

M/s. VBC Ferro Alloys Limited

Office : 6-2-913/914, Third Floor, Progressive Towers,
Khairatabad, Hyderabad – 500 004,

CIN : L27101TG1981PLC003223

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COURT CONVENED MEETING OF THE EQUITY SHARE HOLDERS OF VBC FERRO ALLOYS LIMITED

| | |
|-------|--|
| Day | Saturday |
| Date | 5th December, 2015 |
| Time | 11:00 A.M |
| Venue | 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 |

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HIGH COURT OF JUDICATURE AT HYDERABAD
For the State of Telangana and the State of Andhra Pradesh
(ORIGINAL JURISDICTION)
Company Application No. 1609 of 2015

In the matter of Companies Act. 1956 (1 of 1956)
In the matter of Sections 391 & 394 of the Companies Act. 1956

AND

In the matter of VBC Ferro Alloys Limited

AND

In the matter of VBC Power Company Limited

AND

Their respective Shareholders

M/s. VBC Ferro Alloys Limited

A Company Incorporated under the Companies Act, 1956 and
having its Regd. Office at No.6-2-913/914,
Third Floor, Progressive Towers, Khairatabad, Hyderabad – 500 004,
Telangana, rep. by its Managing Director Sri.M.S.Lakshman Rao

... Applicant /
Transferor Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS

To
The Equity Shareholders,
M/s VBC Ferro Alloys Limited

Take notice that by an order made on 14.10.2015 the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh has directed that the meeting of the equity shareholders of M/s VBC Ferro Alloys Limited, be held at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 on Saturday, 5th December, 2015 at 11.00 AM for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed scheme of arrangement between M/s. VBC Ferro Alloys Limited and M/s. VBC Power Company Limited and their respective shareholders.

Take further notice that in pursuance of the said order, the meeting of the equity shareholders of the above Applicant / Transferor Company will be held on Saturday, 5th December, 2015 at 11.00 A.M at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 which time and place the said equity shareholders are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed by you or your authorised representative is deposited at the registered office of the Transferor Company situated at 6-2-913/914, Third Floor, Progressive Towers, Khairatabad, Hyderabad – 500 004 not later than 48 hours before the meeting.

The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh has appointed Smt. Rashmi G.Kamath, Advocate, High Court of Hyderabad to be the Chairperson of the said meeting.

A copy of the Explanatory statement under section 393 of the Companies Act, 1956, the scheme of arrangement, the observation letter of BSE Limited, Complaints Report, Fairness Opinion, Form of proxy and Attendance slip are attached to and form part of this explanatory statement.

Place : Hyderabad
Date : 06.11.2015.

Smt. Rashmi G. Kamath

Advocate,
Chairperson appointed for the meeting of
equity shareholders
Address: B 512, Shantibagh apts., 7-1-3,
Opp: Country Club, Begumpet, Hyderabad-500016

Notes

1. All alterations made in the Form of Proxy should be initialed.
2. Only Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy or by authorised representative under applicable provisions of the Companies Act) at the Equity shareholders' meeting. The authorized representative of a body corporate which is a registered equity shareholder of the Applicant Company may attend and vote at the meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend at the meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the schedule time of the commencement of meeting.
3. A registered equity shareholder of the Applicant Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Applicant Company.
4. Registered equity shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID details for easy identification of the attendance at the meeting.
5. Members are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.

HIGH COURT OF JUDICATURE AT HYDERABAD
For the State of Telangana and the State of Andhra Pradesh
(ORIGINAL JURISDICTION)

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AND

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In the matter of VBC Power Company Limited

AND

Their respective Shareholders

M/s. VBC Ferro Alloys Limited

A Company Incorporated under the Companies Act, 1956
and having its Regd. Office at No.6-2-913/914, Third Floor,
Progressive Towers, Khairatabad, Hyderabad – 500 004, Telangana,
rep. by its Managing Director Sri.M.S.Lakshman Rao

... Applicant /
Transferor Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956
FOR THE COURT CONVENED MEETING OF EQUITY SHARE HOLDERS OF THE COMPANY.

