder of HBPL or HBSL that equity shares are to be issued in physical form or if any equity shareholder has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any equity shareholder do not permit electronic credit of the shares of HBEDL, then HBEDL shall issue new equity shares of HBEDL, in accordance with Clause 28.1, as the case may be, in physical form to such equity shareholder.

- 28.4. The new equity shares issued and allotted by HBEDL, in terms of Clause 28.1 above, shall be subject to the provisions of the Memorandum and Articles of Association of HBEDL and shall rank paripassu in all respects with the then existing equity shares of HBEDL.
- 28.5. In the event of there being any pending share transfers, whether lodged or outstanding, of any equity shareholder of HBPL and HBSL, if applicable, the Board of Directors of HBPL and HBSL, if applicable, shall be empowered in appropriate cases, prior to or even subsequent to the HBPL Record Date, to effectuate such a transfer in HBPL as if such changes in registered holder were operating as on the HBPL Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in HBEDL issued by HBEDL upon the coming into effect of this Scheme.
- 28.6. Where the new equity shares of HBEDL are to be allotted, pursuant to Clause 28.1 above, to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of HBPL, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of HBEDL.
- 28.7. The new equity shares to be issued by HBEDL, pursuant to Clause 28.1 above, in respect of any equity shares of HBPL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be held in abeyance by HBEDL.
- 28.8. Approval of this Scheme by the equity shareholders of HBEDL shall be deemed to be the due compliance of the provisions of Section 42, Section 62 and other relevant provisions of the Companies Act, 2013 including the rules made thereunder and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other rules or regulations by SEBI for the issue and allotment of the new equity shares by HBEDL to the equity shareholders of HBPL, as provided in this Scheme and that HBEDL shall not be required to do any other compliances including any further approval of its members.



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- 28.9. The new equity shares to be issued by HBEDL, in terms of Clause 28.1 above, will be listed and/or admitted to trading on the BSE where the equity shares of HBEDL are listed and/or admitted to trading in terms of the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable regulations. HBEDL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the aforesaid stock exchanges. On such formalities being fulfilled the said stock exchanges shall list and /or admit such new equity shares also for the purpose of trading. The new equity shares allotted by HBEDL, pursuant to Clause 28.1 above, shall remain frozen in the depositories system till the listing / trading permission is given by the BSE.
- 28.10. It is clarified that the equity shares of HBEDL allotted in lieu of locked-in equity shares of HBPL and HBSL, if applicable, shall also be subject to lock-in for the remaining period.
- 29. TREATMENT FOR THE PURPOSE OF INCOME TAX ACT, 1961**
- 29.1. The demerger of Demerged Undertaking 3 from HBPL to HBEDL shall be in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961 such that:
- 29.1.1 All the properties of HBPL relating to the Demerged Undertaking 3, immediately before the demerger, shall become the properties of HBEDL by virtue of such demerger.
- 29.1.2 All the liabilities of HBPL relating to the Demerged Undertaking 3, immediately before the demerger, shall become the liabilities of HBEDL by virtue of such demerger.
- 29.1.3 The properties and liabilities relating to the Demerged Undertaking 3 shall be transferred to HBEDL at the values appearing in the books of account of HBPL immediately before the demerger.
- 29.1.4 HBEDL shall issue, in consideration of the demerger of Demerged Undertaking 3, shares to the shareholders of the HBPL (including the shareholders of HBSL who become entitled to receive shares of HBPL pursuant to Part B of this Scheme) on proportionate basis.
- 29.1.5 Shareholders holding at least 75% value of shares of HBPL shall become shareholders of HBEDL by virtue of demerger of Demerged Undertaking 3.
- 29.1.6 Transfer of Demerged Undertaking 3 from HBPL to HBEDL shall be on a going concern basis.

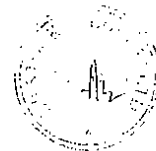


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29.2. The provisions of this Part D of the Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income-tax Act, 1961. If any of the terms or provisions of Part D of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modifications will however not affect the other parts of the Scheme.

**30. REMAINING BUSINESS OF HBPL**

- 30.1. The Remaining Business of HBPL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by HBPL subject to the provisions of the Scheme.
- 30.2. All legal or other proceedings by or against HBPL under any statute, whether pending on the Appointed Date 3 or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of HBPL (including those relating to any property, right, power, liability, obligation or duties of HBPL in respect of the Remaining Business of HBPL) shall be continued and enforced by or against HBPL. HBEDL shall in no event be responsible or liable in relation to any such legal or other proceedings by or against HBPL.
- 30.3. With effect from the Appointed Date 3 and up to and including the Effective Date:
- a. HBPL shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of HBPL for and on its own behalf;
  - b. all profits and income accruing or arising to HBPL, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business of HBPL shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of HBPL;
  - c. all employees relatable to the Remaining Business of HBPL shall continue to be employed by HBPL; and
  - d. HBEDL shall not in any event be liable or responsible for any claims whatsoever regarding such employees.





