



LARSEN & TOUBRO LIMITED

(Regd. Office: L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra)

Court Convened Meeting of the Equity Shareholders of Larsen & Toubro Limited ("the Company"), scheduled to be held on Monday, the 12th day of August, 2013 at 03.00 p.m. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020.

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 557 OF 2013**

In the matter of:

The Companies Act, 1956; (1 of 1956)

And

In the matter of:

Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of:

The Scheme of Arrangement between Larsen & Toubro Limited, a company incorporated under the Indian Companies Act, VII of 1913 and having its Registered Office at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra (“**Applicant Company**” or “**Transferor Company**”) and L&T Hydrocarbon Engineering Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra (“**Transferee Company**”) and their respective shareholders and creditors.

Larsen & Toubro Limited, a company incorporated)
under the Indian Companies Act, VII of 1913 and having)
its Registered Office at L&T House, Ballard Estate,)
Mumbai – 400 001, Maharashtra.) Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY

To,

The Equity Shareholder(s) of Larsen & Toubro Limited (the “**Applicant Company**”)

TAKE NOTICE that by an Order made on the 12th day of July, 2013, in the above Company Summons for Direction No. 557 of 2013, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020 on Monday, the 12th day of August, 2013 at 03.00 p.m. for the purpose of considering, and, if thought fit, approving with or without modification(s), the proposed scheme of arrangement between Larsen & Toubro Limited (“**Transferor Company**” or “**Applicant Company**”) and L&T Hydrocarbon Engineering Limited (“**Transferee Company**”) and their respective shareholders and creditors which, *inter alia*, provides for transfer of the Transferred Undertaking of the Applicant Company as a going concern to the Transferee Company under Section 391-394 of the Companies Act, 1956 (hereinafter referred to as the “**Scheme**”);

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company will be held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020 on Monday, the 12th day of August, 2013 at 03.00 p.m. at which day, date, time and place you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra not later than 48 hours before the time of the aforesaid meeting.

The Hon'ble High Court of Bombay has appointed Mr. A. M. Naik, Chairman of the Applicant Company, failing whom Mr. K. Venkataramanan, Chief Executive Officer & Managing Director of the Applicant Company, failing whom Mr. S. Rajgopal, Non-Executive Independent Director of the Applicant Company to be the Chairman of the said meeting.

A copy each of the Scheme of Arrangement, the Explanatory Statement under Section 393 of the Companies Act, 1956, the Attendance Slip and Form of Proxy are enclosed herewith.

Sd/-

A. M. Naik

Chairman appointed for the meeting

Dated this 12th day of July, 2013

Registered Office:

*L&T House,
Ballard Estate,
Mumbai – 400 001,
Maharashtra.*

Notes:

- (1) All alterations made in the Form of Proxy should be initialed.
- (2) Only registered members of the Transferor Company may attend and vote (either in person or by proxy) at the shareholders' meeting. The authorised representative of a body corporate which is a registered Equity Shareholder of the Transferor Company may attend and vote at the Equity Shareholders' meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Transferor Company not later than 48 hours before the meeting authorizing such representative to attend and vote at the Equity Shareholders' meeting.
- (3) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE TRANSFEROR COMPANY. The Form of Proxy duly completed should, however, be deposited at the Registered Office of the Transferor Company not less than 48 hours before the commencement of the Meeting.
- (4) A Member or his Proxy is requested to bring the copy of the notice to the meeting and produce at the entrance of the meeting venue, the attendance slip duly completed and signed.
- (5) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- (6) Members are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the Register of Members of the Transferor Company in respect of such joint holding will be entitled to vote.

Enclosed: As above.

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The Companies Act, 1956; (1 of 1956)

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The Scheme of Arrangement between Larsen & Toubro Limited, a company incorporated under the Indian Companies Act, VII of 1913 and having its Registered Office at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra (“**Applicant Company**” or “**Transferor Company**”) and L&T Hydrocarbon Engineering Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra (“**Transferee Company**”) and their respective shareholders and creditors.

Larsen & Toubro Limited, a company incorporated)
under the Indian Companies Act, VII of 1913 and having)
its Registered Office at L&T House, Ballard Estate,)
Mumbai – 400 001, Maharashtra.)

) Transferor Company

EXPLANATORY STATEMENT UNDER SECTION 393(1)(a) OF THE COMPANIES ACT, 1956

1. In this statement Larsen & Toubro Limited is referred to as the “Transferor Company” and L&T Hydrocarbon Engineering Limited (earlier known as L&T Technologies Limited) is referred to as the “Transferee Company”. The other definitions contained in the proposed scheme of arrangement between the Transferor Company and the Transferee Company and their respective shareholders and creditors (hereinafter referred to as the “**Scheme**”) will also apply to this statement under Section 393(1)(a) of the Companies Act, 1956 (“**Explanatory Statement**”).
2. A copy of the proposed scheme between the Transferor Company and the Transferee Company setting out the terms and conditions of the Scheme is attached to this Explanatory Statement.
3. Pursuant to the Order dated 12th of July, 2013 passed by the Hon’ble High Court of Judicature at Bombay in Company Summons for Direction referred to above, a meeting is being convened at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020 on Monday, the 12th day of August, 2013 at 03.00 p.m., of the Equity Shareholders of the Transferor Company for the purpose of considering and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective shareholders and creditors.

OVERVIEW

4. The proposed Scheme envisages the transfer of the Transferred Undertaking of the Transferor Company as a going concern to the Transferee Company and the consequent payment of cash consideration by the Transferee Company to the Transferor Company under Sections 391–394 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the “**Act**”) with effect from 1st of April, 2013 (the “**Appointed Date**”).

BACKGROUND

5. The Transferor Company was incorporated on 7th day of February, 1946 under the Companies Act, 1913.
6. The Registered Office of the Transferor Company is at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra.

7. The capital structure of the Transferor Company as on 30th June, 2013, was as set out below:

Particulars	Rupees
Authorized Share Capital	
162,50,00,000 Equity Shares of Rs. 2/- each	325,00,00,000
Total	325,00,00,000
Issued, Subscribed and Paid-up Share Capital	
61,62,27,540 Equity Shares of Rs. 2/- each	123,24,55,080
Total	123,24,55,080

The following changes have been made to the capital structure after 30th June, 2013:

Issue of Equity Shares under Employee Stock Option Schemes - 3,61,611 Equity Shares of Rs. 2/- each

The Company has announced issue of bonus shares to its shareholders (as on 13th July, 2013, i.e. the Record Date) in the ratio of 1:2 i.e. 1 Bonus equity share for every 2 equity shares held. The Bonus equity shares will be issued in due course.

