

**SCHEME OF AMALGAMATION
OF
SIMHADRI POWER LIMITED
WITH
STEEL EXCHANGE INDIA LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

ANNEXURE - 2

PREAMBLE

This Scheme of Amalgamation is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for the transfer and merger of Simhadri Power Limited (SPL) with Steel Exchange India Limited (SEIL).

RATIONALE OF THE SCHEME

Simhadri Power Limited (Transferor Company) is a Company promoted by SEIL / Transferee Company and has set up 60 MW power plant at Malliveedu, L.Kota Mandal, Vizianagaram District, Andhra Pradesh which is captive power plant of SEIL as per the guidelines of Central Electricity Authority. The power plant is located on the premises leased from the Transferee Company and is in the same premises of the manufacturing units of the Transferee Company.

Steel Exchange India Limited (Transferee Company) is engaged in the business of manufacture of Steel products and also into power generation. The Transferee Company is a listed company listed on The Bombay Stock Exchange Limited and the Calcutta Stock Exchange Limited.

The Transferee Company at present is supplying more than 50% of raw material requirements and providing infrastructure facilities to the Transferor Company. The Scheme will enable the amalgamated entity to reduce the overall costs and there would be economies of scale and would also lead to reduction in overall operative costs, taxes and administrative cost.

The Transferee Company holds more than 26% of the Equity of the Transferor Company and also extended corporate guarantee to the entire debt of the Transferor Company.

Certified True Copy
For STEEL EXCHANGE INDIA LIMITED

Company Secretary

The proposed Amalgamation of SPL with SEIL would bring the entire operation under one roof which would integrate itself into a bigger entity and would also achieve greater financial strength with a view to enhance shareholders' wealth.

The amalgamation of SPL with SEIL would, inter alia, have the following benefits:

- i) The proposed amalgamation will help the Transferee Company to compete better in the market due to uninterrupted supply of power to the units.
- ii) It will also enhance the scale of operations thereby providing significant impetus to the growth of both the companies, since they are engaged in line of business that could draw upon synergies of both the companies.
- iii) By the proposed Amalgamation, the Transferee Company's new units will also get uninterrupted supply of power as the Transferee Company's is planning to utilize the 100% of the power generated by the Transferor Company in the future.
- iv) Further, the amalgamation will also result in improved shareholders' value of both the companies by way of improve financial structure, cash flows, increased assets base, consolidated revenues and profitability. Moreover the Transferee Company being a listed company which also benefits the Shareholders of the Transferor Company.

After extensive discussions and deliberations, the Board of Directors of both the companies have decided to amalgamate Simhadri Power Limited with Steel Exchange India Limited with effect from April 1, 2013 which not only benefits both the companies but also its shareholders, employees and their creditors.

This Scheme of Amalgamation is divided into the following parts:-

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|-----------------|--|
| Part I | deals with the definitions of the terms and Interpretation used in this Scheme |
| Part II | deals with incorporation, main objects and the Share Capital of Simhadri Power Limited and Steel Exchange India Limited. |
| Part III | deals with the Amalgamation of Simhadri Power Limited with Steel Exchange India Limited. |
| Part IV | deals with the General Terms and Conditions |



