

CERTIFIED TRUE COPY



**THE WORLD'S
FAVOURITE
INDIAN**

BAJAJ AUTO LIMITED

MEMORANDUM OF ASSOCIATION

AND

ARTICLES OF ASSOCIATION



For Bajaj Auto Limited

Rajiv A. Chaudhari

Company Secretary

CERTIFIED TRUE COPY

भारत सरकार-कॉर्पोरेट कार्य मंत्रालय
कम्पनी रजिस्ट्रार कार्यालय, महाराष्ट्र, पूणे

नाम परिवर्तन के पश्चात नया निगमन प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U65993PN2007PLC130076

मैसर्स Bajaj Holdings & Investment Limited

के मामले में, मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स
Bajaj Holdings & Investment Limited

जो मूल रूप में दिनांक तीस अप्रैल दो हजार सात को कम्पनी अधिनियम, 1956 (1956 का 1) के अंतर्गत मैसर्स
Bajaj Holdings & Investment Limited

के रूप में निर्मित की गई थी, न कम्पनी अधिनियम, 1956 की धारा 21 की शर्तों के अनुसार विधिवत आवश्यक विनिश्चय पारित करके तथा
लिखित रूप में यह सूचित करके की उसे भारत का अनुमोदन, कम्पनी अधिनियम, 1956 की धारा 21 के साथ पठित, भारत सरकार, कम्पनी कार्य
विभाग, नई दिल्ली की अधिसूचना सं. सा. का. नि 507 (अ) दिनांक 24.6.1985 एस्.आर.एन. A33139874 दिनांक 05/03/2008 के द्वारा
प्राप्त हो गया है, उक्त कम्पनी का नाम आज परिवर्तित रूप में मैसर्स
BAJAJ AUTO LIMITED.

हो गया है और यह प्रमाण-पत्र, कथित अधिनियम की धारा 23(1) के अनुसरण में जारी किया जाता है।

यह प्रमाण-पत्र, मेरे हस्ताक्षर द्वारा पूणे में आज दिनांक पांच मार्च दो हजार आठ को जारी किया जाता है।

GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS
Registrar of Companies, Maharashtra, Pune

Fresh Certificate of Incorporation Consequent upon Change of Name

Corporate Identity Number : U65993PN2007PLC130076

In the matter of M/s Bajaj Holdings & Investment Limited

I hereby certify that Bajaj Holdings & Investment Limited which was originally incorporated on Thirtieth day of April
Two Thousand Seven under the Companies Act, 1956 (No. 1 of 1956) as Bajaj Holdings & Investment Limited
having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of
the Central Government signified in writing having been accorded thereto under Section 21 of the Companies Act,
1956, read with Government of India, Department of Company Affairs, New Delhi, Notification No. G.S.R 507 (E)
dated 24/06/1985 vide SRN A33139874 dated 05/03/2008 the name of the said company is this day changed to
BAJAJ AUTO LIMITED. and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at Pune this Fifth day of March Two Thousand Eight.



Katkar Vishnu Pandurang

(KATKAR VISHNU PANDURANG)

कम्पनी रजिस्ट्रार / Registrar of Companies

महाराष्ट्र, पूणे

Maharashtra, Pune

कम्पनी रजिस्ट्रार के कार्यालय में उपलब्ध पत्राचार का पता :

Mailing Address as per record available in Registrar of Companies office:

BAJAJ AUTO LIMITED.

Bajaj Auto Limited Complex, Mumbai - Pune Road, Akurdi,

Pune - 411035,

Maharashtra, INDIA



For Bajaj Auto Limited

Rajiv M. Gramhi

Company Secretary

CERTIFIED TRUE COPY



प्रारूप 1

पंजीकरण प्रमाण-पत्र

कार्पोरेट पहचान संख्या : U65993PN2007PLC130076

2007 - 2008

मैं एतद्वारा सत्यापित करता हूँ कि मेसर्स

Bajaj Holdings & Investment Limited

का पंजीकरण, कम्पनी अधिनियम 1956 (1956 का 1) के अंतर्गत आज किया जाता है और यह कम्पनी लिमिटेड है।

यह निगमन-पत्र आज दिनांक तीस अप्रैल दो हजार सात को मेरे हस्ताक्षर से पूणे में जारी किया जाता है।

Form 1

Certificate of Incorporation

Corporate Identity Number : U65993PN2007PLC130076

2007 - 2008

I hereby certify that Bajaj Holdings & Investment Limited is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is limited.

Given under my hand at Pune this Thirtieth day of April Two Thousand Seven.



(KATKAR VISHNU PANDURANG)

कम्पनी रजिस्ट्रार / Registrar of Companies

महाराष्ट्र, पूणे
Maharashtra, Pune



For Bajaj Auto Limited

Rayiv n. G. G. G. G.

Company Secretary

CERTIFIED TRUE COPY



व्यापार प्रारंभ करने का प्रमाण-पत्र कम्पनी अधिनियम 1956 की धारा 149(3) के अनुसरण में

कार्पोरेट पहचान संख्या : U65993PN2007PLC130076

मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स
Bajaj Holdings & Investment Limited

जिसका निगमन, कम्पनी अधिनियम, 1956(1956 का 1) के अंतर्गत दिनांक तीस अप्रैल दो हजार सात को किया गया था और जिसने निर्धारित प्रपत्र में घोषणा प्रस्तुत की है या विधिवत सत्यापित किया है कि उक्त कम्पनी ने, अधिनियम की धारा 149(2) (क) से (ग) तक की शर्तों का अनुपालन कर लिया है और व्यापार करने के लिए हकदार है।

यह प्रमाण-पत्र आज दिनांक सात मई दो हजार सात को मेरे हस्ताक्षर से पूरे में जारी किया जाता है।

Certificate for Commencement of Business

Pursuant of Section 149(3) of the Companies Act, 1956

Corporate Identity Number : U65993PN2007PLC130076

I hereby certify that the Bajaj Holdings & Investment Limited which was incorporated under the Companies Act, 1956(No. 1 of 1956) on the Thirtieth day of April Two Thousand Seven, and which has this day filed or duly verified declaration in the prescribed form that the conditions of the Section 149(2)(a) to (c) of the said act, have been complied with and is entitled to commence business.

Given under my hand at Pune this Seventh day of May Two Thousand Seven.



(KATKAR VISHNU PANDURANG)

कम्पनी रजिस्ट्रार / Registrar of Companies

महाराष्ट्र, पुणे

Maharashtra, Pune



For Bajaj Auto Limited

Rajiv Gandhi
Company Secretary

Memorandum
and
Articles of Association
of
Bajaj Auto Limited

INDEX

Memorandum of Association	Page 1-18
Articles of Association	

PRELIMINARY

Article

1	Interpretation	1-2
2	Share capital and variation of rights	3-5
3	Lien	5-6
4	Calls on shares	6-7
5	Transfer of shares	7-7
6	Transmission of shares	8-8
7	Forfeiture of shares	8-9
8	Alteration of capital	9-10
9	Capitalisation of profits	10-11
10	Buy-back of shares	11-11
11	General Meetings	12-12
12	Proceedings at general meetings	12-12
13	Adjournment of meeting	12-12
14	Voting rights	12-13
15	Voting by postal ballot	13-13
16	Proxy	13-14
17	Board of Directors	14-14
18	Proceedings of the Board	15-15

19	Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer	16-16
20	Chairman Emeritus	16-16
21	The Seal	16-16
22	Dividends and Reserve	16-17
23	Accounts	18-18
24	Winding up	18-18
25	Indemnity	18-18
26	Name and address of subscribers to Articles of Association	19-21
27	Copy of the order approving the Scheme of Demerger by Hon'ble High Court of Judicature at Bombay dated 18 December 2007 between Bajaj Auto Limited, Bajaj Holdings & Investment Limited and Bajaj Finserv Limited	1-41

CERTIFIED TRUE COPY

THE COMPANIES ACT, 1956
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF BAJAJ AUTO LIMITED

- I. The name of the Company is **BAJAJ AUTO LIMITED**
- II. The Registered Office of the Company will be situated in the state of Maharashtra, within the jurisdiction of the Registrar of Companies, Pune.



For Bajaj Auto Limited

Rajiv A. Grandhi

Company Secretary

III. The objects for which the Company is established are :-

(A) THE MAIN OBJECTS OF THE COMPANY ARE:

- I. **Clause 1 shifted to Objects incidental or ancillary to the attainment of main objects and renumbered as Clause No. 7A vide special resolution passed at Extra-Ordinary General Meeting held on 17.03.2008**
- IA To carry on the business of manufacturing, buying, selling, reselling, exchanging, altering, importing, improving, assembling, distributing and dealing in Motor vehicles, packages of component-parts thereof, trucks, tractors, chassis, motors, autorickshaws, scooters, motor- scooters & other two-wheelers, motor cycles, three-wheelers, cycles, buses, lorries, omnibuses, engines, locomotives, turbines, tanks, ships, boats, barges, launches, aeroplanes, air-ships, seaplanes, balloons and aircraft of every description and other vehicles and component or motor vehicle replacement parts, tools, implements, spare parts, accessories, materials and products for the transport or conveyance of passengers, merchandise and goods of every description whether propelled or used by electricity, steam, oil, vapour, gas, petroleum, diesel oil, or any other motive or mechanical power, in India or elsewhere.
- IB To manufacture, buy, sell, exchange, alter, improve, manipulate, prepare for market, import or export and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, materials and things necessary or convenient for carrying on any of the above specified business or processes or usually dealt in by persons engaged in the like.
- 1C To carry on the business of garage keepers and suppliers of and dealers in petrol, electricity, diesel, gas, atomic and other motive power and diesel engines, lubricating and other oils and to carry on any other business convenient for carrying on any of the businesses specified above.

(Inserted Clauses 1A, 1B and 1C vide Clause 14.2(a) of Scheme of Arrangement of Demerger as approved by the Hon'ble High Court of Judicature at Bombay vide its order dated 18.12.2007)

(B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:

2. To advance money to any person or persons, firm, Company or corporation, society or association with or without interest and /or with or without security and in particular to advance money to shareholders of the Company or to any other person for acquiring or repairing, renovating movable or immovable property.

3. Subject to the provisions of the Banking Regulation Act and Section 58A of the Companies Act, 1956 to receive money on deposits, loans or otherwise with or without interest and security and to guarantee debts, obligations and contracts of the Company or any other person, firm, Company, corporation, society, trust, association.
4. To negotiate loans of every description.
5. To purchase, acquire or take over the whole or any part of the business, goodwill, property, contracts, agreements, rights, privileges, effects and liabilities of any person, firm or Company carrying on or proposing to carry on or ceasing to carry on business, profession or activity which the Company is authorised to carry on upon such terms and subject to such stipulation and conditions and at or for such price or consideration (if any) in money, shares, debentures, moneys worth or otherwise as may be deemed fit.
6. To borrow or raise money or secure the payment of money or to receive money on deposits, whether as secured loans and/or unsecured loans from companies, firms, banks, financial institutions, trusts, individuals, group of individuals, bodies corporate, societies and organisations with or without interest, with or without rights to convert such borrowed moneys into shares of this or any other Company or otherwise in such manner as the Company may think fit and proper and by the issue of debentures, debenture stock, bonds, either convertible into shares of this or any other Company or otherwise, or perpetual debenture annuities, and in security of any such money so borrowed or received, to mortgage, pledge or charge the whole or any part of the property, assets or revenues of the Company, present or future, including its uncalled capital, by special assignment or otherwise or to transfer or to convey the same, absolutely or conditionally or to create interest and to give the lenders power of sale and other powers as may deem expedient and to purchase, redeem or pay off any such loans, debentures, debenture stock, bonds, deposits, subject of payment of principal and interest in a manner to be stipulated in relation to issue of such debentures, debenture stock, bonds or acceptance of such loans, deposits and subject to the provisions of law in this regard.
7. To advance, invest or otherwise employ the money belonging to or entrusted to the Company in or upon securities or shares or other movable or immovable property with or without security, upon such terms and conditions as may be thought proper and from time to time vary such transactions and investments in such manner as may be proper and to give guarantees to third parties in respect of sums borrowed by any individual firm, body corporate, any other entity provided that the Company shall not carry on the business of banking as defined by the Banking Regulation Act 1949.
- 7A Subject to prior approval of Reserve Bank of India to carry on the business of an Investment Company and to buy, underwrite, invest, acquire, hold, and deal in the name of the Company or its nominees shares, stocks, debentures, debenture stock, bonds, commercial

papers, obligations and securities of any kind, issued /or guaranteed by any Company in India or elsewhere and debentures, debenture-stock, bonds, obligations and securities issued /or guaranteed by any Government, State, Public Body or authority, firm or person in India or elsewhere.

(Clause 1 Shifted from Main Objects and renumbered as Clause No. 7A vide special resolution passed at Extra-Ordinary General Meeting held on 17.03.2008)

8. To provide corporate guarantee, with or without consideration, for any loan/ finance taken by or in connection with performance by any individual, firm, Company, corporation, body corporate.
9. To let, mortgage, charge, sell, grant, licenses easements and other rights or otherwise dispose of any property of the Company or part that of either absolutely or conditionally in such manner and upon such terms and conditions in all respects as may be thought fit.
10. To raise money, resources, properties by issue and allotment of shares, debentures and other securities whether for consideration in cash or otherwise, on such terms and conditions as the Company may think fit and proper.
11. To pay out of the funds of the Company all expenses which the Company may lawfully pay with respect to promotion, formation, registration of the Company and the issue of its share capital, debentures, debenture stock, bonds, other securities and acceptance or renewal of deposits including brokerage and commissions for taking, placing, underwriting or procuring the underwriting of shares, debentures, debenture stock, bonds, deposits or other securities of the Company.
12. To draw, accept, endorse, discount or negotiate or transfer promissory notes, hundies or bills of exchange, bills of lading and other negotiable instruments in connection with the business of the Company.
13. To open current or fixed deposit and other accounts with any bank including co-operative bank and to pay into and draw money from such accounts and operate the same.
14. To pay all the preliminary expenses of any Company promoted by the Company or any other Company in which this Company is or may contemplate being interested, and preliminary expenses may include all or any part of costs and expenses of owners of any business or property acquired by that Company.
15. To establish branches, offices and appoint agents, dealers, selling agents, representatives in India or in any part of the World for or in connection with the objects of the Company.

16. To undertake, perform, render, carry out, implement any of the objects /activities of the Company on charitable, Benevolent basis to assist any Government, Regional, National, International institutions, Organisations, Associations, Federations, Bodies Corporate, Groups, Private or Public or for direct benefit of any section of public, society.
17. To undertake, accept, carry out, support such social responsibilities and obligations in India or in any part of the world as may be decided from time to time, depending upon the ideologies, and social values prevalent at that time, either alone or conjunctively with others for the benefit of general public either actively or otherwise and by contribution of cash otherwise to assist any Governments, statutory authorities, local authorities, private institutions, Organisations of various socio-economic objectives.
18. To enter into any arrangement with any Government or authority supreme, municipal, local or otherwise or other person or institution that may seem conducive to the Company's objects or any of them and to obtain, apply for purchase or otherwise acquire from any such government or authority or other persons or institutions any rights, lease's, power, concessions, grants, licenses and privileges and the decrees which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
19. To apply for, purchase or by any other means acquire, protect and prolong and renew and to exercise, develop, grant licenses in respect of and to sell, let or otherwise turn to account any inventions, licenses, concessions, rights, privileges, secret formulas belonging to the Company or which it may acquire or any interest in the same and for, take out and register trade mark or any patent or patents for any invention or inventions, or obtain exclusive or other privileges in respect of the same in any part of the world.
20. To search for and to purchase or otherwise acquire from any Government, state or other authority any licenses, lease's concessions, grant, quota rights, decree right, power and privileges whatsoever as may seem to the Company capable of being turned to account to work, develop, carry out, exercise and turn to account the same for the objects of the Company.
21. To procure recognition of the Company in any country, state or place and to establish and regulate agencies for the purpose of the Company's business and to apply or join in applying any parliament, legislature, Government, local, Municipal authority or body, Indian or Foreign, for any Acts of Parliament, laws, resolutions, decrees, concessions, orders, rights, or privileges that may seem conducive to the companies resolutions, decrees, concessions, orders, rights, or privileges that may seem conducive to the companies objects or any of them and to oppose any proceeds or applications which may seem calculated directly or indirectly to be prejudicial to the interest of the Company or which may be affecting the Company's interest.