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PART E

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

**31. ACCOUNTING TREATMENT**

**31.1 ACCOUNTING TREATMENT IN THE BOOKS OF HBSL**

**31.1.1** The transfer of assets and the liabilities pertaining to the Demerged Undertaking 1 and the Demerged Undertaking 2 of HBSL being transferred to and vesting in HBPL and HBEDL, pursuant to Part B and Part C respectively, shall be at their book values as on the Appointed Date 1 and Appointed Date 2 respectively ignoring the effect of any revaluation.

**31.1.2** The aggregate of net asset value of the Demerged Undertaking 1 and net asset value of the Demerged Undertaking 2 transferred pursuant to the Scheme shall be transferred to Business Reorganisation Reserve Account to be created in the books of accounts of HBSL.

**31.1.3** On reduction of share capital of HBSL as provided in Clause 32 of this Scheme, Business Reorganisation Reserve Account shall be credited with an amount equivalent to the amount of such reduction in share capital of HBSL.

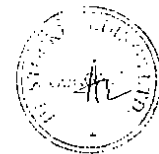
**31.1.4** The balance in Business Reorganisation Reserve Account may be adjusted by HBSL against any one or more of the following or against any other account appearing in books of HBSL, in such manner or order and over such period of time, as may be determined by the Board from time to time:

- (i) Securities Premium Account;
- (ii) Profit & Loss Account / Surplus;

However, in case Business Reorganisation Reserve Account has a credit balance after such transfer of assets and liabilities on demerger and consequent capital reduction, it may be transferred to Capital Reserve.

The Board may also carry forward the Business Reorganisation Reserve Account over such period of time to make necessary appropriation in future as may be determined by the Board / as may be permitted by the law.

**31.1.5** Upon the Scheme being effective, the inter-company balances and/or borrowings, if any, appearing in the books of accounts of HBSL and forming part of the Demerged Undertaking 1 shall stand cancelled. Similarly, the inter-



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company balances and/or borrowings, if any, appearing in the books of accounts of HBSL and forming part of the Demerged Undertaking 2 shall stand cancelled upon the Scheme being effective,

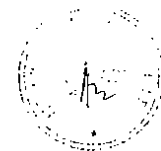
31.1.6 The reduction, if any, in the Securities Premium Account of HBSL by reason of appropriation of Business Reorganisation Reserve Account as provided under Clause 31.1.4 above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of the Companies Act, 2013 read with Sections 100 to 104 of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction as mentioned above, HBSL shall not be required to add "and reduced" as a suffix to its name and HBSL shall continue in its existing name.

31.1.7 Notwithstanding the above, the Board of Directors of HBSL is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed accounting standards issued by the Institute of Chartered Accounts of India/the Central Government ('Accounting Standards') and generally accepted accounting principles.

## 31.2 ACCOUNTING TREATMENT IN THE BOOKS OF HBPL

31.2.1 Upon the coming into effect of this Scheme, HBPL shall record the assets and liabilities of the Demerged Undertaking 1, transferred to and vested in HBPL pursuant to this Scheme, at values appearing in the books of account of HBSL as on the Appointed Date 1.

31.2.2 The transfer of assets and the liabilities pertaining to the Demerged Undertaking 3 of HBPL being transferred to and vesting in HBEDL pursuant to Part D shall be at their book values as on the Appointed Date 3 ignoring the effect of any revaluation.



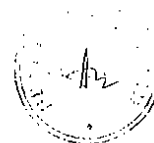
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- 31.2.3 HBPL shall credit to the equity share capital account in its books of accounts, the aggregate face value of the new equity shares issued and allotted to the equity shareholders of HBSL pursuant to Part 8 of this Scheme.
- 31.2.4 The difference between the net assets value of the Demerged Undertaking 1 and the net asset value of Demerged Undertaking 3 and the equity shares issued and allotted by HBPL to the shareholders of HBSL shall be transferred to Business Reorganisation Reserve Account to be created in the books of accounts of HBPL .
- 31.2.5 On reduction of share capital of HBPL as provided in Clause 33 of this Scheme, Business Reorganisation Reserve Account shall be credited with an amount equivalent to the amount of such reduction in share capital of HBPL.
- 31.2.6 The balance in Business Reorganisation Reserve Account may be adjusted by HBPL in such order and over such period of time as may be determined by the Board from time to time against the following:
- (i) Securities Premium Account;
  - (ii) General Reserve Account; and
  - (iii) Profit & Loss Account / Surplus;

However, in case Business Reorganisation Reserve Account has a credit balance after such transfer of assets and liabilities on demerger and consequent capital reduction, it may be transferred to Capital Reserve.

The Board may also carry forward the Business Reorganisation Reserve Account over such period of time to make necessary appropriation in future as may be determined by the Board / as may be permitted by the law.