8. The Transferor Company is primarily engaged in providing technology, engineering, construction, manufacturing and financial services.
9. The Transferee Company was incorporated on 2nd of April, 2009 under the Act under the name of L&T Technologies Limited. On 21st of May, 2013, the Transferee Company, on approval of the Central Government, changed its name to L&T Hydrocarbon Engineering Limited.
10. The Registered Office of the Transferee Company is situated at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra.
11. The capital structure of the Transferee Company as on 30th June, 2013, was as set out below:

Particulars	Rupees
Authorized Share Capital	
50, 000 Equity Shares of Rs. 10/- each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up Share Capital	
50, 000 Equity Shares of Rs. 10/- each	5,00,000
Total	5,00,000

The capital structure of the Transferee Company has not changed since 30th June, 2013.

12. The Transferee Company is a wholly owned subsidiary of the Transferor Company and is, inter alia, proposed to be engaged in providing and undertaking design to build engineering, procurement and construction solutions on turnkey basis or otherwise for oil & gas, petroleum refining, chemicals & petrochemicals and fertiliser sectors, pipelines, through engineering, procurement, fabrication, project management, construction, installation and commissioning services.

RATIONALE AND BENEFITS

13. The background, circumstances and benefits which justify the said Arrangement are, inter-alia, as follows:-

- The Transferor Company is operating in multiple businesses. Hydrocarbon IC undertaking (hereinafter referred to as "HCIC") is one such business. In order to provide the Management the opportunity to pursue focused growth opportunities and to enhance the overall shareholder value, it is proposed that the HCIC of the Transferor Company be carved out from the Transferor Company.
- To achieve the above, the Transferor Company has proposed to transfer the Transferred Undertaking of the Transferor Company by way of a sale of business on a going concern basis for cash consideration to be discharged by the Transferee Company to the Transferor Company. Considering the growth opportunities in the Hydrocarbon sector, the need for strengthening managerial bandwidth etc, it is considered desirable to keep the Transferee Company presently as a wholly owned subsidiary of the Transferor Company.
- Benefits of the Scheme:
HCIC has ambitious plans for the growth of its business as per the strategic plan. The plan includes significant participation in international markets for which it is necessary to create a robust leadership team. This is augmented by:

- Attracting and retaining domain intense talent.
- Focused leadership & Management attention:

Transfer of HCIC to a separate legal entity would facilitate business growth through greater levels of empowerment. It will enable the Management of the Transferee Company to have focused attention on the Hydrocarbon business and create increased opportunities for leadership development.

- Developing and strengthening competencies already built in the HCIC:

The Transferee Company will be focused on Hydrocarbon business and this would help in attracting the best talent from the industry which is specialized in the Hydrocarbon business.

- Creating a niche in the Hydrocarbon sector towards building a strong brand image.
- Capitalizing on the global growth opportunities in Hydrocarbon sector towards a wider reach into international markets:

Considering the global growth opportunities in the Hydrocarbon sector, the Management and Board of Directors of the Transferor Company considered it timely and appropriate to carve - out HCIC into a separate entity which can focus exclusively on Hydrocarbon related businesses and strengthen competencies in these business areas while ensuring a wider reach into international markets.

- Providing greater levels of empowerment to enhance competitiveness, increase accountability and strengthen performance culture.
- Facilitating benchmarking with established global peers in the Hydrocarbon sector, thereby bringing in improved efficiency in its operations, enhanced competitiveness & accountability and strengthen performance culture.
- Enhancing Shareholder Value.

- d. In light of the above, it is proposed to effect the transfer of the Transferred Undertaking of the Transferor Company to the Transferee Company through a Scheme of Arrangement under Sections 391 – 394 and other applicable provisions of the Act so as to provide an opportunity to all the stakeholders to review and approve the Scheme as well as to get the assent of a judicial authority.

SALIENT FEATURES OF THE SCHEME

14. The salient features of the Scheme are, inter alia, as under:

- With effect from the Appointed Date and upon the Scheme coming into effect, the Transferred Undertaking (along with all the assets and debts, outstandings, credits, liabilities, specific identified reserves, duties and obligations whatsoever relating thereto) shall, pursuant to the provisions contained in Sections 391 to 394 of the Act and all other applicable provisions, if any, of the Act, and without any further act, deed, matter or thing, be and the same shall stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company, on a going concern basis as provided under Clause 4 of the Scheme.
- With effect from the Appointed Date and upon the Scheme becoming effective, all approvals to operate the Transferred Undertaking, shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company. The benefit of any rights, entitlements, any other licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferred Undertaking, to which the Transferor Company is a party to or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Appointed Date, shall stand vested in or transferred to the Transferee Company.
- Upon the Scheme becoming effective, the work experience, qualifications, capabilities, legacies and track record with National & International Hydrocarbon Companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc) of the Transferor Company acquired by reason of the completion of various projects and works pertaining to HCIC and certificates of completion of projects or works pertaining to HCIC issued by the clients of the Transferor Company shall deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience and qualification, capabilities and legacies (including technical parameters, past performance, track record, financials etc) and certificates of completion of the Transferee Company.
- Within a reasonable period from the scheme becoming effective, the Transferor Company and Transferee Company shall do all acts, deeds and things necessary for entering into separate agreements / arrangements for

conveyance in perpetuity, lease, leave and license and / or use of immovable properties and / or common utilities of the Transferor Company which are used by the Transferred Undertaking, for such period as may be mutually agreed by the Transferor Company and Transferee Company. Such immovable properties shall be identified and agreed mutually by the Transferor Company and Transferee Company through their authorised signatories.

- e. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking for and on account of and in trust for the Transferee Company as provided in Clause 10 of the Scheme.
- f. On and from the Appointed Date, the Employees who are part of the Transferred Undertaking as may be confirmed by the board of directors of the Transferor Company and the Transferee Company, or their respective delegates, shall be deemed to have ceased to be employees of the Transferor Company, and the Transferee Company shall be deemed to have employed such Employees on the terms and conditions which are not less favorable or on the same terms and conditions on which they are engaged as on the Appointed Date by the Transferor Company without any interruption of service as a result of the transfer.
- g. The services of all such Employees with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident fund plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company. However, it is hereby clarified that the management of superannuation fund, provident fund, gratuity fund and other funds including any surplus in such funds shall continue to remain with the Transferor Company. It is clarified that the services of the staff, workmen and employees of the Transferred Undertaking of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds.
- h. In respect of the stock options granted by the Transferor Company under all the existing Employee Stock Option Schemes (the "**ESOP Schemes**") to the employees who are part of the Transferred Undertaking, which have not been exercised and are outstanding as of the Effective Date, the Transferee Company shall have no obligation to issue any stock options to the such employees and all outstanding obligations under the ESOP Schemes to such employees shall continue to be honoured by the Transferor Company in accordance with the terms of the ESOP Schemes.

