



भारत हेवी इलेक्ट्रिकल्स लिमिटेड Bharat Heavy Electricals Limited

FROM : I.P. SINGH, COMPANY SECRETARY,
BHEL, SIRI FORT, NEW DELHI – 110 049

TO:

1. THE DGM, CORP. RELATIONSHIP DEPTT.
BOMBAY STOCK EXCHANGE LIMITED, MUMBAI
(Through BSE Listing Centre)
2. THE MANAGER – LISTING
NATIONAL STOCK EXCHANGE OF INDIA LTD., MUMBAI
(Through NEAPS)

Sub: Merger of BHPV with BHEL

Pursuant to Listing Agreement, it is informed that the Board for Industrial and Financial Reconstruction (BIFR) vide order dated 29th August, 2013 sanctioned the Modified Draft Rehabilitation Scheme envisaging merger of Bharat Heavy Plate and Vessels Limited (BHPV) with Bharat Heavy Electricals Limited (BHEL). A copy of the BIFR order is enclosed.

No. AA/SCY/SEs/2013
Dt. 02.09.2013


(I.P. Singh)
Company Secretary

Encl: a/a

सं. 503/2004
औद्योगिक और वित्तीय पुनर्निर्माण बोर्ड
(मानिट्रिंग अनुभाग - II)

9 वां तल एनेक्सी, जवाहर व्यापार भवन,
1, तालस्ताय मार्ग, नई दिल्ली - ११०००१
दिनांक : 29.08.2013.

फ़ोन: 011- 23701200 /Extn-166

टैलेक्स :- 031 66492

तार : BINFIREC

फैक्स : 011-23701211

सेवा में,

(संलग्न सूची के अनुसार)

विषय: भारत हेवी प्लेट एंड वेसल लिमिटेड
M/s BHARAT HEAVY PLATE & VESSELS LTD.
के मामले/मामला संख्या 503/2004

महोदय,

मुझे दिनांक 29.08.2013 एवं एम एस एस की कार्यवाही/आदेशों की प्रमाणित प्रति आपको सूचना तथा आवश्यक कार्यवाही के लिए भेजने का निर्देश हुआ है.

बोर्ड के आदेशानुसार
(वी.वी. मोहनदास)
अनुभाग अधिकारी (मॉनि. - II)

संलग्न : उपरोक्त



BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
BENCH-II (MONITORING - II)

CASE No. 503/2004 - M/s BHARAT HEAVY PLATE & VESSELES LTD.

SUMMARY RECORD OF PROCEEDINGS OF PRONOUNCEMENT OF
ORDER OF THE OBJECTIONS/ SUGGESTIONS ON MDRS HEARING
HELD ON 29.08.2013 BEFORE BENCH -II CONSISTING OF SHRI
Y.K.GAIHA AND SHRI SC SINHA, MEMBERS

Present

Name and Designation
of the representative(s)
S/Shri/Smt/Kum

ATTENDANCE SHEET ATTACHED AS PER APPX 'A'. 

A scheme for revival of the sick company M/s. Bharat Heavy Plate & Vessels Ltd. was sanctioned by the Board in the hearing held on 21.10.2010 **(SS-10)**, having considered the **cut-off date (COD) as 31.03.2009**. The Board appointed State Bank of India (SBI) as Operating Agency (OA) u/s 17 (3) of the Act.

(i) The cost of the Scheme and means of finance are as under:-

Cost of the Project (Requirement)

Details	Amount in Crores.
Capital expenditure	235.00
BHEL Loan clearance (given to clear bank dues)	182.16
Old Liabilities	112.01
Clearance of Miscellaneous & Sahara Bonds	16.92
Wage Arrears of Employees as per MOU	82.00
Total	628.09

Means of Finance

Details	Amount in Crores
BHEL Funding	235.00
Share Capital from BHEL	34.00
Placement of Bonds (GOI will provide necessary guarantee for issue of bonds)	250.00
Loans & Advances from BHEL/Bank	109.09

Total	628.09
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2. As per the profitability/viability projected in the SS-10, the networth of the company would become positive in the year 2015-16 i.e. as on 31.03.2016 and the accumulated losses would be wiped out in the financial year 2015-16 i.e. on 31.03.2016.

3. M/s Chart Inc (Applicant) filed a Misc. Application No. **411/BC/2011** dated **21.07.2011** stating the following:-

In the Sanctioned Scheme, the claim of the applicant (M/S Chart Inc) was taken into consideration and para 13.10 deals with the same which is reproduced below :-

"The principal Amount of USD 481819 (at exchange rate prevailing on the date of award) shall be paid from the realization through issue of Rs. 250 cores bonds with GOI guarantee at par with other unsecured creditors."

The respondent (Company) has not complied with the above directions till date.

The Applicant, therefore, prayed that

- a) Direct Respondent No. 1 to pay a sum of USD 4,81,819/- to the Applicant immediately.
- b) Direct Respondent No. 1 to pay interest to the Applicant @ 10% p.a. from the date of default (i.e. 31.03.2011) till date of payment and
- c) Provide any other relief or relief(s) in favour of the applicant, as this Hon'ble Board may deem fit and proper under the present facts and circumstances.

4. In the hearing held on **02.08.2011**, the Bench observed that no representative of the company is present in the hearing to clarify their stand and desired that a copy of the MA No. 411 should be served on the company and on SBI(MA).

5. Having considered the submissions made, materials on record and based on facts, the Bench issued the following directions:-

- (a) Applicant to serve a copy of the Misc. Application along with a copy of the today's SOP both on the company and on the MA within one week and submit proof of service of documents to the Bench within next one week.

- (b) The company to submit a reply to the Misc. Application No.411 within next two/three weeks with a copy to SBI (MA) and to the applicant.
- (c). Applicant may file rejoinder, if any, within further next two weeks with a copy to SBI (MA).
- (d). SBI (MA) to submit a comprehensive written report alongwith their comments to the Board within next two weeks/well before the next hearing.
- (e). Next date of hearing is fixed **12.10.2011(Wed).**

(Above hearing was postponed by the Bench on request of the company)

6. In the hearing held on **01.12.2011**, the Bench observed that as per para 12 of SS-10 and Cash flow statement at page 56 of SS-10, amount of Rs.2.1 crore should had been paid latest by 31.03.2011. The applicant is also having a decree in his favour for the payment of his dues. However, considering the submissions made in today's hearing, the Bench allowed last opportunity to the company to submit justification for not paying the amount to M/s Chart Inc. ie. Applicant of MA-411. Having considered the submission made, material on record, and based on facts, the Bench issued the following directions:

(a). The company to submit explanation alongwith supporting documents for not making payment of dues of M/s Chart Inc. as per SS-10 and as mentioned in the Misc. Application No.411 with a copy to SBI(MA) within a period of three weeks.

(b). Next date of MA-411 hearing is fixed on **11.01.2012 (Wed).**

7. In the hearing held on **11.01.2012 in MA-411/2012**, the Bench observed that the main promoter of the company i.e. M/s. BHEL is a Navaratna company and financially sound. The company is avoiding issuing Bond for Rs.250 crores thereby saving about Rs. 25 to 30 Crores on account of interest. Secondly, if company is not issuing Bonds it is financially sound and feels that there is no need to issue the bonds. Hence there is no justifiable reason for not paying the dues of Chart Inc. within the period prescribed under SS-10 ie. before 31.03.2011. Therefore, Bench directed the Company to pay Rs. 2.1 crores to the Applicant (M/s. Chart Inc.) within 40 days from today i.e. by 20.02.2012 and report compliance to the Board with a copy to SBI(MA), failing which company will pay Rs. 2.1 Crores along with interest @ 10% w.e.f.

01.04.2011 till the date of payment which would also be made within 6 months. The MA No.411 of 2011 was disposed of accordingly.

8. The company filed MA-93/BC/2012 and by referring SOP of hearing held on 11.01.2012, the company has prayed:

- a) To direct respondent company (M/s. Chart Inc.) to clear the ambiguity by providing their proper Bank details, documents regarding permission of Reserve Bank of India, and also discharge letter from the respondent company that the payment being so made would be final settlement of all and any claim of the respondent company against the applicant in respect of the arbitration award.
- b) Pending the clarifications to be provided by the respondent company the Hon'ble Board may be pleased to suitably extend the time for effecting payment without any interest liability on the applicant as directed by the Board in its order dated 11.01.2012.

9. In the hearing held on 16.03.2012 in MA-093/2012, the Bench took an adverse note on causal approach of the M/s Chart Inc. in providing the details of their Bank Account etc. Such lapse could lead to payment of the huge amount to an entity who was not entitled to receive such payment. Therefore the Bench issued the following directions:

- (a) The M/s. Chart Inc. to provide their necessary details to the company alongwith relevant documents and RBI permission within one week, in the desired manner and also to the Company's satisfaction.
- b) The Company to pay Rs. 2.1 crores to the M/s. Chart Inc immediately thereafter but not later than two weeks from the date of receipt of details to the company's satisfaction from M/s Chart Inc after ensuring it's correctness. The Bench clarified that if compliance is done in this manner, the company will not have to pay any interest for this period of delay as the same is not attributable to the conduct of the company.

The MA-93/2012 filed by M/s Bharat Heavy Plates and Vessels Limited is disposed of accordingly.

10. The company filed MA-181/BC/2013 requesting for allowing merger of BHPVL with BHEL and has prayed as under:

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- (a) Direct for the circulation of the proposed fresh scheme to all stakeholders including Monitoring Agency (SBI) for their consideration, suggestions, if any;
 - (b). Direct publication of the draft of the fresh scheme in brief in such daily newspaper as the Hon'ble Board may deem fit and appropriate, for suggestion and objection, if any;
 - (c). Direct the fresh scheme with or without modification be laid before the BHEL in its general meeting for the consideration and approval of the same, with or without modification, by a special resolution passed by its shareholders;
 - (d). Pass an order sanctioning the fresh scheme with or without modification as may deem fit and appropriate by the Hon'ble Board;
 - (e). Pass any other order as the Hon'ble Board may deem fit and proper in the facts and circumstances of the case.

11. In the hearing held on 08.04.2013, in MA-181/BC/2013, the Bench issued the following directions:

- (i) MA is allowed. Company to submit MDRS u/s 18(5) incorporating the proposed merger with BHEL, to SBI (MA) within two weeks.
- (ii) Employees' interest to be taken care of while formulating the MDRS in the light of applicable policy/ Government orders in the matter.
- (iii) Retired Employees' wage revision to be considered by the company.
- (iv) SBI (MA) to examine the MDRS received from the company, convene joint meeting of all concerned, and submit the same to the Board within further period of two weeks.
- (v) MA No.181/13 is disposed off accordingly.
- (vi) The Bench fixed the next Review Hearing on 14.05.2013.

12. In the hearing held on 14.05.2013, the Bench clarified that MDRS received from SBI(MA) has already approved for circulation and next hearing for objections/suggestions would be fixed after 60 days as per provisions of SICA, 1985. The Bench directed the company to convene AGM, obtain approval of share holders and submit the same to the Board within 45 days from the date of circulation of MDRS.