- 31.2.7 Upon the Scheme being effective, the inter-company balances and/or borrowings, if any, appearing in the books of accounts of HBPL relating to the Demerged Undertaking 1 being transferred to and vested in HBPL shall stand cancelled. Similarly, the inter-company balances and/or borrowings, if any, appearing in the books of accounts of HBPL and forming part of the Demerged Undertaking 3 being transferred to and vested in HBEDL shall stand cancelled upon the Scheme being effective
- 31.2.8 The reduction, if any, in the securities premium account of HBPL by reason of appropriation of Business Reorganisation Reserve Account as provided under Clause 31.2.3 above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of the Companies Act, 2013 read



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with Sections 100 to 104 of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction as mentioned above, HBPL shall not be required to add "and reduced" as a suffix to its name and HBPL shall continue in its existing name.

31.2.9 Notwithstanding the above, the Board of Directors of HBPL is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed accounting standards issued by the Institute of Chartered Accounts of India/the Central Government ('Accounting Standards') and generally accepted accounting principles.

**31.3 ACCOUNTING TREATMENT IN THE BOOKS OF HBEDL**

31.3.1 Upon the coming into effect of this Scheme, HBEDL shall record the assets and liabilities of the Demerged Undertaking 2 transferred to and vested in HBEDL pursuant to this Scheme, at values appearing in the books of account of HBSL as on the Appointed Date 2 ignoring the effect of any revaluation.

31.3.2 Upon the coming into effect of this Scheme, HBEDL shall record the assets and liabilities of the Demerged Undertaking 3 transferred to and vested in HBEDL pursuant to this Scheme, at values appearing in the books of account of HBPL as on the Appointed Date 3.

31.3.3 HBEDL shall credit to the equity share capital account in its books of accounts, the aggregate face value of the new equity shares issued and allotted to the equity shareholders of HBSL and HBPL under Part C and Part D respectively.

31.3.4 Upon the Scheme being effective, the inter-company balances and/or borrowings, if any, appearing in the books of accounts of HBEDL relating to the Demerged Undertaking 2 and Demerged Undertaking 3 being transferred to and vested in HBEDL shall stand cancelled.

31.3.5 It is hereby clarified that the investment made by HBSL in the preference share capital of HBEDL forms part of the Demerged Undertaking 2 being transferred to HBEDL pursuant to this Scheme. Similarly, the investment made by HBPL in the



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preference share capital of HBEDL forms part of the Demerged Undertaking 3 being transferred to HBEDL pursuant to this Scheme. Therefore, upon the Scheme becoming effective, the said investment made by HBSL and HBPL in the preference share capital of HBEDL shall stand cancelled whereupon HBEDL shall debit the aggregate paid up value of preference shares so cancelled to its Preference Share Capital Account.

**31.3.6** The difference between aggregate the net assets value of the Demerged Undertaking 2 being transferred from HBSL and the net assets value of the Demerged Undertaking 3 being transferred from HBPL and the aggregate face value of new equity shares issued and allotted by HBEDL to the shareholders of HBSL and HBPL under this Scheme shall be transferred to Business Reorganisation Reserve Account to be created in the books of accounts of HBEDL.

**31.3.7** On reduction of share capital of HBEDL as provided in Clause 34 of this Scheme, Business Reorganisation Reserve Account shall be credited with an amount equivalent to the amount of such reduction in share capital of HBEDL.

**31.3.8** The balance in Business Reorganisation Reserve Account may be adjusted by HBEDL in such order and over such period of time as may be determined by the Board from time to time against the following:

- (i) Securities Premium Account;
- (ii) General Reserve Account;
- (iii) Profit & Loss Account / Surplus;
- (iv) Capital Reserve; and
- (v) Capital Redemption Reserve Account.

However, in case Business Reorganisation Reserve Account has a credit balance after such transfer of assets and liabilities on demerger and consequent capital reduction, it may be transferred to Capital Reserve.

The Board may also carry forward the Business Reorganisation Reserve Account over such period of time to make necessary appropriation in future as may be determined by the Board / as may be permitted by the law.

**31.3.9** Notwithstanding the above, the Board of Directors of HBEDL is authorized to account for any of these balances in any manner whatsoever, as may be deemed



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fit, in accordance with the prescribed Accounting Standards and generally accepted accounting principles.

**31.3.10** The cancellation of preference shares, as mentioned under Clause 31.3.5 above, which amounts to reduction of share capital of HBEDL, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 100 to 104 of the Act and as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 are not applicable and the order of the High Court sanctioning the Scheme shall also be deemed to be an order under Section 102 of the Act confirming such reduction. Notwithstanding the reduction as mentioned above, HBEDL shall not be required to add "and reduced" as a suffix to its name and HBEDL shall continue in its existing name.

**31.3.11** The reduction, if any, in the securities premium account of HBEDL by reason of appropriation of Business Reorganisation Reserve Account as provided under Clause 31.3.8 above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of the Companies Act, 2013 read with Sections 100 to 104 of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction as mentioned above, HBEDL shall not be required to add "and reduced" as a suffix to its name and HBEDL shall continue in its existing name.

