

SCHEME OF ARRANGEMENT AND DEMERGER

**(UNDER SECTION 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013)**

BETWEEN

TEXMACO RAIL & ENGINEERING LIMITED

AND

BELGHARIA ENGINEERING UDYOG PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



PART I

1. OVERVIEW, OBJECTS AND BENEFITS OF THE SCHEME

1.1 Brief Overview of the Companies

1.1.1 Texmaco Rail & Engineering Limited (“TREL”):

- (i) TREL is a listed public limited company incorporated under the laws of India and having its registered office at Belgharia, 24 Parganas (North), Kolkata, West Bengal – 700056, India. The CIN of TREL is L29261WB1998PLC087404. The PAN of TREL is AABCT2592E.
- (ii) TREL is primarily engaged in four lines of businesses through separate divisions as follows: (a) “Heavy Engineering Division”, engaged in the business of manufacturing of freight car and its components, etc; (b) “Steel Foundry Division”, engaged in the business of manufacturing of steel castings, etc; (c) “Infra – Electrical” engaged in the business of execution of electrical projects, etc; and (d) “Infra – Rail & Green Energy” engaged in execution of projects related to green/renewable power, track laying, signalling and telecommunication, etc. (this division is hereinafter referred to as “**Infra – Rail & Green Energy Division**”).
- (iii) TREL was incorporated on June 25, 1998, under the Indian Companies Act, 1956, with the name and style ‘Texmaco Machines Private Limited’. The name of the Company was changed to ‘Texmaco Machines Limited’ pursuant to a fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies, West Bengal on March 3, 2010. Further, the name of the Company was subsequently changed to ‘Texmaco Rail & Engineering Limited’ pursuant to a fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies, West Bengal on April 23, 2010.
- (iv) The shares and securities of TREL are listed on the National Stock Exchange Limited (“NSE”) and BSE Limited (“BSE”).

1.1.2 Belgharia Engineering Udyog Private Limited (“BEL”):

- (i) BEL is a private limited company incorporated under the laws of India and having its registered office at Belgharia, 24 Parganas (North), Kolkata, West Bengal – 700056, India. The CIN of BEL is U30204WB2023PTC260915. The PAN for BEL is AALCB4933F.
- (ii) BEL is incorporated on April 07, 2023, only, with the intent of carrying on businesses similar to the Infra – Rail & Green Energy Division of TREL.
- (iii) BEL is a wholly owned subsidiary of TREL, and the shares and securities of BEL are not listed on any stock exchange.



1.2 Overview of the Scheme of Arrangement

- 1.2.1 This Scheme (*as defined hereinafter*) contemplates *inter alia* the demerger and transfer of the Demerged Undertaking (*as defined hereinafter*) from TREL into and with BEL as a going concern, in accordance with Sections 230-232 of the 2013 Act (*as defined hereinafter*) and in compliance with Section 2(19AA) of Income Tax Act, 1961 and other applicable provisions.
- 1.2.2 After the effectiveness of this Scheme, the Share Capital of BEL consisting of *inter alia* the fully paid-up New Equity Shares of BEL issued as consideration in terms of Part III of this Scheme to the shareholders of TREL shall be listed on the Stock Exchanges in accordance with the provisions of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93, dated June 20, 2023, as amended from time to time.
- 1.2.3 This Scheme is segregated into four parts:
- (i) Part I sets out an overview, objects and benefits of this Scheme and contains the definitions used in this Scheme and the interpretation pertaining to this Scheme;
 - (ii) Part II sets out the capital structure of the Scheme Entities;
 - (iii) Part III deals with the demerger of the Demerged Undertaking from TREL and its vesting into and with BEL in accordance with Sections 230-232 of the 2013 Act and in compliance with Section 2(19AA) of the Income-tax Act, and other applicable provisions and issuance of consideration shares by BEL to the shareholders of TREL; and
 - (iv) Part IV deals with the accounting treatment, taxes, miscellaneous, general terms and conditions applicable to this Scheme, and sets out certain additional arrangements that also form an integral part of this Scheme.

1.3 Objects and Rationale of this Scheme

- 1.3.1 TREL is primarily engaged in four lines of businesses through separate business divisions as follows: (i) "Heavy Engineering Division", engaged in the business of manufacturing of freight car and its components, etc; (ii) "Steel Foundry Division", engaged in the business of manufacturing of steel castings, etc; (iii) "Infra – Electrical" engaged in the business of execution of electrical projects, etc; and (iv) "Infra – Rail & Green Energy" Division engaged in execution of projects related to green/renewable power, track laying, signaling and telecommunication, etc.
- 1.3.2 Each of these businesses carried on by TREL have significant potential for growth and profitability, however, the nature of risk, competition, challenges, opportunities, management focus and expertise, requirement of working capital, construction period for the Infra – Rail & Green Energy Division is very different. Accordingly, it is intended to segregate and transfer of the Infra – Rail & Green Energy Division into BEL through demerger..



1.3.3 This Scheme is expected to result in the following benefits for TREL and/or BEL (as applicable):

- (i) Enable value unlocking of Infra – Rail & Green Energy Division within BEL and of the other divisions in TREL and giving option of investment to public shareholders into respective businesses and enable their independent value discovery;
- (ii) greater management focus for Infra – Rail & Green Energy Division and other divisions and provide opportunity to address independent business opportunities, pursue efficient capital allocation;
- (iii) providing scope for independent growth, collaboration and expansion of the segregated business verticals for enhancing their valuation;
- (iv) enabling independent focus towards Infra – Rail & Green Energy Division and the other divisions, better alignment of Infra – Rail & Green Energy Division and the other divisions to their customers and strengthening of their position in the relevant market segment, resulting in a more sustainable long-term growth and competitive edge.

1.3.4 The Scheme Entities believe that this Scheme is in the best interests of the Scheme Entities and their respective shareholders and creditors, and other stakeholders, as it is expected to provide greater financial strength and flexibility and better access to funds to both TREL and BEL.

1.4 Definitions

Capitalised terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the meaning ascribed to such terms and expressions under the 2013 Act, and if not defined therein then under other relevant statutes, such as the Income Tax Act, 1961, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made there under), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof. In this Scheme, unless repugnant to the subject or context or meaning thereof, the following expressions shall have the meanings as set out herein below:

1.4.1 “**2013 Act**” means the Companies Act, 2013 and the rules framed under such a statute and includes any alterations, modifications and amendments made to such a statute or any re-enactment of such a statute;

1.4.2 “**Accounting Standards**” means the applicable accounting standards in force in India from time to time, consistently applied during the relevant period, including the Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS), Indian Accounting Standards (Ind AS), and all pronouncements including the guidance notes and other authoritative statements of the Institute of Chartered Accountants of India;