13.1 In the mandatory hearing held on 31.07.2013, the representative of State Bank of India submitted that it has received 13 sets of objections / suggestions from various employee groups. BHPVPL/BHEL had replied to the same and the OA has forwarded the consolidated response to the said objections to BIFR. the OA made the following submissions:

1. these objections / suggestions have been deliberated in detail and accordingly a Memorandum of Agreement (MoA) was signed with the Recognized Union on 14.05.2012 after protracted discussions,
2. the salient points of the MoA are already incorporated in the MDRS,
3. it has been specifically agreed to by the recognized BHPV Union in the MoA that "during the pendency of the agreement Unions shall not raise any new demand concerning issues settled by this agreement which have financial implications",
4. the MDRS is based on the financial viability of merger proposal considering many factors like business projections, cost estimates, wages, salaries etc. The merger proposal has been cleared by various agencies viz. Board of Directors of BHPV & BHEL, Govt. of India (Union Cabinet) and shareholders of BHPV & BHEL,
5. Any adverse change in the MDRS will make the merger proposal unviable.

He further stated that BHPV has reassured that there will be no decrease in the salary of any employee of BHPV upon implementation of 2007 pay scales. State Bank of India is not in a position to submit any view as the issues raised are related to service conditions and they suggested that the issues may be considered in the light of suggestions / directions of BIFR issued at the meeting held on 08.04.2013.

13.2 BHPVL Employees Trade Union Congress has submitted that payment of old arrears arising out of 1997 wage revision should be paid at once immediately to the employees including retired employees before merger. Payment of 2007 wage arrears w.e.f. 01.01.2007 and same should be paid to all BHPV employees including retired employees along with their PF and gratuity etc. from 01.01.2007 to till effective date of merger. The formula adopted in BHEL workers while fixing the scale with fitment benefit during the 01.01.2007 wage revision the same should be followed for BHPV employee also in the clause

14.2.2(b) of the MDRS has to be amended accordingly as per the guidelines of DPE/Government norms of fixation procedures. He stated that same grade as BHEL should be given to BHPV workers and also their pay scales / wages should be fixed on par with BHEL workers. The Pension Scheme of BHEL has to be extended to BHPV employees those who retired from taken over date of BHPV with BHEL till effective date of merger. All the BHPV retired / VRS employees / workers shall be allowed to admit as a special case into RECHS of BHEL by deducting necessary membership contribution from dues of revised pay arrears.

13.3 BHPV U/V Series has requested to reinstate U/V series Ex-Trainee Employees on permanent basis immediately.

13.4 BHPV Supervisors Association has submitted that fitment benefit should be maintained for 2007 pay scales against each cadre without comparing difference between BHPV-1997 Pay Scale with BHEL-1997 Pay Scale. 1992 pay scales of BHPV must be taken in company with 1992 BHEL for fixation of 2007 pay scales to BHPV employees. Grade / Designation of BHPV Supervisors are proposed to be downgraded by one step (S2 & S3) which is grossly unfair. He further submitted that BHPV has been taken over by BHEL from 10th May 2008 without implementing/paying the new wages & arrears of 1997 & 2007.

13.5 BHPV Officers Association has requested to maintain same grades as existing for BHPV officers post- merger with BHEL. Pay is to be fixed notionally on 01.01.2007 by providing fitment benefit as per DPE circular and increments are to be added notionally from 2007 to effective date of merger. He requested that the payment of 1997 arrears should be paid immediately after merger on achieving profit by BHEL and no precondition is justified for payment of 1997 arrears to the employees.

13.6 YSR Trade Union Congress has requested to grant fitment to the workers of the transferor company herein on par with the workers of the transferee company and to take into cognizance the service put in by the workers of Transferor company herein and to fix the pay in post-merger scenario in the respective stage of the respective scale of the worker where he / she suits. He also requested that to continue the existing nine grades / scales and to grant

the A1 to A9 of the Transferee company scales herein to the worker in WG-1 to WG-9 respectively in the Transferor company herein.

13.7 BHPV United Employees Union has requested to grant fitment to the workers of the transferor company herein on par with the workers of the transferee company. He also requested to take into cognizance the service put in by the workers of Transferor company herein and to fix the pay in post-merger scenario in the respective stage of the respective scale of the worker where he / she suits. He requested to continue the existing nine grades / scales and to grant the A1 to A9 of the Transferee company scales herein to the worker in WG-1 to WG-9 respectively in the Transferor company herein.

13.8 BHPV employees Union (CITU) has requested to grant fitment of 30% plus 2 ½ increments to adopt the fixation formula of 2007 wage revision as granted to BHEL employees to all BHPVL Workmen, the workmen of transferor company herein with effective from the date of takeover of the transferor company by the transferee company herein. The each workman of the transferor company in the respective stage in the respective scale corresponding to the grade where the workman is now there with the transferor company, in to the grade and scale of the transferee company on merger. He further submitted that to grant 1997 wage arrears in full immediately on merger of transferor company with the transferee company herein in single installment up to the date of takeover of the transferor company by the transferee herein and 2007 wage revision implementation and arrears thereon from the date of takeover of the transferor company by the transferee company herein i.e. 11.05.2008. Steps to provide respect to the employees of the transferor company herein which would create cordial and good balance amongst workmen of the transferee company herein as the workmen of the transferor company would be the employees of transferee company herein in the post- merger scenario.

13.9 BHPV Retired Employees Welfare Association has submitted that the effective date of merger to amend as 10.05.2008 the date of takeover function held, instead of the date of filing of certified copies with RoC, as proposed in the MDRS. Date of implementation of 1997 scales should be 01.01.1997 as agreed upon in MoU dated 31.10.2001 and in the said MoU the Management of BHPV agreed to implement 1997 pay scales retrospectively effective from 01.01.1997 only. The effect date of RECHS may kindly be adjudicated as 10.05.2008 i.e.

date of takeover of BHPV. He further submitted that instead of linking payment of arrears (1997 arrears) to this section (retired & VRS employees) to future earning of profits, to pay immediately on merger of BHPV with BHEL.

13.10 BHPV SC/ST Employees Union has stated that the lowering of one or two scales is against Article 335 of the constitution and violation of Article 16(4) of the constitution and may not be allowed. He requested the Bench to grant fitment benefit while granting 2007 pay scales and to pay 1997 wage arrears in one installments.

The Bench observed that SC/ST employees has been given same treatment as other employees and there is no violation of Article 335 and Article 16(4) of the constitution.

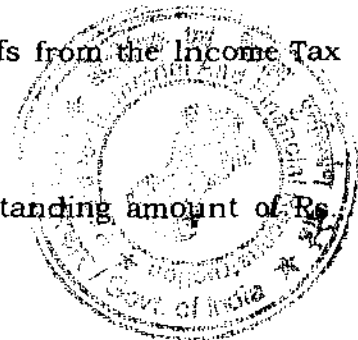
13.11 BHPV VR & Retired Welfare Association has stated that they may be paid arrears of 1997 wage revision to retired employees immediately after the merger process is over in lump sum and Implement 2007 wage revision at least from 10.05.2008 the date of takeover of BHPV and pay arrears to the eligible retired employees in lump sum.

13.12 Below Board Level Executives Employees has submitted that Pay scales be notionally adjusted to bring it up to the legally payable levels as on the effective date of merger and the grades of the petitioners be not degraded upon the induction of the petitioners and other executives below board level from the transferor company into the transferee company. He requested that Perks, allowances, terms of employment etc. be not degraded upon the induction of the petitioners and other executive grade employees from the transferor company into the transferee company.

13.13 The representative of Deptt of Heavy Industries stated that they have no objections on the MDRS.

13.14 The representative of DIT(R) stated that no reliefs from the Income Tax Deptt is sought in the MDRS.

13.15 The representative of ESIC stated that an outstanding amount of Rs. 86,14,658/- is due from the company.

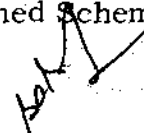


13.16 The representative of Sri Lakshmi Prabha Engg. Stated that their dues may be included in MDRS.

13.17 The representative of the company stated that the objections raised by the various Employees Union/Associations were duly replied to by BHPVL/BHEL. There are no objections from any creditors. The Income Tax Department, Custom Authority and the concerned Banks have no objections. The proposed merger is in the interest of the employees of BHPVL which has been a sick company for so many years and various rehabilitation measures have not yielded any result. The MDRS has been duly approved by the Boards of BHPV, BHEL and the Union Cabinet.

13.18 After hearing all the parties present in the hearing, the Bench observed that there are considerable objections/suggestions to the MDRS and the matter needs to be further examined in detail. **The Bench reserved its order, to be pronounced on 29.08.2013.**

14.1 After considering the submissions made by all the parties and material on record, there is a general consensus on the provisions contained in the MDRS circulated vide order dated 10.05.2013. Having regard to the facts that all parties had given their consent u/s 19(2) of the Act to the various provisions of the modified scheme, the Bench **sanctioned the Modified Scheme**, hereinafter called as "Modified Sanctioned Scheme (MS-13)", in exercise of powers conferred under SICA, for the rehabilitation of the company. The Modified Sanctioned Scheme shall come into force with immediate effect.


(SC SINHA)
MEMBER

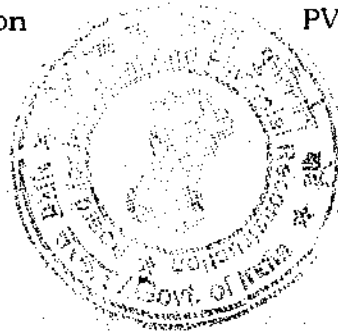

(YK GAIHA)
MEMBER

Encls: Modified Sanctioned Scheme.

129 AUG 2013

APPENDIX 'A'

<u>Present</u>	<u>Name and Designation of the representative(s) S/Shri/Smt/Kum</u>
Bharat Heavy Plates & Vessals Limited	1. CP Chengappa, MD 2. Milanka Choudhary, Adv 3. Yash Srivastava, Adv
BHEL	1. Ravi Jain, Sr Exe 2. Ritesh Yadav, Mgr
DIT	DR Jain, Adv
BHVPL Mazdoor Sangh	DSS Prakash, President
BHVPL National Employees Union	1. V Babu Rao, Gen Secy 2. AV Rao, President
BHPV United Employees Union	BP Rao
BHPV SC/ST E W Association	1. LW George Babu 2. G Janardhan Rao
BHPV Employees Union (CITU)	GTP Prakash, Gen Secy
BHPV Staff & Worker Union	PVN Raju, Gen Sec



BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
BHARAT HEAVY PLATE & VESSELS LIMITED
CASE NO.503/2004

MODIFIED SANCTIONED SCHEME

This Modified Rehabilitation Scheme (hereinafter referred to as the **Scheme**) provides for the amalgamation of **Bharat Heavy Plate & Vessels Limited**, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at BHPV (PO), Visakhapatnam, Andhra Pradesh - 530 012 (hereinafter referred to as the **Transferor Company**) with **Bharat Heavy Electricals Limited**, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at BHEL House, Siri Fort, New Delhi - 110 049 (hereinafter referred to as the **Transferee Company**), pursuant to Section 18(5) of SICA and the dissolution of the Transferor Company without winding up.