Transferor Company shall recover ESOP charge from the Transferee Company in respect of options granted to employees of the Transferred Undertaking based on the ESOP charge accounted in the books of Transferor Company on or after the Appointed Date.
- i. With effect from the Effective Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, as may be determined by the board of directors of the Transferor Company or their respective delegates, in relation to the Transferred Undertaking 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, for or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- j. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("**Proceedings**") by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Transferred Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company.
- k. Subject to the terms and conditions of this Scheme and as may determined by the board of directors of the Transferor Company and the Transferee Company, in consideration of the transfer of the Transferred Undertaking by the Transferor Company to the Transferee Company in terms of this Scheme, the Transferee Company shall be required to pay cash Consideration of Rs. 1,760,00,00,000/- (Rupees One Thousand Seven Hundred Sixty crore only) to the Transferor Company, which is based on the book values of the assets, liabilities and specific identified reserves of the Transferred Undertaking being transferred, as on the Appointed Date. The cash Consideration would be discharged by the Transferee Company within 90 business days of the Effective Date or such other date,

as may be mutually decided by the board of directors or the authorised officials of the Transferor Company and the Transferee Company.

- l. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company as provided in Clause 16 of the Scheme.
- m. The Scheme is conditional upon and subject to the approvals and/or sanctions laid down in Clause 19 of the Scheme.

N.B. – The shareholders are requested to read the entire text of the Scheme attached herewith to get better acquainted with the provisions thereof. What is stated hereinabove are brief salient features.

GENERAL

15. The Scheme would not be prejudicial to the interests of the shareholders or creditors (secured and unsecured), if any, of either of the companies. There is no likelihood that any secured or unsecured creditor of either of the companies would lose or be prejudiced as a result of the Scheme being passed nor are their rights sought to be modified in any manner. Hence, the transfer of the Transferred Undertaking of the Transferor Company to the Transferee Company pursuant to the proposed Scheme will not cast any additional burden on the shareholders or creditors of the Transferor Company or the Transferee Company, nor will it affect the interest of any of the shareholders or creditors. As far as the rights of the unsecured creditors of the Transferor Company are concerned, they will not be affected adversely with the proposed Scheme of Arrangement as, post arrangement, the assets of the Transferor Company will be far in excess of the liabilities and sufficient to discharge the liabilities. Further, the Transferor Company will provide necessary support to the Transferee Company, which would inter-alia include infusion of necessary funds in the Transferee Company, as and when required.
16. The Board of Directors of the Transferor Company and the Transferee Company have at their respective meetings on 22nd of May, 2013 by resolutions passed, unanimously approved the Scheme.
17. The Transferor Company has obtained reports of independent Chartered Accountant, S.R.Batlboi & Co LLP and fairness opinions of an independent Merchant Banker, SBI Capital Markets Limited. The report and the fairness opinion were also placed before the Board of Directors and approved by them in the meetings held on 22nd of May, 2013.
18. As there is no issue of shares pursuant to the Scheme of Arrangement, the Pre and Post arrangement shareholding of the Transferor Company would remain unchanged. The shareholding pattern of the Transferor Company as on 30th June, 2013 is given below:-

Category code	Category of shareholder	Number of shareholders	Total number of shares	Percentage
(I)	(II)	(III)	(IV)	(V)
(A)	Promoter & Promoter Group			
(1)	Indian			
	(a) Individuals/ Hindu Undivided Family	-	-	-
	(b) Central Government/ State Government(s)	-	-	-
	(c) Bodies Corporate	-	-	-
	(d) Financial Institutions/ Banks	-	-	-
	(e) Any Other (specify)	-	-	-
	Sub-Total (A)(1)	-	-	-
(2)	Foreign	-	-	-
	Sub-Total (A)(2)	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	-	-	-
(B)	Public Shareholding (Institutions, Non-Institutions and Shares held by Custodians and against which Depository Receipts have been issued)	8,63,077	61,62,27,540	100%
	GRAND TOTAL (A)+(B)	8,63,077	61,62,27,540	100%

19. As there is no issue of shares pursuant to the Scheme of Arrangement, the Pre and Post arrangement shareholding of the Transferee Company would remain unchanged. The pre and post shareholding pattern of the Transferee Company as on 30th June, 2013 is given below:-

Sr. No.	Name of Shareholder	No. of Shares	Percentage Holding
1	Larsen & Toubro Limited	49,994	99.98%
2	Y.M.Deosthalee jointly with Larsen & Toubro Limited	1	0.002%
3	R. Shankar Raman jointly with Larsen & Toubro Limited	1	0.002%
4	N. Hariharan jointly with Larsen & Toubro Limited	1	0.002%
5	Naina Desai jointly with Larsen & Toubro Limited	1	0.002%
6	R. Govindan jointly with Larsen & Toubro Limited	1	0.002%
7	Prasad Shanbhag jointly with Larsen & Toubro Limited	1	0.002%
	TOTAL	50,000	100.00%

20. Larsen & Toubro Limited has received, in terms of Clause 24 of the Listing Agreement, Observation Letter from BSE and NSE conveying their no objection for filing the Scheme with the Bombay High Court on 21st June, 2013.
21. On the Scheme being approved as per the requirements of Section 391 of the Act, the Transferor Company and the Transferee Company will seek the sanction of the Hon'ble Bombay High Court to the Scheme.
22. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956, against the Transferee Company and against the Transferor Company.
23. The following are common directors on the Boards of the Transferee Company and the Transferor Company:
Mr. K. Venkataramanan
Mr. R. Shankar Raman
24. The Directors of the Transferee Company and the Transferor Company may be deemed to be concerned and/or interested in the proposed Scheme to the extent of the shares that may be held by them or by the companies, firms, institutions, trusts of which they are Directors, Partners, Members or Trustees in the Transferee Company or the Transferor Company. None of the Directors of the Transferee Company and/or the Transferor Company have any material interest in the Scheme except as shareholders to the extent, which will appear from the Register of Director's Shareholding maintained by the Transferee Company and the Transferor Company. The shares held by the Directors of the Transferee Company and the Transferor Company, either individually or jointly are as follows:-

TRANSFEROR COMPANY

Directors	No. of Equity Shares held in the Transferor Company as of 30 th June, 2013 of Rs. 2 each
Mr. A. M. Naik	16,45,000
Mr. K. Venkataramanan	5,68,582
Mr. M.V.Kotwal	2,62,360
Mr. S. N. Subrahmanyam	24,704
Mr. R.Shankar Raman	1,06,000
Mr. Shailendra Roy	38,700
Mr. S.Rajgopal	900
Mr. S. N. Talwar	6,000
Mr. M. M. Chitale	1,086
Mr. N. Mohan Raj	200
Mr. Subodh Bhargava	500
Mr. A. K. Jain	400

Directors	No. of Equity Shares held in the Transferor Company as of 30 th June, 2013 of Rs. 2 each
Mr. M.Damodaran	100
Mr. Vikram Singh Mehta	590
Mr. Sushobhan Sarker	100

Transferee Company: - None of the Directors hold any shares other than in their capacity as nominees of Transferor Company.