- 1.4.3 “**Applicable Laws**” means relevant and applicable national, foreign, provincial, central, state and local laws of India, including all constitutions, decrees, treaties, statutes, enactments, acts of legislature, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, Accounting Standards, policies, administration, circulars, directions, directives, decisions, orders, executive orders, decrees, injunctions, judicial decisions, orders of any Governmental Authority, court, tribunal or other similar directives made pursuant to such laws, whether in effect on the date of this Scheme or at any time after such date;
- 1.4.4 “**Appointed Date**” means April 01, 2024 (beginning of business hours) or such other date as may be directed / approved by the Tribunal, being the date with effect from which this Scheme shall, post effectiveness of this Scheme, be operative;
- 1.4.5 “**Assets of the Demerged Undertaking**” means all assets and property (wherever located, including in the possession of third parties) pertaining to the Infra – Rail & Green Energy Division (whether movable or immovable, real or personal, corporeal or incorporeal, present, future, contingent, tangible or intangible), including any and all: (i) rights, title and interests in connection with any land (together with the buildings and structures standing thereon), whether freehold or leasehold or any of its equipment; (ii) capital work-in-progress, furniture, fixtures, office equipment, computer software (including assets which are licensed, leased or otherwise), financial assets, cash and bank balance, application monies, current assets, sundry debtors, all outstanding loans granted, deposits made, provisions, advances, receivables, funds, leases of all kinds of property, licences, tenancy rights, premises, hire purchase and lease arrangements; (iii) tax deferrals and benefits (including GST, sales tax and service tax), GST credits, sales tax credits, CENVAT credits, and other income tax credits, interest tax credits, wealth tax credits, no-objection certificates, any other tax paid in advance or in excess or provisionally or TDS deducted; (iv) benefit of any exemptions, consents, privileges, liberties, advantages, exemptions, incentives receivable under Applicable Laws or in terms of certain schemes or policies of Governmental Authorities, (including in relation to any taxes); (v) rights, title, interests, benefits, entitlement and advantages, contingent rights or benefits 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, or to which, TREL may be entitled in regard to the Demerged Undertaking and all other interests in connection with or relating to such Demerged Undertaking; (vi) and specifically includes Deposits and Balances of the Demerged Undertaking, Investments of the Demerged Undertaking, Contracts of the Demerged Undertaking, IPR of the Demerged Undertaking, Licenses of the Demerged Undertaking, Employees of the Demerged Undertaking, and Books and Records of the Demerged Undertaking;
- 1.4.6 “**BEL**” means Belgharia Engineering Udyog Private Limited;
- 1.4.7 “**Board of Directors**”, in relation to any company, means the board of directors of such a company and, unless contrary to the provisions of Applicable Laws, includes any committee of directors or any person authorised by the board of directors or by such committee of directors;



- 1.4.8 “**Books and Records of the Demerged Undertaking**” means books, records, papers, files, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer information, customer and supplier pricing information, whether in physical or electronic form, directly or indirectly relating to the Infra – Rail & Green Energy Division;
- 1.4.9 “**Contracts of the Demerged Undertaking**” means contracts, agreements, engagements, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, insurance policies, security arrangements, claims against any third parties, guarantees, letters of credit, reversions, tenancies and other such arrangements or facilities, whether written or otherwise, deeds, bonds, schemes, powers and facilities of every kind and description whatsoever or other understandings, deeds and instruments of whatsoever nature pertaining to such Infra – Rail & Green Energy Division, including agreements with any Governmental Authority, sale agreements, agreements to sell, equipment purchase agreements, hire purchase agreements, lending agreements and other agreements with the customers, sales orders, purchase orders and other agreements and contracts with the supplier of goods or service providers and all rights, title, interests, claims and benefits, of whatsoever nature, which pertain to such Infra – Rail & Green Energy Division;
- 1.4.10 “**Demerged Undertaking**” means the undertaking, business, activities and operations of TREL pertaining to Infra – Rail & Green Energy Division, and specifically including any and all: (i) Assets of the Demerged Undertaking; and (ii) Liabilities of the Demerged Undertaking;
- 1.4.11 “**Deposits and Balances of the Demerged Undertaking**” means deposits and balances with Governmental Authorities, customers and other Persons, advance monies, earnest monies, payment against warrants or other entitlements, security deposits (including interest) paid or received, directly or indirectly, in connection with the Infra – Rail & Green Energy Division;
- 1.4.12 “**Effective Date**” has the meaning assigned to such term in Clause 4.7; Any references in this Scheme to “upon this Scheme becoming effective” or “upon the effectiveness of this Scheme” or “post effectiveness of this Scheme” means and refers to the Effective Date;
- 1.4.13 “**Employees of the Demerged Undertaking**” means employees of TREL engaged in connection with the Infra – Rail & Green Energy Division;
- 1.4.14 “**Equity Shares**”, in regard to a company, means the fully paid-up equity shares of such company;
- 1.4.15 “**Existing Equity Shares of BEL**” means the Equity Shares of BEL issued, subscribed and paid-up as on date, having face value of Rs. 10 (Indian Rupees ten each);
- 1.4.16 “**Governmental Authority**” means the Government of India, State Government(s) and any competent governmental, quasi-governmental, regulatory, statutory or administrative authority, agency, department, commission or instrumentality (whether local, municipal,



national or otherwise), court, board or tribunal of competent jurisdiction or other law, rule or regulation making entity, including SEBI;

- 1.4.17 “**INR**” shall mean Indian Rupee (or Rupees), the lawful and valid currency of India;
- 1.4.18 “**Investments of the Demerged Undertaking**” means investments of all kinds (including shares whether in dematerialised or physical form, scrips, stocks, bonds, debenture stock, units, units of mutual fund schemes, pass through certificates or security receipts) pertaining to the Infra – Rail & Green Energy Division, including all investments made out of shareholders’ funds, all cash balances with banks, money at call and short notice, loans, advances, contingent rights or benefits, securitised assets, receivables, benefits of assets or properties or other interest held in trust, benefit of any security arrangements, authority, allotments, approvals, reversions, money market instruments including rated certificates of deposits and commercial papers, repos, reverse repo, treasury bills, call, notice, term money, buildings, structures and offices held for the benefit of, or enjoyed by, or to which, TREL (in relation to the Demerged Undertaking) may be entitled as on date, and the depository participant accounts;
- 1.4.19 “**IPR of the Demerged Undertaking**” means intellectual property rights, registrations, trademarks, trade names, service marks, copyrights, patents, designs, technical know-how, domain names, including applications made in regard to such intellectual property rights with Governmental Authorities, used by or held for use in connection with the Infra – Rail & Green Energy Division, whether or not recorded in the books of accounts, and other intellectual property rights of any nature whatsoever, books, records, files, papers, process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, list of present and former customers and suppliers, other customer information, and all other records and documents, whether in physical or electronic form, relating to the Infra – Rail & Green Energy Division;
- 1.4.20 “**IT Act**” means the Income-tax Act, 1961, the rules and regulations framed under such a statute and includes any alterations, modifications, amendments made thereto, and, or, any re-enactment of such a statute;
- 1.4.21 “**Liabilities of the Demerged Undertaking**” means debts, borrowings, duties, guarantees, and liabilities including current tax (including but not limited to income tax, goods and services tax, service tax, value added tax, sales tax, etc.) and deferred tax balances, contingent liabilities, present or future, relating to, or arising out of the activities or operations of the Demerged Undertaking, including specific loans and borrowings (if any), advanced received, and any current liabilities incurred and utilised solely for the activities or business or operation of such Demerged Undertaking, all assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any contract or tort based on negligence or strict liability), whether provided for or not in the books of accounts or disclosed in the financial statements pertaining to such Demerged Undertaking;



