

SCHEME OF ARRANGEMENT
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956
BETWEEN
VISA STEEL LIMITED
AND
VISA SPECIAL STEEL LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(A) PREAMBLE

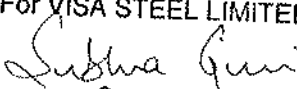
This Scheme of Arrangement ("the Scheme") is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for the transfer of Special Steel undertaking of VISA Steel Limited ("VSL" or "Transferor Company") to VISA Special Steel Limited ("VSSL" or "Transferee Company") on a going concern basis and various other matters consequential or otherwise integrally connected therewith.

VSL is a public limited company incorporated under the provisions of the Companies Act, 1956 on 10 September, 1996, having its registered office at 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751 015. VSL is engaged in the business of manufacturing of Special Steel and Ferro Chrome.

Shares of VSL are listed on the BSE Limited and National Stock Exchange of India Limited.

VSSL is a public limited company incorporated under the provisions of the Companies Act, 1956 on 27 July 2012, having its registered office at VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar 751 015. VSSL has been formed to operate the Special Steel business.

CERTIFIED TO BE TRUE

For VISA STEEL LIMITED

Company Secretary

VSSL is a wholly owned subsidiary of Kalinganagar Special Steel Private Limited ("KSSPL"). KSSPL is a wholly owned subsidiary of VSL. Therefore in terms of Section 4 (1) (c) of the Companies Act, 1956, VSSL is a wholly owned subsidiary of VSL.

(B) RATIONALE FOR THE SCHEME

VSL has business interests in Special Steel, Ferro Chrome and Coke. The said businesses are distinct and separate having different risk and rewards. Each of the businesses carried on by VSL by itself and through its subsidiaries and affiliate companies have significant potential for growth. The nature of risk and competition involved in each of these businesses is distinct from others. Also there are differences in the manner in which each of these businesses are required to be managed.

VSL had entered into a Memorandum of Understanding (MoU) with the Government of Odisha on 26 December 2003 for setting up an Integrated Steel Plant, which object has been achieved by setting up 0.5 MTPA Special Steel Undertaking. In view of the implementation of VSL's obligations under the MoU being achieved and keeping in view substantial value addition within the State of Odisha, as per the terms of the MoU, the Government had agreed to assign appropriate priority in the matter of recommending VSL's application for iron ore mines under Mines and Minerals (Development and Regulation) Act, 1957 and Mineral Concession Rules, 1960 for mineral concession to meet its requirement subject to adequate progress in implementation of the project envisaged in the MoU and a substantial portion of the requirement was to be met through the OMC. Pursuant to the MoU, the State Government would also consider assigning appropriate priority to the VSL's project for allocation of iron ore area to meet its raw material needs to the extent of about 25 years of requirement of the Plant.

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VSL had applied for Prospecting Licences and Mining Lease over several areas in Odisha, which are under consideration by the State Government. Due to delay in grant of prospecting licence and / or mining lease and non availability of iron ore at viable prices, the Company suffered losses and restructured its loan under Corporate Debt Restructuring (CDR) mechanism, wherein additional funds are required to be infused.

The Special Steel business has good potential to grow. In order to provide the management with an opportunity to explore the business potential to the fullest, achieve economies of scale and to enhance shareholder value, it is considered appropriate and desirable to carry on the Special Steel undertaking in a step down company and, thereby, create distinct corporate identity in the manufacturing of Special Steel products. The transfer will result in creation of a separate company engaged in special steel business which will facilitate in inducting foreign and / or Indian joint venture partner / strategic partners / investors as also entitled under MoU with the Government of Odisha and bring greater focus to the operation of Special Steel business.

Hence with a view to evolve a structure for more effective concentration and focused attention in the business of Special Steel, the Company is intending to transfer, on a going concern basis, the Special Steel undertaking of VSL to VSSL.

PARTS OF THE SCHEME:

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions and Share Capital of VSL and VSSL;
- (ii) **PART II** deals with the transfer of Special Steel undertaking of VISA Steel Limited to VISA Special Steel Limited.
- (iii) **PART III** deals with general terms and conditions applicable to this Scheme.



PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **“Act” or “The Act”** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;
- 1.2 **“Applicable Law(s)”** means any statute, notification, bye laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions, law enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.
- 1.3 **“Appointed Date”** means 1st day of April 2013 or such other date as may be fixed or approved by the High Court or such other competent authority;
- 1.4 **“Appropriate Authority”** means any governmental, statutory, regulatory, departmental or public body or authority of the Relevant Jurisdiction, including Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, Company Law Board, National Company Law Tribunal and courts of India in each case the High Court in relation to India and relevant competent authorities;
- 1.5 **“Board of Directors” or “Board”** means the Board of Directors of VSL or VSSL, as the case may be, and shall include a duly constituted committee thereof;
- 1.6 **“Court” or “High Court”** means the Hon'ble High Court of Judicature, Orissa, Cuttack and shall include the National Company Law Tribunal, if and when applicable;
- 1.7 **“Effective Date”** means the later of the dates on which the certified copy of the Order of the Hon'ble High Court of Judicature, Orissa, Cuttack sanctioning the Scheme of Arrangement is filed by VSL or VSSL with the Registrar of Companies, Cuttack, Orissa.

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- 1.8 **“Remaining Business of VSL”** means all the undertakings, businesses, activities and operations of VSL other than the Special Steel undertaking;
- 1.9 **“VSL or Transferor Company”** means VISA Steel Limited, a company incorporated under the Act and having its registered office at 11 Ekamra Kanan, Nayapalli, Bhubaneswar – 751015, Odisha, India.
- 1.10 **“VSSL or Transferee Company”** means VISA Special Steel Limited, a company incorporated under the Act and having its registered office at VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar - 751 015, Odisha, India.
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement between VSL and VSSL and their respective shareholders and creditors, in its present form as submitted to the Hon’ble High Court of Judicature, Orissa, Cuttack or this Scheme with such modification(s), if any made, as per Clause 15 of the Scheme;
- 1.12 **“Special Steel undertaking”** means the Special Steel business of VSL (i.e. Blast Furnace, Sponge Iron Plant and associated steam generation units, Steel Melting Shop and Rolling Mill) and includes:
- 1.12.1 All assets wherever situated, whether movable or immovable, real or personal corporeal or incorporeal, tangible or intangible, including plant and machinery, furniture, office equipments, investments, inventories, receivables, cash and bank balance, loans and advances, appliances, accessories and all leasehold properties together with all present, future and contingent liabilities pertaining or relatable thereto.
- 1.12.2 Without prejudice to the provisions of sub-clause 1.12.1 above, the Special Steel undertaking shall include all properties and assets in connection with or pertaining or relatable to the Special Steel undertaking such as licenses, consents, clearances, permits, registrations, approvals, certificates, benefits, privilege, waivers, concessions, acknowledgements including but not limited to the relevant factory licences, mineral licences, environmental clearances / consents/ approvals, iron ore supply arrangements / linkages / agreements,

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coal supply arrangement / linkages / agreements, other arrangements / linkages / agreements for sourcing and logistics of iron ore fines / lumps / pellets, coke, domestic / imported coal, and other raw materials, fuel supply agreements, water supply approvals, allocation of New Patrapara Coal Block to meet coal requirement prorata to the extent required for captive use by Special Steel undertaking (subject to regulatory approvals), all benefits including subsidies, grants, incentives, tax credits (including but not limited to credits in respect of CENVAT, income tax, minimum alternate tax, value added tax, sales tax, entry tax, service tax etc.), electricity permits, telephone connections, building and parking rights, pending applications for consents or extension, copyrights, permits, quotas, approvals, registrations, contracts, deeds, bonds, agreements, arrangements, memoranda of undertakings, memoranda of agreements / understandings, whether written or otherwise, lease or tenancy rights in relation to office plant and / or residential properties, permissions, buildings, plant and machinery, office equipments, vehicles, incentives, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind, nature and description whatsoever in connection with or pertaining or relatable to the Special Steel undertaking and all statutory licences including IBR certification, permissions, approvals or consents to carry on the operations of the Special Steel undertaking. The applications made by VSL for iron ore prospecting licenses and mining leases under Mines and Minerals (Development and Regulation) Act, 1957 and Mineral Concession Rules, 1960, including all the rights under the MoU between VSL and Government of Orissa dated 26 December 2003, shall continue with VSL. Until the time VSL continues to hold not less than fifty percent controlling interest in VSSL, supply of minerals extracted under the mining license or lease granted to VSL under the MoU

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shall be supplied to VSSL and shall be considered as captive usage of mineral in its own industry under and in compliance with the relevant mining rules and regulations.