1. Pursuant to an Order dated 14th October, 2015 passed by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh for Direction of meeting of the equity shareholders of M/s VBC Ferro Alloys Limited / the Applicant Company is being convened and held on Saturday, 5th December, 2015 at 11.00 A.M at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 for the purpose of considering and, if thought fit, approving with or without modification(s) of the scheme of arrangement between M/s. VBC Ferro Alloys Limited (hereinafter referred to as "VBC FERRO" / Transferor Company) and M/s. VBC Power Company Limited (hereinafter referred to as "VBC POWER"/ Transferee Company) and their respective shareholders with effect from 01.04.2014. The Resolution to be submitted at the said meeting will read as follows:
2. "RESOLVED THAT pursuant to Sections 391 to 394 of the Companies Act, 1956 (the Act) read with the Companies (Court) Rules, 1959 (the Rules) and other applicable provisions, if any, of the Act and the Rules and subject to sanction by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh and other requisite consents and approvals, if any, being obtained and subject to such terms and conditions and modifications (s) as may be imposed, prescribed or suggested by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh or other appropriate authorities, the scheme of arrangement between M/s. VBC Ferro Alloys Limited (hereinafter referred to as "VBC FERRO" / Transferor Company) and M/s. VBC Power Company Limited (hereinafter referred to as "VBC POWER"/ Transferee Company) and their respective shareholders in terms of the Scheme of Arrangement (the "Scheme") laid before the meeting duly initialed by the Chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT Shri M.S.Lakshman Rao, Managing Director be and is hereby authorized to sign, seal and deliver all documents, agreements and deeds and perform all acts, matters and things and to take all such actions as may be necessary or desirable to give effect to this resolution and effectively implement the Arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and conditions, if any, which may be required or imposed by the Hon'ble High Court of Judicature at Hyderabad, for the State of Telangana and the State of

Andhra Pradesh while sanctioning the scheme of Arrangement embodied in the Scheme or any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise to the Scheme, as the Board may deem fit and proper.”

3. A copy of the Scheme of Arrangement setting out in detail the terms and conditions of the scheme which has been approved by Board of Directors of the Applicant Company and Transferee company at their respective meetings held on 29th May, 2014 is attached to as **Annexure -1**, and forms part of, this Explanatory statement.

4. Background of the Transferor and Transferee Companies

- I. Transferor Company / M/s. VBC Ferro Alloys Limited

- a) **Incorporation:**

- a) **Incorporation:**

“VBC FERRO” / Transferor Company) was originally incorporated as Public Limited Company under Companies Act 1956 on 3rd October, 1981 Under Certificate of incorporation No.01-3223 of 1981-82.

- b) **Share Capital**

- b) **Share Capital**

The authorised share capital of “VBC FERRO” / Transferor Company as on 31st March, 2015 is Rs. 20,00,000,00/- divided into 2,00,00,000 equity shares of Rs.10/- each as on 31st March, 2015. The issued share capital of “VBC FERRO” / Transferor of Company as on 31st March, 2015 is Rs.4,39,64,500/- divided into 43,96,450 equity shares of Rs.10/- each and the subscribed and fully paid up capital is Rs.4,39,43,500/- divided into 43,94,350 equity shares of Rs.10/- each.

- II. Transferee Company / M/s. VBC Power Company Limited

- a) **Incorporation:**

- a) **Incorporation:**

VBC POWER / Transferee Company was incorporated as Public Limited Company on 29th day of November, 2012 in the State of Andhra Pradesh under Corporate Identity No.U40108AP2012PLC084470 of 2012-13.

- b) **Share Capital**

- b) **Share Capital**

The authorised share capital of the “VBC POWER” / Transferee Company as on 31st March, 2015 is Rs.5,00,000/- divided into 50000, equity shares of Rs.10/- each. The issued, subscribed, and paid up share capital of the “VBC POWER” / Transferee Company is Rs. 5,00,000/- divided into 50000 equity shares of Rs.10/- each fully paid.