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- 1.4.22 **“Licenses of the Demerged Undertaking”** means licences, consents, approvals and permits (including the licenses granted by any Governmental Authorities for the purpose of carrying on the Demerged Undertaking or in connection therewith), authorizations, exemptions, registrations, no-objection certificates, quotas, rights, entitlements, allotments, concessions, certifications, liberties, subsidies, rights to use and avail of all utilities, including telephones, leased line connections and installations, water, electricity and other services and benefits of all rights including memberships, powers and facilities of every kind and description whatsoever, whether statutory or otherwise, and any waiver of the foregoing, issued by any Governmental Authorities used or held for use in connection with the Demerged Undertaking;
- 1.4.23 **“New Equity Shares of BEL”** means Equity Shares of BEL having face value of Rs. 1 (Indian Rupees one) each as may be issued to the shareholders of TREL as consideration of the proposed demerger under this Scheme;
- 1.4.24 **“Person”** means and includes any natural person, limited or unlimited liability company, corporation, limited or unlimited liability partnership firm, proprietorship firm, Hindu undivided family, trust, union, association or Governmental Authority or any other entity that may be treated as a person under Applicable Laws;
- 1.4.25 **“Public Shareholders”** in regard to a company, means shareholders of such company which are within the meaning of **“public”**, as the term is defined in Rule 2(d) of the Securities Contracts (Regulation) Rules, 1957;
- 1.4.26 **“Record Date”** means the date to be fixed by the Board of Directors of TREL, in consultation with the Board of Directors of BEL, in terms of Clause 4.9 for the purpose of issuance of New Equity Shares of BEL by BEL to the shareholders of TREL in terms of Part III of this Scheme;
- 1.4.27 **“Registrar of Companies”** means Registrar of Companies, West Bengal;
- 1.4.28 **“Scheme”** means this Scheme of Arrangement and Demerger under Section 230-232 of the 2013 Act, as modified or amended from time to time in accordance with Applicable Laws and with the requisite approval of the Tribunal;
- 1.4.29 **“Scheme Entities”** means TREL and BEL collectively;
- 1.4.30 **“SEBI”** means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992;
- 1.4.31 **“Share Capital”**, in regard to a company, means the total issued, subscribed and paid-up share capital of such company;
- 1.4.32 **“Share Entitlement Ratio”** has the meaning assigned to such a term in Clause 3.2.2;
- 1.4.33 **“Stock Exchanges”** means collectively BSE Limited and the National Stock Exchange of India Limited; and



1.4.34 “TREL” means Texmaco Rail & Engineering Limited;

1.4.35 “Tribunal” means National Company Law Tribunal, Kolkata Bench, having territorial jurisdiction in the State of West Bengal, in which the registered offices of the Scheme Entities are located.

1.5 Interpretation

1.5.1 In this Scheme, unless the context otherwise requires:

- (i) the words “including”, “include” or “includes” shall be interpreted in a manner as though the words “without limitation” immediately followed the same;
- (ii) the words “directly or indirectly” mean directly or indirectly through one or more affiliates, associates, relatives or other intermediary Persons and “direct or indirect” shall have the correlative meanings;
- (iii) any Person includes that Person’s legal heirs, administrators, executors, liquidators, successors, successors-in-interest and permitted assigns, as the case may be;
- (iv) any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of such a document or agreement;
- (v) the words “other”, “or otherwise” and “whatsoever” shall not be construed ejusdem generis or be construed as any limitation upon the generality of any preceding words or matters specifically referred to;
- (vi) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- (vii) the term “Clause” refers to the specified clause of this Scheme;
- (viii) reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to a legal provision shall include any subordinate legislation made from time to time under such a statutory provision;
- (ix) references to one gender includes all genders; and
- (x) words in the singular shall include the plural and *vice versa*.



PART II

2. CAPITAL STRUCTURE

2.1 TREL

2.1.1 The capital structure of TREL as on September 30, 2023, is as under:

Share Capital	Amount in Rs.
Authorised Capital	
197,00,00,000 Equity Shares of Rs. 1 each	197,00,00,000
Total	197,00,00,000
Issued, Subscribed and Paid-up Share Capital	
32,18,69,895 Equity Shares of Rs. 1 each	32,18,69,895
Total	32,18,69,895

2.1.2 The Equity Shares of TREL are listed on the BSE Limited & NSE Limited.

2.2 BEL

2.2.1 The capital structure of BEL as on September 30, 2023, is as under:

Share Capital	Amount in Rs.
Authorised Capital	
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000
Issued, Subscribed and Paid-up Share Capital	
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000

2.2.2 BEL is a wholly owned subsidiary of TREL. TREL beneficially holds all 10,000 (ten thousand) Equity Shares of INR 10 (Indian Rupees ten) each of BEL, representing 100% (one hundred per cent) of the Share Capital of BEL.

2.2.3 The shares and securities of BEL are, at present, not listed on any stock exchange, whether in India or in any other country.



PART III

3. DEMERGER OF DEMERGED UNDERTAKING FROM TREL TO AND INTO BEL AND ISSUE OF CONSIDERATION SHARES BY BEL

3.1 Demerger and Vesting of the Demerged Undertaking

3.1.1 Upon this Scheme becoming effective and with effect from the Appointed Date and in accordance with the provisions of this Scheme, all the present and future assets and liabilities of the Demerged Undertaking as on the Appointed Date, whether known or unknown, and the entire business of the Demerged Undertaking shall stand transferred to and vested in BEL, as a going concern, without any further act or deed, together with all its properties, assets, rights, benefits and interests therein, in accordance with Sections 230 to 232 of the 2013 Act, and Section 2(19AA) of the IT Act and other provisions of Applicable Laws, if any, and the provisions contained herein.

3.1.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon this Scheme becoming effective and with effect from the Appointed Date:

- (i) all Assets of the Demerged Undertaking that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery and, or, by endorsement and delivery, or by vesting and recordal, including equipment, furniture and fixtures, shall stand vested in and be deemed to be vested in BEL, wherever located, and shall become the property and an integral part of BEL in terms of this Scheme. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly;
- (ii) all Assets of the Demerged Undertaking that are movable properties, other than those described under sub-clause (i) above, including investments in shares and any other securities, money market instruments including rated certificates of deposits and commercial papers, repos, reverse repo, treasury bills, call, notice, term money, 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 Governmental Authorities, customers and other Persons shall, without any further act or deed, become the property of BEL and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. For the avoidance of doubt, it is clarified that investments of the Demerged Undertaking shall, pursuant to Sections 230 to 232 of the 2013 Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in BEL with effect from the Appointed Date;
- (iii) all Assets of the Demerged Undertaking that are immovable properties (whether owned, or leased / licensed), including any right or interest in the buildings and structures standing thereon and all lease / license or rent agreements, together with



security deposits and advance / prepaid lease / license fee, rights and easements in relation to such properties shall stand transferred to and be vested in and, or, be deemed to have been transferred to and vested in BEL, without any further act or deed, pursuant to applicable provisions of the 2013 Act and the provisions of this Scheme. BEL shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties, if any, and shall be liable to pay the rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease / license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee to BEL;