- 1.12.3 All identified debts, liabilities, guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including without limitation whether arising out of any contract or tort based on negligence or strict liability) pertaining to Special Steel undertaking.
- 1.12.4 All employees on payrolls employed in the Special Steel undertaking as on the Effective Date.
- 1.12.5 All necessary records (whether in physical or electronic form), files, papers, engineering and process information, computer programmes, 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, in connection with, or relating to the Special Steel undertaking, as on the Appointed Date.
- 1.12.6 Right to use the work experience, qualifications, capabilities, legacies and track record with the National and International Companies, Government / Non – Government agencies / bodies, contracts with clients and with vendors, (including technical parameters, past performance, track record, financial etc.) of the Transferor Company / VSL, whether or not pertaining to or relatable to the Special Steel Undertaking, acquired by reason of completion of various projects and work, certificates of completion of projects or works and the right to use all these for qualifying any tender or project that may be issued at any time.

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1.12.7 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Special Steel undertaking or whether it arises out of the activities or operations of the Special Steel undertaking or not shall be decided by the Board of Directors of VSL or any committee thereof.

1.13 Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

2.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or made as per Clause 15 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

2.2 Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

3. SHARE CAPITAL

3.1 The Authorised, Issued, Subscribed and Paid-up share capital of VSL as on 31 March, 2013 is as under:

Share Capital	Rs. in Lakhs
Authorised Share Capital	
16,00,00,000 Equity Shares of Rs. 10 each	16000.00
TOTAL	16000.00

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Issued, Subscribed and Paid-up Share Capital	
11,00,00,000 Equity Shares of Rs. 10 each fully paid up	11000.00
TOTAL	11000.00

Subsequent to 31 March, 2013 and upto the date of approval of this Scheme by the Board of VSL, there has been no change in the capital structure of VSL.

Additionally, VSL has granted stock options to specified employees of VSL and its subsidiary company convertible into equivalent number of equity shares of Rs. 10 each, which upon exercise will increase the issued, subscribed and paid up equity share capital of VSL.

3.2 The Authorised, Issued, Subscribed and Paid-up share capital of VSSL as on 31 March, 2013 is as under:

Share Capital	Rs. in Lakhs
Authorised Share Capital	
10,00,000 Equity Shares of Rs. 10 each.	100.00
TOTAL	100.00
Issued, Subscribed and Paid-up Share Capital	
70,000 Equity Shares of Rs. 10 each	7.00
TOTAL	7.00

Subsequent to 31 March, 2013 and upto the date of approval of this Scheme by the Board of VSSL, there has been no change in the capital structure of VSSL.

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PART II

TRANSFER OF SPECIAL STEEL UNDERTAKING TO VSSL

4 TRANSFER OF SPECIAL STEEL UNDERTAKING

4.1 With effect from the Appointed Date, the whole of the undertaking including assets, investments and properties of VSL relating to the Special Steel undertaking, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred and/or deemed to be transferred to and vested in VSSL as a going concern so as to vest in VSSL all the rights, title and interest pertaining to the Special Steel undertaking.

4.1.1 Any and all assets relating to the Special Steel undertaking, as are movable in nature or incorporeal property or are otherwise capable of transfer by physical delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme shall stand transferred and vested by VSL to VSSL and shall become the property and an integral part of VSSL. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in VSSL.

4.1.2 Any and all movable properties of VSL relating to the Special Steel undertaking, other than those specified in sub-clause 4.1.1 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, VAT credits, service tax credits, SFIS credits, actionable claims, allocable miscellaneous expenditure, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed,

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be transferred and vested as the property of VSSL. VSL shall if so required by VSSL, issue notices in such form as VSSL 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 VSSL, as the person entitled thereto, to the end and intent that the right of VSL to recover or realize the same stands transferred to VSSL and that appropriate entries should be made in their respective books to record the aforesaid changes.