PART I - DEFINITIONS AND INTERPRETATION**1. DEFINITIONS**

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

- 1.1. "**Act**" means the Companies Act, 1956 and shall include any statutory modification, re-enactment or amendment thereof for the time being in force.
- 1.2. "**Appointed Date**" For the purpose of this Scheme and for Income tax Act, 1961, the "Appointed Date" means 01 April, 2013.
- 1.3. "**Board**" means the Board of Directors of the Transferor Company / Transferee Company or any committees thereof duly constituted or appointed by the respective Boards for this purpose.
- 1.4. "**Effective Date**" means the date on which the authenticated/certified copies of the Order of the High Court of Judicature at Hyderabad, Andhra Pradesh sanctioning the Scheme and filed with the Registrar of Companies at Hyderabad, Andhra Pradesh.
- 1.5. "**High Court**" means the High Court of Judicature at Hyderabad and shall include the National Company Law Tribunal, if applicable.
- 1.6. "**SPL** " or "**Transferor Company**" means Simhadri Power Limited , a Company incorporated under the Companies Act, 1956 and having its registered office at #303, My Home Laxmi Nivas, Greenlands, Ameerpet, Hyderabad – 500 016, Andhra Pradesh, -
- 1.7. "**Undertaking of the Transferor Company**" shall mean and include
- 1.7.1. any and all immovable property, including land, buildings, movable assets including, machinery and equipments, whether leased or otherwise, any and all rights, title, interest, covenant, undertakings, liabilities including continuing rights, title and interest in connection with the immovable properties whether leasehold or otherwise comprised in its business together with all present and future liabilities including contingent liabilities and debts appertaining to its business, as per the records of SPL;



- 1.7.2. any other property or assets, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, owned, held, used or otherwise enjoyed by SPL ;
- 1.7.3. any and all permits, quotas, rights, approvals, consents, entitlements, licences, approvals obtained from Central/State/Quasi Government/Agencies and in all agreements of all tax reliefs including direct and indirect taxes, sales tax deferment benefits if any, tenancies, lease rights, licences including Environment Clearance, Consent from AP Pollution Control Board (APPCB), Factory License, Consent for Operation CFO issued by APPCB, Electrical Installation issued by Chief Electrical Inspector, Govt of AP and Coal Linkages with Central Electricity Authority, Govt of India , approvals, exemptions, tax benefits, concessions, subsidies and other beneficial interests, powers and facilities of every kind and description of whatsoever nature, appertaining to its business, as per the records of SPL;
- 1.7.4. any and all debts, borrowings and liabilities, present or future, whether secured or unsecured, pertaining to the business, as per the records of SPL;
- 1.7.5. any and all permanent, temporary daily rated casual, and contractual employees of SPL engaged in or in relation to its business at their respective offices branches, factories, depots or otherwise at their current terms and conditions as per the records of SPL;
- 1.7.6. any and all earnest monies and / or security deposits, or other entitlements in connection with or relating to its business, as per the records of SPL;
- 1.7.7. any and all investments including the investments made by the transferor company if any, current assets, funds, and loans and advances including accrued interest, in connection with or relating to its business, as per the records of SPL; and
- 1.7.8. all records, files, papers, documents, process information, computer programs, manuals, data, catalogues, quotations, internal control information / material, technical knowhow, present and prospective list of customers and suppliers, customer credit information, customer pricing information, books of accounts and other supporting data, documents, invoices etc. and all other records whether in physical or electronic form, pertaining to the business of SPL.



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- 1.8. **“Record Date”** means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of reckoning names of the equity shareholders of the Transferor Company, who shall be entitled to receive shares of the Transferee Company upon coming into effect of this Scheme as specified in Clause 1.4 of this Scheme.
- 1.9. **“SEIL” or “Transferee Company”** means Steel Exchange India Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at #303, My Home Laxmi Nivas, Greenlands, Ameerpet, Hyderabad – 500 016, Andhra Pradesh.
- 1.10. **“Scheme” or “the Scheme”** means this Scheme of Amalgamation in its present form submitted to the High Court or any other appropriate authority.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or in terms of this Scheme, shall be effective from the Appointed Date, but shall be operative from the Effective Date.

Part II - INCORPORATION, MAIN OBJECTS AND THE SHARE CAPITAL.

3. Transferor Company / SPL

a) Incorporation:

Simhadri Power Limited/ transferor Company was originally incorporated as a private Limited company under the name and style of Simhadri Power Private Limited in the State of Andhra Pradesh on 13th August, 2009 under the Corporate Identification Number : U40101AP2009PTC064736. Later on the Company had converted itself into a public Limited Company and a fresh certificate of Incorporation consequent on conversion under section 31/44 of the Companies Act, 1956 was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 9th November, 2010 after complying with the necessary formalities under the Companies Act, 1956.