5. **“Appointed Date”** For the purpose of this Scheme and for Income Tax Act, 1961, the “Appointed Date” means 1 April, 2014.
6. **Effective Date”** means the date on which the authenticated/certified copy of the Order of the High Court of Judicature at Hyderabad sanctioning the Scheme is filed with the Registrar of Companies Telangana, Hyderabad.
7. **“Pursuant to Scheme”**

With effect from the Appointed Date, the Demerged Undertaking including all its properties and assets, whether moveable or immoveable (more specifically described in Schedule I attached to this scheme), tangible or intangible, balance in bank, cash or investments and other assets of whatsoever nature such as licenses, permits, approvals (more specifically described in Schedule II attached to this scheme), lease, tenancy rights, letter of intents, permissions under income tax and/or any other statutes, incentives if any and all other rights, title, interest, contracts, consent, approvals or powers of every kind nature and descriptions whatsoever shall 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.

8. **CONSIDERATION**

The Transferee Company shall, upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the Demerged Undertaking of the Transferor Company, shall issue 2,70,00,000(two crore seventy lakh only) equity shares of Rs.10/- each to the Transferor Company.

The Equity Shares in the Transferee Company to be issued to the Transferor Company pursuant to Clause 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.

The issue and allotment of Equity Shares in the Transferee Company, by the Transferee Company to 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 62 of the Companies Act. 2013 (Corresponding to Section 81(1A) of the Act.1956) and any other applicable provisions of the Act were duly complied with.

9. The Pre and Post Amalgamation Shareholding Pattern of VBC Ferro Alloys Limited and VBC Power Company Limited is enclosed as **Annexure 4** to this Notice.
10. The Draft Scheme of Arrangement was placed before the Audit Committee of the Company at its meeting held on 29th May 2014. Quintessence Enterprises Private Limited, Hyderabad acting as the independent Merchant Banker provided the fairness opinion. On the basis of their evaluations, the Audit committee has recommended the Scheme to the Board of Directors of the Company. Copy of the Fairness Opinion is enclosed as **Annexure 5** to this Notice.
11. Based on the opinions and on the basis of the evaluations, the Board of Directors of VBC Ferro Alloys Limited has come to the conclusion that the Scheme of Arrangement is in the best interest of the Company and its Shareholders and creditors.
12. The circumstances which justify and / or necessitate the said scheme of Arrangement, inter alia, are as follows:-
- a) That the Transferee Company is interalia engaged in the business of manufacture of Ferrous and non-Ferrous metals, and other alloy steels, ferro alloys, manganese alloys and other metal alloys etc., The Transferee Company was incorporated on 29th November, 2012 to carry on the business of Power generation for captive consumption for the business of the Transferor Company. The Transferor Company now desires to focus on the power division and proposes to demerge power division to the Transferee Company to develop long term corporate strategies and financial policies specifically within the power business. Thus, enabling the better management and accelerate growth of power business and provide better visibility to the shareholders of the Transferor and Transferee Companies thereby enhancing the shareholders value.

Further the proposed Demerger would result in improving the efficiency, better access to the different financial avenues to both the Transferor and Transferee Companies. The proposed scheme will be advantageous and beneficial to these companies and also to their respective shareholders, creditors and employees.

The aforesaid are only the salient features of the Scheme. The members are requested to read the entire text of the Scheme annexed hereto and get fully acquainted with the provisions thereof.