22. To amalgamate with any other Company whose objects are or include objects similar to those of the Company, whether by sale or purchase (for fully or partly paid up shares or otherwise) of the undertaking subject to the liabilities of this or any such other Company as aforesaid with or without winding up or by sale or purchase (for fully or partly paid up shares or otherwise) of all or a controlling interest in the share of stock of this or any other Company as aforesaid or in any other manner.
23. To adopt any lawful means for making known the Company, its goals, philosophies, policies, business, activities, interest and to publish, edit, display, rebate information research work, inventions, method, philosophies, ideas, relating to business of Company.
24. To start or maintain, subsidies or contribute to charitable dispensaries or hospitals, gymkhanas, playgrounds, clubs, libraries, technical or literary, shops, boarding, houses or institutions for the benefit of the Company's employees.
25. To establish or support or aid in establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees or ex-employees of the Company or dependants or relatives of such persons and to grant pensions, allowances and to subscribe or guarantee money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object.
26. To provide for the welfare of employees or ex-employees of the Company and the wives and families or dependents, connections of such persons, by building or contributing to the building of houses, dwellings or chawls, institutions trusts or by grants of money, pensions, allowances, bonus, or other funds and to provide or subscribe or contribute towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance, clubs or other assistance as the Company shall think fit, and to subscribe or contribute or otherwise to assist to guarantee money to charitable, benevolent religious, scientific, national or other institutions or objects, which shall have any moral or other claim to support or aid by the Company either by means of locality of public and /or general utility or otherwise.
27. To accept or make gifts or bequests, donations, claims, rights, in cash or in kind whether with or without conditions and whether onerous or otherwise form /to any person including the Directors, Shareholders of the Company, Body Corporate, Firm, Group of Persons.
28. To invest surplus funds in shares, stocks, debentures, debenture stocks, bonds or securities of whatever nature and kind by original subscription, surrender, purchase, exchange or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and power conferred by or incidental to the ownership thereof.

29. To create any depreciation fund, reserve fund, sinking fund, insurance fund, or any special other fund whether for depreciation, or for repairing, importing extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares.
30. To place as reserve or to distribute as bonus share among the members or otherwise to apply as the Company may from time to time think fit, any moneys received in respect of forfeited shares.
31. To remunerate or make donations by cash or other assets or by the allotment of fully or partly paid shares by a call or option shares, debentures, debenture stock or securities of this or any other Company or in any other manner whether out of the Company's capital or profits or otherwise to any person or persons, firm or Company for services rendered or to be rendered in introducing any property or business to Company or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, stock or other securities of the Company or for any other reason which the Company may think fit.
32. To refer or agree to refer any claims, demands, disputes or any other questions, by or against the Company, or in which the Company is interested or concerned, and whether between the Company and a member or members or his or their representatives or between the Company and the third party, to arbitration in or at any place in or outside India and to observe and perform and to do all acts, deeds and things to carry out or enforce the award.
33. To appoint, train, retain, remove in India or abroad any kind of personnel as employees, including Managing Directors, whole time Directors, Consultants, advisors, contractors, agents, representatives, auditors, investigators, inspectors, experts in any field in the interest of and for the furtherance of objects, of the Company and to pay to them compensation in cash or otherwise for their services.
34. To distribute any of the property of the Company among the members in specie, subject to the provisions of the Companies Act, 1956 in the event of winding up.
35. To indemnify officers, directors, agents and servants of the Company against proceedings, costs, damages, claims and demands in respects of anything done or ordered to be done by them for and in the interests of the Company or for any loss, damage or misfortune whatever, which shall be caused in execution of the duties of their office or in relation thereto.
36. To act as agents, brokers, and as trustees and to undertake and perform sub contracts and also to act in any of the objects of the Company through or by means of agents, brokers, subcontractors or others.

37. To own, equip, maintain and work omnibuses, lorries, motor cars and other vehicles or means of transport appropriate for carriage of men and material of the Company and persons doing business with the Company, goods and to build stores for fueling and repair of such vehicles.
38. To become member of societies, federations, chambers, associations, corporations and bodies formed for assistance, maintenance, improvement and safeguarding the interest of the objects and business of the Company.
39. To establish agency or any subsidiary or other Company or companies in which this Company is interested as shareholder, debenture holder, lender, creditor or otherwise and to enter into arrangement with any such Company of taking the profits and bearing the losses of any business so carried on or guaranteeing its liabilities or to make any business so carried on including power at any time either temporarily or permanently to close any business or branch and to act as manager or to appoint directors or managers of any such Company.
40. To establish, provide, maintain and conduct or otherwise subsidize experimental workshops for scientific and technical researches, experiments and to undertake and carry on scientific and technical researches, experiments and inventions by providing, subsidizing, endowing or assisting laboratories and by providing or contributing to the remuneration of scientific or technical professors, teachers and by providing or contributing to awards, prizes, scholarships, grants, sponsorships to students or others and generally to encourage them.
41. To buy, improve, import, and take on lease or hire purchase lands, factories, work places, offices, satellites, servers, antennas, receiver and relay stations and equipments, plants, machineries, accessories, equipments, fixture, tools, appliances, apparatus, material, spares, assemblies, components and other raw material and inputs required for and capable of being used in business which the Company is authorised to do.
42. To lend or make available the services of such technicians and experts of the Company to such other establishments, workshop who are or will be in need of services and also make business of consultancy relating to the objects of the Company.
43. To take part in management, supervision and control of business or operations of any Company or undertaking having similar objects and for the purpose to appoint and remunerate any director, or directors, trustees, accountants or other experts.
44. To gather, simulate, tabulate various data information, study, and reports and to carry out market surveys, market studies, or to get the information from the other individuals, firms, organisations, institutions or other bodies.

45. To subscribe, promote, officiate, and obtain membership for getting information, study reports, books, publications, journals from various institutions, colleges, societies, chambers, companies, firms and from individuals or bodies corporate.
46. To buy, take on lease or license or otherwise to acquire lands and to acquire in any manner or to construct, erect, re-erect, alter, build, renovate, decorate, maintain, roads, streets, brick works, sheds, buildings, flats, houses, shops, showrooms, offices, warehouses, mid floor landings tents and other temporary or permanent structures for the purpose of the business of the Company and to demolish, re-erect and / or to alter or otherwise deal with land and buildings in possession or belonging to the Company or in respect of which the Company has power in any manner to deal with.
47. To insure the whole or any part of the property of the Company either fully or partially to protect and indemnify whole or part thereof.
48. To acquire, take up, hold, dispose of and deal in any shares, stocks, units, debentures, debenture stock, bonds, mortgages, obligations and other securities by original subscription, tender, purchase, exchange or otherwise, and to subscribe for the same either conditionally or otherwise and to underwrite or guarantee the subscription thereof.
49. To act as a trustee, professional, debenture trustee and accept the confidence or trust with or without remuneration.
50. To apply for, purchase, acquire and protect and renew in any part of the world any patents and patent rights, brevets, trademarks, designs, formulae, copyrights, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to their use, or any secret or other information as to any invention which may seem to be capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to the benefit of the Company, and to use, exercise, develop, or grant licences in respect of, or otherwise, turn to account the property, rights or information so acquired and to expend money in experimenting upon, testing, or improving any such patents, inventions or rights.
51. To set any patent rights or privileges, belongings to the Company or which may be acquired by it, or any interest in the same, and to grant licences for the use and practice of the same or any of them, and to let or allow to be used or otherwise deal with any inventions, patents or privileges in which the Company may be interested, and to do all such acts and things as may be deemed expedient for turning to the account, any inventions, patents and privileges in which the Company may be interested.

52. To enter into agreement, partnership or collaboration or joint venture or into any arrangement for the business or its development or expansion or for sharing of profits, amalgamation, union of interest reciprocal concession or co-operation with any person, partnership or Company or body corporate whether Indian or foreign and to promote and aid in promoting, constituting forming and organising companies or partnership for the purpose of acquiring and undertaking any property and liabilities of the Company and also to pay for any properties, rights or privileges acquired by this Company either in shares of the Company or shares or stock of any other Company.
53. To acquire and hold by way of investment or re-sell and to let on hire-purchase, lease, rent, any metals, diamonds, precious stones, jewellery and paintings and objects of art and to pay for the same either in cash or otherwise.
54. To take or concur in taking all such steps and proceedings as may seem best calculated to uphold and support the credit of the Company and to obtain and justify public confidence and to avert or minimize financial disturbances which might affect the Company.
55. To subsidise, assist and guarantee the payment of money by or the performance of any contract, engagement or obligation by any person or companies and in particular, customers of the Company or any person or companies, with whom the Company may have or intended to have business relations.
56. To finance industrial enterprises and to promote companies engaged in industrial and trading businesses.
57. To manage investment pools, mutual funds, syndicates in shares, stocks, securities, finance and real estate.
58. To carry on any other business that may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
59. To acquire and undertake the whole or any part of business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of this Company.
60. To pay, satisfy or compromise any claims made against the Company in respect of any contracts dealt in or entered into by the Company which claims the Company may deem expedient to pay, satisfy or compromise notwithstanding that the validity thereof at law may be disputable and to revive any contracts that may have become void or lapsed on such terms and conditions and in such cases, as may be deemed expedient or in lieu of reviving any such contract or make any other concession in favour of the persons or any of the persons entitled to such contract.

61. To purchase for investment or resale land and house and other property of any tenure and any interest therein and to create, sell and deal in freehold and leasehold ground, rents and to make advances upon the security of land or house or to deal in, traffic by sale, lease, exchange or otherwise with land and house property and any other property, whether real or personal.
62. To take part in the formation, supervision or control of the business or operations of any Company or undertaking and for that purpose, subject to Securities & Exchange Board of India's rules and regulations, to act as an Issue House, market makers, Registrars and share Transfer Agents, Financial Advisors or Technical Consultants, brokers, or in any other capacity and to appoint and remunerate any Directors, Administrators or Accounts or other Experts or Agents.
63. To promote, establish, manage safe deposits vaults and offer on hire/ rent services safe guarding in safe deposit lockers valuable subject to enactments as may be applicable from time to time.
64. To undertake agency business for saving schemes, and to represent individual, banks, Financial Institutions, Institutional Investors, mutual funds, pension funds, corporations, bodies corporate for procuring or making investments.

(C) OTHER OBJECTS:

65. To carry on business as financiers, commercial agents, mortgage brokers, financial agents, and advisers and as Registrars and Transfer Agents.
66. To carry on business as insurance brokers in respect of all classes of insurance, including marine, fire, life, accident, burglary, workman's compensation, indemnity and motor and underwrite shares and debentures.
67. **Shifted to Main Objects and renumbered as Clause IA vide Scheme of Arrangement of Demerger sanctioned by the Hon'ble High Court of Judicature at Bombay vide its Order dated 18.12.2007.**
68. **Shifted to Main Objects and renumbered as Clause IB vide Scheme of Arrangement of Demerger sanctioned by the Hon'ble High Court of Judicature at Bombay vide its Order dated 18.12.2007.**
69. **Shifted to Main Objects and renumbered as Clause IC vide Scheme of Arrangement of Demerger sanctioned by the Hon'ble High Court of Judicature at Bombay vide its Order dated 18.12.2007.**

70. To carry on the business of manufacturing or generating electrical energy, by use of gas wind, solar, thermal hydro, atomic or any other conventional or non-conventional source for captive consumption and /or for transmitting, distributing, conveying or supplying the same by whatever means to any user, trader or any person or agency.
71. To acquire, manufacturing, assembling, producing and processing rights for vehicles and components thereof, apparatus, materials, tools, equipments and machinery, on payment of royalty, licence fees, share in profit or on any other basis.
72. To carry on the business of brokers, underwriters, factors financial consultant, and to act as a member of Stock Exchange including OTC markets, metal exchange, commodity exchange, and foreign exchange and to undertake investment consultancy.
73. To carry on the business of leasing & hire purchase Company and to acquire and provide on lease or hire purchase basis office equipments machinery, vehicles, buildings, flats, industrial commercial premises required for manufacturing, processing, transportation and trading business and other commercial businesses with permission of RBI wherever required.
74. To undertake on contract or otherwise, in India or abroad, software designing, developing, at the site of end user, software product development, product lifecycle management, knowledge base program management, product data management, enterprise resources planning (ERP), customs relationship management, CRM, SCM, CAD/CAM, interactive software, multimedia software, marketing of software program, data processing consultancy in computer aid and operations and provide training in computer applications and render services as consultants for introducing, controlling, operating, developing and maintaining various systems in field of preparation and application of program, debugging, data collection, data compilation, data analysis, introduction and development of systems and methods based on electronic data processing techniques and or manual systems, implementation and customization of enterprise wide software product and solutions, either on its own or in collaboration with any other person, agency, organization and or establishment.
75. To own, establish, manage, process, store, information, data, and provide internet services, portal services, satellite/ transponder services, mobile communication services, web home page, computer support, interactive communication device web- enabled marketing, electronic commerce, extended messaging, commerce on the net, application development, provide fax, voice, video, data and communication over internet, electronic transaction, documentation, managing on internet, advertisement, accounting, web publishing, web newspaper and information, specification and ordering information and to establish, manage Call Centers. To manufacture, buy, sell, import, export, repair, alter, deal in computers and its spares, components, peripherals, printers, attachments.

76. To design, manufacture, repair, service, assemble, install, buy, sell, import, export, lease, let out on hire, deal in entertainment gadgets, instruments including television, video, VCRs, VCPs, cassettes, video games, computer games, personal computers, educational aids, tape recorders record players, compact disks, records and equipments.
77. To design, develop, manufacture, assemble, process, repair, service, modify, buy, sell, import, export, lease, providing know-how in, deal scanners, digital cameras and other equipments to capture images, computer printers, laser printers, thermal transfer and dye- sublimation printers, inkjet printers, specialized printers, printer ribbons, specialized inks, floppy diskettes, compact discs, computer stationery, paper, devices, accessories, computer inputs, outputs.
78. To manage, market and develop computer network services to facilitate Electronic Data Interchange, supply and provide computer programming capacity to write programs for all makes, grades and types of computers; to advise on all matters concerning computers, computer programming, computer systems, computer equipment and computer applications.
79. To manufacture, buy, sell, import, export, repair, alter, and deal in computers and its spares, components, peripherals, printers, attachments.
80. To design, develop, buy, sell software product transcription related products for medical, legal insurance of business and to own, establish, manage process data banks, data-warehouses, on internet or otherwise and provide classified information, solution, inputs for business research and developments.
81. To own, establish, manage, process, store, information, data, and provide internet services, portal services, satellite/ transponder services, mobile communication services, web home page, computer support, interactive communication device, web- enabled marketing, electronic commerce, extended messaging, commerce on the net, application development, provide fax, voice, video, data and communication over internet, electronic transaction, documentation, managing on internet, advertisement, accounting, web publishing, web news paper and information, specification, and ordering information and to establish, manage Call Centers. To manufacture, buy, sell, import, export, repair, alter and deal in computers and its spares, components, peripherals, printers, attachments.
82. To design, develop, manufacture, assemble, process, repair, service, modify, buy, sell, import, lease, providing know-how in, deal in, electronic, mechanical, optical gadgets, widgets, instruments, machines, equipment, appliances, Computer memory, logic device, modems, RFID cards, magnetic & barcodes, micro chip cards, readers, encoders, decoders, bio-matrix systems, computer software, micro processor based instruments, equipment's, devices, controllers, information and data processing equipments, communication and controlling equipments, testing instruments, telephone exchanges, wireless communication equipments access control, security devices & systems, robotic equipments,access

control, process control equipments including counters, timers, sensors, speech synthesizers, voice digitations, recording and reproduction equipments, entertainment gadgets, toys, instruments including all types of musical instruments, robots, video games, consumer products, PCBAs, PCBs, ICs, hybrid circuits, miniature circuits, transistors and other accessories, raw material required for electronic, electrical industry.