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b) **Share Capital**

The Present share Capital of SPL (Transferor company) is as under:

	Amount in
<i>Authorized</i>	
9,90,00,000 Equity Shares of Rs 10/- each	99,00,00,000
Total	99,00,00,000
<i>Issued, Subscribed and Paid-up:</i>	
9,00,00,000 Equity Shares of Rs 10/- each fully paid-up	90,00,00,000
Total	90,00,00,000

c) **Main Objects**

The Main Objects of the Transferor Company presently enables it to carry on the business of:

- i) To generate, harness, accumulate, distribute and supply electricity by setting up power plants by use of liquid, gaseous or solid fuels for the purpose of light, heat, motive power and for all other purposes which generate electric energy can be employed. To carry or and generate power supply either by hydro, thermal, Biomass, gas, diesel oil, oils or through renewable energy sources such as solar, photo voltaic, wind mill and or any other means. To transmit distribute supply and sell such power either directly or through transmission lines and facilities of Central/ State Government or private companies or Electricity Boards Industries and to Central/ State Government, other consumers of electricity, including for captive consumption for any industrial project promoted by this Company or promoter's company and generally to develop generate, accumulate power at any other place or places and transmit, distribute, sell and supply such power.
- ii) To acquire concessions or licenses granted by or to enter into contracts with the Government of India, or any State Government, Municipal or local authority, Company or person in India or with any other countries for the construction and maintenance of any electric installation for the production, transmission or use of electric power for lighting, heating, signaling, telephonic, transaction, motive or any other purposes or for trade industrial, manufacturing or any other purposes or for as may be mutually agreed together with required movable and immovable facilities such as land, building, railway sidings, site or sites of State Governments / Electricity Boards as per the terms and conditions conducive to the interest of the Company and to pay therefore in terms of shares of the company or in any other manner mutually decided and with the object aforesaid to enter into and to execute such agreements, guarantees, deeds and documents as may be proper, necessary or expedient.



4. **Transferee Company (SEIL)**

a) **Incorporation:**

Steel Exchange India Limited / transferee Company was originally incorporated as a private Limited company under the name and style of Pyxis Technology Solutions Private Limited in the State of Andhra Pradesh on 24th February, 1999 under the Certificate of Incorporation no.01-31191 of 1998-1999. Later on the Company had converted itself into a public Limited Company and a fresh certificate of Incorporation consequent on conversion under section 31/44 of the Companies Act, 1956 was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 24th February, 2000. Later on the Company had changed its name to its present name i.e .M/s. Steel Exchange India Limited and a fresh Certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on 25th August, 2004 after complying with the necessary formalities under the Companies Act, 1956.

b) **Share Capital**

The Present share capital of SEIL is as under:

Particulars	Amount in Rupees
<i>Authorized</i>	
15,90,00,000 Equity Shares of Rs.10/- each, 7,30,00,000 Redeemable Cumulative Optionally Convertible Preference Shares of Rs.10/-each and 10,00,000 Redeemable Preference Shares of Rs.10/- each	233,00,00,000
<i>Issued, Subscribed and Paid-up:</i>	
5,19,50,000 Equity Shares of Rs.10/- each fully paid up	51,95,00,000
59,82,720 Equity shares under Equity share suspense account **	5,98,27,200

**These represent equity shares to be allotted to the shareholders of erstwhile GSAL (India) Limited as per the scheme of amalgamation approved by the BIFR.



c) Main Objects

The Main Objects of the Transferee Company presently enables it to carry on the business of:

- i) To carry on business of running re-rolling mill for the manufacture of steel, steel plates, sheets, angles, bars, rods, wire drawings of different sizes and specifications of all types of mild, high carbon special steels alloy steels and other metals and also to erect roughing mill for manufacturing billets from ingots to be used in the rolling mill.
- ii) To carry on the trade or business of Iron makers, steel makers, Iron and Steel converters, colliery properties, leasers, mines, smiths, dealers of manganese, coke engineers, tin plate makers, Iron foundries, metal workers, galvanised sheet makers, steel foundries, scrap iron and steel dealers, buyers, sellers and dealers of all metals, mineral gases and substances required thereon.
- iii) To carry on the business of running a steel foundry, re-rolling mill based on electric furnace, gas-based furnace or any other type furnace used for continuous casting for the manufacturing of steel from scrap or Iron or any other raw materials and to manufacture in the foundry such casting or ingots from steel, alloy steel or special steels as may be required by an industry of industries or by machinery manufacturers or as deemed necessary and to carry on the business of buyers, importers, exporters, stores, dealers, stockists, sellers of all kinds of iron and steel and other minerals and metals including scrap required for the steel business and to install and run a machine shop to aid supplement and improve the working of steel foundry and rolling mills.
- iv) To manufacture, deal, import, and export pig iron, sponge iron, ferro silicon, ferro chrome, and other ferrous substances and metals of every description and grades and to manufacture, deal, import, and export all kinds and varieties of non ferrous raw metals such as aluminium, copper, tin, lead, etc, and the bi-products obtained in processing and manufacturing these raw materials.
- v) To carry on and to generate, harness, accumulate and supply electricity by setting up power plants by use of liquid, gaseous or solid fuels for the purpose of light, heat, motive power and for all other purposes which electric energy can be employed. To carry on and generate power supply either by hydro, thermal, gas, air, diesel oil, oils or through renewable energy and/or any other means. To transmit, distribute, supply and sell such power either directly or through transmission lines and facilities of Central / State Governments or private companies or electricity Boards, Industries and to Central / State Governments, other consumers of electricity, including for captive consumption for any industrial project promoted by this company or promoter's company and generally to develop, generate, accumulate power at another place or places and transmit, distribute, sell supply such power.



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PART III - AMALGAMATION OF SPL WITH SEIL**5. TRANSFER AND VESTING OF THE TRANSFEROR COMPANY**

- 5.1 With effect from the Appointed Date, the entire business and whole of the undertaking of the Transferor Company including all its immovable property, land, buildings, movable assets including machinery and equipments, whether leased or otherwise, any and all rights, titles, interests, covenants, undertakings, liabilities including continuing rights, titles and interests in connection with the immovable properties whether leasehold or otherwise, permits, quotas, rights, approvals, consents, entitlements, licences including Environment Clearance, Consent from AP Pollution Control Board (APPCB), Factory License, Consent for Operation CFO issued by APPCB, Electrical Installation issued by Chief Electrical Inspector, Govt of AP and Coal Linkages with Central Electricity Authority, Govt of India, approvals obtained from Central/State/Quasi Government/Agencies and in all agreements of all tax reliefs including sales tax deferment benefits if any, tenancies, lease rights, licences, approvals, exemptions, tax benefits, concessions, subsidies and other beneficial interests, powers and facilities of every kind and description of whatsoever nature under the provisions of Sections 391 to 394 of the Act, and pursuant to the orders of the High Court or any other appropriate authority sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and / or deemed to be transferred to and vested in the Transferee Company so as to become the properties and assets of the Transferee Company.
- 5.2 All the movable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or by endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.
- 5.3 In respect of movable assets, other than those specified in sub-clause 5.2 above, the same shall, without further act, instrument or deed, be transferred and/ or deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act and the Transferor Company shall give notice in such form as it deems fit to



such persons, that pursuant to the Order of the High Court, the said asset would be paid or made good to or held on account of, the Transferee Company, and the rights of the Transferor Company will vest with the Transferee Company upon this Scheme becoming effective.