1. BACKGROUND

1.1 The Transferor Company, was established in the year 1966 as a public sector undertaking under the DHI to manufacture and supply custom built process plant equipments for core sector industries like fertilizers, petrochemicals, steel plates, nuclear, space, defence and power sectors with technical collaboration of SKODA Export, Czechoslovakia. The Transferor Company is spread over a total area of 386.73 acres. The Transferor Company is an organisation specialized in design, fabrication, supply and erection of heat exchanges, columns, storage spheres, reactors and strippers, multilayer vessel reactor regenerator package, air separation plants, purge gas recovery units, oxygen plants, nitrogen plants, hydrogen plants, sulphur recovery units, crude stabilization units, mounded storage systems, compact heat exchangers, on board oxygen generating system etc., to oil refineries, fertilizer plants, steel plant, defence sector etc., and has been contributing to the nation building during the past four decades. The Transferor Company was referred to BIFR in August 2004 due to total erosion of its net worth after incurring significant losses in the years 2002-03 and 2003-04. In the hearing held on October 06, 2005, BIFR declared the Transferor Company as a sick company. Further, the Transferor Company was involved in the manufacturing business of supplying custom built process plant equipments as stipulated above, at the time of being declared sick by BIFR in the year 2005.

1.2 The Ministry of Heavy Industries and Public Enterprises vide their







communication dated May 7, 2008 conveyed the approval of the Union Cabinet for taking over of the Transferor Company by the Transferee Company, as a subsidiary of the Transferee Company and to take all possible steps for its revival. Subsequently, the Transferor Company was taken over by the Transferee Company as wholly owned subsidiary on May 10, 2008.

1.3 SBI was appointed by BIFR as the Operating Agency to prepare a Rehabilitation Scheme for the Transferor Company which was sanctioned by BIFR on October 21, 2010. The Rehabilitation Scheme, prepared by the Operating Agency, envisaged various measures for revival of the Transferor Company pursuant to the transfer of the Transferor Company as the subsidiary of the Transferee Company.

1.4 Although the Transferee Company has been taking all possible steps for revival of the Transferor Company post the transfer of the Transferor Company as the subsidiary of the Transferee Company, still it is felt that there are certain significant difficulties being faced which are impeding the early revival of the Transferor Company in order to make the net-worth of the Transferor Company exceed the accumulated losses within a reasonable time.

1.5 The Transferee Company is an integrated power plant equipment manufacturer and one of the largest engineering and manufacturing companies in India in terms of turnover. The Transferee Company was established in 1964, ushering in the indigenous heavy electrical equipment industry in India. The Transferee Company has been earning profits continuously since 1971-72 and paying dividends since 1976-77. The Transferee Company is engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. power, transmission, industry, transportation, renewable energy, oil & gas and defence.

1.6 The amalgamation of the Transferor Company with the Transferee Company has been proposed on the basis of the Rationale for the Scheme as per Clause 4 herein below.

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2. DEFINITIONS

2.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as given to them below:

"Act" means the Companies Act, 1956 or any statutory modifications, amendments or re-enactment thereof for the time being in force.

"Appointed Date" means October 01, 2011.

"BIFR" means the Board for Industrial and Financial Reconstruction constituted under Section 4 of the Sick Industrial Companies (Special Provisions) Act, 1985 and any other statutory authority constituted in this regard.

"Board of the Transferee Company" means the board of directors of Bharat Heavy Electricals Limited.

"Board of the Transferor Company" means the board of directors of Bharat Heavy Plate & Vessels Limited.

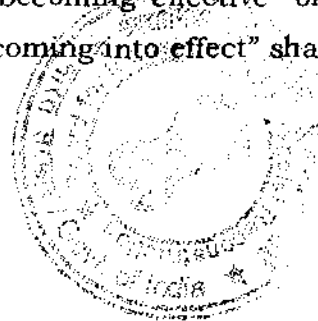
"Committee" means the committee comprising of the representatives of the Transferor Company and the Transferee Company formed for discussing HR issues related to wage revision with the unions, prior to the amalgamation of the Transferor Company with the Transferee Company.

"DHI" means Department of Heavy Industry of Ministry of Heavy Industries & Public Enterprises, Govt.

"DPE" shall mean the Department of Public Enterprises of Ministry of Heavy Industries & Public Enterprises, Govt.

"Effective Date" means the date of filing of the certified copies of the BIFR order with the Registrar of Companies of competent jurisdiction whether in respect of the Transferor Company or the Transferee Company.

Any references in this Scheme to "upon this Scheme becoming effective" or "upon coming into effect of this Scheme" or "upon the Scheme coming into effect" shall mean the Effective Date.



"GoI" means the Government of India.

"MoA" means the Memorandum of Agreement dated May 14, 2012 executed between the Committee and the BHPV Employee's Union.

"Operating Agency" or **"SBI"** means State Bank of India (the operating agency appointed by BIFR).

"Rehabilitation Scheme" means the rehabilitation scheme prepared by the Operating Agency for revival of the Transferor Company and sanctioned by BIFR on October 21, 2010.

"RoC" means the Registrar of Companies of competent jurisdiction whether in respect of the Transferor Company or the Transferee Company.

"Scheme" or **"the Scheme"** or **"this Scheme"** means this Modified Rehabilitation Scheme in its present form or with any modification(s) made under Clause 17 of this Scheme as submitted to the BIFR or any other statutory forum.

"SICA" means Sick Industrial Companies (Special Provisions) Act, 1985 or any statutory modification, re-enactment or amendment thereof.

"Transferee Company" means Bharat Heavy Electricals Limited, a company incorporated under the Act and having its registered office at BHEL House, Siri Fort, New Delhi - 110 049.

"Transferor Company" means Bharat Heavy Plate & Vessels Limited, a company incorporated under the Act and having its registered office at BHPV. (PO), Visakhapatnam, Andhra Pradesh - 530 012.

"Workmen" shall mean the workmen of the Transferor Company in WG-1 to WG-6 grades and HSW -1 to HSW-3 grades.

The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and / or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.



2.2 Share Holding Pattern

2.2.1 The shareholding pattern of the equity share capital of the Transferor Company as on the Appointed Date and as on March 31, 2013 is as follows:

Category	No. of shares held	% of shareholding
Transferee Company	3,37,976	99.99%
Mr. A. S. Nagaraja (as nominee of the Transferee Company)	2	0.01%
Total	3,37,978	100%

2.2.2 The shareholding pattern of the equity share capital of the Transferee Company as on March 31, 2013 is as follows:

Category	No. of shares held	% of shareholding
Promoter and Promoter Group	1,65,75,52,000	67.72%
Institutions		
Mutual Funds/UTI	2,44,71,627	1.00%
Financial Institutions / Banks	11,18,40,614	4.57%
Insurance Companies	16,75,10,900	6.84%
Foreign Institutional Investors (incl. QFI)	36,11,22,791	14.76%
Non-Institutions		
Bodies Corporate	3,66,67,462	1.50%
Individual shareholders holding nominal share capital upto Rs. 1 Lakh	7,67,71,912	3.14%
Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	23,16,988	0.09%

Category	No. of shares held	% of shareholding
Directors & their relatives & friends	3,100	0.00%
Trusts	8,56,552	0.03%
Clearing Members	27,42,538	0.11%
Non Resident Indians	57,42,426	0.24%
Foreign Nationals	1,090	0.00%
Total	2,44,76,00,000	100%

2.2.3 Share Capital

- (i) The capital structure of the Transferor Company as on March 31, 2013 is as under:

Authorised	Amount (Rs. In Crores)
3,50,000 Equity Shares of Rs. 1000 each	35.00
Issued, Subscribed and Paid Up	
3,37,978 Equity Shares of Rs. 1000 each fully paid up	33.79

- (ii) The capital structure of the Transferor Company as on the Appointed Date is as under:

Authorised	Amount (Rs. In Crores)
3,50,000 Equity Shares of Rs. 1000 each	35.00
Issued, Subscribed and Paid Up	
3,37,978 Equity Shares of Rs. 1000 each fully paid up	33.79

- (iii) The capital structure of the Transferee Company as at March 31, 2013 is as under:

Authorised	Amount (Rs. In Crores)
1000 Crores Equity Shares of Rs. 2 each	2000.00
Issued, Subscribed and Paid Up	
244.76 Crores Equity Shares of Rs. 2 each	489.52

- (iv) The capital structure of the Transferee Company as on the Appointed Date is as under:

Authorised	Amount (Rs. In Crores)
200 Crores Equity Shares of Rs. 10 each	2000.00
Issued, Subscribed and Paid Up	
48.952 Crores Equity Shares of Rs. 10 each fully paid up	489.52

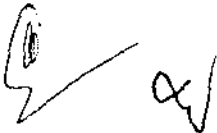
2.3 Names of Directors (Management)

- 2.3.1 As on March 31, 2013, the composition of the Board of the Transferor Company (names of Directors) is as follows:

Sl. No.	Name of the Directors	Designation
1.	Mr. B. P. Rao	Chairman
2.	Mr. Debasis Jana	Part Time Official (Govt. Director)
3.	Mr B.D.Kaler	Special Director appointed by BIFR

- 2.3.2 As on the Appointed Date, the composition of the Board of the Transferor Company (names of Directors) is as follows:

Sl. No.	Name of the Directors	Designation
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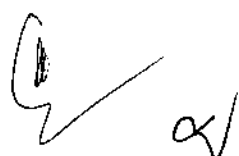
1.	Mr. B. P. Rao	Chairman
2.	Mr. R.P.Goel	Part Time Official (Govt. Director)
3.	Mr. P. V. Sridharan	Director (HR)
4.	Mr. A. S. Nagaraja	Director (Operations)
5.	MrB.D.Kaler	Special Director appointed by BIFR

2.3.3 As on March 31, 2013, the composition of the Board of the Transferee Company (names of Directors) is as follows:

Sl. No.	Name of the Director	Designation
1	Mr. B. PrasadaRao	Chairman & Managing Director
2	Mr. Ambuj Sharma	Part Time Official Director
3	Mr. S. Ravi	Part Time Non Official Director
4	Mr. Trimbakdas S. Zanwar	Part Time Non Official Director
5	Mr. AtulSaraya	Director (Power)
6	Mr. O. P. Bhutani	Director (E,R & D)
7	Mr. M. K. Dube	Director (IS&P)
8	Mr. P. K. Bajpai	Director (Finance)
9	Mr. R. Krishnan	Director (HR)

2.3.4 As on the Appointed Date, the composition of the Board of the Transferee Company (names of Directors) is as follows:

Sl. No.	Name of the Directors	Designation
1.	Mr. B. PrasadaRao	Chairman & Managing Director
2.	ShriSaurabh Chandra	Part Time Official Director

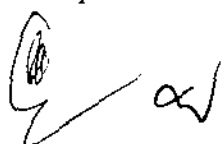


3.	Mr. Ambuj Sharma	Part Time Official Director
4.	Mr. Ashok Kumar Basu	Part Time Non Official Director
5.	Mr. M. A. Pathan	Part Time Non Official Director
6.	Ms. RevaNayyar	Part Time Non Official Director
7.	Mr. V. K. Jairath	Part Time Non Official Director
8.	Mr. S. Ravi	Part Time Non Official Director
9.	Mr. Anil Sachdev	Director (HR)
10.	Mr. AtulSaraya	Director (Power)
11.	Mr. O. P. Bhutani	Director (E,R & D)
12.	Mr. M. K. Dube	Director (IS&P)
13.	Mr. P. K. Bajpai	Director (Finance)

3. REASONS FOR SICKNESS

The following reasons are relevant in terms of attributing the sickness of the Transferor Company:

- 3.1 Change in Govt. Policies: As a part of Economic liberalization policies of the Government, international bidders and import of capital goods were allowed and the growth rate in domestic capital goods industry came down from 12.6 % in 1998-99 to 3.4% in 2001-02. As a result, BHPV could procure order book of just Rs 22 crores in 2002-03.
- 3.2 Low Production: Due to outdated machinery, low computerization, lack of technical collaborations coupled with reduction in manpower, the company could achieve only Rs 37.80 crores turnover in 2003-04.
- 3.3 LSTK Projects: Venture into Lump Sum Turnkey (LSTK) Projects in 1999-2000 proved wrong and the company suffered huge losses due to inexperience.
- 3.4 Higher Expenditure on maintenance and lack of diversification also affected the operations.