83. To carry on the business of import-export house and to co-ordinate, manage, arrange, contract, sales, distribution, exports, imports, third country exports, purchases or any trading activity in the Company's own name or for any person, Company, firm, government, corporations, manufacturers, dealers, representatives, traders, stockiest, importers, exporters, purchasers, indenters.
84. To carry on the business of sales, marketing, trading, distributing, broking, purchase in movable and /or immovable properties, plant, equipments, machinery, tools, accessories, spares, raw materials, finished and /or semi-finished goods, articles, appliances, products used for commercial, industrial, technical, consumable, educational, household purposes and specifically in processed, preserved canned, bottled food, fruit, vegetable products and for the above purpose to act as traders, indenters, selling agents, purchase agents, importers, exporters, distributors, stockiest, brokers, representatives, financiers, managers, consultants of such businesses.
85. To own, acquire, purchase, process, construct, equip, maintain, obtain, let on hire, rent or on lease plants, machinery, equipments, sales depot, office, show rooms, warehouses, stores, servicing centers, workshops, building, conveniences and facilities for storage, preparation, mixing, packing and distribution of products for which the Company has or may acquire agency or representation, distributorship.
86. To carry on business as consultants on maintaining the Environment, pollution free and also the activity of energy conservation audits, environmental audits, Environmental impact assessments, Industrial waste management, site remediation, environmental economist.
87. To design, manufacture, buy, sell, import, export, assemble, build, repair, maintain, recondition, renovate, let on hire, lease, and act as garage keepers for vehicles, automobiles, light motor vehicles, light commercial vehicles, heavy vehicles and vehicles including cars, scooters, trucks, tractors, three wheelers, buses, motorised vehicles , bodies, frames, compartments, trailers, frames, automobile chassis, and all other mobile or stationary equipments and their components, spare parts, accessories, tools, and equipments.
88. To carry on the business of consultants, advisers, investigators, surveyors and to render the services and assistance to various industrial concerns, firms, corporations, companies, undertakings for their promotion, establishment, conduct and continuance, formation, registration and other

aspects such as technical, commercial, financial, scientific, industrial, economical, statistical, accounting, managerial, legal, medical, social trading and for that purpose carry out surveys, prepare reports, plans, certificates, to provide and make available, procure or arrange to procure capital, land, building, machinery, equipments and to represent the clients to various Government, Semi-Government, Local, Municipal authorities, Banks, Financial Institutions & such other authorities and obtain clearances, licenses, permissions, grants and orders from them.

89. To render, services in obtaining from Central/State Governments, Reserve Bank of India, Customs and Central Excise authorities, local, Municipal authorities, Banks, Financial Institutions such permissions, licenses, L.C.s, approvals as may be required for any persons, firm, Company, body corporate, whether resident or non-resident.
90. To carry on business as agents, brokers, distributors, traders, stockists, buyers, sellers, dealers, importers, exporters, wholesalers, retailers, preservers, processors, refiners, producers and manufacturers of sugar, sugar candy, gur, molasses, sweets, sweet meats, synthetic sweetening agents and materials, chocolates and products made partly or wholly of sugar or any sweet product.
91. To carry on the manufacture and sale of preservatives in various roots and leaf extracts, plant extracts and commercial and biological extracts.
92. To carry on the business of manufacturing or generating electrical energy, by use of gas, wind, solar, thermal, hydro, atomic or any other conventional or non-conventional source for captive consumption and /or for transmitting, distributing, conveying or supplying the same by whatever means to any user, trader or any person or agency.

IV Liability of the members is limited.

V The authorized Share Capital of the Company is Rs. 300,00,00,000/- (Rupees Three Hundred Crores only) divided into 30,00,00,000/- (Thirty Crores) equity shares of Rs.10/- (Rupees Ten only) each.

The Minimum paid-up share capital shall be Rs. 5,00,000/-

(Clause V altered on 31-08-2010)

We, the several person whose names and addresses are subscribed below are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the company set opposite our respective names :-

Sr. No.	Signature, Name, address, description and occupation of each subscriber	No. of Equity Shares taken by each Subscriber	Name, address, description and occupation of witness and his signature
1	<p>Bajaj Auto Limited Regd Office: Mumbai-Pune Road, Akurdi, Pune 411 035</p> <p>Occupation: Manufacturing Company</p> <p>Through its authorised signatory authorised by the Board of Directors vide its resolution dt 18th October, 2006</p> <p>Sd/-</p> <p>Shri S Ravikumar</p> <p>S/o</p> <p>Shri Ramaswamy Srinivasan</p> <p>Address: 131/1+2, Baner Road, Flat No 101, Saesh Apartments, Gulmohar Park Aundh, Pune 411 007</p> <p>Occupation Service</p>	19,99,400	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> <p>Sd/- Shyamprasad Dattatraya Limaye 5 Parag Apartments, 126 Dahamukar Colony, Lane No 4, Kothrud Pune 411038 Company Secretary F.C.S. 1587 C.P. 572</p> </div>

TOTAL 1999400	C/F
----------------------	-----

Sr. No.	Signature, Name, address, description and occupation of each subscriber	No. of Equity Shares taken by each Subscriber 1999400 B/F	Name, address, description and occupation of witness and his signature
2	<p>Sd/ -</p> <p>Shri Rahulkumar Kamalnayan Bajaj</p> <p>S/o</p> <p>Shri Kamalnayan Bajaj</p> <p>Address : Bajaj Vihar Akurdi, Pune 411 035</p> <p>Occupation: Industrialist</p>	100	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> <p>Sd/- Shyamprasad Dattatraya Limaye 5 Parag Apartments, 126 Dahanukar Colony, Lane No 4, Kothrud Pune 411038 Company Secretary F.C.S. 1587 C.P. 572</p> </div>
3	<p>Sd/ -</p> <p>Shri Rajivnayan Rahulkumar Bajaj</p> <p>S/o</p> <p>Shri Rahulkumar Bajaj</p> <p>Address : Bajaj Vihar, Akurdi, Pune 411 035</p> <p>Occupation : . Company Executive</p>	100	
4	<p>Sd/-</p> <p>Shir Sanjivnayan Rahulkumar Bajaj</p> <p>S/o</p> <p>Shri Rahulkumar Bajaj</p> <p>Address: Bajaj Vihar Akurdi, Pune 411 035</p> <p>Occupation : Company Executive</p>	100	

TOTAL 1999700	C/F
----------------------	-----

CERTIFIED TRUE COPY

Sr. No.	Signature, Name, address, description and occupation of each subscriber	No. of Equity Shares taken by each Subscriber 1999700 B/F	Name, address, description and occupation of witness and his signature
5	<p>Sd/-</p> <p>Shri V. Sankara Raghavan</p> <p>S/o</p> <p>Shri Kanasam y Venkataraman</p> <p>Address : C-8, Neeta Terrace Hsg Soc Ltd, Mangalas Road ,Pune 411001</p> <p>Occupation : Company Executive</p>	100	<div style="border: 1px solid black; padding: 5px;"> <p>Sd/-</p> <p>Shyamprasad Dattatraya Limaye</p> <p>5 Parag Apartments, 126 Dahanukar Colony, Lane No 4, Kothrud Pune 411038</p> <p>Company Secretary</p> <p>F.C.S. 1587 C.P. 572</p> </div>
6	<p>Sd/-</p> <p>Shri Kevin Pius Dsa</p> <p>S/o</p> <p>Shri Pius Dsa</p> <p>Address : Acropolis, Vidya Vilas Colony, ITI Road, Aundh Pune 411 007</p> <p>Occupation : Company Executive</p>	100	
7	<p>Sd/-</p> <p>Shri J Sridhar</p> <p>S/o</p> <p>Shri T K Jayaraman</p> <p>Address : A-9 Dwarka, Varsha Park Baner Road, Baner Pune 411 045</p> <p>Occupation : Company Executive</p>	100	

<p>TOTAL 2000000</p>	
-----------------------------	--

Place : Pune

Date : 10th April, 2007



For Bajaj Auto Limited

Rajiv M. Gombani

Company Secretary

CERTIFIED TRUE COPY

THE COMPANIES ACT, 2013
(Company Limited by Shares)

Articles of Association

of

Bajaj Auto Limited

[As inserted vide Special Resolutions passed by Postal Ballot on 14 March 2020]

Interpretation

I. (1) In these regulations—

- (2) “the Act” means the Companies Act, 2013,
(b) “the seal” means the common seal of the company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

	INTERPRETATION
Interpretation Clause	1. The marginal notes hereto shall not affect the construction hereof and in these presents, unless the context otherwise requires, expressions defined in the Companies Act, 2013 or any statutory modification thereof in force shall have the meanings so defined and in particular, unless there be some- thing in the object or context inconsistent therewith:
“The Act” or “the said Act”	“The Act” or “the said Act” means “The Companies Act 2013” or any statutory modification or re-enactment thereof for the time being in force in India.
“Articles”	“Articles” means the Article of Association as originally framed or as altered from time to time.
“Auditors”	“Auditors” means and includes those persons appointed as such for the time being by the Company.
“Board of Directors” or “Board”	“Board of Directors” or “Board” means a meeting of the Directors duly called and constituted or as the case may be the Directors assembled at a Board, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.
“Beneficial Owner”	“Beneficial Owner” means a person whose name is recorded as such with a Depository;
“Capital”	“Capital” means the share capital for the time being raised or 22uthorized to be raised for the purposes of the Company.
“The Company” or “This Company”	“The Company” or “This Company” means “Bajaj Auto Limited”.

For Bajaj Auto Limited

Rajiv M. Gaurani
Company Secretary



"Depositories Act"	"Depositories Act" means the "Depositories Act, 1996" and any statutory modification or re-enactment thereof for the time being in force in India.
"Depository"	"Depository means a Depository as defined in the Depositories Act.
"Directors"	"The Directors" means the Directors for the time being of the Company or the Directors assembled at a Board as the case may be.
"Dividend"	"Dividend" includes any interim dividend
"Member"	"Member" means a member of the Company as defined by the Companies Act, 2013.
"Memorandum"	"Memorandum" means the Memorandum of Association of the Company.
"Month"	"Month" means a calendar month.
"Office"	"Office" means the Registered Office for the time being of the Company.
"Paid-up"	"Paid-up" includes credited as paid up.
"Persons"	"Persons" includes individuals, any company or association or body of persons, whether incorporated or not.
"These Presents"	"These presents" means and includes the Articles of Association as originally framed or as altered from time to time.
"SEBI"	"SEBI" means the Securities and Exchange Board of India;
"SEBI Act"	"SEBI Act" means the Securities and Exchange Board of India Act, 1992;
"Seal"	"Seal" means, as the case may be, the Common Seal, for the time being of the Company.
"Security"	"Security" means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 2013 (42 of 2013).
"Shares"	"Shares" includes stock and means the shares or stock into which the capital is for the time being divided and the interest presented by such shares or stock.
"Written" or "in writing"	"Written" or "in writing", includes printing, lithography and any other modes of representing or reproducing words in a visible form.
"Singular number"	Words signifying the singular number shall include the plural and vice versa.
"Gender"	Words importing the masculine gender also include the feminine gender.

Share capital and variation of rights

II. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

2. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive certificate or credit of shares to his Demat Account one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be

provided, —

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two directors or by a director and the company secretary, wherever the company has appointed a company secretary:

Provided that in case the company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.

4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form, pursuant to the Depositories Act.	Dematerialisation of Securities
	Such a person who is the Beneficial Owner of the securities can at any time opt out of a Depository in respect of any security, in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities.	
	Where a person opts to hold a security with a Depository, the Company shall intimate the Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.	
	All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 88, 112, 89 and 186 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.	Securities in Depositories to be in fungible form.
	Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.	Rights of Depositories and Beneficial Owners
	Save as otherwise provided in (a) above, the Depository as a registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.	
	Every person holding shares of any class in the capital of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by	
(6)	Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.	Transfer of securities
(7)	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.	Distinctive numbers of securities held in a Depository
(8)	The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.	Register and Index of Beneficial Owners
(9)	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or other digital means.	Service of documents

5 Subject to SEBI Act and Rules made thereunder:

(i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rule made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking *pari passu* therewith

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

Lien

9. (i) The company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividend bonuses declared from time to time in respect of such shares.

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to the person entitled to the shares at the date of the sale.

Calls on shares

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board

14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

Transfer of shares

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

21. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under subsection (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Transmission of shares

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have complied with.

Forfeiture of shares

27. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

28. The notice aforesaid shall -

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect

30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

32. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration of capital

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

Capitalisation of profits

38. (i) The company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

General meetings

41. All general meetings other than annual general meeting shall be called extraordinary general meeting.

42. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings at general meetings

43. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

44. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

45. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

46. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment of meeting

47. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

50. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

54. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Voting by Postal Ballot

55. Subject to provisions of the Act, the Company may seek approval of shareholders for the resolutions to be passed by them by means of postal ballot.

Proxy

56. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

57. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

58. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

59. The number of the directors shall be minimum 3 and maximum 18*. The Company may increase maximum number of Director by passing a Special Resolution at general meeting of members. The names of first directors are:

(*Approved vide special resolutions passed on 3 September 2007 and 26 July 2019)

- a) Mr. Rahulkumar Kamalnayan Bajaj
- b) Mr. Rajivnayan Rahulkumar Bajaj
- c) Mr. Sanjivnayan Rahulkumar Bajaj

60. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

61. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

62. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

63. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

64. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles, if any.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

Proceedings of the Board

65. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

66. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, shall have a second or casting vote.

67. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

68. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

69. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

70. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

71. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

72. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

73. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

74. Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

75. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

Chairman Emeritus

76 (i) The Board shall be entitled to appoint any person, who has rendered significant or distinguished services to the Company or to the industry to which the Company's business relates or in the public field, as the Chairman Emeritus of the Company.

(ii) The Chairman Emeritus shall hold office as a life position or until he resigns or as may be decided mutually between him & the Board.

(iii) The Chairman Emeritus may attend any meeting of the Board or Committee thereof as an invitee, but shall not have any right to vote thereat or shall not be deemed to be a party to any decision of the Board or Committee thereof.

(iv) The Chairman Emeritus shall not be deemed to be a Director for any purposes of the Act or any other statute or Rules made thereunder or these Articles including for the purpose of determining the maximum number of directors which the Company can appoint.

(v) Subject to the applicable law, the Board may decide to make any payment in any manner and provide with such amenities & facilities for any services rendered by the Chairman Emeritus to the Company.

The Seal

77. (i) The Board may provide for the safe custody of the seal.

(ii) The seal of the company, if available, shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

Dividends and Reserve

78. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

79. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

80. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

81. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

82. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

83. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic means, cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such electronic transfer, cheque or warrant shall be made payable to the order of the person to whom it is sent.

84. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

85. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

86. No dividend shall bear interest against the company.

Accounts

87. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

Winding up

88. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

89. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

We, the several persons, whose names and addresses are subscribed, hereto are desirous of being formed into a company, in pursuance of these Articles of Association and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names.

Sr. No	Signature, Name, address, description and occupation of each subscriber	witnesses

Dated 10 April 2007

We, the several persons whose names and addresses are subscribed below are desirous of being formed into a company in pursuance of this Articles of Association.

Sr. No.	Signature, Name, address, description and occupation of each subscriber	Name, address description and occupation of witness and his signature
1	<p>Bajaj Auto Limited Regd Office: Mumbai - Pune Road Akurdi, Pune 411 035</p> <p>Occupation : Manufacturing Company</p> <p>Through its authorised signatory authorised by the Board of Directors vide its resolution dt : 18th October, 2006</p> <p>Sd:- Shri S Ravikumar</p> <p>S/o Shri</p> <p>Address: 131 / 1+2, Baner Road, Flat No 101, Saeesh Apartments, GulmoharPark Aundh, 411 007</p> <p>Occupation: Service</p>	<div style="border: 1px solid black; padding: 10px;"> <p>Sd- Shyamprasad Dattatraya Limaye S/o Late Dattatraya Krishna Limaye 5 Parag Apartments, 126 Dahankar Colony, Lane No 4 Kothrud Pune 411 038 Company Secretary F.C.S. 1587 C.P. 572</p> <p>Witness To All</p> </div>

Contd.