- 5.4 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of the Transferor Company, as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or upto the Effective Date, shall, pursuant to the Orders of the High Court or such other competent authority as may be applicable under Section 394 and other applicable provisions of the Act and without any further act or deed, be transferred or deemed to be transferred to and vested in and be assumed by the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.
- 5.5 The Transferee Company, may, anytime after this Scheme coming into effect, if required under law or otherwise, execute deeds of confirmation in favor of secured creditors of the Transferor Company, or in favor of any other party with which the Transferor Company has a contract or arrangement, or give any such writings, as may be necessary, to give effect to the above.
- 5.6 It is hereby clarified that all assets and liabilities of the Transferor Company shall be transferred at values appearing in the books of account of the Transferor Company as on the Appointed Date which are set forth in the closing balance sheet of the Transferor Company as of the close of business hours on the date immediately preceding the Appointed Date.
- 5.7 Part III of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/ are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will however, not affect the other parts of the Scheme.



- 5.8 The transfer and vesting of the assets comprised in the Transferor Company to and in the Transferee Company under this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.
- 5.9 The existing securities, mortgages, charges, encumbrances or liens (the "Encumbrances") or those, if any created by the Transferor Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Transferor Company or any part thereof transferred to the Transferee Company by virtue of this Scheme, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they relate or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets, of the Transferee Company.
- 5.10 Subject to the other provisions of the Scheme, all contracts, including contracts for tenancies and licenses, approvals deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, or the benefit to which the Transferor Company may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings, endorsements or confirmation or enter into any tripartite agreement, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Further, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings, endorsements or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.
- 5.11 The entitlement to various benefits under incentive schemes and policies in relation to the Transferor Company shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but



shall not limited to) income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and other and incentives in relation to the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company. The Transferee Company shall be entitled to such benefits in its name, without any additional liabilities or expenses whatsoever.

- 5.12 Any tax liability under the Income-tax Act, 1961, Customs Act 1962, Central Excise Act, 1944, State Value Added Tax laws, Central Sales Tax Act, 1956 or other applicable laws/regulations dealing with taxes/ duties/ levies (herein referred to as 'Tax Laws') allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company. Any surplus in the provision for taxation/ duties / levies account including advance income tax and Tax Deducted at Source ('TDS') as on the Appointed Date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.
- 5.13 Any refund/ credit under Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 5.14 All taxes (including income tax, sales tax, excise duty, service tax, VAT etc.) paid or payable by the Transferor Company in respect of the operations and/ or the profits of the business before the Appointed Date shall be on account of the Transferor Company and in so far as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operations of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt with accordingly.



5.15 Without prejudice to the generality of the forgoing,

5.15.1 On and from the Appointed Date, if any certificate for Tax Deducted at Source or any other tax credit certificate relating to the Transferor Company is received in the name of the Transferor Company, it shall be deemed to have been received by the Transferee Company, which alone shall be entitled to claim credit for such tax deducted or paid.

5.15.2 On and from the Appointed Date, benefit of all balances relating to CENVAT or Service Tax or VAT being balances pertaining to the Transferor Company, if any, shall stand transferred to and vested in the Transferee Company as if the transaction giving rise to the said balance or credit was a transaction carried out by the Transferee Company. The liabilities of the Transferor Company as on the Appointed Date shall stand transferred to and vested in the Transferee Company save otherwise in respect of the liabilities which were met by the Transferor Company during the period between Appointed Date and Effective Date, which shall be construed to have been met by the Transferee Company as if the transaction giving rise to the said liability was a transaction carried out by the Transferee Company.

