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Ref. no.: DCS/AMAL/TL/R37/3994/2025-26 **January 08, 2026**

To,
The Company Secretary,
HEG Ltd.
Near Bhopal, Mandideep, Raisen,
Madhya Pradesh - 462046.

Dear Sir / Madam,

Sub: Observation Letter for the Composite Scheme of Arrangement amongst HEG Limited and HEG Graphite Limited and Bhilwara Energy Limited and their respective shareholders and creditors

We refer to your application for the Composite Scheme of Arrangement amongst HEG Limited ("The Entity"/ "Demerged Company"/ "Transferee Company"/ "HEG") and HEG Graphite Limited ("Resulting Company"/"HEGGL") and Bhilwara Energy Limited ("Transferor Company"/"BEL") and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, and rules made thereunder filed with the Exchange under Regulation 37 and Regulation 94(2) of SEBI LODR Regulations, 2015, read with SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023.

In this regard, SEBI vide its letter dated January 08, 2026, has inter-alia given the following comment(s) on the said scheme of Arrangement:

1. **"The proposed Scheme of Arrangement shall be in compliance with the provisions of Regulation 11 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015."**

2. **"The Entity shall ensure to disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme.**

3. **"The Entity shall ensure that additional information, if any, submitted by the Company after filing the scheme with the stock exchange, from the date of receipt of this letter, is displayed on the websites of the listed company and the stock exchanges."**

4. **"The Entity shall ensure compliance with the SEBI circulars issued from time to time. The entities involved in the Scheme shall duly comply with various provisions of the Master Circular(s) issued on June 20, 2023 and ensure that all the liabilities of Transferor Company are transferred to the Transferee Company."**

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5. "It is advised that the information pertaining to all the Unlisted Companies, if any, involved in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval, if applicable."

6. "The Entity shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old, if applicable."

7. "It is advised that the details of the proposed scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders"

8. "It is advised that the proposed equity shares, if any, to be issued in terms of the 'Scheme' shall mandatorily be in demat form only."

9. "It is advised that the 'Scheme' shall be acted upon subject to the Entity complying with the relevant clauses mentioned in the scheme document."

10. "The entities involved in the proposed scheme shall not make any changes in the draft scheme subsequent to filing the draft scheme with SEBI by the Stock Exchange(s)."

11. "No changes to the draft scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI."

12. "It is advised that that the observations of SEBI/Stock exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring the observations to the notice of NCLT."

13. "It is advised that the Entity shall comply with the all applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme."

14. "It is advised that the Entity shall ensure that the following additional disclosure to the public shareholders as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013, to enable them to take an informed decision:

    a. In the interest of ensuring transparency and informed decision making by public shareholders, Company to prominently disclose following information on the very first page of the notice convening the shareholders meeting for approval of scheme of arrangement (in bold text and

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highlighted for visibility) and in all the further communications to the public shareholders regarding the scheme:

"The shareholding pattern of Promoter/Promoter Group and Public shareholders before and after implementation of scheme is depicted as under:

Category	Pre-scheme shareholding (%)	Post-scheme shareholding (%)	Change (%)
Promoter/ Promoter Group			
Total			
Public Shareholders			
Total			

The public shareholders may note that implementation of scheme shall result in increase in the shareholding of Promoters of HEG from 55.78% to 61.93%. The Public Shareholders of HEG may also note that approval to scheme of merger would also result into them agreeing to decrease in shareholding on implementation of the scheme. Therefore, investors should read all the scheme related documents before exercising their voting rights.

The above disclosure shall also be accompanied by a brief explanation regarding the reasons for the increase in shareholding of Promoter/Promoter Group and its impact on the public shareholders in terms of their rights and value of their holding in the Company.

b. "Need for the merger, rationale of the scheme, synergies of business of the entities involved in the scheme, Impact of the scheme on the shareholders and cost benefit analysis of the scheme."

c. "Need for the merger, rationale of the scheme, synergies of business of the entities involved in the scheme, Impact of the scheme on the shareholders and cost benefit analysis of the scheme."

d. "Projections considered for valuation of Bilwara Energy Limited ("BEL") and HEG along with justification for growth rate considered for such valuation."

e. "Details of shareholders of BEL being categorized as promoters and public, in HEG post-scheme along with rationale for the same in the following

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format in compliance with SEBI ICDR Regulations, 2018 and Companies Act, 2013."