Sr. No.	Signature, Name, address, description and occupation of each subscriber	Name, address description and occupation of witness and his signature
2	<p>Sd/-</p> <p>Shri Rahul Kumar Kamalnayan Bajaj</p> <p>S/o Shri Kamalnayan Bajaj</p> <p>Address : Bajaj Vihar Akurdi, Pune 411 035</p> <p>Occupation : Industrialist</p>	<div style="border: 1px solid black; padding: 5px;"> <p>Sd - Shyamprasad Dattatraya Limaye S/o Late Dattatraya Krishna Limaye 5 Parag Apartments, 126 Dahamukar Colony, Lane No 4 Kolhrud Pune 411 038 Company Secretary F.C.S. 1687 C.P. 572</p> <p>Witness To All</p> </div>
3	<p>Sd/-</p> <p>Shri Rajivnayan Rahul Kumar Bajaj</p> <p>S/o Shri Rahul Kumar Bajaj</p> <p>Address : Bajaj Vihar Akurdi, Pune 411 035</p> <p>Occupation : Company Executive</p>	
4	<p>Sd/-</p> <p>Shri Sanjivnayan Rahul Bajaj</p> <p>S/o Shri Rahul Bajaj</p> <p>Address : Bajaj Vihar Akurdi, Pune 411 035</p> <p>Occupation : Company Executive</p>	

Contd.

CERTIFIED TRUE COPY

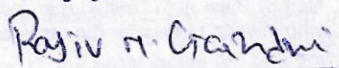
Sr. No.	Signature, Name, address, description and occupation of each subscriber	Name, address description and occupation of witness and his signature
5	<p>Sd/-</p> <p>Shri V. Sankara Raghavan</p> <p>S/o Shri Kandasamy Venkataraman</p> <p>Address : C-8, Neeta Terrace Hsg Soc Ltd Mangaldas Road, Pune 411 001</p> <p>Occupation : Company Executive</p>	<div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>Sd -</p> <p>Shyamprasad Dattatraya Limaye</p> <p>S/o Late Dattatraya Krishna Limaye</p> <p>5 Parag Apartments, 126 Dehanukar Colony, Lane No 4 Kolbrud Pune 411 038</p> <p>Company Secretary</p> <p>F.C.S. - 1587 C.P. 572</p> <p>Witness To All</p> </div>
6	<p>Sd/-</p> <p>Shri Kevin Pius Dsa</p> <p>S/o Shri Pius Dsa</p> <p>Address : Acropolis, Vidya Vilas Colony ITI Road, Aundh Pune 411 007</p> <p>Occupation : Company Executive</p>	
7	<p>Sd/-</p> <p>Shri J Sridhar</p> <p>S/o Shri T K Jayaraman</p> <p>Address : A-9 Dwaraka, Varsha Park Baner Road, Baner Pune 411 045</p> <p>Occupation : Company Executive</p>	

Place : Pune

Date : 10th April, 2007



For Bajaj Auto Limited


Company Secretary

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY PETITION NO.716 OF 2007

CONNECTED WITH
COMPANY APPLICATION NO.715 OF 2007

Bajaj Auto Limited

Petitioner

ALONG WITH
COMPANY PETITION NO.717 OF 2007
CONNECTED WITH
COMPANY APPLICATION NO.716 OF 2007

Bajaj Holdings & Investment Limited

Petitioner

ALONG WITH
COMPANY PETITION NO.718 OF 2007
CONNECTED WITH
COMPANY APPLICATION NO.717 OF 2007

Bajaj Finserv Limited

Petitioner

Mr. Virendra Tulzapurkar, Sr. Counsel with Mr. Rushabh Shah with Mr. Somashekar
Sundersan with Ms. Saeeda Bandukwala i/by J. Sagar Associates for petitioners.

Mr. S S Jaipuria, Objector in person

Ms. Heena Shah a/w A M Sethna, for Regional Director

Ms. Rita Panjwani for intervenors Sandeep Polymers Pvt. Ltd.

CORAM : A.M.KHANWILKAR J.

DATE : 18TH December 2007

P.C. :-

1. All these three petitions are being disposed off by this common order. The petitioner in the respective petitions has approached this Court for sanction of a scheme of arrangement under section 394 of the Companies, Act, 1956. The leading petition is filed by Bajaj Auto Limited (hereinafter referred to as "the BAL" for the sake of brevity), who intends to transfer the manufacturing undertaking, including assets, properties etc.

to Bajaj Holdings and Investment Limited (the petitioner in Company Petition No.717 of 2007) (hereinafter referred to as "the BHIL" for the sake of brevity). Besides, the BAL has decided to transfer the strategic business undertaking including assets, properties etc. to Bajaj Finserv Limited (the petitioner in Company Petition No.718 of 2007) (hereinafter referred to as "the BFL" for the sake of brevity). The arrangement propounded by the BAL envisages that it will continue to hold all the business and all properties, assets, investments and liabilities other than manufacturing undertaking and the strategic business undertaking. The Board of Directors of all the three companies approved the scheme and passed Resolutions to that effect on 17th May 2007. Consequent thereto, pursuant to clause-24 of the Listing Agreement, the BAL filed a scheme duly approved by the Board of Directors with the Bombay Stock Exchange ("BSE" for short) and National Stock Exchange ("NSE" for short). Both, the BSE and NSE gave their no objection by letters dated 15th June 2007. The petitioner by way of Company Application No.715 of 2005 moved the Company Court for direction to convene a meeting of the equity shareholders and unsecured creditors of the BAL for considering the scheme and approving the same, if thought fit. On that application, such liberty was granted by the Company Judge under order dated 6th July 2007. Consequently, meeting of the secured creditors of the BAL was dispensed with in view of the consent letters provided by two out of seven secured creditors and on an undertaking given by the BAL to either provide consent letters to the scheme of the remaining five secured creditors or on the filing of the petitions of sanction or upon failure to so obtain the consent letters, to give notice of the hearing of the petition to the secured creditors. The BAL, however, obtained the letters of consent from the remaining five secured creditors. As aforesaid, requisite notices in respect of the meeting of the equity shareholders was forwarded to all the equity shareholders along with a copy of the scheme and the statement under section 393 of the Companies Act and form of proxy under certificate of posting. Besides, the notice of the meeting of equity shareholders and unsecured creditors of BAL to be convened on 18th August 2007 was duly published in two local newspapers dated 20th June 2007. It is seen that the meeting of equity shareholders was accordingly held on 18th August 2007 which was presided over by the Chairman appointed by the Court, who incidentally happens to be the Chairman of BAL. The said meeting was attended by 352 persons being shareholders or their proxies. Out of them 348 persons cast their votes representing equity shareholders holding 5,79,38,879 equity shares of BAL of the face value of Rs.10/- each. The scheme was, however, approved by 326 persons holding 5,61,09,851 equity shares, who attended meeting either in person or through proxies. Only 70 persons holding 18,25,861 shares, who attended the meeting either in person or through proxies, voted against the proposed scheme. In other words, the resolution approving the scheme was passed in the meeting of the equity shareholders with an overwhelming majority of votes, both in number and value.

2. On the same day i.e. On 18th August 2007 a meeting of unsecured creditors was held under the Chairmanship of the Court appointed Chairman, who happens to be the Chairman of BAL. In the said meeting, 45 unsecured creditors of BAL were issued ballot papers entitling to give 668,78,89,012 value of debt. Out of them, 40 persons cast their votes representing 668,78,25,438 value of debt. It transpires that the unsecured creditors representing 668,64,56,922 in value of debt voted in favour of the proposed scheme and two unsecured creditors representing 13,68,516 value of debt voted against the proposed scheme. In other words, even in the meeting of the unsecured creditors, the proposed scheme has been approved with the requisite statutory majority.

3. The petitioner has filed affidavits of the Chairman in relation to two separate meetings disclosing as to how the meetings were conducted including the pattern of voting and counting of votes. The petitioner BAL has then filed Company Petition No.716 of 2007. As regards BHIL and BFL, in view of the order dated 6th July 2007

passed in Company Application Nos. 716 of 2007 and 717 of 2007 respectively, the meetings of the equity shareholders were dispensed with in view of the joint letters of consent to the scheme received from all the shareholders of BHIL and BFL. Besides, the BSE and NSE have given no objection certificates to the proposed scheme on 15th June 2007. The BHIL and BFL, both are wholly owned subsidiaries of the BAL. The petition filed before this Court for the sanction of the proposed scheme is supported by requisite documents and discloses that all material formalities have been duly complied with. The balance sheet and Profit & loss Account of BAL to indicate latest financial position of BAL for the year ending on 31st March 2007 as well unaudited balance sheets and Profit & Loss Accounts for the quarter ending on 30th June 2007 of all the three companies have been placed on record.

4. The Regional Director has filed an affidavit broadly raising four issues namely :-
- i. that the valuation report prepared by an expert in respect of Share Entitlement Ratio;
 - ii. that the BAL should be directed to be complied with the Reserve Bank of India guidelines, if any, applicable in respect of the scheme;
 - iii. that since there is change of name, the provisions of Section 21 of the Companies Act providing for filing of necessary form with the Registrar of Companies, should be complied with;
 - iv. that since there is amendment to the object clause in respect of BHIL and BFL, Section 17 of the Companies Act should be complied with by filing necessary forms.

5. Insofar as last three issues raised in the affidavit filed by the Regional Director, those are essentially matters pertaining to complying with the procedural requirements. The petitioner has no reservation in complying with those requirements. The petitioner through counsel has given an undertaking that the scheme be sanctioned subject to such statutory compliances to be made by the company. The only other issue raised by the Regional Director needs some deeper scrutiny.

6. Besides the Regional Director, one Shyamsundar Jaipuria has also filed his affidavit raising various objections. One of the objection raised by Shyamsundar Jaipuria is same as raised by the Regional Director regarding non disclosure of the valuation report and preparation of value report by an expert in respect of share entitlement ratio. I shall deal with this aspect a little later. It is necessary to place on record that besides filing an affidavit of objection, the said Shyamsundar Jaipuria has appeared before the Court in person and raised certain points to which I shall make reference at the appropriate stage.

7. The oral argument of both sides were concluded on 14th December 2007 and the matter was kept for pronouncement of order on 17th December 2007. On 17th December 2007, however, Mr. Shyamsundar Jaipuria did not appear before the Court. Nevertheless, I had certain queries in relation to the facts and figures mentioned in the documents relied upon by the counsel for the petitioner. To clarify that position, the petitioner was called upon to file an affidavit of authorized person disclosing the said aspect. The matter was kept back to be called out at 03.00 p.m. Accordingly, the matter was called out at 03.00 p.m. When once again Mr. Shyamsundar Jaipuria was found absent. Whereas, the petitioner tendered the affidavit of Mr. J Sridhar disclosing the factual position in respect of which clarification was sought as also placed on record certificate given under the signature of Chartered Accountant of the company (M/s Dalal & Shah). Accordingly, the matter was treated as closed for orders and ordered to be placed on 18th December 2007. Once again, on 18th December 2007, when the matter

was called out Mr. Shyamsundar Jaipuria did not remain present. Accordingly, I proceeded to pronounce the order.

8. As aforesaid, as it is noticed that the proposed scheme has been duly approved by requisite majority of shareholders as well as unsecured creditors and all the requisite statutory procedure has been complied with coupled with the fact that the materials on record discloses that the shareholders took an informed decision. Ordinarily, I would have no difficulty in accepting the request to sanction the proposed scheme. However, at least one issue raised by the Regional Director and other issues raised on behalf of Shyamsundar Jaipuria will have to be examined.

9. Indeed, counsel for the petitioner may be justified in pointing out the exposition of the Apex Court in the case of *Miheer H Mafatlal Vs. Mafatlal Industries Limited* reported in (1997)-1-SCC-579 in particular paragraph 39 to contend that insofar as objections of Mr. Shyamsundar Jaipuria are concerned, the same should be discarded for the simple reason that he had no time to remain personally present nor he deputed any proxy to record his dissent vote at the meeting convened of all the shareholders for approving of the proposed scheme. The petitioner may be right in contending that insofar as Mr. Shyamsundar Jaipuria is concerned he is bound by the majority view of the shareholders who attended and voted in favour of the proposal. It is only microscopic minority of 5% had voted against the scheme. Moreover, he has not produced any material in the shape of expert opinion to demonstrate that the valuation of shares was essential or that the pattern adopted in the proposed scheme was so absurd and against commercial practice or that it would cause prejudice to only selected class of shareholders.

10. In spite of above position, I will examine the objections taken on behalf of Mr. Shyamsundar Jaipuria in the first instance. This is so because it is well established position that if the Court can suo moto act, it is immaterial as to who drew attention of the Court to a situation which necessitated the Court's intervention. The Apex Court has expounded that where the power of conferred on the Court to take an action on its own motion, the opinion emanates from whatever source which calls for Court's attention, can as well be obtained from any person without questioning his credentials, moving an application drawing attention of the Court to a situation where it must act. In the present case, the objector Mr. Shyamsundar Jaipuria cannot be said to be a busy person as he is one of the shareholder having only five equity shares in his name. Thus understood, it is necessary for this Court to examine the concern expressed by the objector Mr. Shyamsundar Jaipuria on its own merits. Indeed, the scope of enquiry to be made by the Company Court to examine such objections is no more *res integra*. In *Miheer Mafatlal's case* (supra), the Apex Court has expounded broad outline of such enquiry which is as follows:-

- i. The sanctioning Court has to see to it that all the requisite statutory procedure for supporting such a scheme has been complied with and that the requisite meetings as contemplated by Section 391(1)(a) have been held;
- ii. that the scheme put up for sanction of the Court is backed up by the requisite majority vote as required by Section 391, sub section (92);
- iii. that the concerned meetings of the creditors or members or any class of them had the relevant material to enable the voters to arrive at an informed decision for approving the scheme in question. That the majority decision of the concerned class of voters is just and fair to the

- class as a whole so as to legitimately bind even the dissenting members of that class;
- iv. that all necessary material indicated by Section 393(1)(a) is placed before the voters at the concerned meetings as contemplated by Section 391, sub section (1);
 - v. that all the requisite material contemplated by the proviso of sub section (2) of section 391 of the Act is placed before the Court by the concerned applicant seeking sanction for such a scheme and the Court gets satisfied about the same;
 - vi. that the proposed scheme of compromise and arrangement is not found to be violative of any provision of law and is not contrary to public policy. For ascertaining the real purpose underlying the Scheme with a view to be satisfied on this aspect, the Court, if necessary, can pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same;
 - vii. that the Company Court has also to satisfy itself that members or class of members or creditors or class of creditors, as the case may be, were acting bona fide and in good faith and were not coercing the minority order to promote any interest adverse to that of the latter comprising of the same class whom they purported to represent;
 - viii. that the scheme as a whole is also found to be just, fair and reasonable from the point of view of prudent men of business taking a commercial decision beneficial to the class represented by them for whom the scheme is meant;
 - ix. once the aforesaid broad parameters about the requirements of a scheme for getting sanction of the Court are found to have been met, the Court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval to the scheme even if in the view of the Court there would be a better scheme for the company and its members or creditors for whom the scheme is framed. The Court cannot refuse to sanction such a scheme on that ground as it would otherwise amount to the Court exercising appellate jurisdiction over the scheme rather than its supervisory jurisdiction”.

Keeping in mind above principles and considering the objections especially pressed at the time of oral arguments by Mr. Shyamsundar Jaipuria as well as issue raised by the Regional Director in it's affidavit, I shall proceed to examine the matter further.