6 CONSIDERATION

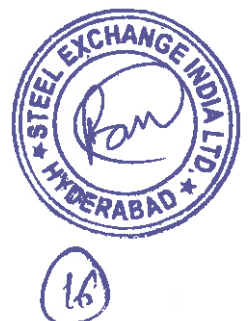
6.1 Upon the scheme coming into effect, the Transferee Company shall, in consideration for the transfer of and vesting of the entire undertaking of the Transferor Company, issue and allot, to the members of the Transferor Company, whose names appear in the Register of Members as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as may be recognized by the Board of Directors, in the following manner:

- (a) 1 (one) equity share of Rs. 10/- each of the Transferee Company would be issued for every 2 (two) equity shares of Rs. 10/- each held by shareholders of Transferor Company after cancellation of investments made by the Transferee Company in the Transferor Company. Accordingly, 1,80,52,092 Equity Shares of Rs.10/- (Rupees Ten Only) each fully paid up of the Transferee Company shall be issued and allotted to the equity shareholders of the Transferor Company (excepting to two Promoter Shareholders viz Vizag Profiles Private Limited and VPL Projects Private Limited) in the same proportion as to their shareholding in the Transferor Company. Fractions, if any shall be rounded off to nearest integer; and



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- (b) 1 (one) 10.5% non convertible redeemable preference share of Rs. 10/- each of the Transferee Company would be issued in lieu of 1 (one) equity share of Rs. 10/- each held by two Promoter Shareholders viz Vizag Profiles Private Limited and VPL Projects Private Limited in Transferor Company. Accordingly, 1,86,08,750 10.5% non convertible redeemable preference shares of Rs. 10/- each (Rupees Ten Only) each fully paid up of the Transferee Company shall be issued and allotted to said two promoter shareholders. The said 10.5% non convertible preference shares shall be redeemed with 100% face value at the end of 7 years from the date of allotment by the Transferee Company.
- 6.2 The Equity Shares in the Transferee Company to be issued to the members of the Transferor Company pursuant to Clause 6.1 (a) above shall be subject to the Memorandum and Articles of Association of the Transferee Company. The Equity Shares so issued shall rank pari passu in all respects with the existing shares of the Transferee Company.
- 6.3 The Equity shares, upon receipt of requisite approvals as may be required, will be issued in dematerialized / physical form, to the members of the Transferor Company, who shall have account with a depository participant and, shall provide details thereof and such other confirmations as may be required. It is only thereupon, that the Transferee Company shall issue and directly credit the demat securities account with the Shares as stated in Clause 6.1 (a) above.
- 6.4 The new shares to be allotted on approving the scheme of amalgamation by the transferee Company shall be listed or admitted on the stock exchanges wherever the shares of the transferee company are listed and further the Transferee Company shall comply with Clause 40A of the Listing Agreement.
- 6.5 The issue and allotment of Equity Shares in the Transferee Company, by the Transferee Company to the shareholders of the Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with.
- 6.6 The new equity shares i.e 1,80,52,092 allotted pursuant to the scheme by the Transferee Company to the shareholders of Transferor Company (SPL) as per Clause 6.1 (a) above shall be locked in for a period of one year from the date of Listing of the said shares.



7 ACCOUNTING TREATMENT

- 7.1 The Transferee Company shall account for the amalgamation of Transferor Company as per the Accounting Standard 14 – Accounting for Amalgamations (AS14) as stated in the Companies (Accounting Standards) Rules, 2006 and any amendments thereto. On the Scheme becoming effective, the accounting for amalgamation will be done in accordance with the Purchase method referred to in Accounting Standard 14 – Accounting for Amalgamation (AS-14).
- 7.2 All assets, liabilities and reserves of the Transferor Company would to be transferred to the Transferee Company under this Scheme and shall be recorded in the books of account of the Transferee Company at the values as appearing in the Books of Account of the Transferor Company.
- 7.3 Intercompany deposits, loans, share application money and other balances and investments, if any, shall be cancelled and there shall be no further obligation/ outstanding in that respect.
- 7.4 The difference if any, being the excess or shortfall between the assets, liabilities and reserves of the Transferor Company as transferred to the Transferee Company accounted as per clause 7.1 above, shall be adjusted against / transferred to Reserves & Surplus Account of the Transferee Company.
- 7.5 In case of any difference in accounting policy between the Transferee Company and the Transferor Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Share Premium Account and / or Reserves & Surplus Account of the Transferee Company to ensure that the Financial Statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy, with effect from the Appointed Date.
- 7.6 The application and reduction of Share Premium Account and/ or Reserves & Surplus Account if any effected under Clause 7.3 and Clause 7.4 above, shall be effected as an integral part of the Scheme in accordance with the provisions of section 100-103 of the Act, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholders of paid-up share capital and the Order of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act for confirming the reduction and no separate procedure shall be following under the Act.