Name of the Shareholder	Classification in BEL (Promoter/Public)	No. of shares held	No. of shares allotted as per the share swap ratio	Classification in HEG (Promoter/Public)	Rationale for the scheme

f. "Latest financials of BEL and HEG not older than 6 months from the date of NOC of Stock Exchange should be updated on the Website and same also to be disclosed in the explanatory statement."

g. "Details of new shareholder(s) being classified as Promoter/Promoter group in HEG post-merger as specified in Para 10(G) of Schedule VI to SEBI (ICDR) Regulations, 2018."

h. "Pre and Post scheme shareholding of BEL and HEG as on the date of notice of Shareholders meeting along with rationale for changes, if any, occurred between filing of Draft Scheme to Notice to shareholders."

i. "Capital built-up of BEL and HEG since incorporation and last 3 years shareholding pattern filed by BEL and HEG with ROC."

j. "Details of Revenue, PAT and EBIDTA of BEL and HEG for last 3 years."

k. "Value of Assets and liabilities of BEL that are being transferred to HEG and post-merger balance sheet of HEG."

l. "Details of potential benefits and risks associated with the merger, including integration challenges, market conditions and financial uncertainties."

m. "Financial implication of merger on Promoters, Public Shareholders and the companies involved, synergies between BEL and HEG along with inter-company transactions between them."

n. "Disclose all actions taken and/or initiated against the entities involved in the scheme including its promoters/directors/KMPs and possible impact of the same on the Transferee Company to the shareholders along with its status."

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o. "Disclose the impact on reserves of HEG pursuant to the scheme of arrangement along with quantitative details showing the impact for both pre & post the scheme of arrangement and the same is accordance with applicable accounting standards and other applicable provisions of the Companies Act, 2013. Disclose the approval requirement of shareholders under the Companies Act, 2013 and other relevant details."

p. "The scheme shall be acted upon subject to the applicant complying with the Para 10 (a) & (b) of Part I of SEBI Master Circular issued on June 20, 2023 and relevant clauses mentioned in the scheme document."

15. "The Company shall ensure that information to be submitted vide the Exchange mail dated January 08, 2026, shall form part of disclosures to the shareholders."

16. "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations /representations."

17. "The listed entity involved in the proposed scheme shall disclose the No-Objection letter of the Stock Exchange(s) on its website within 24 hours of receiving the same."

18. "It is advised that Demerged Company and/or Resulting Company to take necessary steps to complete the listing of securities and commence the trading of such securities within sixty days of receipt of the order of the Hon'ble NCLT, simultaneously on all the stock exchanges where the equity shares of the listed entity are listed."

Accordingly, based on aforesaid comment offered by SEBI, the Company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Please note that the submission of documents/information, in accordance with the circular to SEBI/Exchange should not any way be deemed or construed that the same has been cleared or approved by SEBI/Exchange. SEBI/Exchange does not take any responsibility either for the

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financial soundness of any scheme or for the correctness of the statements made or opinions expressed in the document submitted.

Further, where applicable in the explanatory statement of the notice to be sent by the Company to the shareholders, while seeking approval of the scheme, it shall disclose Information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the SEBI Master Circular dated June 20, 2023.

However, the listing of equity shares of HEGGL shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957, and compliance with the requirements of SEBI circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. Further, HEGGL shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange. The Companies shall fulfil the Exchange's criteria for listing the securities of such Companies and also comply with other applicable statutory requirements. However, the listing of shares of HEGGL is at the discretion of the Exchange. In addition to the above, the listing of HEGGL pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about HEGGL in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the Companies are also advised to make the same available to the public through its website.

2. To publish an advertisement in the newspapers containing all details of HEGGL in line with the details required as per the aforesaid SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.

3. To disclose all the material information about HEGGL on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.

4. The following provisions shall be incorporated in the scheme:

   - "The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
   - "There shall be no change in the shareholding pattern of HEGGL between the record date and the listing which may affect the status of this approval."

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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.

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Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be Six Months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' 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.

Please note that the aforesaid observations do not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013, (Act) read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Act the case may be is required to be served upon the Exchange seeking representations or objections if any.

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.

Any service of notice under Section 230 (5) or Section 66 of the Act seeking Exchange's representations or objections if any, would be accepted and processed through the Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019, issued to the company.

Yours faithfully,

Kinnar Mehta
Assistant Vice President

Tanmayi Lele
Deputy Manager

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