11. The first issue raised by Mr. Shyamsundar Jaipuria, the sole objector, is that, the proposed scheme would offend the provisions of Section 12A of the Securities and Exchange Board of India Act, 1992. According to the objector, the proposed scheme will result in manipulative or deceptive device, inside trading and substantial acquisition of securities or control by the promoters. I find substance in the stand taken by the petitioner that this objection is devoid of merits for more than one reason. In the first place, there is no possibility of use of any manipulative or disruptive device for inside trading or enabling the promoters to substantial acquisition or control as such. This is so because the proposed scheme makes no provision for inside trading. On the other

hand, the scope of the scheme is to give to all the shareholders shares in the two resulting companies in the proportion of 1 share held by them in the BAL. The objector has placed emphasis on clause (f) of Section 12A of that Act. Clause (f) reads thus:-

“Acquire control of any company or securities more than the percentage of equity share capital of a company whose securities are listed or proposed to be listed on a recognized Stock Exchange in contravention of the Regulations made under this Act”.

12. My attention has been invited to Section 3 of the SEBI (Acquisition of Shares and Takeovers) Regulations, 1997 which is made under the said Act. Clause (1) thereof provides that nothing contained in Regulations 10,11 and 12 of the said Regulations shall not apply to the matters provided in the said Section 3(1) of the Regulations from (a) to (i). Clause (i) thereof, in particular, sub clause (ii), expressly refers to arrangement or reconstruction including amalgamation or merger or demerger under any law or regulation, Indian or Foreign. In that view of the matter, there is no question of infringement of mandate of Section 12A of the Act of 1992 as such. None of the stated clauses would apply to the case on hand.

13. The next objection taken by the sole objector, is that, the proposed scheme is likely to infringe mandate of Section 88 of the Companies Act. However, when it was pointed out to Mr. Shyamsundar Jaipuria that Section 88 has been deleted in terms of Amending Act of 2002, he did not pursue this objection further.

14. The principal objection of the sole objector Mr. Shyamsundar Jaipuria as also that of the Regional Director is about the methodology adopted by the Company for allocation of shares in the ratio of 1:1. The issue raised by the Regional Director is on the premise that the valuation report in respect of shares entitlement ratio must have been prepared by an expert and if already prepared, the same ought to have been disclosed by the company. In the first place, the arrangement that is propounded by the company is one of demerger and not of amalgamation or merger which may involve complex issues and necessitating inviting expert's opinion about the valuation of shares and entitlement ratio. The counsel for the petitioner has rightly relied on the dictum in the case of Nicholas Piramal (India) Limited reported in 2004(Vol.121)-Company Cases-623. Even that was a case of arrangement and not a case of amalgamation or merger. This Court has noted that the necessity of valuation of shares would be relevant where it is a scheme of amalgamation or merger. It went on to observe that in a scheme of amalgamation, the existence of transferor is brought to an end; for, the transferor ceases to be a separate legal entity upon its becoming a part of the transferee. The shareholders of the transferor are allotted shares in the transferee in lieu of their existing shareholding. For which reason, it is imperative to get valued the existing holding to arrive at a swap or exchange ratio. That is not the procedure essential insofar as the scheme which I am called upon to consider. For, the BAL would continue to exist even after the scheme is enforced. The existing shareholders of BAL will continue as shareholders of BAL, in the same holding pattern. In addition to the share holding in BAL, in the same ratio, the shareholders would hold shares in the resulting companies to whom undertaking including business, assets and properties will be transferred. The shares to be allotted in the same proportion to the shareholders of BAL in the resulting companies will be in addition to their existing holding in BAL. The above position is reinforced from the observations in the decision of Division Bench of our High Court in the case of Renuka Datta Vs. Duphar Interfran Ltd. Reported in 2004(Vol.121)-Company Cases-631. At page 637 of the reported decision, the Division Bench observed thus:-

"... .. There is justification for the contention of the respondent that this was not a situation where a share swap ratio had to be worked out by the financial expert. If it was a situation of merger of two companies, whose shares were already listed on the stock exchange and who had different profit potentials, then the equivalence of one share to another would have to be carefully worked out by reconciling several factors. A demerger by halving off one division of a company into a company by itself, is a far simpler task than the former. Though we may not agree with the contention of the respondent's counsel that in every case of a demerger, the share transfer ratio is wholly irrelevant, in the facts and circumstances of the case, we are not satisfied that the share transfer ratio worked out is so absurd or perverse that it would amount to uninformed consent on the part of the shareholders who overwhelmingly voted in favour of the scheme".

15. Keeping in mind the observations made by the Division Bench that in every case of a demerger it is not as if the share transfer ratio is wholly irrelevant, I shall proceed to examine whether in the fact situation of the present case the share transfer ratio can be said to be absurd or against the commercial practice? As per the proposed scheme there will be a reorganization of the share capital of the BHIL because BHIL will allot aggregate 10,11,83,510 equity shares of Rs.10/- each graded as fully paid up for every one equity share of Rs.10/- each fully paid up held by each member of BAL. Similarly, there will be reorganization of share capital of BFL because the BFL will allot aggregate of 10,11,83,510 equity shares of Rs.5/- each to the members of BAL in the ratio of one equity share in BFL of the face value of Rs.5/- graded as fully paid up for every one equity share of Rs.10/- fully paid up held by each such member in BAL. As of now the paid up share capital of BAL is 10,11,83,510. Out of the said shares, around 70% is held by public and around 30% is held by the promoters shareholders. This position is stated on affidavit of the Company Secretary. In addition, the precise figures of the break-up of holding is indicated in the table mentioned in certificates issued by the Chartered Accountant which is placed on record. The same reads thus:-

TABLE I:

"BAJAJ AUTO LIMITED
Shareholding Pattern of Bajaj Auto Ltd. As at 31.03.2007:-

	Nos. ("000")	% age
Promoter	30,201	30.00%
Public	70,983	70%
Total	101,184	100.00%

TABLE II:

"BAJAJ HOLDINGS & INVESTMENT LTD. (BHIL)
as well as
BAJAJ FINSERV LTD. (BFL)
Shareholding Pattern in the resulting companies – Pre-
Demerger

	BHIL Nos. ('000)	% age	BFL Nos. ('000)	% age
BAL Public	43500	100%	43500	100%
Total	43,500	100%	43,500	100%

TABLE III:

"BAJAJ HOLDINGS & INVESTMENT LTD.
As well as
BAJAJ FINSERV LTD.
Shareholding Pattern in the resulting company – Post
Demerger

	Direct Holding		Indirect Holding (Through interest in Bajaj Auto Ltd.)		Total (Direct and Indirect)	
	Nos. ('000)	%age	Nos. ('000)	%age	Nos. ('000)	%age
Promoters	30201	21.00%	12984	9.00%	43185	30.00%
Public	70983	49.00%	30516	21.00%	1,01,499	70.00%
Sub-Total	1,01,184	70.00%	43500	30.00%	1,44,684	
BAL	43500	30.00%	43,500			
Total	1,44,684	100%				

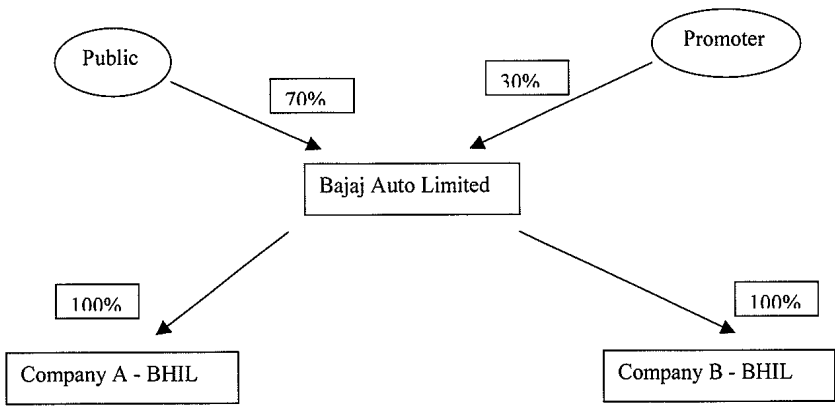
NOTE : The above has been worked on the basis of the properties of share capital of Bajaj Auto Ltd. (current) held by the promoters and public as on 31st March 2007."

16. The proposed scheme envisages that the manufacturing business undertaking including assets and properties of BAL will be transferred to BHIL, whereas the strategic business undertaking including assets and properties thereof of BAL will be transferred to BFL. As the concerned undertakings and businesses will be transferred to the respective two resulting companies, all the assets and liabilities related to concerned businesses will also stand transferred into two resulting companies. As of now, the two companies are wholly-owned subsidiaries of BAL. For the time being, 4.35 crores of shares are held in the respective two companies by the BAL. The shares are held in the name of BAL or its nominees. The proposed scheme envisages that in addition to the shares already held by the BAL in the two resulting companies, even the shareholders of BAL should have direct holding in the two resulting companies in the same ratio of shares held by them in BAL.

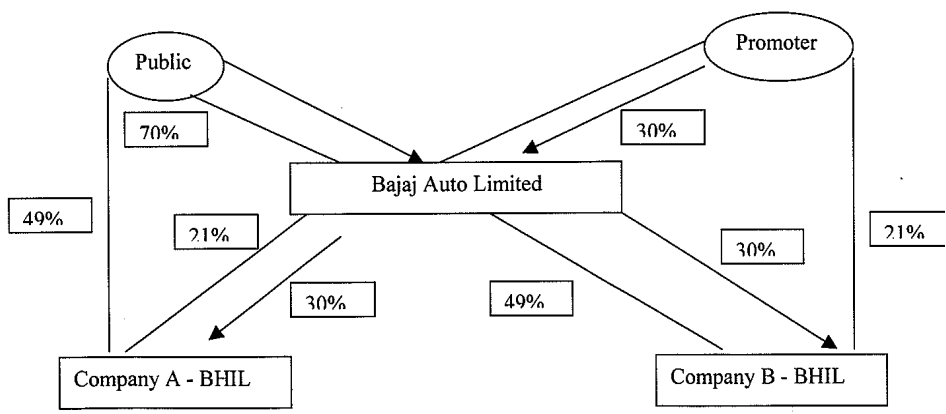
17. On acceptance of the proposed scheme, however, the shareholding of the resulting companies will undergo change. In that, the shareholders of BAL will have direct holding in the two resulting companies. The post-demerguer share holding pattern as stated in the affidavits filed before this Court and certified by the Chartered Account would be as per Table III reproduced earlier.

In the context of the said break-up it was vehemently argued on behalf of the objector that the consequences of such arrangement would result in allotting more shares to the promoter shareholders. There is no substance in this grievance. The comparative position that would emerge post demerger has been graphically demonstrated in the chart handed in by the counsel for the petitioner which is as follows:-

Pre-Scheme



Post Scheme



To put it differently, the public shareholders will continue to hold their shares in BAL, which holding will remain unaffected. Insofar as the manufacturing undertaking and its related assets and properties is concerned, as the same is transferred to the respective resulting company, the shareholders of BAL would get direct holding therein of the same number of shares as held by them in BAL. If the scheme was to provide that only BAL will continue to hold all the shares, obviously there would have been no reason for the objector to make any grievance because the shares held by him in the BAL would remain affected. Instead, the scheme propounded by the company is to create additional shares in the resulting companies to be allotted to the shareholders of BAL, who will have direct holding in the respective resulting companies. The share pattern of the resulting company may undergo change but that does not affect the interest of the shareholders in any manner; inasmuch as the public shareholders will have direct 49% shares in the resulting companies, which will be their direct holding in those companies with choice to continue to hold investment in the specific business / undertaking transferred to the concerned resulting company. The holding of BAL in the resulting companies will become 30% in the respective company. The share holding of the promoter shareholders in the respective resulting companies would be to the extent of 21%, whereas remaining 30% of the share holding pattern in the resulting companies will continue with the BAL. In the 30% of the shares held by the BAL which is 4.35 crores paid-up share capital, the public shareholders in BAL will continue to have indirect claim to the extent of shares held by them in BAL.

18. Indeed, it may appear that the promoter shareholders would get control to the extent of 51% of the shares in the two resulting companies. However, it will have to be kept in mind that the public shareholders in BAL are to the extent of 70% in the BAL. They will continue to have their hold in the affairs of the BAL. The nominees of BAL representing BAL in the resulting companies will be obliged to conduct themselves in the manner desired by the General Body of BAL. In my opinion, the share holding pattern post-merger will not affect the interest of the public shareholders in any manner. On the other hand, it will create an opportunity for the public shareholders to continue to hold shares in the resulting companies or to exit therefrom by selling the shares allotted to them in the same ratio of shares held by them in BAL.

19. The objector, however, has emphasized on the calculations indicated in his reply that the outcome of the provision made in the scheme would result in reducing the book value of the shares in the following manner:-

"Total Book Value of Transferred Assets of BAL into BHIL:

10.1183510 crores created equity shares

= Rs.101.183510 crores = Rs.10/- each Book Value
10.1183510 crores created equity shares

4.3500000 crores equity shares which came to allotted to BAL after the "Appointed Date" (which is unlawful) shall cause prejudice by causing reduction in book value per share as under:-

Total Book Value of Assets of BHIL Rs.101.183510 crores = Rs.6.9934
10.1183510 crores equity shares + 4.3500000 crores equity shares

The reduction in book value per share, Rs.10 – Rs.6.9934 = Rs.3.006, which is 30.06%, is prejudicial, and hence for consideration by Hon'ble Court for appropriate directions to remove prejudice & discrimination, and reduction in valuation.

Causing of "reduction in book value per share" is prejudicial and hence for consideration

by Hon'ble Court for appropriate directions to remove prejudice.

Similarly,

Total Book Value of Transferred Assets of BAL into BFL
10.1183510 crores created equity shares

= $\frac{\text{Rs. } 50,591,755 \text{ crores}}{10.1183510 \text{ crores created equity shares}}$ = Rs.5/- each Book Value

4.3500000 crores equity shares which came to allotted to BAL after the "Appointed Date" (which is unlawful) shall cause prejudice by causing reduction in book-value per share as under:

Total Book Value of Assets of BFL Rs.50,591,755 crores
= Rs.3,4967
10.1183510 crores equity shares + 4.3500000 crores equity shares

The reduction in book value per share, Rs.5 – Rs.3,4967 = Rs.1,503281, is 30.06%. It is prejudicial and discriminatory, and hence for consideration by Hon'ble Court for appropriate directions to remove prejudice.

Causing of "reduction in book value per share" is prejudicial and hence for consideration by Hon'ble Court for appropriate directions to remove prejudice."

The assumption on the basis of which the above calculation is arrived at is erroneous. What is to be noted is that the public shareholders will hold 49% shares in the two resulting companies and will get representation to the extent of 21% on account of 30% shares held by the BAL in which they would continue to have 70% of holding unaffected. Thus understood, the arrangement has no bearing on the total book value of the assets as has been contended. The value of shares in the resulting company no.2 will be @ Rs.5/- per share. That value, however, would represent the book value of the assets and liabilities of the concerned undertaking. In that view of the matter, it is not possible to take a view that the scheme is absurd or unjust, unfair or unreasonable from the point of view of a prudent man of business taking commercial decision beneficial to the class represented by them for whom the scheme is made. It is not open for this Court to sit in appeal over the commercial wisdom of the overwhelming majority of the class of persons who with their open eyes have given approval to the scheme.

20. The next argument canvassed on behalf of the objector is that the objector will abide by the decision of any regulatory authority such as SEBI or NSE, if they were to opine that the share transfer ratio adopted by the petitioner company is just, fair and reasonable. There is no substance in this submission. In the first place, as already observed earlier, this scheme being proposal for de-merger and not for amalgamation or merger, the question of inviting valuation of shares does not arise. If it is so, there is no need for referring the matter to the Regulatory Authority, as is being suggested. In any case, it is seen from the record that the said authorities namely SEBI and/or NSE have already given no objection in relation to the proposed scheme. That presupposes that all aspects of the matter have duly been considered by the said authorities. Picking out some flaws here or there cannot be the basis to question the commercial wisdom of the class of persons who have voted in favour of the scheme with overwhelming majority.