- 3.5 Manpower: As per the changed policy, the Company implemented Voluntary Retirement Schemes during 1999-00 and 2002-03 and the manpower strength dropped from 3933 in 1999-00 to 1953 in 2002-03. Many skilled and trained personnel left the organization opting VRS. There was also no succession planning.

Due to above reasons the company incurred heavy losses of Rs 187.63 and Rs 152.93 crores in the years 2002-03 and 2003-04, respectively. Due to this, the net worth of the company as on 31.03.2003 became to Rs. (-) 196.86 crores.

4. STRATEGY TO OVERCOME THE REASONS FOR SICKNESS (RATIONALE OF THE SCHEME)

By virtue of amalgamation of the Transferor Company with the Transferee Company, it is believed that the sickness of the Transferor Company can be overcome due to the following factors:

- 4.1 The interest of the existing employees of the Transferor Company shall be protected with continuity of employment, better utilization of manpower and an opportunity for enhancement of technical knowledge and expertise.
- 4.2 The Transferor Company has been facing customer reluctance for placing new orders due to reasons attributable to working capital problems, delayed supplies, low engineering talent etc. Upon the Scheme coming into effect, the Transferor Company, with its technical background, coupled with managerial capabilities of the Transferee Company, will be in an advantageous position to participate in all the tenders of process plant and equipment requirements and other products which shall ensure flow of new orders. The synergy between the Transferee Company and the Transferor Company will provide an excellent business advantage due to the trustworthy brand image of the Transferee Company.
- 4.3 The plant and machinery and other assets of the Transferor Company which were under utilized, shall be properly, gainfully and efficiently utilized and may be upgraded with new technology. The upgradation of the plant and machinery and induction of new technology of the units of the Transferor Company would



augment the asset base and thereby resulting in the optimal utilization of the resources and greater revenue inflow.

- 4.4 The infrastructural facilities of the Transferor Company have proximity to the sea front which is a strategic advantage for setting up facilities for nuclear application products and for carrying out major assembly work before dispatch of heavy consignments through sea route.
- 4.5 The consolidated entity shall provide strategic and competitive advantage by integrating and enhancing capacities for the production of industrial boilers. The proposed amalgamation of the Transferor Company with the Transferee Company is in line with current global trends to achieve size, scale, integration and greater financial strength and flexibility. The consolidated entity is likely to achieve higher long term financial returns than could be achieved individually by the Transferor Company.
- 4.6 The proposed amalgamation of the Transferor Company with the Transferee Company will bring administrative and operational rationalization, organizational efficiencies and rationalization in economies of scale and more optimal utilisation of various resources for the combined entity.
- 4.7 The proposed amalgamation will enable streamlining the activities of the Transferor Company and the Transferee Company and will also reduce managerial overlaps, which are necessarily involved in running multiple entities.
- 4.8 The Transferor Company has not executed any agreements with banks or financial institutions for cash credit or over drafts and thus no bank or financial institutions will be affected by the proposed amalgamation.
- 4.9 The integration of the manufacturing and other facilities of the Transferor Company and the Transferee Company will contribute to the enhanced global competitiveness for the consolidated entity, thereby increasing the ability of manufacturing power plant equipments to compete with aggressive international market conditions.
- 4.10 Consolidation would also enable the Transferee Company to improve its

infrastructural facilities, which would be to the benefit of the public at large.

- 4.11 The low morale of employees in the Transferor Company due to the age superannuation being at 58 years along with the continuation of the 1992 pay scales of the Transferor Company, even though the Transferee Company post the transfer of the Transferor Company has been providing the 1997 scales as advance, the same are not being counted for calculation of employee benefits like CCA, PF, post retirement benefits etc. The scheme will address these problems by increasing the age of superannuation to be same as BHEL i.e., 60 years and implementing 2007 wage revision from Effective Date.
- 4.12 The inability of the Transferor Company to attract new talented manpower such as qualified engineers and supervisors due to low scales of pay (1992 scales) has created a lack of skilled and qualified resources. The Scheme proposes to retain all employees of the Transferor Company from the Effective Date, which will enable the recruitment of new qualified and skilled resources essential to run and maintain the facilities.
- 4.13 The Transferor Company has not been able to attract good suppliers and contractors due to which the initiatives for modernizing the Transferor Company's technology and manufacturing facilities have been on a standstill. This situation has greatly impacted the creditworthiness of the Transferor Company. The amalgamation will be beneficial as the Transferee Company with its modernised technology and manufacturing facilities will be able to attract good suppliers and contractors which in turn will facilitate the continuous process of modernisation.

5. DETAILS OF DUES AND MANNER OF SETTLEMENT

5.1 Details of Dues of Secured Creditors

As on Appointed Date, there is no secured creditor of the Transferor Company.

5.2 Details of Dues of Unsecured Creditors

The pending dues of Unsecured Creditors as on 31st March 2013 are Rs 35,30,16,290/- which pertain to suppliers, contractors, pending payments etc.

The Transferee Company will offer a strong financial structure to all unsecured creditors including the creditors of the Transferor Company, facilitate resource mobilization, achieve better cash flows and maintain underlying securities at existing levels.

All dues of the unsecured creditors of the Transferor Company shall also be and stand transferred or be deemed to be transferred to the Transferee Company, without any further act, instrument or deed of the Transferee Company, so as to become as and from the Appointed Date, the pending dues of the unsecured creditors shall become the dues of the Transferee Company. Further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such pending dues have arisen in order to give effect to the provisions of this Clause.

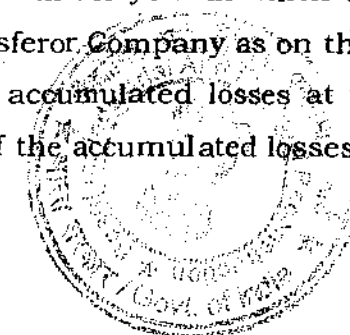
5.3 Details of Dues of Workers

5.3.1 The claim of Rs.3.96 Crores by BHPV Employees FBS Ltd. towards interest on delayed remittances is covered under contingent liabilities as the case is pending before the court of law. The Transferee Company has proposed to take action based on the outcome of the case before court of law. The Transferee Company shall make payments to BHPV Employees FBS Ltd. as per the orders of the court.

5.3.2 Payment of arrears arising out of 1997 Wage Revisions:

(a) The payment of arrears arising on account of 1997 wage revision in respect of eligible Workmen shall be deferred till the accumulated losses of erstwhile Transferor Company till the Effective Date are wiped off, as provided below:

(i) 60% of the arrears shall be paid in the year in which 60% of the accumulated losses of the Transferor Company as on the Effective Date are wiped off so that the accumulated losses at the end of such year do not exceed 40% of the accumulated losses as on the Effective Date.



- (ii) The balance 40% shall be payable pro-rata in the subsequent years in the ratio in which remaining 40% accumulated losses are wiped off.
- (iii) In case the entire accumulated losses are wiped off in any one financial year, entire arrears shall be payable in the same year.
- (b) The revised perks and allowances as agreed in the memorandum of understanding dated 31.10.2001 shall be payable from the Effective Date.
- (c) The interim relief, recoverable advance, general advance and any other item paid to the Workmen of the Transferor Company pending 1997 wage revision shall be adjusted on a pro-rata basis against the wage revision arrears in the same ratio in the year in which these arrears will be paid.
- (d) The liabilities of the Workmen towards the Transferor Company by way of loans and advances availed by a Workmen shall continue to be deducted from the monthly salary and the outstanding liability as on the Effective Date will further be adjusted in lump sum from the 1997 wage arrears.

5.4 Details of Statutory Dues

- 5.4.1 The Transferor Company has paid under protest penal damages of Rs. 1064.55 Lakhs on 04.01.2006 and Rs. 14.36 Lakhs during 2006-07 and 2007-08 to PF authorities. In addition, the PF authorities issued notices to the Transferor Company for penal damages of Rs. 83.61 Lakhs, which remains unpaid and are shown under contingent liabilities. The Transferor Company has submitted the details of damages paid / payable by the Transferor Company for consideration for waiver to the Central Provident Fund Commissioner for waiver of damages vide their letter dated 20.11.2008. The Transferor Company is pursuing the said waivers with the Central Provident Fund Commissioner. Pursuant to this scheme becoming effective, the Transferee Company shall be entitled to the said waiver from the PF authorities.

6. FINANCIALS



6.1 Cost of the Scheme and Means of Finance

The Cost of the Scheme and the Means of Financing as on 31.03.2013 are as follows:

Cost of Scheme	Amount (Rs. Cr)
One-Time Expenditure	
Capital Expenditure (excluding expenditure already incurred)	219.19
Wage Arrears of Employees for 1997 wage revision	95.11
Additional one-time liability related to personnel payments (leave encashment, gratuity, medical)	57.00
BHEL Advance against Additional Equity	34.00
BHEL Outstanding Loans	234.98
Old Debts and other liabilities	5.64
Addl liability out of contingent liability for legal cases and Excise Duty / Service Tax	224.00
Total	869.92
Recurring Annual Expenditure	
Employee Payments for 2007 wage revision	75.00

Means of Finance	Amount (Rs. Cr)
One-Time Expenditure	
BHEL Internal Accruals	869.92
Total	869.92
Recurring Annual Expenditure	
BHEL Internal Accruals	75.00

The above figures do not include working capital funds needed for day to day operations and also for payment of any contingent liability, if materialized at a later date.