13. The audited summary of the financial statement of VBC Ferro / transferor company as at 31.03.2015 is given below:-

| Equity and liabilities Shareholders' Funds | | (In Rupees) |
|---|---------------|----------------------|
| Share Capital | 4,39,49,875 | |
| Reserves and surplus | 107,43,80,017 | 111,83,29,892 |
| Non-current liabilities | | |
| Long term Borrowings | 28,50,63,025 | |
| Deferred Tax Liability | 3,21,80,456 | |
| Other Long term Liabilities | 4,00,000 | |
| Long term Provisions | — | 31,76,43,481 |
| | | |
| Current liabilities | | |
| Short term Borrowings | 8,63,05,052 | |
| Trade payable | 20,48,48,179 | |
| Other Current Liabilities | 26,24,96,082 | |
| Short term Provisions | 46,84,869 | 55,83,34,182 |
| | Total | 199,43,07,555 |
| AssetsNon-current assets | | |
| Fixed assets | | |
| Tangible Assets | 12,35,83,986 | |
| Capital works-in-progress | 12,14,87,235 | |
| | 24,50,71,221 | |
| Non-current Investments | 155,00,46,380 | |
| Long term Loans and Advances | 4,45,91,211 | 183,97,08,812 |
| | | |
| Current Assets : | | |
| Inventories | 13,89,55,422 | |
| Trade receivables | 79,27,444 | |
| Cash and Cash Equivalents | 24,10,789 | |
| Short term Loans and Advances | 53,05,088 | |
| Other Current Assets | — | 15,45,98,743 |
| TOTAL | | 199,43,07,555 |

14. The audited financial summary of VBC Power / Transferee company as at 31st March, 2015 is given below:-

| Equity and liabilities Shareholders' Funds | | (In Rupees) |
|---|--------------|--------------------|
| Share Capital | 5,00,000 | |
| Reserves and surplus | 0 | 5,00,000 |
| | | |
| Non-current liabilities | | |
| Long Term Liabilities | 3,75,48,618 | |
| Deferred Tax Liability | 0 | |
| Long term Provisions | 0 | 3,75,48,618 |
| Current liabilities | | |
| Short term Borrowings | 0 | |
| Trade payable | 27,47,309 | |
| Other Current Liabilities | 10,41,708 | |
| Short term Provisions | 0 | 37,89,017 |
| | Total | 4,18,37,635 |
| | | |

| Equity and liabilities Shareholders' Funds | | (In Rupees) |
|--|-------------|--------------------|
| ASSETS | | |
| Non-current assets | | |
| Fixed assets | | |
| Tangible Assets | 0 | |
| Intangible Assets | 0 | |
| Capital work in progress | 3,12,43,530 | |
| Long term Loans and advances | 0 | 3,12,43,530 |
| | | |
| Current Assets : | | |
| Inventories | 0 | |
| Trade receivables | 0 | |
| Cash and Bank balances | 34,934 | |
| Short term Loans and Advances | 1,01,54,171 | |
| Other Current Assets | 4,05,000 | 1,05,94,105 |
| TOTAL | | |
| | | 4,18,37,635 |

15 The shares held by the Directors and key Managerial Personnel and their relatives in Transferor and Transferee Companies are given below:-

| Sl.No. | Name of the Director | Designation | Shares held in VBC Ferro Alloys Ltd./ Transferor Company | Shares held in M/s VBC Power Company Ltd (Transferee Company) |
|--------|--------------------------|-------------------------------|--|---|
| 1 | V.S. Rao | Independent Director | - | - |
| 2 | M.V. Ananthakrishna | Independent Director | - | - |
| 3 | Dr. B. Kinnera Murthy | Independent Director | - | - |
| 4 | Pramod Kumar Thatte | Non-executive Director | - | - |
| 5 | M.S. Lakshman Rao | Managing Director | 78300 | - |
| 6 | R.Dharmender, | CFO | 2144 | - |
| 7 | M.Surya | Relative of Managing Director | 2850 | - |
| 8 | M. Aishwarya | Relative of Managing Director | 9950 | - |
| 9 | M. Bharadwaj | Relative of Managing Director | 60000 | - |
| 10 | MSP Rama Rao | Relative of Managing Director | 202900 | - |
| 11 | M.V.V.S. Murthi | Relative of Managing Director | 157769 | - |
| 12 | Santanu Kumar Daspatnaik | Director | - | - |
| 13 | G. Seetharam | Director | - | - |
| 14 | AR Srinivasan | Director | - | - |
| 15 | SS Mudiler | Director | - | - |