**32. REORGANISATION OF ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL OF HBSL**

**32.1.** Upon the Scheme becoming effective and with effect from HBSL Record Date, the issued and paid up equity share capital of HBSL shall be reduced by reducing the face value of the equity shares from 1 (one) equity share of Rs. 10/- (Rupees Ten only) fully paid up to 1 (one) equity share of Rs. 3 (Rupees Three only) each fully paid. HBSL shall debit to its equity share capital account the aggregate amount by which the issued and paid up equity share capital of HBSL is so reduced and an equivalent amount shall be transferred to Business Reorganisation Reserve Account in the books of HBSL as provided in Clause 31.1.3. It is hereby clarified that the existing shares held by equity shareholders of HBSL,



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whether in dematerialized form or physical form, shall stand cancelled upon reduction of issued and paid up equity share capital of HBSL as provided in this Clause without any further act, deed or thing.

- 32.2. The issued and subscribed paid up equity share capital so reduced shall be further consolidated in such a manner that the shareholders holding 10 (Ten) equity shares of Rs. 3/- (Rupees Three only) each fully paid up in the equity share capital of HBSL as on HBSL Record Date shall be allotted 3 (Three) equity shares of Rs. 10/- (Rupees Ten only) each fully paid in the equity share capital of HBSL.
- 32.3. It is clarified that the reduction of issued, subscribed and paid up share capital of HBSL, HBPL and HBEDL shall be effected post transfer and vesting of Demerged Undertaking 1, Demerged Undertaking 2, and Demerged Undertaking 3 as provided in Part B, Part C and Part D respectively of the Scheme and shall have no effect on the share entitlement ratio.
- 32.4. In the event, the aforesaid reduction of share capital and subsequent consolidation of equity shares of HBSL as provided in this Clause 32 results in fractional entitlements to the eligible shareholders, the Board of Directors of HBSL shall consolidate all such fractional entitlements into equity shares and allot the resultant equity share(s) to any director or officer of HBSL or to such other person, as the Board of Directors of HBSL may appoint in this behalf, to be held in trust by such director or officer for all such shareholders who are entitled to such fractional entitlements. Such trustee who is allotted the consolidated equity shares shall be bound by the express understanding to cause the sale of such equity shares at such price at such time as he may deem fit and shall distribute the sale proceeds (after deduction therefrom the expenses incurred, if any, in connection with the sale of shares) to the fraction shareholders in the ratio of their fractional entitlement. The Board of Directors of HBSL, if deem necessary, in the interests of company, approve such other method in this regard as they may, in their absolute discretion, deem fit.
- 32.5. Since, the above mentioned reduction of share capital of HBSL and subsequent consolidation thereof as mentioned in this Clause 32 is an integral part of the Scheme, it shall be deemed to be a sufficient compliance of the provisions of Section 61 and other applicable provisions of the Companies Act, 2013, Section 100-104 of the Companies Act, 1956 (including the requirement of passing a special resolution under Section 100 of the Act) and other applicable provisions, if any, of the Act and the said provisions need not be complied with separately.



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32.6. It is clarified that, HBSL shall not be required to add the words "*and reduced*" as suffix to its name.

**33. REORGANISATION OF ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL OF HBPL**

33.1. Immediately after allotment of equity shares by HBPL to the shareholders of HBSL as provided in Part B of this Scheme, the issued and paid up equity share capital of HBPL shall be reduced by reducing the face value of the equity shares from 1 (one) equity share of Rs. 10/- (Rupees Ten Only) fully paid up to 1 (one) equity share of Rs. 6/- (Rupees Six only) each fully paid. HBPL shall debit to its equity share capital account the aggregate amount by which the issued and paid up equity share capital of HBPL is so reduced and an equivalent amount shall be transferred to Business Reorganisation Reserve Account in the books of HBPL as provided in Clause 31.2.5. It is hereby clarified that the existing shares held by equity shareholders of HBPL, whether in dematerialized form or physical form, shall stand cancelled upon reduction of issued and paid up equity share capital of HBPL as provided in this Clause 33 without any further act, deed or thing.

33.2. The issued and subscribed paid up equity share capital of HBPL so reduced shall be further consolidated in such a manner that the shareholders holding 5 (Five) equity shares of Rs. 6/- (Rupees Six only) each fully paid up in the equity share capital of HBPL as on HBPL Record Date shall be allotted 3 (Three) equity shares of Rs. 10/- (Rupees Ten Only) each fully paid in the equity share capital of HBPL.

33.3. It is clarified that the reduction of issued, subscribed and paid up share capital of HBSL, HBPL and HBEDL shall be effected post transfer and vesting of Demerged Undertaking 1, Demerged Undertaking 2, and Demerged Undertaking 3 as provided in Part B, Part C and Part D respectively of the Scheme and shall have no effect on the share entitlement ratio.