6.2 Past Financial Position for the Last 6 Years of the Transferor Company



(Rs. in Crores)

Parameter	Before Takeover		After Takeover by the Transferee Company				
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13**
Turnover	180.36	180.3	84.39	104.31	136.98	155.8	243.56
Gross Margin	23.63	-43.46	113.63	-8.94	3.53	12.71	21.57
Net Profit	-34.7	-56.05	96.36*	-8.6	8.78	10.44	23.9
Order Booking	46.04	130.88	126.17	67.24	415.64	124.11	106.17
Net Worth	-526.72	-576.74	229.94	238.54	229.76	219.32	-195.42

*Due to extra-ordinary income of Rs. 230.08 Crores – interest waiver on GoI/Bank Loans, sales tax etc.

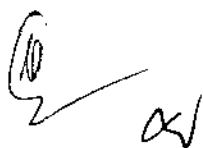
** Subject to Government Audit.

6.3 Financial Projections

It is presumed that after the amalgamation of the Transferor Company with the Transferee Company, the benefits that will accrue to the business unit amalgamated will result in substantial profit from 2015-2016 onwards. The summarized projected performance upto the year 2018-2019 is given below:

* One time effect of providing for contingent liabilities on the Effective Date.

Description	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover	380	600	880	1100	1210	1320
PBDIT	-407.26*	19.72	92.22	145.18	160.45	182.14
Net Profit	-435.93*	-8.96	63.97	117.36	132.62	154.31



The projected balance sheet and the profit and loss A/c along with the projected cash flow statement is attached as Annexure 1.

7. CAPITAL RESTRUCTURING

7.1 Strategic Investor

No strategic investor is being brought in for the implementation of the said Scheme.

7.2 Derating of Equity

The share certificates in relation to the equity shares held by the members of the Transferor Company shall be deemed to have been automatically cancelled and be of no effect on and from the Appointed Date, without any further act, deed or instrument. Thus, no derating of equity shall take place.

7.3 Details of Infusion of Funds

As the Transferor Company will be amalgamating with the Transferee Company no infusion of funds/equity is required.

7.4 Issue Price of Shares

No shares are being issued by the Transferor Company, thus issue of share pricing does not arise.

7.5 Change of Management

The implementation of the Scheme will not result in the change of Management of the Transferee Company.

8. SURPLUS ASSETS

It is clarified that all assets and receivables, whether contingent or otherwise of the Transferor Company as on start of business on the Appointed Date provided for in the books of accounts and all other assets or receivables which may accrue or arise on or after the Appointed Date shall be the assets and receivables or otherwise as the case may be of Transferee Company.

9 RELIEFS SOUGHT AND OTHER TERMS AND CONDITIONS



9.1 Reliefs Sought

No reliefs or waivers have been sought in this Scheme.

9.2 Other Terms and Conditions of Amalgamation of Companies

- 9.2.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme including in relation to the mode of transfer and vesting, and subject to any corrections and adjustments as may, in the opinion of the board of directors of the Transferee Company be required, the Transferor Company shall dissolve without winding up, all assets and properties of the Transferor Company as on the Appointed Date, and all the debts, liabilities (including contingent liabilities), advances, duties and obligations of the Transferor Company as on the Appointed Date shall stand transferred to and vested in and/or deemed to be transferred to and vested as a going concern, in the Transferee Company without any further acts of any parties and without the consent of third parties.
- 9.2.2 The share certificates in relation to the equity shares held by the members of the Transferor Company shall be deemed to have been automatically cancelled and be of no effect on and from the Appointed Date, without any further act, deed or instrument.
- 9.2.3 The Transferee Company shall be entitled to declare and pay dividend, whether interim and/or final, to its members in respect of the financial year/accounting period prior to the Effective Date.
- 9.2.4 Without prejudice to the generality of the aforesaid, the transfer as aforesaid shall include all the reserves, capital works in progress, tax entitlements and liabilities, movable and immovable assets and properties including land whether leased or otherwise, all other assets (whether tangible or intangible) of whatsoever nature, investments and loans and advances including interest thereon, lease and hire purchase contracts, powers, authorities, allotments, approvals, consents, letters of intent, industrial and other government or statutory licenses, registrations, rights, leases, leave and license agreements, titles, interests, benefits and advantages of any nature whatsoever and where so ever situated, belonging to or in the ownership, power or possession and in the

control of or vested in or granted in favour of or enjoyed by them, including but without being limited to all patents, patent rights applications, trademarks, service marks, trade names, patents, copyrights and/or any pending applications thereto and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, tenancies, easements, advantages, benefits, leases, ownership flats, goodwill, quota rights, permits, approvals, authorizations, right to use and avail telephones, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services of every kind, nature and descriptions whatsoever, earnest monies and/or security deposits, reserves, provisions, funds, benefit of all agreements, arrangements, subsidies, grants, tax credits, sales tax, turnover tax, service tax, customs and all other interests arising to the Transferor Company, the entire business and benefits and advantages of whatsoever nature and where so ever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, stand transferred to and vested in and/or be deemed to be and stand transferred to and vested as a going concern, in the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, title and interests and properties of the Transferee Company. The mode of vesting of the movable property shall be in accordance with Clause 9.2.5.

9.2.5 The mode of vesting of the properties referred in Clause 9.2.1 and Clause 9.2.4 shall be as under:

9.2.5.1 In respect of such of the said properties as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement, the same may be so transferred by the Transferor Company and shall become the property of the Transferee Company without requiring any deed or instrument of conveyance for the same.

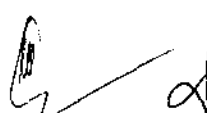
9.2.5.2 In respect of such of the said properties other than those referred to in Clause 9.2.5.1 above the same shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or deemed to be

transferred and vested in the Transferee Company as on the Appointed Date.

9.2.5.3 In respect of the movable properties other than those specified in Clause 9.2.5.1 above, including sundry debtors, outstanding loans, advances recoverable in cash or in kind or for value to be received, bank balances and deposits with government, semi government, local and other authorities, bodies etc. the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company without requiring any deed or instrument of conveyance for the same and the same shall become the property of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, loans or advances have arisen in order to give effect to the provisions of this Clause. The Transferee Company may, if required, give notice in such form as it may deem fit and proper to such person or debtor that pursuant to this Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover and realize the same is in substitution of the rights of Transferor Company.

9.2.6 Upon coming into effect of the Scheme and with effect from the Appointed Date:

9.2.6.1 All debts, liabilities (including contingent liabilities), duties and obligations of the Transferor Company other than liabilities being extinguished pursuant to the terms of the Scheme, shall also be and stand transferred or be deemed to be transferred to the Transferee Company, without any further act, instrument or deed of the Transferee Company, so as to become as and from the Appointed Date, the debts, liabilities (including the contingent liabilities), duties and obligations of the Transferee Company and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities (including contingent liabilities), duties and obligations have arisen in order to give effect to the provisions of this Clause. Provided always that nothing in this Clause shall or is intended to enlarge the security for any loan, deposit or other indebtedness created by the Transferor Company prior to the Appointed Date which shall be transferred to and be vested in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be required or obliged in any manner to create



any further or additional security therefor after the Appointed Date or otherwise.

9.2.6.2 Any loans or other obligations due between the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf from the Appointed Date.

IT IS CLARIFIED THAT all debts, liabilities (including the contingent liabilities), duties and obligations of the Transferor Company as on the start of the business on the Appointed Date provided for in the Books of Accounts and all other liabilities which may accrue or arise on or after the Appointed Date shall be the debts, liabilities (including the contingent liabilities), duties and obligations of the Transferee Company.

IT IS CLARIFIED THAT all assets and receivables whether contingent or otherwise of the Transferor Company as on start of business on the Appointed Date provided for in the books of accounts and all other assets or receivables which may accrue or arise on or after the Appointed Date shall be the assets and receivables or otherwise as the case may be of Transferee Company.

9.2.6.3 Upon the coming into effect of this Scheme in accordance with the provisions hereof, the borrowings of the Transferee Company, without any further act or deed on the part of the Transferee Company shall stand enhanced equivalent to the authorised borrowing limits of the Transferor Company, such limits being incremental to the existing limits of the Transferee Company, and if so required, those limits may be increased from time to time by the Transferee Company, by obtaining shareholders approval in accordance.

9.2.7 Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements including but not limited to all sales tax exemptions and or deferral benefits and/or any other direct or indirect tax benefits and all other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case



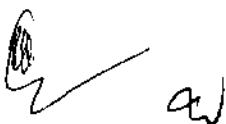
may be and may be enforced as fully and effectually as if, instead of Transferor Company, the Transferee Company had been party or beneficiary or obligee thereto. The Transferee Company shall, wherever necessary, enter into and/or issue and/or execute deeds, writings or confirmations, enter into any tripartite arrangements, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause.

- 9.2.8 The Transferee Company shall draw up and finalise a consolidated Balance Sheet post-amalgamation as on the Appointed Date (hereinafter the **Consolidated Balance Sheet**) which shall be the opening Balance Sheet of the Transferee Company as on the Appointed Date.

The accounts of the Transferee Company as on the Appointed Date, as amalgamated in accordance with the terms of the Scheme shall be finalized on the basis of the Consolidated Balance Sheet as on the Appointed Date pursuant to this Scheme.

- 9.2.9 All taxes in respect of the profits and gains, including accumulated losses and unabsorbed depreciation and investment allowance of the business carried on by the Transferor Company before the Appointed Date shall be payable by the Transferee Company subject to such concessions and reliefs as may be allowed under the Income Tax Act, 1961 (43 of 1961) as a consequence of the amalgamation.

Without prejudice to the generality of the aforesaid, the Transferee Company is expressly permitted to revise its Income Tax and loss returns and related TDS certificates and to claim refunds, advance tax credits etc., on the basis of the combined accounts of the Transferor Company and the Transferee Company as reflected in the Consolidated Balance Sheet as on the Appointed Date pursuant to the terms of this Scheme and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.



9.2.10 The Rehabilitation Scheme in lieu of the wages due provided the following:

9.2.10.1 The arrears (pursuant to the wage revisions) amounting to Rs. 32 Crores and Rs. 50 Crores have been considered to be paid in the year 2015-16 and 2016-17, respectively. Even in the year prior to 2015-16, the personnel payment includes wage revision impact (i.e. wages as per 1997 scales), either as adhoc or otherwise.

9.2.10.2 Implementation of negotiated pay scales for unionized employees as per the MoU dated 31.10.2001 signed between the management of the Transferor Company and the workmen represented by the recognized unions.

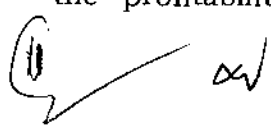
9.2.11 Vide its GO No. MS 96 Dt 30.04.2007, Government of Andhra Pradesh conveyed approval for waiver of dues towards water tax, property tax and vacant land tax of Rs. 3.96 Crores. Specific waiver letter towards water tax, property tax, and vacant land tax of Rs. 3.96 Crores is yet to be received from Greater Visakha Municipal Corporation. The issue is presently before Municipal Administration & Urban Development Department, Government of Andhra Pradesh. In the interim Greater Visakha Municipal Corporation has served a demand notice on October 3, 2011 for payment of Rs.669 lakhs towards property tax and Rs.279 lakhs towards vacant land tax since 2006. Post the amalgamation, the Transferee Company will be entitled to the said waiver from the Greater Visakha Municipal Corporation.