21. It was next contended that the relevant materials have not been placed on record. Moreover, the material facts disclosed to the shareholders when the meeting was convened and also in the position as filed, were insufficient. I find no substance in this submission. In my opinion, all relevant materials including balance sheets and the

accounts with break-up of necessary items was already furnished to the shareholders and have been made part of record.

22. As aforesaid, the main grievance of the objector was that the process adopted by the company would result in sucking the real value of the equity shares held by the shareholders and increasing percentage of holding of the promoters. Insofar as increasing percentage of the holding is concerned, that apprehension is totally misplaced. Inasmuch as, the pattern of holding of public shareholders and promoter shareholders remains unaffected in BAL. Insofar as the resulting companies are concerned, the pattern would be that around 30% share capital to be held by BAL and the remaining 70% between the shareholders of BAL in the same proportion of their holding in the BAL. As already discussed earlier, it may appear that the promoters will end up in getting 51% representation in the resulting companies. That may happen on account of 21% holding being direct shareholders in the resulting companies and 30% of the shares held in the name of BAL. However, it cannot be overlooked that 30% holding of BAL in the resulting companies cannot be ascribed to be the holding of the promoter shareholders as such. The promoter shareholders who may be nominees of BAL, may have to conduct themselves in line with the decision of the General Body shareholders of BAL.

23. Suffice it to observe that the pattern of share holding is not going to increase percentage of the holding of the promoter shareholders as such either in the BAL or for that matter in the two resulting companies; inasmuch as, out of 70% of shares of the resulting companies are to be allotted to the 100% shareholders of the BAL in the proportion of public shareholders of 70% and all promoter shareholders of 30% in BAL. The same holding would emerge in respect of those 70% shares to be allotted in the resulting companies. The direct shares held by the BAL cannot be said to be the holding of promoter shareholders as such, whereas it will also represent the aspirations of public shareholders in BAL.

24. Insofar as the grievance about sucking of the valuation of shares held by the shareholders, once again is without any basis. As a result of the arrangement, the shareholder (a) will continue to his shares in BAL and in addition would get same number of shares in respective two resulting companies. In addition, they would indirectly hold shares through BAL who will have direct holding of equity shares in the respective two resulting companies to the extent of 30%. Considering all this holding cumulatively, the pattern of share holding remains the same and there would be no sucking of valuation of shares as is contended.

25. On the above finding, I find no merits in the grievance of the objector that any prejudice will be caused to any shareholder or there would be a situation of reduction of valuation of all shares, as is contended.

26. It was then contended that the proposed scheme would result in causing discrimination inasmuch the shareholders will be allotted shares against assets, whereas, the BAL has been allotted shares on the basis of book value of the equity. The argument though attractive, is devoid of merits. In the first place, the argument overlooks that the BAL has been allotted 4.35 crores shares as the two companies are wholly-owned subsidiaries of the BAL. When the said companies were formed by BAL as subsidiary companies, it was necessary in the first place to create capital for which the equity shares have been allotted to BAL on the basis of book value of the equity. However, it is only after the transfer of concerned undertaking to the respective resulting companies, the value of the shares would be now ascribed to the assets, properties and liabilities of the resulting companies. What is significant to note is that the same pattern of allocation of shares has been followed either it be a case of public shareholder or

promoter shareholder. If different pattern quo them was to be followed, it would have been a case of discrimination. The shareholders who are going to get direct shares in the resulting companies, cannot be heard to complain that the BAL is already holding direct shares in the resulting companies. Besides, there will be no loss of any kind to the shareholders as the value of shares held by them in BAL will represent the value of shares of BAL in the resulting companies.

27. It was next contended that in clause-13.1 which falls in Part-V of the scheme of arrangement, provides for accounting treatment in the books of demerged company. Sub clause (b) of clause 13.1 provides that the difference between the value of assets and value of liabilities transferred pursuant to the scheme, shall be reduced from the capital redemption reserve and balance, if any, will be reduced from the general reserve of the demerged company. Relying on this provision as well as sub clause (c), it was argued that those adjustments would affect the share value of the shares held by the concerned shareholders. There is no substance in this submission. The provisions contained in Part-V of the proposed scheme is a natural arrangement to be provided for on account of effect of transfer of assets and liabilities of BAL concerning the respective undertaking to be transferred to the respective resulting companies.

28. It was next argued that the explanatory statement under section 393 which has now come on record along with the affidavit of the Director of applicant company dated 30th July 2007 was not part of the petition. The said statement amongst others, para 18 thereof would indicate that the effect of the arrangement provided for would result in sucking of the value of the assets of BAL. To wit, clause-18 reads thus:-

"18 After the issue of new shares, the existing shareholders of the Applicant Company would hold about 70% shares in the Resulting Companies in the same ratio as their current holding, with the remaining about 30% being held by the Applicant Company. In this manner, the shareholders of the Applicant Company shall directly and indirectly hold 100% share capital of the Resulting Companies".

Even this submission will have to be only stated to be rejected. I fail to understand as to how the explanatory note referred to above is indicative of the fact that it will result in sucking of the value of the assets of BAL. Neither it is a case of sucking of value of the assets or reduction of capital. This explanatory note merely states the effect on the share holding pattern. I have already observed in the earlier part of this order that the share holding pattern proposed under the scheme cannot be said to be unjust, unfair or unreasonable.

29. It was lastly contended that the very issue about the improper valuation and improper ratio of entitlement of shares has been raised which is pending before the Regulatory Authority (Stock Exchange). The objector relied on the intimation sent by the petitioner company to the said authority informing that the issue is subjudice before this court. In my opinion, even this submission is of no avail to the objector. Inasmuch as, the fact that the same grievance has been made to the Regulatory Authority and is slated to be pending which is overlapping with the issue raised before this Court, can be no consideration to take a view that the present scheme cannot proceed further. Moreover, it is pertinent to note that the regulatory authorities such as BSE and NSE have already given no objection for the proposed scheme. If the said authorities intend to recall the no objection and if are competent to do so, that course is left open to them. However, merely because some objection has been filed before that authority, can be no ground to defer the decision in the present petition which is a statutory obligation of the Court to consider and decide on its own merits.

30. Insofar as the issue raised by the Regional Director, in view of the discussion in the earlier part of this order, the same already stands answered.

31. In the ultimate analysis I have no hesitation in taking a view that the petitions will have to be allowed in terms of prayer clauses (a) to (g), subject, however, to the assurance given on behalf of petitioners that procedural formalities referred to by the Regional Director in the reply affidavit filed in this Court will be complied with. Ordered accordingly.

(A. M. KHANWILKAR, J.)

SCHEME OF ARRANGEMENT BETWEEN

Bajaj Auto Ltd. (Demerged Company)

AND

Bajaj Holdings & Investment Ltd. (Resulting Company1)

AND

Bajaj Finserv Ltd. (Resulting Company2)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Under Sections 391 to 394 of the Companies Act, 1956.

PRELIMINARY

PREAMBLE

- (A) The Demerged Company, is engaged *inter alia* in the:
 - (i) Manufacturing Business;
 - (ii) Wind Farm Business; and
 - (iii) Financial Services Business carried on *inter alia* through its joint venture companies BAIL, BAGL, BFDL and associate company BAFL.
- (B) The equity shares of the Demerged Company and BAFL are listed on the Bombay Stock Exchange Ltd and the National Stock Exchange Limited. The GDRs of the Demerged Company are listed on the London Stock Exchange.
- (C) The Resulting Company1 is a wholly owned subsidiary of the Demerged Company incorporated with the object *inter-alia* of carrying on the Manufacturing Business.
- (D) The Resulting Company2 is a wholly owned subsidiary of the Demerged Company incorporated with the object *inter-alia* of carrying on the Wind Farm Business and the Financial Services Business.
- (E) In furtherance of a restructuring proposal considered by the Board of Directors of the Demerged Company, this Scheme is presented for transfer and vesting of (i) the Manufacturing Undertaking of the Demerged Company, as a going concern,

to and in Resulting Company1 and (ii) the Strategic Business Undertaking comprising the Wind Farm Business and Financial Services Business of the Demerged Company, as a going concern, to and in Resulting Company2.

- (F) Upon the Scheme becoming effective, all the shareholders of the Demerged Company will become shareholders of Resulting Company1 and Resulting Company2 in the same proportion in which shares are held by them in the Demerged Company along with the existing shareholder of Resulting Company1 and Resulting Company2 viz. the Demerged Company.
- (G) The demerger of the Manufacturing Undertaking and Strategic Business Undertaking of the Demerged Company under this Scheme will be effected under the provisions of Sections 391 to 394 of the Companies Act, 1956 and in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
- (i) all the properties of the Demerged Undertakings (as defined hereinafter) being transferred by the Demerged Company becoming the properties of the respective Resulting Companies by virtue of the demerger;
 - (ii) all the liabilities relating to the Demerged Undertakings being transferred by the Demerged Company, becoming the liabilities of the respective Resulting Companies by virtue of the demerger;
 - (iii) the properties and the liabilities, if any, relating to the Demerged Undertakings being transferred by the Demerged Company are transferred to the respective Resulting Companies at the values entered in the books of accounts of the Demerged Company;
 - (iv) each of the Resulting Companies issues shares to the shareholders of the Demerged Company in consideration of the demerger in the same proportion in which shares are held by them in the Demerged Company subject to the terms hereof;
 - (v) all shareholders of the Demerged Company become the shareholders of each of the Resulting Companies by virtue of the demerger; and
 - (vi) the transfer and vesting of the Demerged Undertakings is on a going concern basis.
- (H) This Scheme is divided into the following parts:
- (i) Part I which deals with Definitions;
 - (ii) Part II which deals with the transfer and vesting of (a) the Manufacturing Undertaking of the Demerged Company, as a going concern, to and in Resulting Company1 and (b) the Strategic Business Undertaking of the Demerged Company, as a going concern, to and in the Resulting Company2;
 - (iii) Part III, which deals with the Remaining Undertaking;

- (iv) Part IV, which deals with the Re-organisation of Capital of the Demerged Company and each of the Resulting Companies;
- (v) Part V, which deals with the Accounting Treatment; and
- (vi) Part VI which deals with general terms and conditions.

PART I - DEFINITIONS

1. DEFINITIONS

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

- 1.1 “**Act**” means the Companies Act, 1956 and any statutory modification or re-enactments thereof, for the time being in force;
- 1.2 “**Appointed Date**” means closing hours of business on 31st March, 2007 or such other date as may be approved by the High Court;
- 1.3 “**BAIL**” means Bajaj Allianz Life Insurance Company Limited, having its registered office at GE Plaza, Airport Road, Yerawada, Pune, 411006.
- 1.4 “**BAGL**” means Bajaj Allianz General Insurance Company Limited, having its registered office at GE Plaza, Airport Road, Yerawada, Pune, 411006.
- 1.5 “**BAFL**” means Bajaj Auto Finance Limited, having its registered office at Mumbai – Pune Road, Akurdi, Pune 411035.
- 1.6 “**BFDL**” means Bajaj Allianz Financial Distributors Limited, having its registered office at GE Plaza, Airport Road, Yerawada, Pune 411006.
- 1.7 “**Demerged Company**” means Bajaj Auto Limited, a Public Limited Company incorporated under the provisions of the Indian Companies Act, 1913 and having its registered office at Mumbai Pune Road, Akurdi, Pune, 411 035;
- 1.8 “**Demerged Undertakings**” means collectively, (i) the Manufacturing Undertaking, (ii) the Strategic Business Undertaking and the term ‘**Demerged Undertaking**’ means any of the Demerged Undertakings, as the context may require;
- 1.9 “**Effective Date**” means the last of the dates on which the conditions and matters referred to in Clause 20.1 hereof occur or have been fulfilled or waived;

References in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” or “Scheme becoming effective” shall be construed accordingly;

- 1.10 “**Financial Services Business**” means the undertaking, business, activities and operations pertaining to financial services business of the Demerged Company including without limitation (i) the life insurance business, non-life insurance

business and financial products distribution business carried on through its joint venture companies BAIL, BAGL and BFDL respectively and (ii) interests in the retail consumer finance business conducted by BAFL;

- 1.11 “**GDRs**” means global depository receipts issued by a bank or a depository outside India representing underlying equity shares of an Indian company, pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme 1993 and other applicable laws;
- 1.12 “**High Court**” shall mean the Hon’ble High Court of Judicature at Bombay and shall be deemed to include the National Company Law Tribunal, where applicable;
- 1.13 “**Manufacturing Business**” means business of manufacture of and dealing in two, three and four-wheeled vehicles and spare parts and accessories thereof;
- 1.14 “**Manufacturing Undertaking**” means the Manufacturing Business, comprising all the assets (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) and liabilities, which relate thereto or are necessary therefor, including specifically, the following:
- (i) The manufacturing facility at Mumbai-Pune Road, Akurdi, Pune, 411 035 together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon;
 - (ii) The manufacturing facility including the machines tools division at Bajaj Nagar, Waluj, Aurangabad, 431 136, together with all that pieces or parcels of freehold and leasehold lands, excluding the area of about 10,02,600sq m, earmarked for Special Economic Zone, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon;
 - (iii) The manufacturing facility at Chakan Industrial Area, Chakan, Pune, 410 501 together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon;
 - (iv) The manufacturing facility at Plot No 2, Sector – 10, Phase II, SIDCUL, Rudrapur, 263531, U.S. Nagar, Uttarakhand, together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon;

- (v) The manufacturing facility at Plot No 10, Sector – 10, Phase II, SIDCUL, Rudrapur, 263531, U.S. Nagar, Uttarakhand, together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon;
- (vi) All sales outlets of the Demerged Company pertaining to the Manufacturing Business;
- (vii) Offices and residential premises of the Demerged Company pertaining to the Manufacturing Business located at various locations excluding (a) the office premises located at Appasaheb Marathe Marg, Prabhadevi, Mumbai, 400025, (b) the office premise at Bajaj Bhavan, Nariman Point, Mumbai 400 021, Second Floor admeasuring 8,409 sq ft. (c) the office premise at Basement of Bajaj Bhavan Nariman Point, Mumbai 400021, admeasuring 885 sq. ft. (d) the industrial units at Tex Centre, 26A, Chandivali Road, Off Saki Vihar Road, Saki Naka, Andheri, Mumbai 400 072 on third and fourth floor admeasuring 374 sq. ft. and 1495 sq. ft. respectively and (e) the residential flats no. 22 and 61, at Tanna Residency, Veer Savarkar Marg, Prabhadevi, Mumbai, 400025;
- (viii) Investments by the Demerged Company in PT. Bajaj Auto Indonesia;
- (ix) Strategic investments by the Demerged Company in vendor companies, which investments relate to the Manufacturing Business;
- (x) Investments in Government Securities, Bonds, Debentures and Mutual Funds of Book Value Rs.16173.6 Million (Market Value as on 31-3-2007 Rs.15003.5 Million) ;
- (xi) All the moveable and fixed plant and machinery, equipment, installations, appliances, pipes, tools, accessories, computers, furniture, fixtures, office equipment and power lines, water pipelines, ammonia pipelines relating to Manufacturing Business;
- (xii) All the vehicles and the current assets including sundry debtors, receivables, cash, bank balances, loans and advances, actionable claims, bills, credit notes and all inventories, stock-in-trade, raw materials, work-in-progress, finished products, spares, stores, packing material, stock of coal or fuel relating to Manufacturing Business;
- (xiii) All permits, authorizations, licences, consents, registrations, approvals, municipal permissions, industrial licences, insurance policies, registrations, import-export licenses, bids, tenders, letters of intent, connections for water, electricity and drainage, sanctions, product registrations, quota rights, entitlements, allotments, interests, benefits,

allocations, exemptions, concessions, remissions, subsidies, tax deferrals, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent), investments, earnest money and/or deposits, relating to Manufacturing Business;