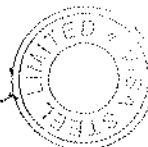
4.1.3 Any and all immovable properties (including land, buildings and structures) of VSL relating to the Special Steel undertaking, whether freehold, leasehold or otherwise and any documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in VSSL, without any act or deed done by VSL or VSSL. With effect from Appointed Date, VSSL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of VSSL shall be made and duly recorded by the Odisha Industrial Infrastructure Development Corporation (IDCO) or any other Land Revenue authorities and shall be binding pursuant to the sanction of this Scheme by the High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of VSSL.

4.2 All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Special Steel undertaking of VSL shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and, without any further act or deed, be transferred and/ or deemed to be transferred to VSSL, so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of VSSL 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

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such liabilities and provisions have arisen in order to give effect to the provisions of this sub-clause.

- 4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by VSL required to carry on operations in the Special Steel undertaking shall stand vested in or transferred to VSSL without any further act or deed, and shall be appropriately mutated by the statutory authorities, concerned therewith in favour of VSSL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or factory licenses and other licenses, and consents shall vest in and become available to VSSL pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by VSL relating to the Special Steel undertaking, are concerned, the same shall vest with and be available to VSSL on the same terms and conditions.
- 4.4 All loan raised and used and all liabilities and obligations incurred by VSL / Transferor Company for the operation of the Special Steel Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of the Scheme, be deemed to have been raised, used or incurred for or on behalf of VSSL / 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 VSSL / Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet discharge and satisfy the same.
- 4.5 The transfer and vesting of Special Steel undertaking as aforesaid shall be subject to the existing securities, mortgages, charges and other encumbrances or liens if any, subsisting over or in respect of the property and assets or any part thereof relating to Special Steel undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Special Steel undertaking.

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4.6 It is clarified that unless otherwise determined by the Board of Directors of VSL and VSSL the following shall be the terms with respect to security or charge relating to existing loans or borrowings:

4.6.1 The security or charge relating to existing loans or borrowings of VSL pertaining to the Special Steel undertaking shall without any further act or deed continue to relate to the assets pertaining to the Special Steel undertaking also after the Effective Date. The security or charge in relation to any liabilities of the Special Steel Undertaking over the assets relating of Remaining Business of VSL, shall on the Effective Date, without any further act, instrument or deed be released from such encumbrances. The land relating to Special Steel undertaking shall transfer to VSSL and will continue as security for Special Steel undertaking. Further, in so far as the assets of the Special Steel Undertaking are concerned, the security and charge over the assets, relating to any liabilities pertaining to the Remaining Business of VSL, 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 Remaining Business of VSL. Without prejudice to the foregoing and with effect from the Effective Date, VSL and VSSL 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 VSL and VSSL, as the case may be, shall 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, will execute deeds of confirmation or novation other writings or arrangements with any party to any contract or arrangement in relation to the Special Steel undertaking to which VSL is a party in order to give formal effect to the above provisions. VSSL shall, under the provisions of this Scheme, be deemed to be

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authorised to execute any such writings on behalf of VSL and to carry out or perform all such formalities or compliances referred to above on part of VSSL.

- 4.8 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, tax holidays, incentives, concessions and other authorisations, shall stand vested by the order of sanction of the Hon'ble High Court in VSSL, VSSL shall file the relevant intimations, for the record of the statutory authorities who shall take them on file to mutate them in the name of VSSL without any further act or deed, provided however that for statistical purpose if any application has to be lodged with details of VSSL, VSSL shall do so and relevant statutory/ competent authorities shall continue the benefit of such permissions, approvals, permits, etc. to be provided to VSSL pursuant to the sanction order in relation to this Scheme without any reconsideration.
- 4.9 All taxes of any nature, duties, cess or any other like payments or deductions made by VSL to any statutory authorities such as Income Tax, Sales tax, Service Tax, Value Added Tax etc. or any tax deduction/ collection at source, relating to the period after the Appointed Date and upto the Effective Date, in relation to the Special Steel undertaking, shall be deemed to have been on account of and on behalf of VSSL and the relevant authorities shall be bound to transfer to the account of and give credit for the same to VSSL upon the passing of the order on this Scheme by the High Court or any other appropriate authority and upon relevant proof and documents being provided to the said authorities.
- 4.10 VSL and VSSL are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Special Steel undertaking of VSL as vested with VSSL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs,

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advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

5 CONSIDERATION

VSL will transfer its Special Steel undertaking to VSSL without consideration. VSSL is a wholly owned subsidiary of KSSPL. KSSPL is a wholly owned subsidiary of VSL. In terms of section 4 (1) (c) of the Act, VSSL is a wholly owned subsidiary of VSL. The Scheme is intended to transfer the Special Steel undertaking of VSL in a more efficient manner consistent with the diverse needs of business and does not involve any movement of assets or liabilities to any company outside the group controlled by VSL.