16. That none of the Directors of the Transferor and Transferee Companies have any material interest in the said scheme except as shareholders to the extent of the shares held by them as indicated elsewhere in the notice.
17. A copy of the Scheme of Arrangement setting out the terms and conditions of the scheme of Arrangement between M/s. VBC Ferro Alloys Limited and M/s. VBC Power Company Limited and their respective shareholders as approved by the Board of Directors of the respective companies in their respective Board Meetings is enclosed herewith.
18. In addition to the documents annexed to this explanatory statement, copies of the following documents are open for inspection at the Registered Office of the Company between 10.00 A.M. to 12.00 Noon on any working day upto one day prior to the date of meeting.
 - a) Copy of the order of the Hon'ble High Court of Judicature at Hyderabad dated 14.10.2015 directing to convene the meeting of the equity shareholders
 - b) The Pre and Post amalgamation Shareholding Pattern of VBC Ferro Alloys Limited and VBC Power Company Limited.
 - c) Annual Reports of the VBC Ferro Alloys Limited for the year ended 31-03-2015.
 - d). Valuation Report dated 23rd May 2014 given by M/s. M.Bhaskar Rao and Associates, Chartered Accountants, Hyderabad and fairness opinion dated 27.05.2014 given by M/s Quintessence Enterprises Private Limited, Hyderabad.
 - e) Observation Letter dated 15.09.2015 Issued by BSE Limited-Annexure-2
 - f) Complaints Report dated 30.05.2015 - Annexure-3

This statement may be treated as the statement under Section 393 of the Act. A copy of the Scheme of Arrangement, Valuation Report dated 23rd May 2014 issued by M/s. M. Bhaskar Rao and Associates, Chartered Accountants, recommending the share exchange Ratio, the Fairness opinion issued by M/s Quintessence Enterprises Private Limited, Hyderabad, the observation letter issued by the BSE LIMITED, the complaints report and this statement may also be obtained free of cost from the registered office of the Applicant Company or at the office of the its advocate M/s. V.S. Raju, B.Satya_Shivaji & V.B. Raju at their Chambers at 106, Dhanunjaya Towers, Road No.1, Banjara Hills, Hyderabad - 500 034, during ordinary business hours on any working day upto 1 (one) day prior to the date of the meeting.

Place : Hyderabad

Date : 06.11.2015.

Smt. Rashmi G. Kamath

Advocate,

Chairperson appointed for the meeting of
equity shareholders

Address: B 512, Shantibagh apts., 7-1-3,

Opp: Country Club, Begumpet, Hyderabad-500016

**SCHEME OF ARRANGEMENT
BETWEEN
VBC FERRO ALLOYS LIMITED
AND
VBC POWER COMPANY LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

PREAMBLE

This Scheme of Arrangement is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, for demerging the Power Division of VBC Ferro Alloys Limited into VBC Power Company limited

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

- Part I** : Deals with the definitions of the terms used in this Scheme and Objects
- Part II** : Deals with incorporation details, objects and the Share Capital of VBC Ferro Alloys Limited and VBC Power Company Limited.
- Part III** : Deals with the Demerger of Power Division into VBC Power Company 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 meaning:

- 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 1 April, 2014.
- 1.3. **“Board”** means the Board of Directors of the Transferor Company / Transferee Company or any committee thereof duly constituted or appointed by the Board for this purpose.
- 1.4. **“Demerger”** means the transfer by way of demerger of Power Division (PD) of VBC Ferro Alloys Limited to VBC Power Company Limited for a consideration as defined in this Scheme
- 1.5. **“Demerged Undertaking” or “PD”** shall mean the Power Division of the Transferor Company consisting of the licences, permits , approvals, assets and properties and liabilities and obligations of whatsoever nature and kind and wheresoever situated, of the Transferor Company as on the Appointed Date, belonging to, or forming part of, or relating or appertaining to, or attributable to the division identified as the PD of the Transferor Company and shall include without limitation:
- 1.5.1. all immovable property, including land, buildings and plant and machinery, whether leased or otherwise, including but not limited to any immovable properties as specifically provided in Schedule I, which forms an integral part of this Scheme, and includes any continuing rights, title and interest in connection with the immovable properties, whether leasehold or otherwise along with all present and future liability including contingent liabilities and debts of the PD
- 1.5.2. any and all permits, quotas, rights, approvals, consents, entitlements, licences, tenancies, trademarks, brands, patents, copyrights, privileges and benefits of all contracts, agreements and all other rights, whether available as on date or vested in future, including, lease rights, licences, exemptions, tax benefits, concessions, subsidies and other beneficial interests including, but not limited to those specifically included in Schedule II, which forms an integral part of this Scheme of the PD;