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8 STAFF, WORKMEN & EMPLOYEES

- 8.1 On the scheme becoming operative, all permanent staff, workmen and employees of the Transferor Company including its subsidiary companies in service on the effective date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Transferee Company shall not be less favorable than those applicable to them in the Transferor Company on the effective date.
- 8.2 The equitable interest in accounts/funds of the employees, staff and workmen whose services are transferred to the Transferee Company, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective trusts/funds of Transferee Company and such employees shall be deemed to have become members of such trusts/funds of Transferee Company. Until such time, the Transferee Company may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of the Transferor Company to the relevant funds of Transferor Company.
- 8.3 The Transferee Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Transferor Company to which the Transferor Company is a party in order to give formal effect to the above provisions. 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 and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Transferor Company.

9 LEGAL PROCEEDINGS

- 9.1 If any suit, appeal or other legal proceedings of whatsoever nature by or against Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation and by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- 9.2 On and from the Effective Date, Transferee Company shall and may, if required, initiate any legal proceedings in relation to the business of the Transferor Company.



10 BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEREE COMPANY

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

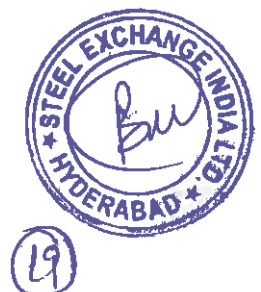
- 10.1 The Transferor Company shall carry on and be deemed to have carried on all their business and activities and shall stand possessed of all the assets, rights, title and interest for and on account of and in trust for, the Transferee Company;
- 10.2 All profits and cash accruing to the Transferor Company, or expenditure or losses arising or incurred by it (including the effect of taxes if any thereon), shall for all purposes, be treated as the profits/ cash, taxes or losses, as the case may be, of the Transferee Company;
- 10.3 All accretions and depletions to the Transferor Company shall be for and on account of the Transferee Company.
- 10.4 The Transferor Company shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose, without the prior written consent of the Transferee Company.

11 CONDUCT OF BUSINESS

- 11.1 The Transferor Company will, from the Appointed Date upto and including the Effective Date, preserve and carry on the business with reasonable diligence and prudence and agrees that it will not, without the prior written consent of Transferee Company, alienate, charge or otherwise deal with or dispose of the business or any part thereof or recruit new employees or vary or alter the terms and conditions of employment of any of its employees (in each case except in the ordinary course of business), without the prior written consent of the Transferee Company.
- 11.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Company.
- 11.3 With effect from the Effective Date, Transferee Company shall commence and carry on and shall be authorized to carry on the business carried on by the Transferor Company.

12 SAVING OF CONCLUDED TRANSACTION

The transfer of the entire business and undertakings of the Transferor Company to the Transferee Company and the continuance of all contracts or proceedings by or against the



Transferor Company shall not affect any contracts or proceedings already concluded by the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds, matters and things done and/or executed by the Transferor Company in regard thereto as having been done or executed on behalf of the Transferee Company.

13 WINDING UP

On the Scheme becoming effective, the Transferor Company shall stand dissolved without going through the process of winding up and without any further act.