6 ACCOUNTING TREATMENT IN THE BOOKS OF VSSL

- 6.1 Upon the scheme being effective, VSSL shall record the assets and liabilities forming part of the Special Steel undertaking vested in it at their respective fair values.
- 6.2 The difference between the fair value of assets and fair value of liabilities of the Special Steel undertaking of VSL shall be adjusted to the General Reserve account / Goodwill account as the case may be.

7 ACCOUNTING TREATMENT IN THE BOOKS OF VSL

- 7.1 Upon the scheme being effective, VSL shall reduce from its books, the book value of assets and liabilities transferred as part of the Special Steel undertaking to VSSL, pursuant to the Scheme.
- 7.2 The difference between the book value of assets and book value of liabilities of the Special Steel undertaking of VSL shall be routed through Statement of Profit and Loss.

8 CONDUCT OF BUSINESS


- 8.1 With effect from the Appointed Date and upto and including the Effective Date:



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- 8.1.1 VSL shall be deemed to have been carrying on and shall carry on its business of Special Steel undertaking and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for VSSL. VSL undertakes to hold the said assets of its Special Steel undertaking with utmost prudence until the Effective Date.
- 8.1.2 VSL shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of VSSL, alienate, charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof of Special Steel undertaking.
- 8.1.3 All the profits or income accruing or arising to VSL for carrying on its business of Special Steel undertaking or expenditure or losses arising or incurred or suffered by VSL for carrying on its business of Special Steel undertaking shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of VSSL.
- 8.1.4 VSL shall not vary the terms and conditions of employment of any of the employees of Special Steel undertaking except in the ordinary course of business or without the prior consent of VSSL or pursuant to any pre-existing obligation undertaken by them, as the case may be, prior to the Appointed Date.
- 8.1.5 VSL and VSSL shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned, which may be required pursuant to this Scheme.
- 8.2 With effect from the date of acceptance of this Scheme by the Board of Directors of VSL and VSSL and up to and including the Effective Date, except in the ordinary course of business, VSL shall not without the prior written consent of the Board of Directors of VSSL or pursuant to any pre-existing obligation, sell, transfer, alienate, create Encumbrance or otherwise deal with or dispose of any business or part thereof of Special Steel undertaking.

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9 REMAINING BUSINESS OF VSL

It is clarified that, the Remaining Business of VSL shall continue with VSL as follows:

- 9.1 The Remaining Business of VSL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by VSL.
- 9.2 All legal and other proceedings by or against VSL under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of VSL (including those relating to any property, right, power, liability, obligation or duty, of VSL in respect of the Remaining Business of VSL) shall be continued and enforced by or against VSL.

10 TREATMENT OF EMPLOYEES

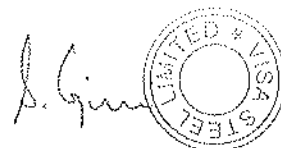
- 10.1 Upon the Scheme becoming Effective, all staff, workmen and employees of VSL pertaining to Special Steel undertaking, who are in service as on the Effective Date shall become staff, workmen and employees of VSSL, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with VSSL shall not be less favorable than those applicable to them with reference to their employment with VSL on the Effective Date. VSSL agrees that the services of all such employees with VSL, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to VSL, shall be mutually decided by Board of Directors of VSL and VSSL or committee(s) thereof.
- 10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees of VSL pertaining to Special Steel undertaking shall become

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Funds of VSSL, or shall be transferred to or merged with other similar funds of VSSL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of VSL pertaining to Special Steel undertaking in relation to such Funds shall become those of VSSL. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds.