INSPECTION

25. The following documents will be open for inspection at the Registered Office of the Transferor Company and the Transferee Company on any working day except Saturdays, Sundays and Public Holidays (between 11.00 A.M. to 1 P.M.) prior to the date of the meeting:
- Memorandum and Articles of Association of the Transferor Company and the Transferee Company.
 - Scheme of Arrangement
 - Audited Financial Statements of the Transferor Company as on 31st of March, 2013.
 - Audited Financial Statements of the Transferee Company as on 31st of March, 2013.
 - Certified copy of the Order dated 12th of July, 2013 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction No. 557 of 2013 for the Transferor Company.
 - Certified copy of the Order dated 12th of July, 2013 passed by the Hon'ble High Court of Judicature at Bombay in Company Summons for Direction No. 558 of 2013 for the Transferee Company.
 - Copies of the Observation Letters dated 21st June, 2013 from BSE and NSE respectively.
 - Complaints Report dated 13th of June, 2013 submitted by the Company to BSE and NSE and also uploaded on Company website
 - Copy of the report dated 20th of May, 2013 on computation of net asset value and specific identified reserves of HCIC based on the unaudited financial statements of the Transferor Company for financial year ended 31st of March, 2013 issued by S.R.Batliloi & Co LLP.
 - Copy of the fairness opinion dated 20th of May, 2013 issued by SBI Capital Markets Limited on computation of net asset value and specific identified reserves of HCIC done by S.R.Batliloi & Co LLP based on the unaudited financial statements of the Transferor Company for financial year ended 31st of March, 2013.
 - Copy of the report dated 22nd of May, 2013 on computation of net asset value and specific identified reserves of HCIC based on the audited financial statements of the Transferor Company for financial year ended 31st of March, 2013, issued by S.R.Batliloi & Co LLP.
 - Copy of the fairness opinion dated 22nd of May, 2013 issued by SBI Capital Markets Limited on computation of net asset value and specific identified reserves of HCIC done by S.R.Batliloi & Co LLP, based on the audited financial statements of the Transferor Company for financial year ended 31st of March, 2013.
26. A copy of the Scheme of Arrangement, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Transferor Company.

Sd/-

A. M. Naik

Chairman appointed for the meeting

**SCHEME OF ARRANGEMENT
UNDER SECTION 391 READ WITH SECTION 394
OF THE COMPANIES ACT, 1956**

BETWEEN

LARSEN & TOUBRO LIMITED

...The Transferor Company

And

L&T HYDROCARBON ENGINEERING LIMITED

...The Transferee Company

And

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

In respect of the transfer of an Undertaking of Larsen & Toubro Limited to L&T Hydrocarbon Engineering Limited

SCHEME OF ARRANGEMENT
BETWEEN
LARSEN & TOUBRO LIMITED
AND
L&T HYDROCARBON ENGINEERING LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTION 391 READ WITH SECTION 394
OF THE COMPANIES ACT, 1956

A: PREAMBLE

1. Larsen & Toubro Limited ("**Transferor Company**") is a public limited company incorporated under the provisions of the Companies Act, 1913, having its registered office at L&T House, Ballard Estate, Mumbai - 400 001. The Transferor Company is primarily engaged in providing technology, engineering, construction, manufacturing and financial services. The equity shares of the Transferor Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The Global Depository Receipts (GDRs) of the Transferor Company are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

L&T Hydrocarbon Engineering Limited ("**Transferee Company**") is a company incorporated under the Companies Act, 1956, having its registered office at L&T House, Ballard Estate, Mumbai - 400 001. The Transferee Company is, *inter alia*, proposed to be engaged in providing and undertaking design to build engineering, procurement and construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals and fertiliser sectors, pipelines, which include front end design through engineering, procurement, fabrication, project Management, construction and installation up to commissioning services. Currently, it does not carry on any business operations. The Transferee Company was formerly known as "L&T Technologies Limited". The name change was approved by the Registrar of Companies, Mumbai on May 21, 2013.

2. The Transferor Company is operating in multiple businesses. Hydrocarbon IC undertaking (hereinafter referred to as "**HCIC**") is one such business. In order to provide Management the opportunity to pursue focused growth opportunities and to enhance the overall shareholder value, it is proposed that the HCIC of the Transferor Company be carved out from the Transferor Company and transferred as a going concern to the Transferee Company, a wholly owned subsidiary of the Transferor Company. Considering the growth opportunities in the Hydrocarbon sector, the need for strengthening managerial bandwidth etc, it is considered desirable to keep the Transferee Company as a wholly owned subsidiary of the Transferor Company.

Rationale for the scheme:

HCIC has ambitious plans for the growth of its business over the strategic plan. The plan includes significant participation in international markets for which it is necessary to create a robust leadership team. This is augmented by:

- Attracting and retaining domain intense talent.
- Focused leadership & Management attention:

Transfer of HCIC to a separate legal entity would facilitate business growth through greater levels of empowerment. It will enable the Management of the Transferee Company to have focused attention on the Hydrocarbon business and create increased opportunities for leadership development.

- Developing and strengthening competencies already built in the HCIC:

The Transferee Company will be focused on Hydrocarbon business and this would help in attracting the best talent from the industry which is specialized in the Hydrocarbon business.

- Creating a niche in the Hydrocarbon sector towards building a strong brand image.
- Capitalizing on the global growth opportunities in Hydrocarbon sector towards a wider reach into international markets:

Considering the global growth opportunities in the Hydrocarbon sector, the Management Board of Directors of the Transferor Company considered it timely and appropriate to carve - out HCIC into a separate entity which can focus exclusively on Hydrocarbon related businesses and strengthen competencies in these business areas while ensuring a wider reach into international markets.

- Providing greater levels of empowerment to enhance competitiveness, increase accountability and strengthen performance culture.
- Facilitating benchmarking with established global peers in the Hydrocarbon sector, thereby bringing in improved efficiency in its operations, enhanced competitiveness & accountability and strengthen performance culture.
- Enhancing Shareholder Value.

3. Therefore, with a view to achieve the above, the Transferor Company proposes that the Transferred Undertaking (defined hereinafter) be transferred to and vested in the Transferee Company by way of business transfer on a going concern basis to be undertaken through this Scheme (defined hereinafter) under the provisions of Sections 391-394 and other relevant provisions of the Act (defined hereinafter), for such consideration and in such manner as provided for in this Scheme (defined hereinafter).
4. This Scheme under Sections 391 to 394 of the Companies Act, 1956, provides for the transfer of entire business of Transferred Undertaking (defined hereinafter) of the Transferor Company by way of business transfer on a going concern basis to the Transferee Company.
5. Upon the sanction of the Scheme by the High Court (defined hereinafter) and the Scheme becoming effective on the Effective Date (defined hereinafter), the Transferred Undertaking shall stand transferred to, and be vested in, the Transferee Company on and from the Appointed Date (defined hereinafter) for all intent and purposes.
6. This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

B: PARTS OF THE SCHEME

- (i) **Part I** deals with the Definitions and Share Capital of the Transferee Company and Transferor Company;
- (ii) **Part II** deals with the mechanics of the transfer of the Transferred Undertaking, by way of a business transfer, on a going concern basis for consideration being discharged in cash;
- (iii) **Part III** deals with General Terms and Conditions.