14. Upon the Scheme being finally effective, the Authorised Capital of Transferor Company will get merged with that of the Transferee Company without payment of additional fees and duties as the said fees have already been paid and the Authorised Capital of the Transferee Company will be increased to that effect by just filing requisite forms. The preference share capital of the transferee company appearing under authorised share capital be renamed as Redeemable preference shares. The resolution approving the Scheme shall be deemed to be the approval of increase as well as renaming in the Authorised Share Capital of the Transferee Company under Section 94 and 97 other applicable provisions of the Act . The Clause V of the Memorandum of Association of the Transferee Company relating to the Authorised Share Capital shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause: -

V. *"The Authorised Share Capital of the Company is Rs. 332,00,00,000/- (Rupees Three Hundred and Thirty Two Crores Only) divided 25,80,00,000 (Twenty Five Crores and Eighty Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten only) and 7,40,00,000 (Seven Crores and Fouty Lakhs Only) Redeemable Preference Shares of Rs. 10/- each, and the said preference shares may be cumulative or non-cumulative and/or convertible or non-convertible preference shares at the option of the Company , with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential/deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.*



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- 14.1 Upon the Scheme coming into effect, the share capital of the transferee company post amalgamation shall be as follows:-

Particulars	Amount in Rupees
Authorised:	
25,80,00,000 Equity Shares of Rs.10/- each.	332,00,00,000
7,40,00,000 Redeemable Preference Shares of Rs. 10/- each.	
Issued, Subscribed and Paid-up:	
7,00,02,092 Equity Shares of Rs.10/- each fully paid up	70,00,20,920
1,86,08,750 10.5% Non Convertible Redeemable Preference Shares of Rs. 10/- each fully paid up	18,60,87,500
59,82,720 Equity shares under Equity share suspense account **	5,98,27,200

**These represent equity shares to be allotted to the shareholders of erstwhile GSAL (India) Limited as per the scheme of amalgamation approved by the BIFR.

PART IV - GENERAL TERMS AND CONDITIONS

15. APPLICATION TO HIGH COURT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications/petitions, under Sections 391 and 394 and other applicable provisions of the Act to the High Court for seeking sanction of this Scheme.

16. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 16.1 The Transferor Company and the Transferee Company by their respective Boards may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the High Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Transferor Company and the Transferee Company by their respective Boards be and are hereby 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.
- 16.2 In the event of any of the conditions that may be imposed by the High Court or any other authorities which the Transferor Company and/or the Transferee Company may find unacceptable for any reason, in whole or in part of the Scheme, then Transferor Company and/or the Transferee Company are at liberty to withdraw the Scheme in whole or such part thereof and such withdrawal of a part of the Scheme will however no affect the other parts of the Scheme.



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17. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional upon and subject to:

- 17.1 The approval by the respective requisite majorities of the members and/or creditors (where applicable) of the Transferor Company and the Transferee Company as required under the Act and the requisite orders of the High Court being obtained;
- 17.2 The certified copy of the High Court order sanctioning the Scheme being filed with the Registrar of Companies, Andhra Pradesh at Hyderabad; and such other sanctions and approvals as may be required by law in respect of this Scheme being obtained.
- 17.3 This Scheme being approved by majority of the public shareholders of the Transferee company i.e., if the votes cast by the public shareholders in favor of this Scheme are more than the number of votes cast by the public shareholders against it.
The Transferee Company shall comply with the provisions of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 as modified by SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, while inter alia procuring the approval of the public shareholders of the transferee Company and shall provide for voting by such public shareholders through postal ballot and e-voting. For the purpose of this clause 17.3, the term 'public' shall have the meaning ascribed to such term under Rule 2 of Securities Contracts (Regulation) Rules, 1957

18. EFFECT OF NON-RECEIPT OF APPROVALS

In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferor and the Transferee Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the High Court, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme. Further, in the case of non-receipt of approvals to the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the Transferor Company or the Transferee Companies or their shareholders or creditors or employees or any other person.

19. BINDING EFFECT

Upon the Scheme becoming effective, the same shall be binding on both the Transferor and Transferee Companies and all concerned parties without any further act, deed, matter or thing.

20. COSTS

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

Certified True Copy

For STEEL EXCHANGE INDIA LIMITED

[Signature]
Company Secretary

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