11 LEGAL PROCEEDINGS

- 11.1 If any suit, appeal or other proceeding of whatever nature by or against VSL pertaining to Special Steel undertaking is pending on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against VSSL, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against VSL pertaining to Special Steel undertaking as if this Scheme had not been made.
- 11.2 After the Appointed Date, if any proceedings are taken against VSL in respect of the matters referred to in the Clause 11.1 above, VSL shall defend the same at the cost of VSSL and VSSL shall reimburse and indemnify VSL against all liabilities and obligations incurred by it in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which it may be called upon to pay or secure in respect of any liability or obligation relating to Special Steel undertaking.
- 11.3 VSSL undertakes to have all legal or other proceedings initiated by or against VSL referred to in Clause 11.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against VSSL to the exclusion of VSL to the extent legally permissible after the Scheme being effective. To the extent such

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proceedings cannot be taken over by VSSL, the proceedings shall be pursued by VSL for and on behalf of VSSL as per the instructions of and entirely at the cost and expenses of VSSL.

12 CONTRACTS, DEEDS AND OTHER ENTITLEMENTS, ETC.

- 12.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements, licenses, leases, linkages, memoranda of undertakings, memoranda of agreements/understandings, whether written or otherwise, sales orders, purchase orders and other instruments, if any, of whatsoever nature pertaining to Special Steel undertaking of VSL, which is subsisting as on the Effective Date, shall be in full force and effect against or in favour of VSSL, and may be enforced by or against VSSL as fully and effectually as if, instead of Special Steel undertaking of VSL, VSSL had been a party thereto.
- 12.2 VSSL and / or VSL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations in order to give formal effect to the provisions of this Scheme. VSSL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Special Steel undertaking of VSL and to implement or carry out all formalities required on the part of VSL to give effect to the provisions of this Scheme.

13 SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets, properties and liabilities under Clause 4 above and the continuance of proceedings by or against VSL pertaining to Special Steel undertaking under Clause 11 above shall not affect any transaction or proceedings already concluded by VSL pertaining to Special Steel undertaking on and after the Appointed Date till the Effective Date, to the end and intent that VSSL accepts and adopts all acts, deeds and things done and executed by VSL pertaining to Special Steel undertaking in respect thereto as done and executed on behalf of VSSL.

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PART III

GENERAL TERMS AND CONDITIONS

14 APPLICATION TO HIGH COURT

- 14.1 VSL and VSSL as may be directed by the Hon'ble High Court of Judicature, Orissa, Cuttack shall make necessary application and petition under Sections 391 to 394 and other applicable provisions of the Act, for seeking approval of the Scheme.

15 MODIFICATION OR AMENDMENTS TO THE SCHEME

- 15.1 VSL and VSSL by their respective Board of Directors (the Board, which term shall include Committee thereof or such other person or persons as the respective Board of Directors may authorise), may assent to/make and/or consent to any modifications/amendments / conditions or limitations that the High Court of Judicature, Orissa, Cuttack and/or any other Authority under law may deem fit to direct or impose while sanctioning the Scheme, or which may otherwise be considered necessary, desirable or appropriate to solve all difficulties that may arise for carrying out the Scheme or as a result of subsequent events and do all acts, deeds and things necessary for putting the Scheme into effect.

16 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 16.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective shareholders and/or creditors of VSL and VSSL as may be directed by the High Court of Judicature, Orissa, Cuttack.
- 16.2 The requisite consent, approval or permission of the Government Authority or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

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- 16.3 The Scheme being sanctioned by the High Court of Judicature, Orissa, Cuttack or any other authority under Sections 391 to 394 of the Act.
- 16.4 The certified copy of the Order of the High Court of Judicature, Orissa, Cuttack sanctioning the Scheme, being filed with the Registrar of Companies, Cuttack, Orissa, by VSL and VSSL.

17 EFFECT OF NON-RECEIPT OF APPROVALS

- 17.1 In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid on or before 30 September, 2014 or within such further period or periods as may be agreed upon between VSL and VSSL by their respective Board of Directors (and which the Board of Directors of the companies 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 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.

18 EXPENSES CONNECTED WITH THE SCHEME

- 18.1 Save and except as provided elsewhere in the Scheme, all costs, charges, taxes including duties, levies and all other expenses including registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by VSL.

18.2 In the event that this Scheme fails to take effect or the scheme is revoked in terms of Clause 17 of this Scheme then, VSL and VSSL shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.

CERTIFIED TO BE TRUE

For VISA STEEL LIMITED


Company Secretary