- (iv) all Liabilities of the Demerged Undertaking shall, pursuant to Sections 230 to 232 of the 2013 Act and the provisions of this Scheme and, without any further act or deed, become the debts, liabilities, contingent liabilities, duties and obligations of BEL, without any further act or deed and BEL shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. For the avoidance of doubt, it is clarified that other than as required under Applicable Laws in pursuance of this Scheme, 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, duties and obligations have arisen in order to give effect to the provisions of this Clause;
- (v) all Contracts of the Demerged Undertaking shall be and remain in full force and effect on, against or in favour of BEL and may be enforced as fully and effectually as if, instead of TREL, BEL had been a party or beneficiary or obligor thereto. All Contracts of the Demerged Undertaking shall stand transferred to and vested in favour of BEL on the same terms and conditions. BEL and the other parties to such agreements shall continue to comply with the terms, conditions and covenants thereunder;
- (vi) any notices, disputes, pending suits / appeals, legal, taxation, or other proceedings including before any statutory or quasi-judicial authority or tribunal or other proceedings of whatsoever nature relating to Demerged Undertaking, whether pending on the Appointed Date or which may be instituted any time in the future, shall not abate, be discontinued or in any way prejudicially affected by reason of this demerger and vesting of the Demerged Undertaking in BEL or anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against BEL in the same manner and to the same extent as would or might have been continued, prosecuted and, or, enforced by or against the Demerged Undertaking, as if this Scheme had not been implemented;
- (vii) all the property, assets and liabilities of the Demerged Undertaking shall be transferred by TREL to BEL at the values appearing in the books of account of TREL on the Appointed Date. The accounts of TREL and BEL shall be reconstructed in accordance with Applicable Laws and the relevant provisions of this Scheme. Upon the Scheme becoming effective, the accounts of TREL and BEL shall be restated with effect from the Appointed Date, as specified in the Scheme and as per directions



of the Tribunal in this regard (if any). The income-tax returns, GST returns and other returns of each of TREL and BEL (as filed for any period after the Appointed Date) may be revised and re-filed accordingly;

- (viii) all Employees of the Demerged Undertaking shall become employees of BEL with effect from the Effective Date, on such terms and conditions as are no less favourable in aggregate than those on which they are currently engaged by the Demerged Undertaking, without any interruption of service as a result of this demerger and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such Employees of the Demerged Undertaking, upon this Scheme becoming effective, BEL shall stand substituted for TREL for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by TREL, in accordance with the provisions of Applicable Laws or otherwise. BEL undertakes that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the Employees of the Demerged Undertaking, the past services of such Employees of the Demerged Undertaking shall also be taken into account and it shall pay the same accordingly, as and when such amounts are due and payable. Upon this Scheme becoming effective, the Demerged Undertaking will transfer / handover to BEL, copies of employment information, including but not limited to, personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or ongoing leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to its employees and all forms, notifications, orders and contribution / identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause. BEL shall continue to abide by any agreement(s) / settlement(s) entered into / by TREL with any of the Employees of the Demerged Undertaking prior to the Appointed Date and from the Appointed Date till Effective Date. In case of conflict of any positions / designations between the current employees of BEL and the employees transferred from TREL as a consequence of this Scheme, the Board of Directors of BEL shall be entitled to re-classify the designation of any relevant employee to resolve such conflict;
- (ix) all IPR of the Demerged Undertaking shall stand transferred to and vested in BEL;
- (x) all Deposits and Balances of the Demerged Undertaking shall stand transferred to and vested in BEL;
- (xi) all Books and Records of the Demerged Undertaking shall stand transferred to and vested in BEL;
- (xii) all taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax, fringe benefit tax, securities transaction tax, self-assessment tax, taxes withheld / paid in a foreign country, value added tax, sales tax, service tax, stamp duty etc.) including any interest, penalty, surcharge and cess, if any, payable by or refundable to or being the entitlement of TREL in connection with the Demerged



Undertaking, including all or any refunds or claims shall be treated as the tax liability or refunds / credits / claims, as the case may be, of BEL and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, tax losses, including brought forward business loss, unabsorbed depreciation, etc., as would have been available to TREL in connection with the Demerged Undertaking, shall pursuant to this Scheme becoming effective, be available to BEL;

- (xiii) all Licences of the Demerged Undertaking shall be in full force and effect in favour of BEL and may be enforced as fully and effectually as if, instead of TREL, BEL had been a party or beneficiary or obligee thereto. For the avoidance of doubt, it is clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall be obligated to, and shall make and duly record the necessary substitution / endorsement in the name of BEL pursuant to the sanction of this Scheme by the Tribunal and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, BEL shall file appropriate applications / documents with relevant authorities concerned for information and record purposes;
- (xiv) benefits of any and all corporate approvals as may have already been taken by TREL in connection with the Demerged Undertaking, including approvals under Sections 42, 62(1A), 180, 185, 186 and 188 of the 2013 Act, shall stand transferred to BEL and the said corporate approvals and compliances shall be deemed to have been taken / complied with by BEL;
- (xv) all estates, assets, rights, title, interests and authorities accrued to and, or, acquired by TREL in regard to the Demerged Undertaking shall be deemed to have been accrued to and, or, acquired for and on behalf of BEL and shall, upon this Scheme becoming effective, pursuant to the provisions of Sections 230 to 232 of 2013 Act and this Scheme, without any further act/deed, be and stand transferred to or vested in or be deemed to have been transferred to or vested in BEL to that extent and shall become the estates, assets, right, title, interests and authorities of BEL; and
- (xvi) all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of TREL (insofar as the same pertains to the Demerged Undertaking) after the Effective Date, shall be accepted by the bankers of BEL and credited to the accounts of BEL, if presented by BEL.
- 3.1.3 It is clarified that no assets, liabilities, deposits and balances, investments, contracts, intellectual property rights, licences, employees and books and records of TREL, except those pertaining to the Demerged Undertaking (which are transferred to BEL in terms of the Clause 3.1.2), shall be transferred to, or vested in, BEL in terms of the provisions of Part III of this Scheme.
- 3.1.4 Upon this Scheme becoming effective and the consequent demerger and vesting of the Demerged Undertaking into and with BEL, the secured creditors of TREL not pertaining to the Demerged Undertaking, if any, shall not be entitled to any encumbrance over any of the assets of the Demerged Undertaking. It is clarified that all the assets of the Demerged Undertaking shall, subject to Applicable Laws, remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by



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BEL in accordance with the provisions of Applicable Laws. For this purpose, no further consent from the existing secured creditors of TREL shall be required (save and except as required for the purpose of sanction of this Scheme), and sanction of this Scheme shall be considered as a specific consent of such secured creditors.