- 1.5.3. all movable assets including plant, machinery and equipments, whether leased or otherwise, any and all rights, title, interest, covenant, liabilities including continuing rights, title and interest in connection with the movable properties whether leasehold or otherwise along with all present and future liability including contingent liabilities and debts of the PD;
 - 1.5.4. 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 PD;
 - 1.5.5. any and all debts, borrowings and liabilities, present or future, whether secured or unsecured of the PD;
 - 1.5.6. any and all permanent, temporary daily rated casual, and contractual employees of the Transferor Company engaged in relation to the PD at their respective offices branches, factories, depots or otherwise at their current terms and conditions;
 - 1.5.7. any and all earnest monies and / or security deposits, or other entitlements of the PD;
 - 1.5.8. any and all investments, current assets, funds, and loans and advances including accrued interest of the PD; and
 - 1.5.9. All records, files, papers, documents, process information, computer programs, manuals, data, catalogues, quotations, internal control information / material, technical know how, 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 of the PD;
 - 1.5.10. It is hereby clarified that where any question may arise as to whether a specifies asset or liability and/ or employee pertains or does not pertain to PD or whether it arises out of the activities or operations of PD shall be decided by the Board of the Transferor Company, or any committee constituted thereof,
- 1.5. **“Effective Date”** means the date on which the authenticated/certified copy of the Order of the High Court of Judicature at Hyderabad sanctioning the Scheme is filed with the Registrar of Companies Telangana, Hyderabad.
 - 1.6. **“VBC FERRO”** or **“Transferor Company”** means VBC Ferro Alloys Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad , Hyderabad – 500004, Andhra Pradesh.
 - 1.7. **“High Court”** means High Court of Judicature at Hyderabad for the state of Telangana and State of Andhra Pradesh and shall include the National Company Law Tribunal, if applicable.
 - 1.8. **“Remaining Business”** means all the businesses and the divisions of the Transferor Company other than PD.
 - 1.9. **“Scheme”** or **“the Scheme”** means this Scheme of Arrangement in its present form submitted to the High Court or any other appropriate authority.
 - 1.10. **“VBC Power”** or **“Transferee Company”** means VBC Power Company Limited a Company incorporated under the Companies Act, 1956 and having its registered office at 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad – 500004, Telangana.

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 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. OBJECT AND RATIONALE OF THIS SCHEME

- 2.1 The Transferor Company is inter alia engaged in the business of manufacture of Ferrous and Non Ferrous metals, Alloy Steels, Ferro Alloys, Manganese alloys and other metal alloys, Pig Iron, Wrought Iron, steel converters, rolled steel makers miners, smelters, engineers, iron and steel founders of all or any of their respective branches, Metallurgists, prospectors, explorers, contractors, agents and to establish workshops for the manufacture of any equipment required for any of the industries which the Company can undertake and to deal in such equipment etc.

- 2.2 The Transferee Company was incorporated on 29th November, 2012 to carry on business of power generation for the captive consumption for business of the Transferor Company.
- 2.3 The Transferor Company now desires to focus on the Power Division vertical in a professional and focused manner and thus proposes to demerge PD to the Transferee Company. Subsequent to demerger, the Transferee Company would develop long term corporate strategies and financial policies specifically with respect to the Power business, thus enabling better management and accelerated growth of the Power business and provide better visibility to the shareholders of the businesses of the Transferor and Transferee Company, thereby enhancing shareholders value. Further the proposed demerger would result in improving the operational efficiencies, provide better access to different financing avenues, for both Transferor and Transferee Company.
3. **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.