PART I- DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as provided anywhere in the body of this Scheme and as defined in this Part I:

- (a) **"Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof;
- (b) **"Arrangement"** means the term "arrangement" as referred to and understood under the provisions of Sections 391 to 394 of the Act;
- (c) **"Appointed Date"** means opening of business hours on April 1, 2013;
- (d) **"Board of Directors"** in relation to each of the Transferee Company and the Transferor Company, as the case may be, shall, also include a committee of directors.
- (e) **"Consideration"** shall have the meaning ascribed to it in Clause 5 hereof;
- (f) **"Court" or "High Court"** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with any of the powers of a High Court under the Act;
- (g) **"Effective Date"** shall have the meaning ascribed to it in Clause 19.2 hereof;
- (h) **"ESOP Schemes"** shall have the meaning ascribed to it in Clause 14 hereof;
- (i) **"HCIC"** means undertaking engaged in the activities comprising of design to build engineering, procurement and construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals and fertiliser sectors, pipelines, which include front end design through engineering, procurement, fabrication, project Management, construction and installation up to commissioning services of the Transferor Company which is carried on as an independent business with identifiable revenue streams, dedicated employees and self-supporting infrastructure;
- (j) **"Intellectual Property"** shall have the meaning ascribed to it in Clause 15 hereof;
- (k) **"Remaining Business"** means all the business and the divisions of the Transferor Company, other than the Transferred Undertaking;
- (l) **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form submitted to the High Court or with any modification(s) made under Clause 18 of this Scheme or with such other modifications / amendments as the High Court may direct;
- (m) **"Transferred Undertaking"** means Transferor Company's entire undertaking, business, activities and operations pertaining to the HCIC, including all movable properties and liabilities, of whatsoever nature and kind and wheresoever situated, of the Transferor Company, including the units, whether in a SEZ or otherwise, pertaining to HCIC, including the branches and offices, whether Indian or foreign, pertaining to HCIC. The term Transferred Undertaking shall include the following:-
 - (i) All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible) wherever situated and of whatever nature, pertaining thereto through which the Transferor Company carries on the business, activities and operations relating to the HCIC .
 - (ii) All present and future liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, current liabilities and provisions, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the business activities and/or operations relating solely to the HCIC.
 - (iii) Specific identified reserves pertaining to the HCIC.
 - (iv) Without prejudice to the generality of the above, HCIC shall also include in particular:
 - a. Factory buildings, workshops, warehouses, plant and machinery, equipments, furniture and fixture, vehicles and any other fixed assets in relation to the HCIC;
 - b. All current assets, inventory, stock-in-trade, unbilled work-in-progress, account receivables, loans and advances, prepaid expenses and other assets in relation to the HCIC;
 - c. Cash and cash equivalents, bank balances and bank accounts relating to the HCIC ,if any;

- d. Security deposits, advances, earnest monies, advance lease rentals or other payments made to or received from the lessors or suppliers or service providers in relation to the HCIC ;
 - e. All agreements (including lease agreements and leave and license agreements), rights, contracts (including customer contracts of every nature and revenue and receipts associated therewith), entitlements, pre-qualifications, permits, licenses, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief under the Income-tax Act, 1961, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) relating to the HCIC ;
 - f. All employees of the Transferor Company who are engaged in relation to or in connection with the HCIC ;
 - g. All necessary records, files, documents, reports, papers, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form in connection with or relating to the HCIC ;
 - h. All Intellectual Property rights (including patents, know-how, trade secrets) owned or licensed, records, files, papers, data and documents relating to and / or attributable to HCIC ;
 - i. All pending litigations or proceedings filed by or against the Transferor Company pertaining to the HCIC ;
 - j. All loans specifically raised and utilized for the activities or operations of the HCIC and cash credit facilities availed of by the Transferor Company for the purposes of the HCIC and other liabilities incurred in connection therewith; and
 - k. Right to use the work experience, qualifications, capabilities, legacies and track record with National & International Hydrocarbon Companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc.) of the Transferor Company, whether or not pertaining to the Transferred Undertaking, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time;
- Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the HCIC or whether it arises out of the activities or operations of the HCIC shall be decided by mutual agreement between the Transferor Company and the Transferee Company.

2. DATE OF COMING INTO EFFECT

- 2.1. The Scheme in its present form or with any modification approved or imposed or directed by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date.
- 2.2. Any reference in this Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "upon the coming into effect of the Scheme" shall mean the Effective Date.

3. SHARE CAPITAL

- 3.1. The authorized, issued, subscribed and paid up share capital of the Transferor Company as on March 31, 2013 is as under:

Particulars	Rupees
Authorized Share Capital	
1,62,50,00, 000 Equity Shares of Rs. 2/- each	32,500,00,000
Total	32,500,00,000
Issued, Subscribed and Paid-up Share Capital	
61,53,85,981 Equity Shares of Rs. 2/- each	12,307,71,962
Total	12,307,71,962

- 3.2. The authorized, issued, subscribed and paid up share capital of the Transferee Company as on March 31, 2013 is as under:

Particulars	Rupees
Authorized Capital	
50,000 Equity Shares of Rs. 10/- each	
Total	5,00,000
Issued, Subscribed and Paid-up	5,00,000
50,000 Equity Shares of Rs. 10/- each fully paid up	
Total	5,00,000
	5,00,000

PART – II- TRANSFER OF THE TRANSFERRED UNDERTAKING

4. TRANSFER OF TRANSFERRED UNDERTAKING

The Transferred Undertaking shall be transferred for the Consideration to the Transferor Company, as detailed in Clause 5 of the Scheme. It is hereby clarified that the Remaining Business shall continue to vest in the Transferor Company.

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferred Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Transferred Undertaking) pursuant to the provisions of Sections 391 to 394 of the Act shall stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company by way of business transfer, on a going concern basis without any further act, deed, matter or thing in the following manner:

4.1. Assets

- The whole of the Transferred Undertaking shall without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company so as to vest in the Transferee Company all rights, title and interest pertaining to the Transferred Undertaking;
- All assets, investments, right, title or interest acquired by the Transferor Company after the Appointed Date but prior to the Effective Date in relation to the Transferred Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, and
- All the movable assets of the Transferred Undertaking and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date. Such date of delivery shall be within 30 (thirty) days from the Effective Date or such other date as may be mutually agreed upon by the Transferor Company and the Transferee Company.
- In respect of any movable assets of the Transferred Undertaking which are incapable of transfer by physical delivery, including actionable claims, sundry debtors, allocable miscellaneous expenditure, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, the Transferor Company shall if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Court having sanctioned this Scheme under Section 394 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company and that appropriate entries should be made in their respective books to record the aforesaid changes.