- 3.1.5 BEL shall, at any time after this Scheme becomes effective in accordance with the provisions hereof and as the successor entity of TREL, in relation to the Demerged Undertaking, if so required under any law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. BEL shall, under the provisions hereof, be deemed to be authorised to execute any such writings in the name of and on behalf of TREL in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of TREL, *inter alia*, in its capacity as the successor-in-interest of TREL in relation to and as regards the Demerged Undertaking.
- 3.1.6 BEL shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, do all such acts or things as may be necessary to transfer / obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by TREL in connection with the Demerged Undertaking. It is clarified that if the consent of any third party or Governmental Authority is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution / endorsement in the name of BEL pursuant to the sanction of this Scheme by the Tribunal, and upon this Scheme becoming effective. BEL shall file appropriate applications / documents with the relevant authorities concerned for information and record purposes, and BEL shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of TREL in so far as the same are in connection with the Demerged Undertaking and to carry out /perform all such acts, formalities or compliances referred to above as may be required in this regard.

3.2 **Payment of Consideration for Demerged Undertaking**

- 3.2.1 Upon this Scheme coming into effect, the shareholders of TREL as of Record Date shall be entitled to receive New Equity Shares of BEL as detailed in this Clause 3.2.
- 3.2.2 TREL have engaged Mr. Harpreet Singh, a Registered Valuer, IBBI Registration No. - IBBI/RV/06/2019/12112 (as defined in the Companies (Registered Valuers and Valuation) Rules, 2017), to provide a Share Entitlement Report. In connection with such engagement, Mr. Harpreet Singh has issued a Share Entitlement Report dated October 13, 2023. TREL had engaged M/s. Ekadrisht Capital Private Limited, holding Permanent registration - INM000013040, SEBI Registered Category 1 Merchant Bankers, to provide a fairness opinion on the Share Entitlement Ratio adopted under this Scheme. In connection with such engagement, M/s. Ekadrisht Capital Private Limited has issued a fairness opinion dated October 13, 2023 ("**Fairness Opinion**"). The Board of Directors of each of TREL and BEL have determined the Share Entitlement Ratio as 1:3, based on their independent



judgment and after taking into consideration the aforesaid Share Entitlement Report and Fairness Opinion (“**Share Entitlement Ratio**”). Therefore, one (1) Equity Share of BEL having a face value of INR 1 (One Indian Rupee) each shall be issued and allotted to shareholders of TREL for every 3 (three) Equity Shares of TREL having a face value of INR 1 (One Indian Rupee) each, held by shareholders of TREL as of the Record Date.

- 3.2.3 In aggregate BEL shall issue and allot 10,72,89,965 (ten crore seventy-two lac eighty-nine thousand nine hundred sixty five) New Equity Shares of BEL, having a face value of INR 1 (One Indian Rupee) each, fully paid-up, to the shareholders of TREL as on Record Date, in a manner and proportion set out in Clause 3.2.2 such that pursuant to such issuance and allotment upon the Scheme becoming effective, the shareholding pattern (in terms of ratio of equity shares) and *inter-se* shareholding percentage of shareholders of BEL shall mirror the shareholding pattern (in terms of ratio of equity shares) and *inter-se* shareholding percentage of the shareholders of TREL, as on the Record Date.
- 3.2.4 For the purpose of the allotment of the New Equity Shares pursuant to this Scheme, in case any shareholder’s holding in TREL is such that the shareholder becomes entitled to a fraction of a New Equity share, such fractional entitlement shall be ignored and BEL shall not issue any fractional shares to any such shareholder, and shall instead consolidate all such fractions and round up the aggregate of all such fractions to the next whole number, and shall issue such consolidated number of New Equity Shares to one of the directors of BEL (who shall hold the same as a trustee for and on behalf of and for the benefit of all such shareholders of TREL who are entitled to such fractional entitlements) in dematerialised form, who shall hold such shares, with all additions or accretions thereto, in trust and for the benefit of the respective shareholders to whom they belong, and shall sell such shares in the open market at such price or prices as he may deem fit, and at any time within the period of ninety (90) days from the date of such allotment, and shall distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders of TREL (then shareholders of BEL) in the same proportion as that of their fractional entitlements.

3.3 Issuance mechanics and other relevant provisions

- 3.3.1 In the event TREL and/or BEL, as the case may be, change their capital structures prior to the Effective Date, either by way of any increase (by issue of Equity Shares, bonus shares, convertible securities or otherwise), decrease, reduction, reclassification, sub-division, consolidation, or re-organisation in any other manner except as specifically provided in this Scheme, which may have the effect of bringing any change to the capital structure of such company(ies), subject to approval of the Scheme Entities, the Share Entitlement Ratio and/or number of consideration shares to be issued (as applicable) shall stand modified/adjusted accordingly to take into account the effect of such corporate actions.
- 3.3.2 Subject to Applicable Laws, the fully paid-up New Equity Shares of BEL that are to be issued in terms of Clause 3.2 shall be issued in dematerialised form. The shareholders of TREL shall provide such confirmation, information and details as may be required by BEL to enable it to issue the aforementioned Equity Shares. However, if as of the date of allotment by BEL, TREL is unable to provide the details of the demat account of any



particular shareholder, subject to applicable law, BEL shall allot the appropriate number of New Equity Shares of BEL to such shareholder in physical form. Notwithstanding the above, if as per Applicable Laws, BEL is not permitted to issue and allot the New Equity Shares of BEL in physical form, and it has still not received the demat account details of certain shareholders of TREL, it shall issue and allot such New Equity Shares of BEL in lieu of the entitlement of such shareholders (in terms of this Scheme), into a demat suspense account, which shall be operated by one of the directors of BEL, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlement (in accordance with this Scheme), will transfer from such demat suspense account into the demat accounts of such claimant shareholders, such number of New Equity Shares of BEL as may be required in terms of this Scheme.

- 3.3.3 New Equity Shares of BEL to be issued by BEL pursuant to Clause 3.2 hereof, in respect of Equity Shares of the shareholders of TREL which are held in abeyance, shall also be kept in abeyance.
- 3.3.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of TREL, the Board of Directors of TREL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in TREL as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor / transferee of the Equity Shares in TREL, and in relation to the New Equity Shares of BEL issued by BEL upon the effectiveness of this Scheme. The Board of Directors of TREL and BEL shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members/shareholders in BEL on account of difficulties faced in the transition period.
- 3.3.5 The New Equity Shares of BEL to be issued and allotted by BEL in terms of Clause 3.2 hereof, shall be subject to the provisions of the Memorandum of Association and Articles of Association of BEL, and shall rank *pari passu* with the Existing Equity Shares of BEL.
- 3.3.6 Upon the Scheme becoming effective, the Share Capital of BEL shall stand suitably reorganised and increased for the issuance of the New Equity Shares by BEL in accordance with Clause 3.2. The issuance and allotment by BEL of New Equity Shares of BEL to the shareholders of TREL in terms of Part III of this Scheme is an integral part of the Scheme and shall be deemed to have been carried out as if the procedure laid down under Section 62 and other applicable provisions of the 2013 Act, as well as all applicable SEBI regulations have been complied with. It is clarified that the approval of the members of BEL to this Scheme shall be deemed to be their approval / consent for the issue and allotment of the New Equity Shares of BEL under the applicable provisions of the Act.
- 3.3.7 BEL shall apply to the Stock Exchanges and/or SEBI, for listing and admission of all the Equity Shares of BEL (including the New Equity Shares of BEL) to trading in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, read with Applicable Laws. BEL shall enter into such arrangements, complete such formalities and give such confirmations and/or undertakings to the Stock Exchanges as may be necessary in accordance with the Applicable Laws for the listing of Equity Shares of BEL.