9.2.12 From the Effective Date, all waivers and benefits availed by the Transferor Company as provided in the Rehabilitation Scheme will continue to be available to the Transferee Company and be transferred to the Transferee Company. Further, the matters reported in the Rehabilitation Scheme (as discussed above) will continue to be proceeded by the Transferee Company.

10 VIABILITY

10.1 **Date on which net worth will become positive and on which the net worth will be wiped out:**

As the Transferor Company will be amalgamating with the Transferee Company the profitability of the Transferee Company will merge with that of the



Transferor Company. The Transferee Company has been earning profits continuously since 1971-72 and paying dividends since 1976-77 and will be able to accommodate the accumulated loss of the Transferor Company.

11. OTHER INFORMATION

11.1 Board Resolutions

The Board of the Transferee Company approved the proposed Scheme in its board meeting held on May 23, 2012 which was followed by the Board of Transferor Company approving the same in its board meeting held on September 10, 2012. The minutes of the meeting of both the companies approving the proposed Scheme are attached as Annexure 2.

11.2 Cabinet Approval

The proposal for merger of Transferor Company with Transferee Company has been approved by the Union Cabinet in its meeting held on February 21, 2013.

11.3 Audited Balance Sheet

The latest audited balance sheet of the Transferor Company is attached as Annexure 3.

11.4 Net Worth

(a) The net worth of the Transferor Company is Rs. -195.42 Cr as on 31.03.2013.

(b) The net worth of the Transferee Company is Rs. 30,315 Cr as on 31.03.2013.

11.5 Date of Joint Meeting

A Joint Meeting has been called by the Operating Agency on 23.04.2013 as per directions of BIFR to discuss the issues raised by employees of the transferor company.

11.6 Details of Court Case



If any suit, writ petition, appeal, revision or other proceedings of whatsoever nature by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially be affected by reason of the amalgamation of the Transferor Company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted or enforced by or against the Transferor Company as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company.

12. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions contained in the Scheme, all contracts, deeds, bonds, debentures, agreements and other instruments of whatever nature, to which the Transferor Company is a party, subsisting or having effect immediately before the Effective Date, shall remain in full force and effect, against or in favour of the Transferee Company, as the case may be, and may be enforced as fully and as effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

Any inter se contracts between the Transferor Company and the Transferee Company shall stand merged and vest in the Transferee Company upon the sanction of the Scheme and upon the Scheme becoming effective.

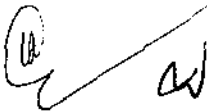
13. OPERATIVE DATE OF THE SCHEME

This Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

14. TRANSFEROR COMPANY'S EMPLOYEES, EXECUTIVES, SUPERVISORS AND WORKMEN

14.1 Transfer of Transferor Company's Executives and Supervisors to the Transferee Company

All the regular employees, who are in the service of the Transferor Company, on the Effective Date, shall become the employees of the Transferee Company on



the basis that:

- (i) their services shall have been continuous and shall not have been interrupted by reason of the amalgamation of the Transferor Company;
- (ii) every regular employee employed on the Effective Date shall become a regular employee of the Transferee Company and upon the Scheme becoming effective, all the conditions of service and employment of the Transferee Company would be applicable to the employees of the Transferor Company in accordance with Annexure 4 and Annexure 5.
- (iii) In respect of pay scales, perks and allowances and other benefits with respect to 1997 and 2007 wage revision, on the Effective Date, Workmen shall be governed by the MoA dated 14.5.2012. As regards the 1997 pay scales, perks and allowances and other benefits of executives and supervisors, the same shall be as per the DPE guidelines dated 25.6.1999 and wage revision proposal approved by the then Board of the Transferor Company. Treatment of arrears arising on account of 1997 wage revision shall be the same as applicable for Workmen. Further, with respect to the 2007 pay scales, all executives and supervisors shall be placed in suitable scales (as per Annexure-4) based on the same principle as followed in the case of workers. On the Effective Date, the benefits and entitlements like TA/DA, medical, hotel etc. shall be as applicable to the salary grade of the Transferee Company (Transferee Company's salary grade) in which the employee of the Transferor Company is placed.

as far as provident fund, gratuity fund, superannuation fund or any other special fund created or existing for the benefit of the employees of the Transferor Company are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions of such funds as per the terms provided in the respective trust deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall



become those of the Transferee Company and all the rights, duties and benefits of the employees employed in the Transferor Company under such funds and trusts stand protected.

- (iv) without prejudice to the generality of the aforesaid, the Transferee Company shall have the right to transfer the employees of the Transferor Company to any unit, division, profit/cost centre or department of the Transferee Company situated anywhere in India or overseas if warranted and as may be deemed necessary from time to time.

14.2 **Transfer of Transferor Company's Workmen to the Transferee Company**

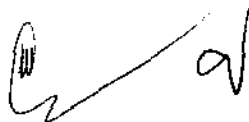
All the regular Workmen, who are in the service of the Transferor Company, on the Effective Date, shall become the Workmen of the Transferee Company from the Effective Date on the terms of the MoA on the following basis:

14.2.1 1997 Wage Revision:

- (a) The Memorandum of Understanding (**MoU**) entered between the management of the Transferor Company and the BHPV National Employees Union on 31.10.2001 regarding the 1997 wage revisions for the Workmen of the Transferor Company shall remain valid and all the conditions in the MoU shall remain unchanged.
- (b) The 1997 pay scales as agreed in the MoU will be effective from 01.01.1997 for the Workmen who were on the rolls of the Transferor Company as on 31.12.1996 and the said pay scales shall be implemented from the Effective Date. The Workmen, who have resigned with prior permission as provided under the prevailing policies of the Transferor Company or due to superannuation or death or retirement under the voluntary retirement scheme during the period from 01.01.1997 till the Effective Date, will be eligible for payment of arrears on pro-rata basis.

14.2.2 Placement in 2007 Pay Scales

- (a) Coverage



The benefit of the 2007 pay scales of the Transferee Company will be allowed only in respect of those Workmen who are on the rolls of the Transferor Company on the Effective Date. Till such time i.e. from January 01, 2007 till the Effective Date, the Workmen will continue in the 1997 pay scales.

(b) Pay Scales

All the Workmen shall be placed without giving fitment benefit at the minimum of 2007 pay scales of the Transferee Company wherever the revised 2007 scales corresponding to the 1997 pay scales are available. However, in the event of corresponding scales not being available, the Workmen will be placed at the minimum of the scale based on the principle of nearest fit as possible. Post amalgamation, the Workmen will be redesignated as per the standard designation followed in the Transferee Company for such scales of pay.

- (c) That, other issues related to pay fixation including grant of weightage for the service rendered in the grade in which the Workmen is placed at the time of amalgamation, shall be appropriately decided later on by the mutual consensus.

(d) Perks and Allowances

The perks and allowances will be limited to 46% of basic pay as applicable in the Transferee Company under the cafeteria approach. This will however, exclude temporary/casual employees of the Transferor Company. Further, allowances like late night snack allowance, welding allowance, messing allowance will also be paid post amalgamation to the eligible Workmen as per the rates of the Transferee Company.

(e) Dearness Allowance

The Dearness Allowance, as applicable to the employees of the Transferee Company shall also be extended to the Workmen on the Effective Date.

(f) House Rent Allowance (HRA)



Post amalgamation, HRA will be paid as per classification of cities notified by GoI from time to time.

(g) Earned Leave (Encashable / Non-Encashable) Leave

The accumulated earned leave shall be allowed to be carried forward on the Effective Date. Post amalgamation, the crediting, accumulation and encashment of the leave will be as per the leave rules of the Transferee Company.

(h) Half Pay/ Commuted Leave

The issue of encashment of half pay leave standing to the credit of Workmen of the Transferor Company on the Effective Date will be discussed post the amalgamation.

(i) Provident Fund

The provident fund deduction will be made as obtaining in the case of the employees of the Transferee Company. The provident fund trust of the Transferor Company shall continue to function as hitherto.

(j) Gratuity

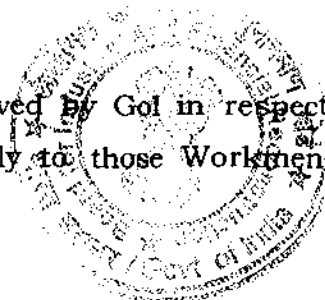
Post amalgamation, the ceiling limit for gratuity will be as applicable to the employees of the Transferee Company. The services rendered by the Workmen in the Transferor Company prior to the amalgamation shall be reckoned for the purpose of computation of gratuity.

(k) Retired Employees Contributory Health Scheme (RECHS):

The Workmen who will superannuate post the amalgamation will be covered under the RECHS of the Transferee Company, subject to meeting the guidelines.

(l) Pension Scheme

The pension scheme as approved by GoI in respect of the Transferee Company will be extended only to those Workmen of the Transferor



Company, who are on rolls of the Transferor Company, on the Effective Date, subject to their meeting the eligibility criteria. The services rendered by the Workmen in the Transferor Company prior to the amalgamation will be reckoned for determining the eligibility. However, the services rendered in the Transferee Company, post amalgamation, will be counted for the purpose of computation of pension.

(m) Income Tax Liability

The applicability of Income Tax on enhanced wages shall be as per the provisions of the Income Tax Act.

(n) General Terms and Conditions of Service

Post amalgamation, the general terms and conditions of service including, inter alia, the superannuation age, date of superannuation, wage period and other HR policies related to promotion, medical attendance, transfer, pay fixation, social security etc. shall be as applicable to the employees of the Transferee Company.

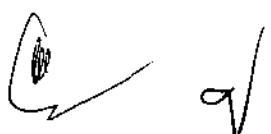
Also, other benefits and entitlements like TA/DA, medical, hotel etc. shall be as applicable to the salary grade of the Transferee Company in which the Workmen are placed.

In respect of matters which are not explicitly covered herein, the rules applicable to the employees of the Transferee Company will apply to the employees of the Transferor Company from the Effective Date.

15. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

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

- (i) The Transferor Company shall be deemed to have been carrying on and shall carry on all their businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of Transferor Company for and on account of and in trust for Transferee Company. The Transferor Company hereby



undertakes to hold the said assets with utmost prudence until the Effective Date.

- (ii) Save and except in the ordinary course of business, Transferor Company shall carry on their business and activities with reasonable diligence, business prudence and shall not (without the prior written consent of Transferee Company) alienate, charge, mortgage, encumber or otherwise deal with or dispose off any of their units/undertakings or any part thereof except pursuant to any pre-existing obligation undertaken by Transferor Company prior to the Appointed Date.
 - (iii) All the profits or income accruing to Transferor Company or expenditure or losses arising or incurred or suffered by Transferor Company shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure, as the case may be, of Transferee Company.
 - (iv) The Transferor Company shall not without the prior approval of the Board of the Transferee Company utilize the profits, if any, for any purpose including of declaring or paying any dividend in respect of the period falling on and after the Appointed Date.
 - (v) The Transferor Company shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business; and
 - (vi) The Transferor Company shall not, without the written consent of the Transferee Company, undertake any new business.
- 15.2 The transfer and vesting of all the assets and properties of the Transferor Company to the Transferee Company and the continuance of any proceedings by or against the Transferee Company hereof shall not affect any transaction or proceedings already completed by the Transferor Company on and from the Appointed Date to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/or behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.



16. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 16.1 The Board of the Transferor Company and the Board of the Transferee Company may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which BIFR, courts and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 16.2 For the purpose of giving effect to the Scheme or to any modification thereof, the Board of the Transferor Company and the Board of the Transferee Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

17. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

- 17.1 The Scheme though comes into operation from the Appointed Date, shall be conditional upon and subject to the following:
- (a) The certified copies of the BIFR order approving the Scheme to be filed with the RoC;
 - (b) Such other sanctions, permissions, consents and approvals as may be required by the provisions of Section 18 of SICA and any other law in respect of this Scheme being obtained including those of the relevant Government authorities.

18. DISSOLUTION OF TRANSFEROR COMPANY

Upon the Scheme being sanctioned, the Transferor Company shall stand dissolved without being wound up as on the Appointed Date and no person shall make, assert or take, any claims, demands or proceedings against the Transferor Company, except in so far as may be necessary for enforcing the provisions of this Scheme. The Board of Directors and any committees thereof of the Transferor Company shall, without any further act, instrument, deed, matter or thing being made, done or executed, stand dissolved.

19. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event any of the sanctions or approvals referred to in Clause 18 of this Scheme are not obtained on or before 31.03.2014 or within such further period or periods as may be agreed upon between the Board of the Transferor Company and the Board of the Transferee Company, this Scheme shall become null and void and in such an event no rights or liabilities whatsoever shall accrue to or be incurred inter se between the Transferor Company and the Transferee Company.

20. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/completing the terms and provisions of the Scheme and/or incidental to the completion of amalgamation of the Transferor Company in pursuance of the Scheme shall be borne and paid solely by the Transferee Company.

21. STAMP DUTY

No stamp duty is payable on the amalgamation of the Transferor Company with the Transferee Company as contemplated herein, as no stamp duty is payable on an order of BIFR, sanctioning a scheme of amalgamation.

22. DISPUTES

Other than as expressly provided under the Act, all disputes and differences arising out of this Scheme shall be referred to the arbitration of the Chairman and Managing Director of the Transferee Company or his nominee under the Arbitration and Conciliation Act, 1996 whose decision shall be binding on all concerned. The seat of arbitration shall be New Delhi.

23. GENERAL TERMS & CONDITIONS

- i) SBI is appointed as the Monitoring Agency (MA). The company shall pay the MA fees to SBI in consultation with the Board from COD.



- ii) The company shall constitute a Management Committee (MC) consisting of CEO of the company, Special Director of BIFR, if any and MA. The MC will review, on a monthly basis, the operations of the company in all aspects & closely monitor the implementation of the revival scheme.
- iii) The company shall appoint a reputed Chartered Accountant's firm as Concurrent Auditors with direct reporting relationship to MA with copy to the CEO of the company on terms satisfactory to it. The BOD shall review the Concurrent Auditor's Report and take needful corrective steps immediately thereof.
- iv) The company shall satisfy MA that the physical progress and all aspects of cost of the scheme/means of finance of the scheme is complied with as per the original schedule. To this end, the company shall furnish to MA such information and data as may be required by it at intervals stipulated by it. Any financial shortfall arising out of the delayed implementation of the schedule or for any other reason shall be met by the company/promoters without any recourse to Fls/Banks or seeking any further reliefs/concessions from them than what has already been provided for in the Scheme within a period not exceeding three months.
- v) The company shall not undertake any new project or expansion or make any investment or obtain any asset on lease/hire without the prior approval of BIFR during the currency of the Scheme except to the extent of 5% of its paid up capital or as provided in the scheme, whichever is hire.
- vi) The company shall not declare any dividend on Equity share without prior approval of BIFR & MA during the rehabilitation period.
- vii) *The Banks/FIs shall retain the right to appoint their nominee (s) on the company's Board of Directors at any time during the currency of their loan(s).
- viii) The company shall continue to submit its audited balance sheets (ABSs) from cut off date onwards at the end of each financial year within one month of the finalisation thereof to the Monitoring Agency (MA)/ secured and main creditors and BIFR. It shall ensure finalisation of ABS in terms of provisions of Companies Act, 1956 without fail and the BOD must ensure to avoid any delay.



ix) In addition to meticulous compliance with the schedules of payments covered under the scheme, the company shall ensure timely payment of all dues accruing after the cut off date and/or date of sanction of scheme to Banks, FIs, Central and State Governments and Statutory Authorities in normal course, failing which the concerned parties would be free to withdraw the reliefs and concessions granted by them subject to prior approval of BIFR.

x) In the event of default in payment of principal or interest on due dates, such defaults shall carry as and by way of liquidated damages, extra interest @2% p.a. over and above the lending rates of the banks as may be prevailing at the time of such default, for the period of such default.

xi) The company shall submit progress reports (PR) regarding the implementation of the scheme to MA on quarterly basis within one month following the end of the quarter during the first two years of the scheme and on half-yearly basis thereafter till full implementation if the progress has been satisfactory in terms of projections. MA shall monitor the implementation of the scheme in all its aspects and shall submit a review of the implementation of the scheme to BIFR within a month of receipt of such PR with copies to BOD of the company and to all concerned. If the company defaults to submit the PR, OA must report to the Board also.

xii) The loans inducted / to be inducted by the promoters shall be subordinated and interest-free and shall not be withdrawn during the rehabilitation period without the prior approval of BIFR/MA.

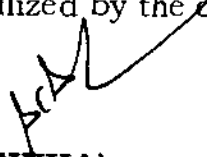
xiii) All current dues arising after cut-off date to be paid by the company in the normal course and no special protection of the Act would be available for this purpose.

xiv) Dues upto cut-off date not disclosed/covered in the DRS and any shortfall in performance or any other activity and the contingent liability as & when any such liability falls due shall be met by the company/promoters/co-promoters by bringing in additional interest free funds from outside sources, upfront.

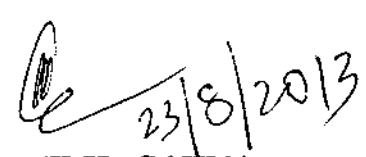
xv) The company/promoters are directed u/s 22A of SICA not to dispose of, sell or lease or encumber in any manner whatsoever any part of land, building, plant & machinery or equipments or any of its fixed assets without

the Board's prior permission. The current assets, however, can be drawn to the extent required for day-to-day operations and proper account of which would be maintained.

xvi) Any disputed liability shall be paid by the company as per the dues crystallized by the competent court of appeal in finality.


(S.C. SINHA)

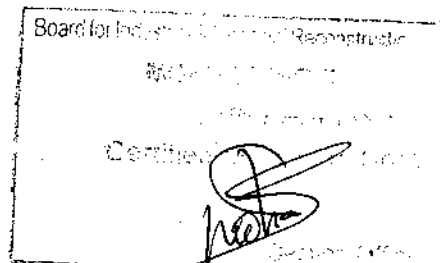
MEMBER


(Y.K. GAIHA)

MEMBER

LIST OF ANNEXURES

1. Projected Profit & Loss of transferor company
2. Certified to copy of the minutes of BHEL
3. Balance sheet as of 31.03.2012
4. Pay scale for the Executive/Supervisor
5. Pay Scale for Workman



Annexure 1

The projected Profit & Loss Statement of Transferor Company

Operating Result	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
(Rs. Cr)						
Turnover	380.00	600.00	880.00	1100.00	1210.00	1320.00
Opening WIP & Finished Goods	-19.21	-22.80	-36.00	-48.40	-60.50	-72.60
Closing WIP & Finished Goods	22.80	36.00	48.40	60.50	72.60	85.80
Accretion / Decretion to WIP & FG	3.59	13.20	12.40	12.10	12.10	13.20
Gross Turnover (GTO)	383.59	613.20	892.40	1112.10	1222.10	1333.20
Less: Excise Duty	27.43	40.39	57.27	71.37	78.07	84.84
GTO net of ED	356.15	572.81	835.13	1040.73	1144.03	1248.36
Direct Material Consumption	208.91	335.54	492.16	609.85	671.52	734.16
Erection Expenses	2.80	6.55	5.84	10.73	12.68	13.67
Power & Fuel	8.00	12.00	18.00	22.00	24.00	26.00
Value Added	136.45	218.72	319.13	398.16	435.84	474.53
Total Personnel Payments (1997 scale)	63.62	70.02	74.34	78.95	83.89	89.17
Addl impact (2007 scale)	75.00	82.50	90.75	99.83	109.81	120.79
Addl one time liability related to pers pmt	57.00					
1997 Wage Arrears	93.31					
Ind Matl	5.00	7.50	9.00	10.00	11.00	12.00
Other exp	27.80	39.68	54.65	66.71	73.38	80.17
Provisions	4.33	6.83	7.87	9.37	10.76	5.00
Addl liability (out of contingent liability) for legal cases (Rs. 35 cr) and ED/Serv tax (Rs. 189 cr) (Other income)	224.00	7.53	9.69	11.89	13.44	14.74
Total	543.70	199.00	226.92	252.97	275.40	292.39
PBDIT	-407.26	19.72	92.22	145.18	160.45	182.14
Depreciation	28.62	28.62	28.25	27.83	27.83	27.83
PBIT	-435.87	-8.90	63.97	117.36	132.62	154.31
Interest	0.06	0.06	0.00	0.00	0.00	0.00
PBT	-435.93	-8.96	63.97	117.36	132.62	154.31
Income Tax	0.00	0.00				
PAT	-435.93	-8.96	63.97	117.36	132.62	154.31



1-11-ET-2012-2

भारत हेवी इलेक्ट्रिकल्स लिमिटेड Bharat Heavy Electricals Limited

**CERTIFIED TRUE COPY OF THE APPROVAL ACCORDED BY THE
BOARD OF DIRECTORS IN ITS 44th MEETING HELD
ON 23rd MAY, 2012 AT NEW DELHI**

44-29 MERGER OF BHPV WITH BHEL

..... the Board accorded approval for:

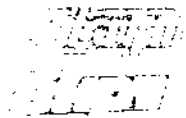
- a) Merger of Bharat Heavy Plate and Vessels Ltd., Visakhapatnam with BHEL in accordance with the enclosed Amalgamation Scheme and to submit the same to Ministry of Heavy Industries & Public Enterprises for necessary Govt. approvals;
- d) Authorising CMD to
 - i. approve any changes to the Amalgamation Scheme pursuant to any requirement of the Govt. of India or BIFR subject to the final Amalgamation Scheme being put up to the Board and Shareholders for their approval and
 - ii. nominate a BHEL representative for taking up the procedural requirements related to the merger process like filing the scheme, signing affidavits / petitions etc.

Place: New Delhi
Dated: 14.03.2013




(I.P. Singh)
Company Secretary

INDER PAL SINGH
Company Secretary
Bharat Heavy Electricals Ltd.
BHEL House, Siri Fort
New Delhi - 110 049



BLHARAT HEAVY PLATE & VESSELS LIMITED

Extracts of Minutes of 198th BHPV Board meeting held on 10.09.2012, in BHH-1 Board Room at New Delhi.