33.4. In the event, the aforesaid reduction of share capital and subsequent consolidation of equity shares of HBPL as provided in this Clause 33 results in fractional entitlements to the eligible shareholders, the Board of Directors of HBPL shall consolidate all such fractional entitlements into equity shares and allot the resultant equity share(s) to any director or officer of HBSL or to such other person, as the Board of Directors of HBPL may appoint in this behalf, to be held in trust by such director or officer for all such shareholders who are entitled to such fractional entitlements. Such trustee who is allotted the consolidated equity shares shall be bound by the express understanding to cause the sale of such equity shares at such price at such time as he may deem fit and shall distribute the sale proceeds (after deduction therefrom the expenses incurred, if any, in connection





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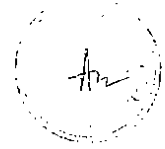
with the sale of shares) to the fraction shareholders in the ratio of their fractional entitlement. The Board of Directors of HBPL, if deem necessary, in the interests of company, approve such other method in this regard as they may, in their absolute discretion, deem fit.

- 33.5. Since, the above mentioned reduction of share capital of HBPL and subsequent consolidation thereof as mentioned in this Clause 33 is an integral part of the Scheme, it shall be deemed to be a sufficient compliance of the provisions of Section 61 and other applicable provisions of the Companies Act, 2013, Section 100-104 of the Companies Act, 1956 (including the requirement of passing a special resolution under Section 100 of the Act) and other applicable provisions, if any, of the Act and the said provisions need not be complied with separately.
- 33.6. It is clarified that, HBPL shall not be required to add the words "and reduced" as suffix to its name.
- 33.7. It is expressly clarified that since shareholders of HBSL shall be entitled to be allotted new equity shares in HBPL under Part of B of the Scheme, therefore, shareholders of HBSL holding equity shares in HBSL as on HBSL Record Date shall be deemed to be shareholders of HBPL as on HBPL Record Date for the purpose of this Clause 33 and accordingly, the provisions of this Clause 33 relating to reduction of issued and paid up equity share capital of HBPL and subsequent consolidation thereof shall equally apply to such shareholders of HBSL with respect to their entitlement to get equity shares in HBPL.
- 34. REORGANISATION OF ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL OF HBEDL**
- 34.1. After issue and allotment of equity shares by HBEDL to the shareholders of HBSL and HBPL as provided in Clause 18 and 28 of this Scheme, the issued and paid up equity share capital of HBEDL shall be reduced by reducing the face value of the equity shares from 1 (one) equity share of Rs. 10/- (Rupees Ten Only) fully paid up to 1 (one) equity share of Rs. 6/- (Rupees Six only) each fully paid. HBEDL shall debit to its equity share capital account the aggregate amount by which the issued and paid up equity share capital of HBEDL is so reduced and an equivalent amount shall be transferred to Business Reorganisation Reserve Account in the books of HBEDL as provided in Clause 31.3.7. It is hereby clarified that the existing shares held by equity shareholders of HBEDL, whether in dematerialized form or physical form, shall stand cancelled upon reduction of issued and paid up equity share capital of HBEDL as provided in this Clause without any further act, deed or thing.



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- 34.2. The issued and subscribed paid up equity share capital of HBEDL so reduced shall be further consolidated in such a manner that the shareholders of HBEDL holding 5 (Five) equity shares of Rs. 6 each fully paid up in the equity share capital of HBEDL as on HBEDL Record Date shall be allotted 3 (Three) equity shares of Rs. 10 (Rupees Ten Only) each fully paid in the equity share capital of HBEDL.
- 34.3. In the event, the aforesaid reduction of share capital and subsequent consolidation of equity shares of HBEDL as provided in this Clause 34 results in fractional entitlements to the eligible shareholders, the Board of Directors of HBEDL shall consolidate all such fractional entitlements into equity shares and allot the resultant equity share(s) to any director or officer of HBEDL or to such other person, as the Board of Directors of HBEDL may appoint in this behalf, to be held in trust by such director or officer for all such shareholders who are entitled to such fractional entitlements. Such trustee who is allotted the consolidated equity shares shall be bound by the express understanding to cause the sale of such equity shares at such price at such time as he may deem fit and shall distribute the sale proceeds (after deduction therefrom the expenses incurred, if any, in connection with the sale of shares) to the fraction shareholders in the ratio of their fractional entitlement. The Board of Directors of HBEDL, if deem necessary, in the interests of company, approve such other method in this regard as they may, in their absolute discretion, deem fit.
- 34.4. Since, the above mentioned reduction of share capital of HBEDL and subsequent consolidation thereof as mentioned in this Clause 34 is an integral part of the Scheme, it shall be deemed to be a sufficient compliance of the provisions of Section 61 and other applicable provisions of the Companies Act, 2013, Section 100-104 of the Companies Act, 1956 (including the requirement of passing a special resolution under Section 100 of the Act) and other applicable provisions, if any, of the Act and the said provisions need not be complied with separately.
- 34.5. It is clarified that, HBEDL shall not be required to add the words "and reduced" as suffix to its name.
- 35. REORGANISATION OF AUTHORISED SHARE CAPITAL OF HBSL, HBPL AND HBEDL**
- 35.1. Simultaneously with reduction of issued, subscribed and paid up share capital of HBSL as provided in Clause 32 of this Scheme, the authorized share capital of HBSL shall stand reduced by Rs. 65,00,00,000/- (Rupees Sixty Five Crore only) out of which, an amount of Rs. 10,00,00,000/- (Rupees Ten Crore) will get transferred to HBPL and will get merged