4.2. Contracts

- (a) All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking 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 have effect immediately before the Effective Date, shall continue in full force and effect against or in favor of, as the case may be, the Transferee Company in which the Transferred Undertaking vests by way of business transfer hereunder and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or oblige thereto or thereunder; and
- (b) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferred Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company in relation to the Transferred Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

4.3. Liabilities

- (a) All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferred Undertaking shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;
- (b) Where any of the loans raised and used, liabilities and obligations incurred, duties and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company; and
- (c) All loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of the Transferred Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet discharge and satisfy the same.

- 4.4. Specific identified reserves: All balances as on Appointed Date pertaining to Hedging reserves created as per Accounting Standards in relation to contracts which are specifically identified for HCIC shall be transferred to and be deemed to be transferred to the Transferee Company.

4.5. Licenses and Permissions

- (a) Any statutory licenses, permissions or approvals or consents held by the Transferor Company required to carry on operations of the Transferred Undertaking shall stand vested in or transferred to the Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favor of the Transferee Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to the Transferee Company as if they were originally obtained by the Transferee Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Governmental Authority or by any other person, or availed of by the Transferor Company relating to the Transferred Undertaking, are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions as applicable to the Transferor Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Transferee Company.

4.6. Security

- (a) In so far as the assets are concerned, the security and charge over them relating to any liabilities pertaining to the business other than HCIC, or liabilities of the Transferor Company other than the liabilities of HCIC, shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to any liabilities of the Remaining Business. Without prejudice to the foregoing and with effect from the Effective Date, the Transferor Company and the Transferee Company shall execute all such instruments or documents or do all such acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned Registrar of Companies to give formal effect to the above provisions, if required.

4.7. Others

- (a) All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Transferred Undertaking after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company pertaining to the Transferred Undertaking for payment after the Effective Date. If required, the Transferor Company may allow maintaining of banks accounts in the name of Transferor Company by the Transferee Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company in connection with the business of the Transferred Undertaking. It is hereby expressly clarified that any Proceedings (defined hereinafter) by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company pertaining to the Transferred Undertaking shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.
- (b) Upon the Scheme becoming effective, the work experience, qualifications, capabilities, legacies and track record with National & International Hydrocarbon Companies, Government / Non - Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financials etc) of the Transferor Company acquired by reason of the completion of various projects and works pertaining to HCIC and certificates of completion of projects or works pertaining to HCIC issued by the clients of the Transferor Company shall deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience and qualification, capabilities and legacies (including technical parameters, past performance, track record, financials etc) and certificates of completion of the Transferee Company.

5. CONSIDERATION

- 5.1. Subject to the terms and conditions of this Scheme, in consideration of the transfer of the Transferred Undertaking by the Transferor Company to the Transferee Company upon the terms of this Scheme, the Transferee Company shall be required to pay lumpsum cash Consideration of Rs.1,760 Crores (Rupees One Thousand Seven Hundred Sixty Crores only) ("Consideration") to the Transferor Company based on the book values of the assets, liabilities and specific identified reserves being transferred of the Transferred Undertaking as on the Appointed Date.
- 5.2. The cash Consideration would be discharged by the Transferee Company within 90 business days of the Effective Date or such other date, as may be mutually decided by the board of directors or the authorized officials of the Transferor Company and the Transferee Company.

6. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

- 6.1. Upon the Scheme becoming effective, the Transferee Company shall account for the Scheme, with effect from the Appointed Date as under:
- (a) The Transferee Company shall record the assets, liabilities and specific identified reserves pertaining to the Transferred Undertaking vested in it in accordance with Clause 4, as per the book values attributable to such assets, liabilities and specific identified reserves.
- (b) The excess, if any, of the balances as recorded under Clause 6.1 (a) above over the Consideration as detailed in Clause 5 shall be recorded as and credited as capital reserve in the books of the Transferee Company. The shortfall, if any, shall be recorded as goodwill in the books of Transferee Company.

7. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

7.1. Upon the Scheme becoming effective, the Transferor Company shall account for the Scheme, with effect from the Appointed Date as under:

- (a) The accounts representing the assets, liabilities and specific identified reserves pertaining to the Transferred Undertaking shall stand reduced / closed on transfer to the Transferee Company in accordance with Clause 4.
- (b) Any difference between the items mentioned in Clause 7.1(a) above and Consideration as detailed in Clause 5 shall be adjusted by the Transferor Company in its profit and loss account.

8. IMMOVABLE PROPERTY OF TRANSFEROR COMPANY

Within a reasonable period from the Scheme becoming effective, the Transferor Company and Transferee Company shall do all acts, deeds and things necessary for entering into separate agreements/ arrangements for conveyance in perpetuity, lease, leave and license and / or use of immovable properties and / or common utilities of the Transferor Company which are used by the Transferred Undertaking, for such period as may be mutually agreed by the Transferor Company and the Transferee Company. Such immovable properties shall be identified and agreed mutually by the Transferor Company and the Transferee Company through their authorized signatories.

The aforesaid agreements/ arrangements shall inter-alia provide for payment to the Transferor Company for the period from the Appointed Date to the Effective Date which shall deem to accrue and arise on the Effective Date.

9. ASSETS TO BE HELD ON TRUST

If any asset relating to the Transferred Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Transferor Company owns, cannot be transferred to the Transferee Company, for the time being for any reason whatsoever, the Transferor Company shall (i) hold such asset in trust for the sole benefit of the Transferee Company till the same is transferred; and (ii) make best efforts to transfer such asset to the Transferee Company within the earliest possible period after the Scheme becomes effective.

10. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 10.1. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking for and on account of and in trust for the Transferee Company.
- 10.2. All profits accruing to the Transferor Company or losses, arising or incurred by the Transferor Company in relation to the Transferred Undertaking for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of the Transferee Company.
- 10.3. Any income or profit accruing or arising to the Transferor Company in relation to the Transferred Undertaking and all costs, charges, expenses, losses or taxes (including but not limited to advance tax, tax deducted at source, service tax, VAT, other indirect taxes, etc), arising or incurred by the Transferor Company in relation to the Transferred Undertaking for any period commencing on or after the Appointed Date shall for all purposes be treated as the income, profits, costs, charges, expenses, losses or taxes, as the case may be, of the Transferee Company.
- 10.4. All compliances with respect to advance tax, withholding taxes or tax deduction at source, service tax, VAT, other indirect taxes, etc. to be done or done by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as compliances to be done or done by the Transferee Company.
- 10.5. The Transferor Company hereby confirms that it has, and shall continue upto the Effective Date, to preserve and carry on the Transferred Undertaking with due diligence, prudence and that it will not, without the prior consultation with the Transferee Company, alienate, charge or otherwise deal with or dispose of the Transferred Undertaking or any part thereof or recruit any new employees (in each case except in the ordinary course of business) or undertake substantial expansion of the Transferred Undertaking, other than expansions which have already commenced or which are in the ordinary course of business, prior to the Appointed Date.