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- 3.3.8 The New Equity Shares of BEL issued and allotted pursuant to the Scheme shall remain frozen in the depository system until listing/trading permission is given by the designated Stock Exchange for such New Equity Shares of BEL.
- 3.3.9 BEL shall, if and to the extent required, apply for and obtain all approvals from the appropriate authorities, including the Reserve Bank of India, for the issue and allotment by BEL of New Equity Shares of BEL to non-resident equity shareholders of TREL, if any, in terms of the Applicable Laws, including rules and regulations applicable to foreign investment in BEL.
- 3.4 **Reduction and Cancellation of Existing Equity Shares of BEL held by TREL**
- 3.4.1 Notwithstanding anything to the contrary contained in this Scheme, upon this Scheme becoming effective, and simultaneous with the issue and allotment of the New Equity Shares by BEL to the shareholders of TREL, the Existing Equity Shares of BEL held by TREL and its nominees will stand cancelled, extinguished and annulled, on or after the Effective Date by operation of law, without payment of any consideration or any further act or deed by either of TREL or BEL.
- 3.4.2 Accordingly, the cancellation of Existing Equity Shares of BEL and changes to its equity share capital will automatically be effected as an integral part of this Scheme, without any further act or deed on the part of BEL and without having to separately follow any of the provisions of the 2013 Act.
- 3.4.3 The consent of the stakeholders of BEL to this Scheme shall be deemed to be sufficient for the purposes of effecting such changes to its equity share capital, and no further resolution or action under the provisions of the 2013 Act would be required to be separately passed or taken. The order of the Tribunal sanctioning this Scheme is deemed to also be the order passed by the Tribunal under Section 66 and other relevant provisions of the 2013 Act for the purpose of confirming such changes to the existing equity share capital of BEL. It is clarified that with regard to the cancellation of equity share capital of BEL as a consequence of the demerger of the Infra – Rail & Green Energy Division of TREL into BEL, pursuant to the explanation to Section 230(12) of the 2013 Act, the provisions of Section 66 of the 2013 Act shall not apply to any consequential cancellation of share capital effected in pursuance of this Scheme.
- 3.4.4 The reduction of capital and cancellation of BEL's Existing Equity Shares does not involve any diminution of liability in respect of any unpaid share capital, if any, or payment to any shareholder of any paid-up share capital or payment in other form, and hence requirements of Section 66 of the 2013 Act shall not apply.
- 3.5 **Combination of Authorised Share Capital**
- 3.5.1 Upon coming into effect of the Scheme, a part of the Authorized Share Capital of TREL as on the Effective Date, shall be deemed to be added to the Authorized Share Capital of BEL as on such date without any further act, deed, procedure or formalities. The filing fees and stamp duty, if any, paid by the Demerged Company on its Authorized Share Capital, shall be deemed to have been so paid by the Resulting Company on the increased



Authorized Share Capital and accordingly, the Resulting Company shall not be required to pay any fee/stamp duty for its increased Authorized Share Capital.

3.5.2 Consequently, the Memorandum of Association of BEL shall without any act, instrument or deed be and stand altered, modified and amended, pursuant to Sections 13 and 61 of the Act and other applicable provisions of the Act, as set out below:

- (i) The Authorized Equity Share Capital of BEL shall be increased by INR 25,00,00,000 (Rupees twenty-five crores only) divided into 25,00,00,000 (twenty-five crore) New Equity Shares of INR 1 (One Indian Rupee) each.
- (ii) The existing share capital of INR 1,00,000 (Rupees one lakh only) divided into 10,000 (Ten thousand) equity shares of INR 10 (Ten Indian Rupees) each shall stand reclassified into 1,00,000 (One lakh) equity shares of INR 1 (One Indian Rupee) each.
- (iii) Upon coming into effect of the Scheme, Clause 5 of the Memorandum of Association of BEL shall, without any further act, deed or instrument, be substituted by the following clause:

“The share capital of the Company is INR 25,01,00,000 (Indian Rupees twenty-five crore one lakh only), divided into 25,01,00,000 (Twenty-five crore one lakh) equity shares of INR 1 (Indian Rupee one) each.”

It shall be deemed that the members of BEL have also resolved and accorded all relevant consents under Section 13 of the 2013 Act. It is clarified that upon sanction of the Scheme, BEL shall not be required to seek separate consent/ approval of its shareholders for the aforesaid alteration of the Memorandum of Association of BEL as required under Sections 13 and 61 of the 2013 Act and/or any other applicable provisions of the 2013 Act.

3.6 Accounting Treatment

3.6.1 The transfer of the Demerged Undertaking shall be accounted for in the books of TREL in accordance with Indian Accounting Standards (Ind - AS) prescribed under Section 133 of the 2013 Act as notified under the Companies (Indian Accounting Standards) Rules, 2015 as may be amended from time to time and generally accepted accounting principles in India.

3.6.2 Accounting treatment in the books of TREL:

- (i) Upon this Scheme becoming effective, the respective carrying value of assets, liabilities and identified reserves of the Demerged Undertaking as appearing in the books of account of TREL, immediately preceding the Appointed Date, and transferred to BEL shall be respectively reduced from the book values of assets and liabilities of TREL as on the close of business on the day immediately preceding the Appointed Date.
- (ii) The investment of TREL in BEL as appearing in the books of accounts of TREL shall be reduced/extinguished.



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- (iii) The difference of Clause 3.6.2(i) and (ii) above, shall be adjusted in sequential manner with credit balance of Capital Reserve, Security Premium Reserve and thereafter with Retained Earnings.
- (iv) Notwithstanding the above, the Board of Directors of TREL is authorized to account for any of the matters not dealt with in clause herein above in accordance with the Indian accounting standards (Ind AS) specified under section 133 of the 2013 Act read with Companies (Indian Accounting Standards) Rules, 2015.
- 3.6.3 The transfer of the Demerged Undertaking shall be accounted for in the books of BEL using the pooling of interest method in accordance with Appendix C “Business Combinations of entities under common control” of the Indian Accounting Standard (IND AS) 103 - Business Combinations, as prescribed under Section 133 of the 2013 Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015 as may be amended from time to time and other generally accepted accounting principle in India.
- 3.6.4 Accounting treatment in the books of BEL:
- (i) Upon the Scheme becoming effective, BEL shall record the assets, liabilities and identified reserves of TREL transferred to and vested in it pursuant to this Scheme, at their respective carrying amounts as appearing in the financial statements / books of TREL as on the close of business on the day immediately prior to the Appointed Date.
- (ii) BEL shall issue and allot shares to the shareholders of the TREL as per Clause 3.2 above and credit its share capital account with the aggregate face value of the equity shares issued to the shareholders of TREL.
- (iii) The existing equity shares issued to and held by TREL and its nominees shall stand cancelled.
- (iv) The difference of the above shall be transferred to Capital Reserve of BEL.
- (v) BEL shall comply with presentation and disclosure requirements as per IND – AS – 103.
- 3.6.5 The free reserves so transferred as a part of Demerged Undertaking and recorded under Other Equity shall be available for distribution of dividend to the shareholders and shall be considered as free reserves from the 2013 Act perspective in BEL.
- 3.6.6 Notwithstanding the above, the Board of Directors of BEL, in consultation with its respective statutory auditor(s), is authorized to account for any of the matters not dealt with in clauses herein above in accordance with the Indian accounting standards (Ind AS) specified under section 133 of the 2013 Act read with Companies (Indian Accounting Standards) Rules, 2015.