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with the authorized share capital of HBPL and the balance amount of Rs. 55,00,00,000/- (Rupees Fifty Five Crore only) will get transferred to HBEDL and will be merged with authorized share capital of HBEDL.

Accordingly, the authorized share capital of HBSL shall automatically stand reduced to Rs. 35,00,00,000/- (Rupees Thirty Five Crore only) and classified into 2,50,00,000 (Two Crore Fifty Lac) equity shares of Rs. 10/- each (Rupees Ten only) and 1,00,00,000 (One Crore) redeemable preference shares of Rs. 10/- each (Rupees Ten only) without any further act or deed or thing. Accordingly, the words and figures in Clause V of the Memorandum of Association of HBSL shall stand modified and be substituted to read as follows:

*"The Authorized Share Capital of the Company is Rs. 35,00,00,000/- (Rupees Thirty Five Crore only) divided into 2,50,00,000 (Two Crore Fifty Lac) Equity Shares of Rs. 10/- each (Rupees Ten only) and 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs. 10/- each (Rupees Ten only)"*

- 35.2. Simultaneous with the reduction of Authorized Share Capital of HBSL as provided in Clause 35.1 above, the authorized share capital of HBPL shall stand increased by Rs. 10,00,00,000/- (Rupees Ten Crore), being transferred from HBSL in terms of Clause 35.1 above without any further act or deed or thing and accordingly the Clause (V) of the MOA of HBPL shall stand substituted shall stand modified and be substituted to read as follows

*"The Authorized Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crore only) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- each (Rupees Ten only) and 2,00,00,000 (Two Crore) Redeemable Preference Shares of Rs. 10/- each (Rupees Ten only)"*

- 35.3. Simultaneous with the reduction of Authorised Share Capital of HBSL as provided in Clause 35.1 above, the authorized share capital of HBEDL shall stand increased by Rs. 55,00,00,000/- (Rupees Fifty Five Crore only) being transferred from HBSL in terms of Clause 35.1 above without any further act or deed or thing and accordingly the Clause V(A) of the MOA of HBEDL shall stand substituted shall stand modified and be substituted to read as follows

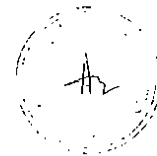
*"The Authorized Share Capital of the Company is Rs. 1,70,00,00,000/- (Rupees One Hundred Seventy Crore only) divided into 3,50,00,000 (Three Crore Fifty Lac) Equity Shares*



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*of Rs. 10/- each (Rupees Ten only) and 1,35,00,000 (One Crore Thirty Five Lac) Redeemable Preference Shares of Rs. 100/- each (Rupees One Hundred only)."*

- 35.4. It is hereby clarified that for the purposes of this Clause 35, the consent of the shareholders of HBPL, HBSL and HBEDL to this Scheme shall be deemed to be sufficient for the purposes of effecting necessary changes in authorized share capital and consequent amendments of Memorandum of Association of HBPL, HBSL and HBEDL respectively and that no further resolution under any applicable provisions of the Act or any other law, would be required to be separately passed.
- 35.5. It is hereby clarified that since HBSL has already paid stamp duty and ROC fees in respect of that part of authorized share capital which will be transferred to HBPL and HBEDL respectively in pursuance of Clause 35.1 of the Scheme, HBPL and HBEDL shall not be required to pay any stamp duty, ROC fees or any other fees in respect of such increased authorized share capital.
- 36. INTER-CORPORATE INVESTMENT, LOANS AND GUARANTEE(S)**
- 36.1. Approval of this Scheme under Sections 391 to 394 of the Act, by the Shareholders of HBPL and HBEDL shall be deemed to be due compliance of (i) the provisions of Section 186 and other relevant provisions of the Companies Act, 2013 including the rules made thereunder; (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI Rules or Regulations; and (iii) other regulatory provisions as may be applicable in this regard.
- 37. ADJUSTMENTS OF RECEIVABLES AND PAYABLES**
- 37.1. Upon the Scheme becoming effective, HBSL, HBPL and HBEDL shall be entitled to adjust any liability / the amount(s) payable to any third party against the assets / any amount receivable from such third party subject to the written consent of such third party. It is hereby clarified that where any liability / amount so payable is adjusted against the assets / any amount receivable with the consent of such third party, no further consent/approval/sanction shall be required for such adjustment.
- 38. APPLICATIONS TO HIGH COURT**
- 38.1. HBSL, HBPL and HBEDL shall, with all reasonable dispatch, make joint application(s)/ petition(s), under Sections 391 to 394 and other applicable provisions of the Act to the Hon'ble High Court for seeking sanction of this Scheme.