- (xiv) All agreements, contracts (including forward contracts), arrangements, understandings, bonds, engagements, deeds and instruments including hire purchase agreements (if any), lease agreements, tenancy rights, power purchase/sanction agreements, equipment purchase agreements, agreements with suppliers, agreements with clients/purchasers and all rights, titles, interest, claims and benefits thereunder, relating to Manufacturing Business;
- (xv) All intellectual property rights, trade marks except trademark "BAJAJ", domain names, service marks, colour schemes, logo, records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers patents, copy rights, technical know-how, designs, design registrations, model registrations etc relating to the Manufacturing Business;
- (xvi) All present and future liabilities (including contingent liabilities) arising out of the activities or operations, including insurance, loans, debts (secured or unsecured), current liabilities and provisions and duties and obligations relating to the Manufacturing Business;
- (xvii) Reserves, provisions and funds, all records, files, papers, engineering and process information, computer programs, manuals, data, catalogues, quotations, sales and advertisement materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form, relating to Manufacturing Business;
- (xviii) All employees of the Demerged Company, pertaining to the Manufacturing Business and any other employees as may be decided by the Board of Directors of the Demerged Company, who are to be transferred to the Resulting Company¹ pursuant to this Scheme as on the Effective Date;

- 1.15 **"Record Date"** means the date to be fixed by the Board of Directors or Committee thereof of the Demerged Company for the purpose of determining the members of the Demerged Company to whom shares will be allotted pursuant to the Scheme;

- 1.16 **"Remaining Undertaking"** means all the businesses and all properties, assets, investments and liabilities of the Demerged Company other than the Manufacturing Undertaking and the Strategic Business Undertaking;
- 1.17 **"Resulting Company1"** means Bajaj Holdings & Investment Limited, having its registered office at Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune 411 035.
- 1.18 **"Resulting Company2"** means Bajaj Finserv Limited having its registered office at Bajaj Auto Limited Complex, Mumbai-Pune Road, Akurdi, Pune 411 035 .
- 1.19 **"Resulting Companies"** means collectively, the Resulting Company1 and Resulting Company2 and the term **'Resulting Company'** means any of the Resulting Companies as the context may require;
- 1.20 **"Scheme"** means this Scheme of Arrangement in its present form or with any modification(s) approved, imposed or directed by the High Court and accepted by the Demerged Company;
- 1.21 **"Strategic Business Undertaking"** means the Wind Farm Business and the Financial Services Business comprising all the assets (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present future or contingent) and liabilities, which relate thereto or are necessary therefor, including specifically the following:
- (i) The wind-energy generation facility at Village Vankusavade, Savarghar, Nivakane, Marathwadi, Gawdewadi, Taluka Patan, District Satara, Maharashtra together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon;
 - (ii) The wind-energy generation facility at Village Shahajpur and Kasba Hange, Taluka Parner, District Ahmednagar, Maharashtra together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises, situate lying and being thereat together with all the buildings and structures standing thereon;
 - (iii) All the wind-energy generators, moveable and fixed plant and machinery, equipment, installations, appliances, pipes, tools, accessories, computers, furniture, fixtures, office equipment, power lines, water pipelines relating to Wind Farm Business;
 - (iv) All investments of the Demerged Company in BAIL, BAGL, BFDL, BAFL and other assets through which the Demerged Company carries on its business, activities and operations pertaining to the Financial Services Business;
 - (v) The office premises situated at Appasaheb Marathe Marg, Prabhadevi, Mumbai, 400025.

- (vi) Investments in Government Securities, Bonds, Debentures and Mutual Funds of Book Value Rs.8752.90 Million (Market Value as on 31-3-2007 Rs.8001.50 Million) ;
- (vii) All the vehicles and the current assets including sundry debtors, receivables, cash, bank balances, loans and advances, actionable claims, bills, credit notes and all inventories, stores and machinery spare parts relating to Wind Farm Business and the Financial Services Business;
- (viii) All permits, authorizations, licences, consents, registrations, approvals, municipal permissions, industrial licences, insurance policies, registrations, import-export licenses, bids, tenders, letters of intent, connections for water, electricity and drainage, sanctions, product registrations, quota rights, entitlements, allotments, interests, benefits, allocations, exemptions, concessions, remissions, subsidies, tax deferrals, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent) investments, earnest money and/or deposits relating to Wind Farm Business and the Financial Services Business;;
- (ix) All agreements, contracts (including forward contracts), arrangements, understandings, bonds, engagements, deeds and instruments including hire purchase agreements (if any), lease agreements, tenancy rights, power purchase/sanction agreements, equipment purchase agreements, agreements with suppliers, agreements with clients/purchasers and all rights, titles, interest, claims and benefits thereunder relating to the Wind Farm Business and the Financial Services Business; ;
- (x) All present and future liabilities (including contingent liabilities) arising out of the activities or operations relating to Wind Farm Business and the Financial Services Business, including insurance, loans, debts (secured or unsecured), current liabilities and provisions and duties and obligations relating to the Wind Farm Business and the Financial Services Business;;
- (xi) Reserves, provisions and funds, all records, files, papers, process information, computer programs, manuals, data, catalogues, and other records, whether in physical form or electronic form relating to Wind Farm Business and the Financial Services Business;
- (xii) All intellectual property rights, trademarks except trademark 'BAJAJ', domain names, service marks, designs, colour schemes, logo, copyright,

records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, patents, technical know-how, design registrations, quotations, sales and advertising materials, lists of present and former customers relating to Wind Farm Business and the Financial Services Business;

(xiii) All employees of the Demerged Company, pertaining to the Strategic Business Undertaking and any other employees as may be decided by the Board of Directors of the Demerged Company, who are to be transferred to the Resulting Company² pursuant to this Scheme as on the Effective Date;

1.22 “Welfare Funds” means funds other than Funds as defined in clause 8(b), which are the non-statutory and voluntary funds established by the Demerged Company for the benefit of its employees;

1.23 “Wind Farm Business” means the business of generating energy through wind farms.

2. **Share Capital as on date of board resolutions approving the Scheme passed by the respective Companies i.e. May 17, 2007**

2.1 Demerged Company

Authorised	150,000,000 equity shares of Rs. 10 each i.e. Rs. 1,500,000,000
Issued and paid-Up	101,183,510 equity shares of Rs. 10 each i.e. Rs. 1,011,835,100

2.2 Resulting Company1

Authorised	150,000,000 equity shares of Rs. 10 each i.e. Rs. 1,500,000,000
Issued and paid-Up	43,500,000 equity shares of Rs. 10 each i.e. Rs. 435,000,000

2.3 Resulting Company2

Authorised	150,000,000 equity shares of Rs. 5 each i.e. Rs. 750,000,000
Issued and paid-Up	43,500,000 equity shares of Rs. 5 each i.e. Rs. 217,500,000

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

PART II-DEMERGED UNDERTAKINGS

4. Transfer of Demerged Undertakings

4.1 Transfer of Assets

4.1.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, each of the Demerged Undertakings, the whole of such undertaking's assets and properties, shall pursuant to the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the respective Resulting Companies on a going concern basis in the following manner:

- (i) the Manufacturing Undertaking (including the assets and properties, rights, claims, title, interest and authorities including accretions and appurtenances thereto such as dividends, or other benefits received) shall without any further act or deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company1, such that all properties, assets, rights, claims, title, interest and authorities comprised in the Manufacturing Undertaking immediately before the demerger shall become properties, rights, claims, title, interest and authorities of the Resulting Company1 by virtue of and in the manner provided in this Scheme.
- (ii) the Strategic Business Undertaking (including the assets and properties, rights, claims, title, interest and authorities including accretions and appurtenances thereto such as dividends, or other benefits received including in particular any securities acquired or received by the Demerged Company in any of the companies comprised in the Strategic Business Undertaking) shall without any further act or deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company2 such that all properties, rights, claims, title, interest and authorities comprised in the Strategic Business Undertaking immediately before the demerger shall become properties, assets, rights, claims, title, interest and authorities of the Resulting Company2 by virtue of and in the manner provided in this Scheme.

4.1.2 All assets or investments, rights, titles or interest acquired by the Demerged Company after the Appointed Date, but prior to the Effective Date in relation to the Demerged Undertakings shall also without any further act, instrument or deed, be and stand transferred to and vested in the relevant Resulting Company upon the coming into effect of this Scheme, pursuant to the provisions of Sections 391 and 394 and all other applicable provisions, of the Act.

4.2 Contracts, deeds, licences etc.

4.2.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all agreements, contracts, arrangements, understandings, bonds, engagements, deeds and instruments of whatsoever nature relating to the Demerged Undertakings and to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and subsisting or having effect on the Effective Date, shall continue to be in full force and effect against or in favour of the relevant Resulting Company and may be enforced by or against the relevant Resulting Company as fully and effectually as if, instead of the Demerged Company, the said Resulting Company had been a party or beneficiary or obligee thereto or thereunder.

4.2.2 Without prejudice to the transfer and vesting of the Demerged Undertaking to and in the Resulting Company, the Resulting Company may, at any time after this Scheme becomes effective, if so required or becomes necessary, enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations with or in favour of any party to any agreements, contracts, arrangements, understandings, bonds, engagements, deeds and instruments to which the Demerged Company is a party and to which the Demerged Company will, if necessary, also be a party, in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.

4.2.3 For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licences, consents, registrations, approvals, municipal permissions, industrial licences, insurance policies, registrations, connections for water, electricity and drainage, sanctions, obligations/benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent) and intellectual property rights, save the trademark 'BAJAJ', shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.

4.2.4 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts deeds, bonds, agreements,

schemes, arrangements or other instruments of whatsoever nature in relation to any of the Demerged Undertakings, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the relevant Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or any contracts deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the relevant Resulting Company to which the respective Demerged Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do till such time as the transfer is effected.

- 4.2.5 On and from the Appointed Date, if any certificate for tax deducted at source or any other tax credit certificate relating to the relevant Demerged Undertaking is received in the name of the Demerged Company, it shall be deemed to have been received by the relevant Resulting Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 4.2.6 The fringe benefit tax paid in advance by the Demerged Company shall be allocated amongst the Demerged Company and the Resulting Companies, in the proportion in which the corresponding expenditure liable to fringe benefit tax is debited in their respective books of account.

4.3 Transfer of Liabilities

- 4.3.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised, liabilities, duties and obligations of any nature and description (including contingent liabilities) relating to the Demerged Undertakings, shall without any further act or deed, pursuant to the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, be demerged from the Demerged Company be and stand transferred to and/or deemed to be transferred to the relevant Resulting Company to the extent that they are outstanding as on the Effective Date and on the same terms and conditions as applicable to the Demerged Company and shall become the debts, liabilities, duties and obligations of the relevant Resulting Company, which shall meet discharge and satisfy the same.
- 4.3.2 Where any of the debts, liabilities, loans raised, liabilities and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to any of the Resulting Companies have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 4.3.3 All loans raised and all liabilities and obligations incurred by the Demerged Company for the operations of any Demerged Undertaking after the Appointed Date and prior to the Effective Date shall, subject to the terms of this Scheme, be deemed to have been raised or incurred for and on behalf of the relevant Resulting Company in which the respective Demerged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed

and stand transferred to the relevant Resulting Company and shall become the debts, liabilities, duties and obligations of the said Resulting Company which shall meet discharge and satisfy the same.

- 4.3.4 The demerger and the transfer and vesting of the assets comprised in the Demerged Undertakings to and each of the relevant Resulting Companies under clause 4.1 of this Scheme shall be subject to the mortgages and charges, if any affecting the same as hereinafter provided:
- (a) The existing securities, mortgages, charges, encumbrances or liens (“**Encumbrances**”) or those, if any, created by the Demerged Company after the Appointed Date, in terms of this Scheme, over the assets comprised in any of the Demerged Undertakings or any part thereof transferred to the respective Resulting Companies by virtue of this Scheme, shall after the Effective Date continue to relate and attach to such assets or any part thereof to which they related or attached, prior to the Effective Date and as are transferred to the relevant Resulting Company and such Encumbrances shall not relate to or attach to any of the other assets of that Resulting Company or the asset forming part of any other Demerged Undertakings transferred to other Resulting Company or to any assets of the Demerged Company.
 - (b) In so far as any Encumbrances over the assets comprised in the Demerged Undertakings are security for liabilities of the Remaining Undertaking retained with the Demerged Company, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets of the Demerged Undertakings shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets retained with the Demerged Company and shall cease to operate against any of the assets transferred to the Resulting Companies in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.
 - (c) In so far as any Encumbrances over the assets comprised in the Remaining Undertaking are security for liabilities transferred to either of the Demerged Undertakings, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets of the Remaining Undertaking shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets transferred to the relevant Resultant Company and shall cease to operate against any of the assets retained by the Demerged Company in terms of this Scheme. The absence of any formal amendment which may

be required by a lender or third party shall not affect the operation of the above.

- (d) Without prejudice to the provisions of the foregoing clauses, upon the Scheme becoming effective, the Demerged Company and each of the Resulting Companies shall execute all instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modifications of charge with the Registrar of Companies, Pune, to give formal effect to the above provisions, if required.
- (e) Upon the coming into effect of this Scheme, the Resulting Companies alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to them respectively in terms of the Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities, and each of the Resulting Companies shall indemnify the Demerged Company in relation to any claim, at any time, against the Demerged Company in respect of the liabilities which have been transferred to the Resulting Companies.
- (f) It is expressly provided that, save as mentioned in clause 4, no other term or condition of the liabilities transferred to the Resulting Companies is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (g) Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the clause 4 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

5. Transfer of Legal Proceedings

- 5.1 Upon the coming into effect of the Scheme, all legal, taxation or any other proceedings (including arbitration) of whatsoever nature by or against Demerged Company, whether pending on the Effective Date (or which may be instituted in future after the Effective Date in respect of any matter arising before the Effective Date and relating to the Demerged Undertakings) shall be continued and enforced by or against the relevant Resulting Company, after the Effective Date.
- 5.2 If proceedings are taken against Demerged Company in respect of the matters referred to in sub-clause 5.1 above, it shall defend the same in accordance with the advice of the relevant Resulting Company and at the cost and risk of the relevant Resulting Company, and the latter shall reimburse and indemnify

Demerged Company against all liabilities and obligations incurred by Demerged Company in respect thereof. In respect of such defence, the relevant Resulting Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable Demerged Company to defend the same.

5.3 The Resulting Companies also undertake to reimburse and indemnify the Demerged Company against invocation of bank guarantee, if any, relating to the Demerged Undertakings after the Appointed Date.

5.4 The Demerged Company and the Resulting Companies shall, to the extent possible, co-operate with each other in respect of any such contest, defence, litigation or settlement arising in respect of the Demerged Undertakings on or after the Appointed Date.

6. **Transfer at Book Values**

6.1 All the assets, properties and liabilities of the Demerged Undertakings, shall be transferred to the Resulting Companies at the values appearing in the books of the Demerged Company at the closing hours of business on March 31, 2007.

7. **Conduct of Business**

7.1 The Demerged Company, with effect from the Appointed Date and upto and including the Effective Date:

- (a) shall be deemed to have been carrying on and to be carrying on all business and activities relating to each of the Demerged Undertakings and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of each of the Demerged Undertakings for and on account of, and in trust for, the respective Resulting Companies;
- (b) all profits and income accruing or arising to the Demerged Company from the Demerged Undertakings, and 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 Demerged Undertakings based on the audited accounts of the Demerged Company shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the respective Resulting Companies; and
- (c) any of the rights, powers, authorities, privileges attached, related or pertaining to the Demerged Undertakings exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the

respective Resulting Companies. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertakings that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken / discharged for and on behalf of and as an agent for the respective Resulting Companies.

7.2 With effect from the Appointed Date and until the Effective Date, the Demerged Company undertakes that it will preserve and carry on the business of each of the Demerged Undertakings with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber any of the Demerged Undertakings 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.