11. LEGAL PROCEEDINGS

- 11.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("**Proceedings**") by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Transferred Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Transferee Company.
- 11.2 If the Proceedings are taken against the Transferor Company in respect of the matters referred to in Clause 11.1 above, it shall defend the same in accordance with the advice and instructions of the Transferee Company and at the cost of the Transferee Company and the latter shall reimburse and indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

12. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and specific identified reserves of the Transferred Undertaking as per this Scheme and the continuance of the Proceedings by or against the Transferee Company shall not affect any transaction or proceedings already completed by the Transferor Company for any period commencing on or after the Appointed Date to the extent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

13. EMPLOYEES

- 13.1. On and from the Appointed Date, the employees who are part of the Transferred Undertaking as may be confirmed by the board of directors of the Transferor Company and the Transferee Company, or their respective delegates, shall, be deemed to have ceased to be employees of the Transferor Company, and the Transferee Company shall be deemed to have employed such employees on the terms and conditions which are not less favorable or are on the same terms and conditions on which they are engaged as on the Appointed Date by the Transferor Company without any interruption of service as a result of the transfer.
- 13.2. The services of all such employees referred to in Clause 13.1 with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident fund plans, superannuation plans and any other retirement benefits and accordingly such services shall be reckoned therefore from the date of their respective appointment in the Transferor Company. However, it is hereby clarified that the Management of the superannuation fund, provident fund, gratuity fund and other funds including any surplus in such funds shall continue to remain with the Transferor Company. It is clarified that the services of the Employees of the Transferred Undertaking of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds.

14. ESOP ENTITLEMENT

In respect of the stock options granted by the Transferor Company under all the existing Employee Stock Option Schemes (the "**ESOP Schemes**") to the employees who are part of the Transferred Undertaking, which have not been exercised and are outstanding as of the Effective Date, the Transferee Company shall have no obligation to issue any stock options to the such employees and all outstanding obligations under the ESOP Scheme to such employees shall continue to be honoured by the Transferor Company in accordance with the terms of the ESOP Schemes.

Transferor Company shall recover ESOP charge from the Transferee Company in respect of options granted to employees of the Transferred Undertaking based on the ESOP charge accounted in the books of Transferor Company on or after the Appointed Date.

15. INTELLECTUAL PROPERTY

It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions and brand names which are possessed and/or owned by the Transferor Company including the

right to use the "L&T" brand name, and business names and any similar rights and the benefit of any of the foregoing ("Intellectual Property") shall be available to Transferee Company, so far as it pertains to the HCIC. Also it is clarified that the Transferee Company will have the right to use the remaining Intellectual Property of the Transferor Company under suitable arrangement.

16. REMAINING BUSINESS

- 16.1. The Remaining Business and all the assets, liabilities and reserves, other than the assets, liabilities, specific identified reserves and obligations pertaining to HCIC shall continue to belong to and be vested in and be managed by the Transferor Company.
- 16.2. Any Proceedings by or against the Transferor Company, whether pending on the Appointed Date or which may be instituted in future whether in respect of any matter arising before or after the Effective Date and relating to the Remaining Business (including those relating to any property, right, security, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company, which shall keep the Transferee Company fully indemnified in that regard. The Transferee Company shall in no event be responsible or liable in relation to any such Proceedings against the Transferor Company.

PART III- GENERAL TERMS AND CONDITIONS

17. APPLICATION TO COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make applications/ petitions to the Hon'ble High Court of Bombay, under whose jurisdiction the registered office of the Transferor Company and the Transferee Company are situated, for sanctioning this Scheme under Sections 391 to 394 of the Act and other applicable provisions of the Act, and for such other orders as the High Court may deem fit for carrying the Scheme into effect and all matters ancillary or incidental thereto.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 18.1. Notwithstanding anything to the contrary contained in this Scheme, the Transferor Company and the Transferee Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments to the Scheme (i) including but not limited to the terms and conditions thereof or (ii) to incorporate any conditions or limitations that the Court or any other authority may deem fit to direct or impose; or (iii) which may otherwise be considered necessary, desirable or appropriate by them.
- 18.2. The Transferor Company and the Transferee Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of, or under, or by virtue of the Scheme and/or any matter concerned or connected therewith, including but not limited to any questions relating to whether any assets or liabilities of the Transferor Company are included in the definition of "Transferred Undertaking".
- 18.3. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegates of the Transferor Company and the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

19. CONDITIONALITY OF THE SCHEME

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

- (a) Approval of the scheme by the requisite majority of each class of the respective members and / or creditors of the Transferor Company and Transferee Company as may be directed by the High Court;
- (b) Sanctions and orders under the provisions of Sections 391 to 394 of the Act being obtained by Transferor Company and Transferee Company from the High Court

- (c) The certified copy of the order(s) of the High Court sanctioning the Scheme being filed with the appropriate Registrar of Companies

19.2. This Scheme, although to come into operation from the Appointed Date, shall not become effective until the last of the following dates, namely, that on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in the above sub-clause 19.1 is obtained or passed. Such date shall be the "**Effective Date**" for the purpose of this Scheme.

20. **COMPLIANCE WITH TAX LAWS**

20.1. Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retroactive effect if applicable) its income tax returns, TDS returns, service tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

20.2. Upon the coming into effect of the Scheme, the Transferor Company is also expressly permitted to revise (with retroactive effect if applicable) its income tax returns, TDS returns, service tax returns, sales tax returns and other tax returns, and to claim refunds and /or credits, etc. pertaining to the Remaining Business pursuant to the provisions of the Scheme.

21. **EFFECT OF NON-RECEIPT OF SANCTIONS**

In the event of any of the said sanctions and approvals not being obtained and/or this Scheme not being sanctioned by the High Court and/or the order or orders not being passed as aforesaid on or before 31 December 2014, or within such further period/s as may be agreed upon between the Transferor Company by its board of directors and the Transferee Company by its board of directors (and which the boards of directors of the Transferor Company and the Transferee Company are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto or as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law

22. **MISCELLANEOUS**

Upon the constitution and notification of the National Company Law Tribunal ("**Tribunal**"), and in the event of jurisdiction of sanctioning the Scheme vesting in the Tribunal, reference in the Scheme to 'the High Court' wherever it appears in the Scheme may be construed as reference to the Tribunal to the extent warranted by operation of the statutes or rules regulating the matters set out herein.

23. **COSTS, CHARGES & EXPENSES**

All costs, charges, taxes and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Transferor Company.