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### 39. CONDITIONALITY OF THE SCHEME

39.1. This Scheme is and shall be conditional upon and subject to:

- a. The requisite consent, approval or permission from BSE and/or NSE and/or SEBI and/or any other regulatory authority, which by law or otherwise may be necessary for the implementation of this Scheme;
- b. The approval by the respective requisite majorities of the shareholders (including equity as well as preference both, wherever applicable) and/or creditors, including secured as well as unsecured creditors (where applicable) of HBSL, HBPL and HBEDL in accordance with Section 391 of the Act;
- c. The approval by the respective requisite majorities of the equity shareholders (including by a majority of the public shareholders, i.e., if the votes cast by the public shareholders in favour of this Scheme are more than the number of votes cast by the public shareholders against it) of HBPL, HBSL and HBEDL;
- d. The Scheme being sanctioned by the High Court in terms of Sections 391 to 394 and other relevant provisions of the Act and the requisite orders of the High Court referred to in clause 38 hereof being obtained;
- e. Certified copies of the orders of the High Court sanctioning the Scheme being filed by HBSL, HBPL and HBEDL with the Registrar of Companies, NCT of Delhi and Haryana.

39.2. HBSL, HBPL and HBEDL shall comply with the provisions of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, while, inter alia, procuring the approval of the public shareholders of HBSL, HBPL and HBEDL, respectively, and shall provide for voting by such public shareholders through postal ballot and e-voting. For the purposes of sub-clause (c) of Clause 39.1, the term 'public' shall have the meaning ascribed to such term under Rule 2(d) of Securities Contracts (Regulation) Rules, 1957.

### 40. EFFECT OF NON-RECEIPT OF APPROVALS

40.1. In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of HBSL, HBPL and HBEDL shall mutually waive 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 party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

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**41. MODIFICATIONS TO THE SCHEME**

- 41.1. Each of HBSL, HBPL and HBEDL (acting through their respective Board of Directors) may, in their full and absolute discretion, assent to any amendments, alterations or modifications to this Scheme, which the Hon'ble High Court and/ or any other authorities may deem fit to direct, approve 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 this Scheme. Each of HBPL, HBEDL and HBSL (acting through their respective Board of Directors) be and are hereby authorized 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 the order of the Hon'ble High Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerning or connected therewith and may also in their full and absolute discretion, withdraw or abandon this Scheme at any stage prior to the Effective Date.
- 41.2. The Board of Directors of HBSL, HBPL and HBEDL shall have power to withdraw the Scheme in case the condition(s), if any, imposed or modification(s), if any, suggested by the Hon'ble High Court and/ or any other authorities is not acceptable to them or otherwise they deem fit and proper to withdraw the Scheme in the interest of HBSL, HBPL and HBEDL.

**42. SEVERABILITY**

- 42.1. If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, or agreed to be deleted by the Board of Directors of HBSL, HBPL and HBEDL, as the case may be, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part.

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**43. COSTS, CHARGES AND EXPENSES**

43.1. All costs, charges and expenses in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid equally between HBSL, HBPL and HBEDL.

For HB Stockholdings Limited

For HB Portfolio Limited

HB Estate Developers Limited

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory



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SCHEDULE 1

ASSETS & LIABILITIES FORMING PART OF DEMERGED UNDERTAKING 1

Part-I

Schedule of Assets of HB Stockholdings Limited (Demerged Company) to be transferred and vested in  
HB Portfolio Limited (Resulting Company)

	Face Value (Rs.)	Qty (Nos.)	Amount (Rs.)
<u>FULLY PAID-UP EQUITY SHARES (QUOTED)</u>			
CROMPTON GREAVES LIMITED	2	437	7636
DCM SHRIRAM INDUSTRIES LIMITED	10	4346615	488067462
HB ESTATE DEVELOPERS LIMITED	10	1465608	24900104
JAIPRAKASH ASSOCIATES LIMITED	2	3418367	27138404
RRB SECURITIES LIMITED	10	100000	10000000
<u>FULLY PAID-UP EQUITY SHARES (UNQUOTED)</u>			
TAURUS ASSET MANAGEMENT CO LIMITED	10	3028000	38754750
JAIPUR STOCK EXCHANGE LIMITED	10	324500	5841000
TAURUS INVESTMENT TRUST CO LIMITED	10	15430	155458
HB TELECOMMUNICATION LIMITED	10	100	1000
HB INSURANCE ADVISORS LIMITED	10	15000	150000
HARSAI INVESTMENTS LIMITED	10	200000	2000000
Q R PROPERTIES PRIVATE LIMITED	10	4500	45000
SOVKA AIRLINE SERVICES LIMITED	10	400000	12000000
HB PRIMA CAPITAL LIMITED	10	195000	4889625
<u>EQUITY SHARE APPLICATION MONEY</u>			
CORE TELECOM PRIVATE LIMITED	10	850000	8500000
HB INSURANCE ADVISORS LTD.	10	260000	2600000
FALCON PORTFOLIO PRIVATE LIMITED	10	75000	750000
			625800439
Provision for diminution in long term investments		(-)	49451797
<b>Total</b>			<b>576348642</b>