Item No: 198-B-04:- Approval for Merger of BHPV with BHH-1

"The Board accorded approval for:

(a) Merger of Bharat Heavy Plate and Vessels Ltd. Visakhapatnam with BHH-1 in accordance with the enclosed amalgamation scheme as approved by Board of BHH-1 (Holding Company).

(b) Authorising the chairman BHPV to

1. Approve any changes to the Amalgamation Scheme pursuant to any requirement of the Govt. of India or BIFR subject to the final Amalgamation Scheme being put up to the Board and Shareholders for their approval and

2. Nominate a BHPV representative for taking up the procedural requirements related to the Merger processes like filing the scheme, signing affidavits, petitions etc. as and when required."

"True Copy"



Annexure 3

Balance Sheet

As at March 31, 2012

	Notes	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	3379.73	3379.73
(b) Foreign Remittance Office	1A	0.00	0.00
(c) Reserves & Surplus	2	25311.53	21931.77
Share Application money, pending allotment		3430.00	3430.00
(d) Inter-Division Accounts (Cr Balance)	1B	0.00	0.00
(e) Funds to & From Corp. Off. - CCC A/c (Cr Balance)	1D	0.00	0.00
(4) Non-current liabilities			
Long-term borrowings	3	21887.13	21754.23
Deferred tax liabilities (Net)	12	0.00	0.00
Other Long-term liabilities	4	2522.47	1731.03
Long-term provisions	5	525.85	877.85
Total Non-current liabilities		24935.51	24467.21
(5) Current liabilities			
Short-term borrowings	6	205.53	211.50
Trade payables	7	4510.13	2843.31
Other Current liabilities	8	12365.03	13436.34
Short-term provisions	9	2344.23	1734.63
Total Current liabilities		19425.03	18265.98
TOTAL EQUITY & LIABILITIES		25828.71	23198.25
ASSETS			
(1) Non-current Assets	10		
(a) Fixed Assets			
(i) Tangible Assets		449.09	449.09
(ii) Intangible Assets		0.00	0.00
(b) Capital Work-in-progress		0.40	0.00
(c) Intangible assets under development		0.00	0.00
(2) Non-current investments	11	1.31	1.31
(3) Deferred tax Assets (Net)	12	0.00	0.00
(4) Long-term loans and advances	13	274.04	296.63
(5) Other non-current assets	14	2684.11	2341.63
(6) Current Assets			
(a) Current investments	15	0.00	0.00
(b) Inventories	16	6330.83	4934.90
(c) Trade Receivables	17	1626.23	1731.03
(d) Cash & cash equivalents	18	1069.14	720.99
(e) Short Term Loans & Advances	19	3365.34	4671.23
(f) Other Current Assets	20	26.90	24.74
(g) Inter-Division Accounts (Dr Balance)	1C	0.00	0.00
(h) Funds to & From Corp. Off. - CCC A/c (Dr Balance)	1E	0.00	0.00
TOTAL		25828.71	23198.25

Other Notes to Accounts

See accompanying Notes 1 to 20, 30 & Significant accounting policies forms an integral part of the Balance Sheet

For and on behalf of Board of Directors

A.S.S. SARMA
Company Secretary

SRINITH SHOME
General Manager (Fin)

P.V. SRIDHARAN
General Manager (Fin)

B.P. Rao
Chairman

As per Company Secretary's date

For GRANTHY & CO.

Chartered Accountants

Chartered Accountants

Nareesh Chandra G.

Partner

Place: New Delhi

Date: May 10, 2012

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ANNEXURE 4

PART B: PAY SCALE FOR THE SUPERVISORS:

Following are the proposed pay scales of the Transferee Company for placing the supervisors of the Transferor Company into the Transferee Company from the Effective Date:

Grade	TRANSFEROR COMPANY		TRANSFEE COMPANY	
	1997	Post amalgamation scales	1997	2007
ST	Nil	12300-26000	5600-150-8600	12300-26000
S-1	5600-150-8600	12400-30500 (S-1)	6000-210-6630 EB 6780-230-10160	12400-30500
S-2	6000-160-9200		6500-230-7190 EB 7350-245-10640	12600-32500
S-3	6400-180-10000	12600-32500 (S-2)	7000-245-7735 EB 7900-260-12000	16400-40500

In the case of Supervisor Trainees (ST) of the Transferor Company, they will continue to get the stipend of Rs. 8000/- till the Effective Date and post the Effective Date, they will be placed in ST/S-1 pay scales of the Transferee Company depending upon the status of completion of training.

The proposed pay scale of Rs. 12300-26000 w.e.f. 01.01.2007 for S-1 in the case of the Transferor Company is operative for Supervisor Trainee in the Transferee Company. Further, the proposed pay scale of Rs. 12400-30500 for S-2 in the case of the Transferor Company is operative for S-1 in the Transferee Company. The proposed pay scale of Rs. 12600-32500 for S-3 in the case of the Transferor Company is operative for S-2 in the Transferee Company. As such, on amalgamation it is proposed that wherever there are corresponding scales available in the Transferee Company in 2007 Wage Revision vis-a-vis 2007 pay scales of the Transferor Company proposed prior to the amalgamation the same may be followed. Accordingly, supervisors in grades of S-1 & S-2 in the Transferor Company will be merged and placed in the pay scale of S-1 in the Transferee Company. Similarly, S-3 grade employees of the Transferor Company will be placed in the S-2 scale operative in the Transferee Company. Post amalgamation, they will be re-designated as per the standard designations followed in the Transferee Company for such pay scales.

Transferee Company in 2007 Wage Revision vis-à-vis 2007 DPE scales the same may be followed. Accordingly, executives in grades of E-1, E-2 & E-3 in the Transferor Company will be merged and placed in the pay scale of E-1 in the Transferee Company and the designation applicable in the Transferee Company will be extended to them. Similarly from E-4 grade to E-8 grade the employees of the Transferor Company will be placed in the corresponding scales of the Transferee Company vis-à-vis 2007 DPE scales. Post amalgamation, the Executives will be re-designated as per the standard designations followed in the Transferee Company for such pay scales.



Two handwritten signatures are present below the stamp. The signature on the left is a simple, stylized mark. The signature on the right is more elaborate, starting with a large, looped initial and followed by a long, sweeping horizontal stroke.

ANNEXURE 5

PAY SCALE FOR THE WORKMEN:

Following are the proposed pay scales of the Transferee Company for placing the Workmen of the Transferor Company into the Transferee Company from the Effective Date:

TRANSFEROR COMPANY			TRANSFeree COMPANY		
Grade	1997	Post amalgamation scales	Grade	1997	2007
WG-1	3900-70-5440	10500-21000 (A1/B1)	A1	4200-100-4500 EB 4550-110-6530	10500-21000
WG-2	4000-80-4800-85-5820		A2	4400-110-4730 EB 4785-130-7125	11000-22000
WG-3	4150-90-5140-95-6565	11000-22000 (A2/B2)	A3	4800-130-5190 EB 5255-150-7805	11700-23000
WG-4	4350-105-5505-115-7230		A4	5000-150-5450 EB 5525-175-7975	12000-24000
WG-5	4580-120-5900-125-7775	11700-23000 (A3/B3)	A5	5350-175-5875 EB 5965-190-8815	12200-25000
WG-6	4830-130-6260-140-8360	12000-24000 (A4/B4)	A6	5750-190-6320 EB 6415-205-9285	12350-28000
HSW-1	5600-150-8600	12400-30500 (A7/B7)	A7	6000-210-6630 EB 6780-230-10160	12400-30500
HSW-2	6000-160-9200		A8	6500-230-7190 EB 7350-245-10640	12600-32500
HSW-3	6400-180-10000	12600-32500 (A8/B8)	A9	7000-245-7735 EB 7900-260-12000	16400-40500

1. THE CMD,
M/S Bharat Heavy Plate & Vessels Ltd.,
Natayypalem,
BHPV (PO),
Visakhapatnam-530 012.
2. The CMD,
State Bank of India,
Central Office,
Post Box No. 12,
Madam Cama Road,
Mumbai
Fax : 022- 2825136
3. The Chairman,
State Bank of Hyderabad,
Gunfoundray,
HYDERABAD-500177.
4. THE CMD,
CANARA BANK,
H.O.: 112, J.C.ROAD,
BANGALORE
5. THE CMD,
ANDHRA BANK,
Central Office,
5-9-11, Saifabad,
Opp. R.B.I.,
Hyderabad.
6. THE CMD,
I.D.B.I., IDBI TOWER
CUFFE PARADE, WTC Complex,
MUMBAI. FAX NO: 022 - 22182562.
7. THE CMD,
STATE BANK OF PATIALA,
BIFR Cell, Head Office,
The Mall,
Patiala- 147 001.
8. THE CMD,
ORIENTAL BANK OF COMMERCE,
H.O. Harsha Bhawan,
E-Block, Connaught Place,
NEW DELHI-110 001.
9. THE RESIDENT COMMISSIONER,
Govt. of Andhra Pradesh,
AP Bhawan, No.1.
Ashoka Road,
NEW DELHI.
10. THE COMMISSIONER,
Central Excise & Customs,
Visakhapatnam-1 Commissionerate,
Central Excise Building,
Post Area,
Visakhapatnam-530 035
11. THE DIRECTOR OF INCOME TAX(R)
Mayur Bhawan, Connaught Place,
New Delhi.
Fax 341 1335.
12. The Director General,
ESIC,
ESIC Regional Office,
Rajendra Bhawan,
Rajendra Place,
NEW DELHI-110008.
13. THE RPFC,
NO.3-4-763, Barkatpura Chaman,
Hyderabad-500 027.
Andhra Pradesh.
Fax- 040-27561977.
14. THE PRESIDENT/SECY.,
BHPV Mazdoor Sangh,
BHPV Township,
BHPV Post,
Visakhapatnam-530 012.
15. THE CMD,
Asset Reconstruction Company (I) Ltd.,
ARCIL HOUSE,
A.K.Marg,Nana Chowk,
MUMBAI- 400 036.
FAX- 22 6658 1313/14.
16. The Secretary,
Deptt. Of Heavy Industries,
Udyog Bhawan,
New Delhi.
17. The CMD.,
Bharat Heavy Electricals Ltd.,
Khelgaon,
New Delhi.

18. GENERAL SECRETARY
BHPV VR & RETIRED EMPLOYEES WELFARE ASSOCIATION
VISAKHAPATNAM – 530012
19. GENERAL SECRETARY
BHPV EMPLOYEES TRADE UNION CONGRESS
DOOR NO. 2-1-7, AUMR BUILDING,
RAMNAGAR, MINDI
VISAKHAPATNAM – 530012.
20. GENERAL SECRETARY/PRESIDENT
BHPV NATIONAL EMPLOYEES UNION
BHPV, VISAKHAPATNAM-530012
21. BHPV U/V SERIES
(EX. TRAINEE)
BHPV LTD.
VISAKHAPATNAM-530012