Ref: DCS/AMAL/RD/24(f)/112/2013-14

June 21, 2013

The Company Secretary
Larsen & Toubro Limited
L & T House, N.M. Marg
Ballard Estate, P.B. No.278
Mumbai - 400 001.

Dear Sir

Sub: Observation letter regarding the Scheme of Arrangement Involving demerger of Hydrocarbon IC undertaking (HCIC) of Larsen & Toubro Limited (L&T) into L&T Hydrocarbon Engineering Ltd (L&T HEL) (WOS of L&T)

We refer to your draft Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between Larsen & Toubro Limited (L&T) (Transferor company) and L&T Hydrocarbon Engineering Limited (L&T HEL) (Resulting Company) and their respective shareholders and creditors inter alia involving the demerger of HCIC undertaking of L&T into L&THEL (WOS of L&T).

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013, SEBI has vide its letter dated June 20, 2013 given the following comments on the draft scheme of arrangement:

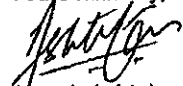
"the company shall duly comply with various provisions of the Circular."

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,


Jayesh Ashtekar
Manager


Bhuvana Sriram
Dy. Manager



**NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**

NIFTY 50

Stock of the nation

Ref: NSE/LIST/208024-F

June 21, 2013

The Executive Vice President & Company Secretary
Larsen & Toubro Limited
L&T House,
Ballard Estate,
Mumbai - 400001.

Kind Attn.: Mr. N. Hariharan

Dear Sir,

Sub: Observation letter for Scheme of Arrangement under section 391 read with section 394 of the Companies Act, 1956 between Larsen & Toubro Limited and L&T Hydrocarbon Engineering Limited and their respective shareholders and creditors.

We are in receipt of the draft Scheme of Arrangement under section 391 read with section 394 of the Companies Act, 1956 between Larsen & Toubro Limited and L&T Hydrocarbon Engineering Limited and their respective shareholders and creditors.

We have perused the draft Scheme of Arrangement and the related documents/details submitted by Larsen & Toubro Limited including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of the Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, the Exchange had forwarded the said draft scheme to SEBI for their comments. SEBI has vide letter dated June 20, 2013, has commented as follows:

"the company shall duly comply with various provisions of the Circular."

Accordingly, we do hereby convey our 'No-objection' with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with Hon'ble High Court.

However, the Exchange reserves its rights to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,
For National Stock Exchange of India Ltd.


Kamlesh Patel
Manager



COMPLAINTS REPORT FOR THE PERIOD 22-05-2013 to 12-06-2013:

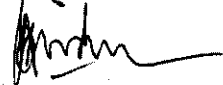
PART A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

PART B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	-	-	-
2.	-	-	-
3.	-	-	-

For **LARSEN & TOUBRO LIMITED**


(N. HARIHARAN)
**EXECUTIVE VICE PRESIDENT &
COMPANY SECRETARY**

Date: June 13, 2013

Place: Mumbai

Larsen & Toubro Limited, Secretarial Department
L&T House, N. M. Marg, Ballard Estate, P. O. Box 278, Mumbai - 400 001, INDIA
Tel: +91 22 6752 5656 Fax: +91 22 6752 5893 www.Larsentoubro.com



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 557 OF 2013**

In the matter of:

The Companies Act, 1956; (1 of 1956)

And

In the matter of:

Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of:

The Scheme of Arrangement between Larsen & Toubro Limited, a company incorporated under the Indian Companies Act, VII of 1913 and having its Registered Office at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra (“**Applicant Company**” or “**Transferor Company**”) and L&T Hydrocarbon Engineering Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra (“**Transferee Company**”) and their respective shareholders and creditors.

Larsen & Toubro Limited, a company incorporated)
under the Indian Companies Act, VII of 1913 and having)
its Registered Office at L&T House, Ballard Estate,)
Mumbai – 400 001, Maharashtra)Applicant Company

FORM OF PROXY

I/We, the undersigned, being the equity shareholder(s), of Larsen & Toubro Limited (the “**Applicant Company**”) do hereby appoint _____ of _____; and failing him/ her _____ of _____, as my/our proxy, to act for me/us at the meeting of Equity Shareholders to be held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020 on Monday the 12th day of August, 2013 at 03.00 p.m., for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed scheme of arrangement, which *inter alia* provides for the transfer of the Transferred Undertaking of the Transferor Company as a going concern to the Transferee Company and the consequent payment of a cash Consideration by the Transferee Company to the Transferor Company under Sections 391 – 394 and other applicable provisions of the Act, with effect from 1st of April, 2013 (hereinafter referred to as the “**Scheme**”) and at such meeting and any adjournment thereof, to vote, for me/us and in my name/our name(s) _____ (here, if for, insert ‘for’, if against, insert ‘against’ and in the latter case strike out the words “either with or without modifications” after the word resolution) the said arrangement embodied in the Scheme and the resolution, either with or without modification(s)*, as my/our proxy may approve.

* Strike out if not necessary

Affix
Re. 1/-
Revenue
Stamp

Dated this _____ day of _____, 2013.

Name: _____

Address: _____

Signature across the stamp

(For Demat holding)

DP.ID. _____ Client ID. _____

(For Physical holding)

Folio No. _____ No. of Shares held. _____

Signature of Sole Holder/First Holder _____

Shareholder(s): Second Holder _____

Third Holder _____

Notes:

1. Please affix revenue stamp before putting signature.
2. Alterations, if any made in the Form of Proxy should be initialed.
3. Proxy must be deposited at the Registered Office of the Applicant Company, not later than 48 hours before the time scheduled/fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a shareholder of the Transferor Company.



LARSEN & TOUBRO LIMITED

(Registered Office: L&T House, Ballard Estate, Mumbai – 400 001, Maharashtra)

ATTENDANCE SLIP

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING AUDITORIUM

DP. ID* _____ Folio No. _____

Client ID* _____ No. of Share(s) held _____

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters):

NAME AND ADDRESS OF THE PROXY HOLDER (in block letters, to be filled in by the proxy attending instead of the Equity Shareholders):

I hereby certify that I am a registered shareholder/ proxy for the registered shareholder of the Company.

I hereby record my presence at the meeting, convened pursuant to the Order dated 12th day of July, 2013 of the Hon'ble High Court of Judicature at Bombay of the Equity Shareholders of the Company on Monday, the 12th day of August, 2013 at 03.00 p.m. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020.

Signature of the Equity Shareholder or proxy: _____

* Applicable for shareholders holding shares in dematerialised form.

Notes:

1. Equity Shareholder/ Proxy holder wishing to attend Meeting must bring the Attendance Slip to the Meeting when he/ she comes to the meeting and hand over it over at the gate after fixing his/ her signature on it.
2. Equity Shareholder/ Proxy holder desiring to attend the Meeting should bring his / her copy of the Notice for reference at the Meeting.
3. Joint shareholders may obtain additional Attendance Slip at the venue of the Meeting.