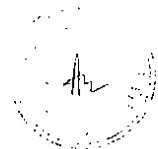


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Part-II

Schedule of Liabilities of HB Stockholdings Limited (Demerged Company) to be transferred and vested  
in HB Portfolio Limited (Resulting Company)

	Amount (Rs.)
Employees/staff cost including retiring benefits	308867
Other Expenses Payable	51298
<b>Total</b>	<b>360165</b>



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**SCHEDULE 2**

**ASSETS & LIABILITIES FORMING PART OF DEMERGED UNDERTAKING 2**

**Part-I**

**Schedule of Assets of HB Stockholdings Limited (Demerged Company) to be transferred and vested in  
HB Estate Developers Limited (Resulting Company)**

	Face Value (Rs.)	Qty (Nos.)	Amount (Rs.)
<b><u>FULLY PAID-UP REDEEMABLE PREFERENCE SHARES (UN-QUOTED)</u></b>			
HB ESTATE DEVELOPERS LTD. (9% NON CUMULATIVE)	100	750000	75000000
HB GROWTH FUND LIMITED (3% NON CUMULATIVE)	10	50000	500000
HB SECURITIES LIMITED (6% CUMULATIVE)	1000	10000	10000000
HB TELECOMMUNICATION LIMITED (3% NON CUMULATIVE)	10	40000	400000
GEMINI PORTFOLIOS PVT. LTD. (9% NON CUMULATIVE)	100	500000	50000000
<b><u>PREFERENCE SHARE APPLICATION MONEY (UNQUOTED )</u></b>			
HB GROWTH FUND LTD. (9% NON CUMULATIVE)	100	685000	68500000
NARMADA CAPITAL SERVICES PRIVATE LIMITED (9% CUMULATIVE)	100	435000	43500000
FALCON PORTFOLIO MANAGEMENT PVT. LTD. (9% NON CUMULATIVE)	100	1125000	112500000
<b>Total</b>			<b>360400000</b>

**Part-II**

**Schedule of Liabilities of HB Stockholdings Limited (Demerged Company) to be transferred and vested in  
HB Estate Developers Limited (Resulting Company)**

	Amount (Rs.)
Employees/staff cost including retiring benefits	293640
Other Expenses Payable	123427
<b>Total</b>	<b>417067</b>

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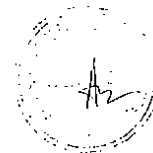
**SCHEDULE 3**

**ASSETS & LIABILITIES FORMING PART OF DEMERGED UNDERTAKING 3**

Part-I

Schedule of Assets of HB Portfolio Limited (Demerged Company) to be transferred and vested in  
HB Estate Developers Limited (Resulting Company)

	Face Value (Rs.)	Qty. (Nos.)	Amount (Rs.)
<b><u>FULLY PAID-UP REDEEMABLE PREFERENCE SHARES (UN-QUOTED)</u></b>			
HB ESTATE DEVELOPERS LIMITED (9% NON CUMULATIVE)	100	750000	75000000
GEMINI PORTFOLIO PRIVATE LIMITED (9% NON CUMULATIVE)	100	100000	10000000
VENUS PORTFOLIO PRIVATE LIMITED (9% NON CUMULATIVE)	100	1190000	119000000
<b><u>PREFERENCE SHARE APPLICATION (UNQUOTED )</u></b>			
FALCON PORTFOLIO MANAGEMENT PRIVATE LIMITED (9% NON CUMULATIVE)	100	500000	50000000
HB GROWTH FUND LIMITED (9% NON CUMULATIVE)	100	1000000	100000000
Total (A)			354000000
<b><u>SHORT TERM LOANS AND ADVANCES</u></b>			
Name of the Company			Amount (Rs.)
<b><u>LOANS:</u></b>			
HB ESTATE DEVELOPERS LIMITED			90000000
VENUS PORTFOLIO PRIVATE LIMITED			35000000
<b><u>ADVANCES:</u></b>			
JUPITER PORTFOLIOS PRIVATE LIMITED			99250000
GEMINI PORTFOLIO PRIVATE LIMITED			100000000
MOUNT ESTATES PRIVATE LIMITED			42000000
Total (B)			366250000
Total (A + B)			720250000



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**Part-I**

**Schedule of Liabilities of HB Portfolio Limited (Demerged Company) to be transferred and vested in  
HB Estate Developers Limited (Resulting Company)**

	<b>Amount (Rs.)</b>
Employees/staff cost including retiring benefits	201624
Other Expenses Payable	152355
<b>Total</b>	<b>353979</b>