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PART IV

4. TAXES, MISCELLANEOUS AND GENERAL TERMS AND CONDITIONS

4.1 Upon this Scheme becoming effective, the accounts of TREL and BEL, as on the Appointed Date, shall be reconstructed in accordance with the terms of Part III and Part IV of this Scheme.

4.2 Taxes

4.2.1 The provisions of Part III of this Scheme have been drawn up in compliance with the conditions specified under the tax laws, specifically Section 2(19AA) of IT Act, and other relevant sections of IT Act. If any terms or provisions of Part III of this Scheme are found or interpreted to be inconsistent with the provisions of the aforesaid section at a later date, including resulting from an amendment of law or for any other reason whatsoever, such provisions of IT Act shall prevail and this Scheme shall stand modified to the extent determined necessary to comply with the said provisions. Such modifications will however not affect the other parts of this Scheme.

4.2.2 Upon this Scheme becoming effective, accounts of TREL and BEL as on Appointed Date shall be reconstructed in accordance with this Scheme. TREL and BEL shall be entitled to revise and refile their respective income tax returns, TDS returns, and other statutory returns and shall also have the right to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income Tax Act, 1961, credit of tax deducted at source, credit of foreign taxes paid/withheld, etc, if any, consequent to implementation of this Scheme.

- (i) It is clarified that all the taxes and duties payable by the TREL, relating to the Demerged Undertaking from the Appointed Date, including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the BEL, notwithstanding that the certificates, challans or other documents for payments of such taxes are in the name of the TREL.
- (ii) Without prejudice to the generality of above clause 4.2.2(i), any input tax credits which are unutilised as on the date of filing of prescribed returns/form for transfer of credit to BEL under Goods and Service Tax Act read with relevant rules therein shall be apportioned in accordance with relevant regulation, circulars, guidance provided for the same.
- (iii) In addition, all deduction otherwise admissible to TREL in relation to the Demerged Undertaking, payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source shall be eligible for deduction to BEL, upon fulfilment of the applicable conditions under the Applicable Law.
- (iv) Tax assessment proceedings/appeals of whatsoever nature by or against the TREL relating to the Demerged Undertaking, if any, pending and/or arising at the Appointed Date, shall be continued and/or enforced until the Effective Date. As and from the Effective Date, the tax proceedings/ appeals shall be continued and enforced



by or against BEL relating to the Demerged Undertaking, in the same manner and to the same extent as would or might have been continued and enforced by or against TREL. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the transfer and vesting of the Demerged Undertaking into BEL, or anything contained in the Scheme.

- (v) TREL and BEL are expressly permitted to file/revise their respective tax returns, related withholding tax certificates, to the extent required for claiming refunds, advance tax paid, withholding tax credits, benefit of credit of minimum alternate tax, or any other related tax compliance or filing of form.
- (vi) Any action taken by TREL to comply with Tax laws (including payment of taxes, maintenance of records, payments, returns, tax filing, etc.) in respect of Demerged Undertaking on and from Appointed Date up to the Effective Date shall be considered as adequate compliance by BEL with such requirement under Tax laws.

4.2.3 The Appointed Date shall be deemed to be the 'acquisition date' for all purposes, including for the purposes of accounts of TREL and BEL.

4.3 Conduct of business till Effective Date

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

- (i) the business pertaining to the Demerged Undertaking shall be deemed to have been carried on account of, and the properties and assets of Demerged Undertaking shall be deemed to have been held for and in trust for, BEL; and
- (ii) all profits or income arising or accruing to or received in regard to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, securities transaction tax, taxes withheld / paid in a foreign country, value added tax, GST, sales tax, service tax, etc.) or losses arising in or incurred in regard to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of BEL.

4.4 Alteration of the Memorandum and Articles of Association of BEL

4.4.1 Conversion into Public Company: As of the Appointed Date, BEL is a 'private company' in terms of the 2013 Act. Upon this Scheme becoming effective, and as an integral part of this Scheme and consequence thereof, BEL shall stand converted into a 'public company' in terms of the 2013 Act. As the conversion of BEL into a 'public company' is an integral part and consequence of the Scheme, the consent of shareholders of the BEL to this Scheme shall be deemed to be their consent for such conversion as required under the 2013 Act, including in terms of Section 13, Section 14 and Section 18 of the 2013 Act, read with Rule 29 and Rule 33 of the Companies (Incorporation) Rules, 2014; *provided however* the Memorandum of Association and Articles of Association of BEL shall be amended, to the extent required, to reflect such conversion, including the name clause, as required in terms of the 2013 Act, and accordingly upon the Scheme becoming effective: (i) Clause I of the



Memorandum of Association of BEL shall stand replaced by inclusion of the following clause: "The name of the Company is Belgharia Engineering Udyog Limited" (or "Texmaco Green Energy and Infrastructure Limited / Texmaco Renewable Energy and Infrastructure Limited / Texmaco Green Power and Infrastructure Limited" as may be approved by the Registrar of Companies, Kolkata, and be acceptable to BEL) and consequent changes shall be carried out in the Articles of Association of BEL; (ii) the word "Private", wherever appearing in the name of BEL, whether in the Articles of Association, Memorandum of Association, or any other document carrying the name of BEL, shall stand deleted; and (iii) provisions in the Articles of Association of BEL: (a) restricting the right to transfer shares; (b) limiting the number of members to 200 (two hundred); and (c) prohibiting any invitation to the public to subscribe for any securities; shall stand deleted. Further, provisions regarding minimum number of directors and minimum number of shareholders shall stand modified as per Applicable Law. Upon the Scheme becoming effective, references to BEL / Resulting Company would include such changed name, wherever applicable.

4.4.2 Deemed Approval of Shareholders for Amendments: The consent of the shareholders of BEL to this Scheme shall be sufficient for the purposes of effecting each of the amendments contemplated in this Clause 4.4, and no further resolutions or approvals, whether under Sections 13, Section 14, Section 18 of the 2013 Act, any other applicable provisions of the 2013 Act or under the Articles of Association of BEL, shall be required to be separately passed, nor shall BEL be required to pay any additional registration fees, stamp duty, etc.