7.3 As and from the Appointed Date

- (a) All debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the closing hours of business on 31st March, 2007, whether or not provided in the books of the Demerged Company in respect of any of the Demerged Undertakings, and all debts, liabilities and loans raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to the Demerged Company on or after the Appointed Date in accordance with this Scheme, shall be deemed to be the debts, liabilities and loans raised and used, liabilities and obligations incurred, duties and obligations of the relevant Resulting Company to which that Demerged Undertaking is transferred.
- (b) All assets and properties comprised in any of the Demerged Undertakings as on the date immediately preceding the Appointed Date, whether or not included in the books of the Demerged Company, and all assets and properties relating thereto, which are acquired by the Demerged Company in relation to any of the Demerged Undertakings, on or after the Appointed Date, in accordance with this Scheme, shall be deemed to be the assets and properties of the relevant Resulting Company to which that Demerged Undertaking is transferred.
- (c) The advance income tax paid by the Demerged Company to the tax authorities shall be allocated amongst the Demerged Company and the Resulting Companies in proportion to the taxes (net of tax deducted at source) attributable to the taxable income of the relevant Demerged Undertaking in the books of accounts of the Demerged Company

8. Employees

- (a) Upon the coming into effect of this Scheme, all employees, consultants and advisors whether full time or part time or on retainer of the Demerged Company engaged in or in relation to the respective Demerged Undertakings and who are in such employment as on the Effective Date shall become the employees, consultants or advisors, as the case may be, of the respective Resulting Companies, and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertakings.
- (b) Insofar as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company for the employees of each of the Demerged Undertakings are concerned (collectively referred to as the “**Funds**”), the Funds and such of the investments made by the Funds which are referable to the employees of each Demerged Undertakings being transferred to the relevant Resulting Company in terms of sub clause (a) above shall be transferred to the relevant Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the relevant Resulting Company, either be continued as separate Funds of the Resulting Company for the benefit of the employees of the Demerged Undertakings or be transferred to and merged with other similar funds of the relevant Resulting Company. In the event that any Resulting Company does not have its own funds in respect of any of the above, such Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by that Resulting Company. The Welfare Funds shall continue to be managed by the Demerged Company for the benefit of employees of the Demerged Company and the Resulting Companies.

9. Saving of Concluded Transactions

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertakings under Clause 4 hereof shall not affect any transactions or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, each of the Resulting Companies accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking which shall vest in

that Resulting Company in terms of this Scheme of Arrangement as acts, deeds and things made, done and executed by and on behalf of that Resulting Company.

PART III

REMAINING UNDERTAKING

10. Remaining Undertaking to continue with Demerged Company

10.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, (subject only in relation to encumbrances in favour of banks and financial institutions).

- (a) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company after the Effective Date. None of the Resulting Companies shall in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company, which relate to the Remaining Undertaking.(b) If proceedings are taken against any of the Resulting Companies in respect of the matters referred to in sub- clause (a) above, the respective Resulting Company shall defend the same in accordance with the advice of the relevant Demerged Company and at the cost and risk of the relevant Demerged Company, and the latter shall reimburse and indemnify said Resulting Company against all liabilities and obligations incurred by Resulting Company in respect thereof. In respect of such defense, the Demerged Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable the Resulting Company to defend the same.

10.2 With effect from the Appointed Date and upto and including the Effective Date:

- (a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;

- (b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertaking shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and
- (c) All assets and properties acquired by the Demerged Company in relation to the Remaining Undertaking on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

PART IV

REORGANISATION OF CAPITAL

The provisions of this Part IV shall operate notwithstanding anything to the contrary in this Scheme.

11. Reorganisation of share capital

11.1 Issue of shares by each Resulting Company

11.1.1 Resulting Company1

Upon this Scheme becoming effective, in consideration of the demerger including the transfer and vesting of the Manufacturing Undertaking of the Demerged Company to and in the Resulting Company1 pursuant to Part II of this Scheme, the Resulting Company1 shall, without any further application or deed, issue and allot an aggregate of 10,11,83,510 equity shares of Rs. 10/- each to the members of the Demerged Company holding equity shares in the Demerged Company and whose name appears in the Register of Members of the Demerged Company on the Record Date, his/her heirs, executors, administrators or successors-in-title, as the case may be, in the ratio of 1 (One) equity share in the Resulting Company1 of the face value of Rs.10/- (Rupees ten) each credited as fully paid-up for every 1 (One) equity share of Rs.10/- each fully paid-up held by each such member or his/her/its heirs, executors, administrators or successors in the Demerged Company (“**Resulting Company1 Share Entitlement Ratio**”).

11.1.2 Resulting Company2

Upon this Scheme becoming effective, in consideration of the demerger including the transfer and vesting of the Strategic Business Undertaking of the Demerged Company to and in the Resulting Company2 pursuant to Part II of this Scheme, the Resulting Company2 shall, without any further application or deed, issue and allot an aggregate of 10,11,83,510 equity shares of Rs. 5/- each to the members of the Demerged Company holding equity shares in the

Demerged Company and whose name appears in the Register of Members of the Demerged Company on the Record Date, his/her heirs, executors, administrators or successors-in-title, as the case may be, in the ratio of 1 (One) equity shares in the Resulting Company² of the face value of Rs.5/- (Rupees five) each credited as fully paid-up for every 1 (One) equity share of Rs.10/- each fully paid-up held by each such member or his/her/its heirs, executors, administrators or successors in the Demerged Company (“**Resulting Company² Share Entitlement Ratio**”).

- 11.2 (a) Pursuant to the provisions of Clause 11.1 above, each of the Resulting Companies shall issue to the Depository representing the holders of GDRs of the Demerged Company, shares of the Resulting Companies in accordance with the relevant Share Entitlement Ratio. Subject to Clause (b) below, the Depository of the Demerged Company shall hold such shares of the Resulting Companies on behalf of the holders of GDRs of the Demerged Company;
- (b) (i) Each of the Resulting Companies may, on or before expiry of 150 (One hundred and fifty) days from the Record Date, in consultation with the Depository for the GDR holders of the Demerged Company and by entering into appropriate agreements with the said Depository or any other Depository (appointed by the Resulting Companies) for the issuance of GDRs, instruct such Depository to issue GDRs of the Resulting Companies, or any of them, to the holders of GDRs of the Demerged Company and any such issue of GDRs shall be irrevocably put in motion within the said period.
- (ii) Any holder of GDRs of the Demerged Company may at any time after the Record Date, but prior to the issuance of GDRs by a Resulting Company, instruct the Depository to transfer the underlying shares of such Resulting Company to such GDR holder. In such a case, the relevant Resulting Company shall obtain such permissions as may be necessary.
- (c) The holders of GDRs of the Demerged Company who wish to directly receive shares of the Resulting Companies may surrender the GDRs of the Demerged Company held by them before the Record Date in exchange for shares of the Demerged Company. Such GDR holders holding shares of the Demerged Company on the Record Date shall then be entitled to receive shares of Resulting Companies in accordance with the Share Entitlement Ratio under Clause 11.1 above.
- (d) The Resulting Companies shall use its reasonable endeavours to list the GDRs on the London Stock Exchange subject to the applicable regulations or law, and the Resulting Companies shall take such additional steps and do all such acts, deeds and things, as may be necessary for the purposes of listing.

11.3 Other terms applicable to issue of the equity shares

- 11.3.1 The equity shares to be issued by each of the Resulting Companies pursuant to Clause 11.1 above shall be issued in dematerialized form by each of the Resulting Companies, unless otherwise notified in writing by the shareholders of the Demerged Company to the relevant Resulting Company on or before such date as may be determined by the Board of Directors of the Demerged Company or a committee thereof. In the event that such notice has not been received by any of the Resulting Companies in respect of any of the members of the Demerged Company, the equity shares shall be issued to such members in dematerialised form provided that the members of the Resulting Companies shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that a Resulting Company has received notice from any member that equity shares are to be issued in physical form or if any member 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 member do not permit electronic credit of the shares of the Resulting Companies, then the Resulting Companies shall issue equity shares in physical form to such member or members.
- 11.3.2 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company 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 or transferee of equity shares in the Resulting Companies issued by the Resulting Companies after the effectiveness of this Scheme.
- 11.3.3 The new equity shares issued and allotted by the Resulting Companies in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the respective Resulting Company and shall *inter-se* rank *pari passu* in all respects.
- 11.3.4 Equity shares of the Resulting Companies issued in terms of Clause 11.1 of this Scheme will be listed and/or admitted to trading on the National Stock Exchange and the Bombay Stock Exchange, where the shares of the Demerged Company are listed and/or admitted to trading in terms of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The Resulting Companies 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 said Stock Exchanges. On such formalities being fulfilled, the said Stock exchanges shall list and / or admit such equity shares also for the purpose of trading. The Equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till listing / trading permission is given.

- 11.3.5 For the purpose of issue of equity shares to the shareholders of the Demerged Company, the Resulting Companies shall, if and to the extent required, apply for and obtain the required statutory approvals including approval of Reserve Bank of India and other concerned regulatory authorities for the issue and allotment by the Resulting Companies of such equity shares.
- 11.3.6 The equity shares to be issued by the Resulting Companies pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Companies.
- 11.3.7 Unless otherwise determined by the Board of Directors or any committee thereof of the Demerged Company and the Board of Directors or any committee thereof of the relevant Resulting Company, issuance of equity shares in terms of Clause 11.1 above shall be done within 45 days from the Effective Date.
- 11.3.8 (a) The cost of acquisition of the shares of each of the Resulting Companies in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Demerged Company the same proportion as the net book value of the assets transferred in the demerger to the relevant Resulting Company bears to the net worth of the Demerged Company immediately before the demerger hereunder.
- (b) The period for which the shares in Demerged Company were held by the shareholders shall be included in determining the period for which the shares in the Resulting Companies have been held by the respective shareholder.

12. Increase in share capital

- 12.1 Upon this Scheme becoming effective and after the allotment of the new equity shares by the Resulting Companies, the issued, subscribed and paid-up capital of each Resulting Company shall, assuming full allotment of shares referred to in Clause 11.1 shall be as follows:
- (a) the issued, subscribed and paid-up capital of the Resulting Company1 shall stand increased to Rs. 144,68,35,100 (Rupees One hundred forty four crores sixty eight lakhs thirty five thousand one hundred only) divided into 14,46,83,510 (fourteen crores forty six lakhs eighty three thousand five hundred ten only) Equity Shares of Rs.10/- (Rupees ten only) each fully paid-up; and

- (b) the issued, subscribed and paid-up capital of the Resulting Company² shall stand increased to Rs. 72,34,17,550 (Rupees Seventy two crores thirty four lakhs seventeen thousand five hundred and fifty only) divided into 14,46,83,510 (fourteen crores forty six lakhs eighty three thousand five hundred ten only) Equity Shares of Rs. 5 (Rupees five only) each fully paid-up.

PART V

ACCOUNTING TREATMENT

13. Accounting by the Demerged Company and the Resulting Companies in respect of assets and liabilities
- 13.1 Accounting treatment in the books of the Demerged Company:
- (a) The assets and the liabilities of the Demerged Company being transferred to the respective Resulting Companies shall be at values appearing in the books of accounts of the Demerged Company on the closing hours of business on March 31, 2007.
 - (b) The difference between the value of assets and value of liabilities transferred pursuant to the Scheme shall be reduced from the Capital Redemption reserve and balance, if any, will be reduced from the General Reserve of the Demerged Company.
 - (c) The reduction, if any, in the Capital Redemption Reserve and General Reserve of the Demerged Company shall be effected as an integral part of the Scheme.
 - (d) Any mark-to-market diminution in value of Fixed Income Securities may be provided for by way of a debit to the General Reserve.
- 13.2 In the Books of the Resulting Companies
- (a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the respective Resulting Companies shall record the assets and liabilities comprised in the respective Demerged Undertakings transferred to and vested in them pursuant to this Scheme, at the same value appearing in the books of Demerged Company on the closing hours of business on March 31, 2007.
 - (b) The respective Resulting Companies shall credit their respective Share Capital Accounts in their books of account with the aggregate face value of the new equity shares issued to the shareholders of Demerged Company pursuant to Clause 11.1 of this Scheme.

- (c) The excess or deficit, if any, remaining after recording the aforesaid entries shall be credited by the respective Resulting Companies to their respective General Reserve Account or debited to goodwill, as the case may be. General Reserve created, if any, shall be treated, for all purposes, as free reserve.
- (d) Subject to (a) above, any mark-to-market diminution in value of Fixed Income Securities may be provided for by way of a debit to the General Reserve.

PART VI

GENERAL TERMS AND CONDITIONS

14. Change in Names and Object Clauses

- 14.1 Upon the Scheme becoming effective, without any further act or deed, the Resulting Company1 shall be re-named as Bajaj Auto Ltd. while the Demerged Company shall be re-named as Bajaj Holdings and Investment Ltd. The Demerged Company shall also comply with the requirement of change in name in the share certificates of the Demerged Company held in physical form.
- 14.2 (a) Upon the Scheme becoming effective, the Memorandum of Association of the Resulting Company1 shall stand altered without any further act or deed and clauses 67 to 69 of the Other objects of the Resulting Company1 shall be inserted as clauses 1A, 1B & 1C in the main objects of the Memorandum of Association of Resulting Company1.
- (b) Upon the Scheme becoming effective, the Memorandum of Association of the Resulting Company2 shall stand altered without any further act or deed and clause 60 and 97 of the Other objects of the Resulting Company2 shall be inserted as clauses 2A and 2B respectively, in the main objects of the Memorandum of Association of Resulting Company2.

15. Dividends

- (a) The Demerged Company and each Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date, provided that the shareholders of the Demerged Company shall not be entitled to dividend, if any, declared and paid by a Resulting Company to its shareholders for the accounting period prior to the Appointed Date.

- (b) The holders of the shares of the Demerged Company and the Resulting Companies shall, 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.
- (c) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company and the Resulting Companies and subject to the approval of the shareholders of the Demerged Company and the Resulting Companies respectively.

16. Agreements

The Resulting Companies will have the right to use the trademark 'BAJAJ' owned by the Demerged Company and suitable agreements will be entered into in this regard.

17. Approvals

Each of the Resulting Companies shall be entitled, pending the sanction of the Scheme, to apply to the Central Government or any State Government and all other agencies, departments and authorities concerned as may be necessary under any law for such consents, approvals and sanctions which the Resulting Companies may require to own the Demerged Undertakings and carry on the business of the Manufacturing Undertaking and the business of the Strategic Business Undertaking, respectively.

18. Filing of Applications

The Demerged Company and each Resulting Company shall, with all reasonable dispatch, make and file all necessary applications and petitions before the High Court for the sanction of this Scheme of Arrangement under Sections 391 to 394 of the Act and each of them shall apply for all necessary approvals as may be required under law.

19. Modification of Scheme

- (a) The Demerged Company and each of the Resulting Companies by their respective Boards of Directors or any Director authorised in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the High Court or any authorities under law may deem fit

to approve of or impose and which the Demerged Company and each of the Resulting Companies may in their discretion accept as the Demerged Company and each of the Resulting Companies or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and the Demerged Company and each of the Resulting Companies by their respective Boards of Directors or Delegate are hereby authorised to do, perform and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. The Board of the Demerged Company or the authorized Delegate shall fix the Record Date for purposes of allotment of shares hereunder in compliance with applicable law. In the event that any conditions may be imposed by the High Court or any authorities, which the Demerged Company or any of the Resulting Companies find unacceptable for any reason, then Demerged Company and the Resulting Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of the Demerged Company and the Resulting Companies may be exercised by the Delegate of the respective Companies.

- (b) For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates of the Demerged Company and the Resulting Companies may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective Companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

20. Scheme Conditional Upon:

20.1 This Scheme is conditional upon and subject to:

- (a) this Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company and the Resulting Companies as required under the Act and the requisite orders of the High Court referred to in Clause 18 being obtained;
- (b) The requisite sanctions and approvals including but not limited to in-principle approvals, sanctions of any Governmental Authority, as may be required by law in respect of this Scheme being obtained; and

- (c) The certified copies of the orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Pune.

20.2 In the event of this Scheme failing to take effect within 12 months of first filing in High Court or such later date as may be agreed by the respective Boards of Directors of the Demerged Company and the Resulting Companies, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such a case, each Company shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

21. Indemnity

In the event of non-fulfillment of any or all obligations under this Scheme by any party towards any other party, inter-se or to third parties, the non-performance of which will place any other party under any obligation, then the defaulting party will indemnify all costs and interest to such other affected party.

22. Costs, Charges, etc.

All costs, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid for by the Demerged Company.