4.5 **Power to Amend the Scheme**

4.5.1 Notwithstanding the other provisions of this Scheme, but subject to Applicable Laws, the power to make such amendments/modifications to the Scheme, as may become necessary, whether before or after effectiveness of the Scheme, shall vest with the Board of Directors of BEL and TREL, which power shall be exercised reasonably in the best interests of the Scheme Entities and their stakeholders, and which power can be exercised at any time.

4.6 **Filing of Applications / Petitions with Tribunal**

4.6.1 The Scheme Entities shall, with all reasonable dispatch, make their respective applications or a joint application to the jurisdictional Tribunal under Sections 230 and 232 of the 2013 Act, and other applicable provisions thereof, seeking orders for dispensing with or convening, holding and/or conducting of the meetings of such classes of their respective shareholders and/or creditors and for sanctioning this Scheme with such modifications, as may be approved by the Tribunal.

4.6.2 Upon this Scheme being approved by the requisite majority of the shareholders and creditors of each of the Scheme Entities (wherever required), each of the Scheme Entities shall, with all reasonable dispatch, file respective petitions before the jurisdictional Tribunal for sanction of this Scheme under Sections 230 to 232 of the 2013 Act, and other applicable provisions thereof, and for such other order or orders, as the Tribunal may deem fit for sanctioning/giving effect to this Scheme. Upon this Scheme becoming effective, the shareholders of each of the Scheme Entities, shall be deemed to have also accorded their



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approval under all relevant provisions of the 2013 Act, as applicable, for giving effect to all the provisions contained in this Scheme.

4.7 Effectiveness of the Scheme

4.7.1 This Scheme is conditional upon, and shall become effective on happening of the last of the following (“**Effective Date**”):

- (i) this Scheme being approved by the respective requisite majorities of the various classes of shareholders and/or creditors (if required) of each of the Scheme Entities as required under the 2013 Act;
- (ii) the Scheme being sanctioned by the Tribunal and appropriate orders being passed by the Tribunal pursuant to Sections 230 and 232 of the 2013 Act and other relevant provisions thereof, as may be applicable; and
- (iii) certified copies of the relevant Orders of the Tribunal being filed by TREL and BEL with the Registrar of Companies, West Bengal.

4.7.2 This Scheme shall become effective from the Effective Date, and the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.

4.8 Sequence of Events

Upon sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred and become effective and operative on Effective Date, only in the sequence and in the order mentioned hereunder:

- (i) amendment to the Memorandum of Association and Articles of Association of BEL, as provided in this Scheme, including change in name of BEL, increase in authorised share capital of BEL, etc;
- (ii) demerger and vesting of the Demerged Undertaking from TREL into and with BEL in accordance with Part III of this Scheme;
- (iii) issuance and allotment by BEL of fully paid-up New Equity Shares of BEL to the shareholders of TREL as of Record Date in accordance with Part III of this Scheme; and
- (iv) reduction of existing share capital of BEL as provided in Clause 3.4 of the Scheme.

4.9 Record Date

After this Scheme is sanctioned but before it becomes effective, the Board of Directors of TREL shall, in consultation with the Board of Directors of BEL, determine the record date (“**Record Date**”) for issuance and allotment of New Equity Shares of BEL to shareholders of TREL in terms of this Scheme and the direction of the Tribunal in this regard (if any). On determination of Record Date, TREL shall provide to BEL, the list of its shareholders as on such Record Date, who are entitled to receive the New Equity Shares of BEL in terms of this Scheme, in order to enable BEL to issue and allot such New Equity Shares of BEL, to such shareholders of TREL.



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4.10 Binding Effect

Upon this Scheme becoming effective it shall be binding on the Scheme Entities, their respective shareholders, creditors and all other stakeholders.

4.11 Miscellaneous

- 4.11.1 TREL shall comply with the provisions of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93, dated June 20, 2023, as amended from time to time, while *inter alia* procuring the approval of its public shareholders and shall provide for voting by such public shareholders through postal ballot and e-voting. For the purposes of this Clause 4.11.1, the term 'public' shall have the meaning ascribed to such term under Rule 2 of Securities Contracts (Regulation) Rules, 1957.
- 4.11.2 As an integral part of the Scheme, all rights and liabilities of TREL in or to a bid presently submitted by TREL, in respect of the Infra – Rail & Green Energy Division, to any Person or entity or authority shall stand transferred to BEL.
- 4.11.3 The transfer of properties and liabilities to, and the continuance of proceedings in terms of the Scheme, including as envisaged in Part III of this Scheme, shall not affect any transaction or proceedings already concluded by any of the Scheme Entities on or before the Appointed Date, and after the Appointed Date till the Effective Date, to the end and intent that BEL accepts and adopts all acts, deeds and things done and executed by TREL in respect thereto as done and executed on behalf of itself.
- 4.11.4 Nothing contained in this Scheme shall affect the business and operations of TREL other than the Demerged Undertaking, and the residual business(es) of TREL shall continue to belong to, and be vested in and be managed by, TREL.
- 4.11.5 Each of the Scheme Entities shall be entitled to declare and pay dividends, whether interim and/or final, to their respective shareholders prior to the Effective Date. However, prior to the Effective Date, the shareholders of TREL shall not be entitled to dividend (whether interim and/or final), if any, declared and paid by BEL and *vice versa*. Holders of the Equity Shares in each of the Scheme Entities, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association, including the right to receive dividends. It is clarified that the aforesaid provision in respect of declaration of dividend is only an enabling provision and shall not be deemed to confer any right on any shareholder of TREL and/or BEL to demand or claim any dividend.
- 4.11.6 Each of the Scheme Entities (acting through their respective Boards of Directors) may assent to any modifications or amendments to this Scheme, which the Tribunal, SEBI, Stock Exchange(s) and/or any other authorities may deem fit to direct or impose, or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme. Each of the Scheme Entities (acting through their respective Boards of Directors), are hereby authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions, whether by reason of any orders of the Tribunal or SEBI or of any directive or



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order 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.

- 4.11.7 Notwithstanding anything contained to the contrary in this Scheme, the Scheme Entities (acting through their respective Boards of Directors), shall be at liberty to withdraw from this Scheme in case: (i) any condition or alteration imposed by the Tribunal or any other authority is not acceptable to the Scheme Entities; or (ii) any deemed modifications to the Scheme resulting from the Scheme (or any part thereof) being or becoming inconsistent with Applicable Laws (including resulting from an amendment of law or for any other reason whatsoever) is not acceptable to the Scheme Entities; or (iii) prior to the Effective Date, the Scheme Entities (acting through their respective Board of Directors) mutually agree at any time to withdraw the Scheme for any reason.
- 4.11.8 If any part of this Scheme is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, 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 the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the Scheme Entities (acting through their respective Board of Directors), shall attempt to bring about appropriate modifications to this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, in equitable manner as per the intent and spirit of the Scheme, including but not limited to such part.
- 4.11.9 All costs, charges and expenses, in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto, up to the Effective Date, shall be borne and paid by TREL (unless mutually agreed otherwise by the Scheme Entities acting through their respective Board of Directors), and such expenses shall be entitled to be amortised in terms of Applicable Laws.



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