4. Transferor Company / VBC FERRO

a) Incorporation:

VBC Ferro Alloys Limited / transferor Company was incorporated as a public Limited company in the State of Andhra Pradesh on 3rd October, 1981 under the Certificate of Incorporation No. 01-3223 of 1981-82.

b) Share Capital

The Present Share Capital of VBC Power (Transferor company) is as under:

| Particulars | Amount in Rupees |
|---|-------------------------|
| Authorized | |
| 2,00,00,000 Equity Shares of Rs 10/- each | 20,00,00,000 |
| Total | 20,00,00,000 |
| Issued, Subscribed and Paid-up: | |
| 43,94,350 Equity Shares of Rs 10/- each fully paid-up | 4,39,43,500 |
| Add: Amount received on 2100 forfeited shares | 6,375 |
| Total | 4,39,49,875 |

c) Main Objects:

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

- i) To take over the Registration No.IND/GR IV/54/36/80-81/207, dated the 25.07.1981 (Unit Registration No.LP/8002187, dated 22.07.1981), obtained from the Government of India and / or any other licensor permits that may be obtained by M/s. Vizag Bottling Company Private Limited, for the establishment of Ferro Silicon factory and doing all such other things as are incidental or conducive to the attainment of the above subject.
- ii) To carry on the business of manufacture of Ferrous and Non Ferrous metals, Alloy Steels, Ferro Alloys, Manganese alloys and other metal alloys, Pig Iron, Wrought Iron, steel convertors, rolled steel makers miners, smelters, engineers, iron and steel founders of all or any of their respective branches, Metallurgists, prospectors, explorers, contractors, agents and to establish workshops for the manufacture of any equipment required for any of the industries which the Company can undertake and to deal in such equipment.
- iii) To establish, provide, maintain and conduct factories for the manufacture of Electro Chemical and Electro Metallurgical products, such as, Calcium Carbide, Silicon Carbide, Silico Manganese, Caustic Soda, Calcium silicide, and to carry on business of manufacturers, explorers, importers, exporters, dealers and stockists in ferrous and non ferrous Metals, ferro- alloy, Alloy steel and all other Electro metallurgical and Electro chemical products.

- iv) To buy, sell, manufacture and deal in minerals, charcoal, coal, woods, plants, machinery, implements, appliances, conveniences and to take on lease or licence, concessions or otherwise in India or elsewhere, Mines, Mining rights and land and to explore, work, export, develop turn to account the same and to crush, win, get, carry, smelt, calcine, refine, dress, amalgamate, manipulate or prepare for market ore, metal and minerals substances of all kinds and to carry on any other metallurgical operations which may seem conducive to any of the objects of the Company.

5. Transferee Company / VBC POWER

a) Incorporation:

VBC Power Company Limited / transferee Company was incorporated as a public Limited company, then in the State of Andhra Pradesh on 29th November, 2012 under Corporate Identity No. U40108AP2012PLC084470.

b) Share Capital

- i) The Present Share Capital of VBC Power is as under:

| Particulars | Amount in Rupees |
|--------------------------------------|-------------------------|
| Authorized | |
| 50,000 Equity Shares of Rs 10/- each | 5,00,000 |
| Issued, Subscribed and Paid-up: | |
| 50,000 Equity Shares of Rs 10/- each | 5,00,000 |

c) Main Objects

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

i) To generate, harness, develop, 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 electric energy can be employed. To carry on and generate power supply either by hydro, thermal, Biomass, gas, air, 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 Governments or private companies or Electricity Boards, Industries and to Central/State Government, other consumers of electricity, including for captive consumption of Promoter Company(ies) 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 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.

iii) To carry on the business of Electric Power, Light and supply company in all its branches and in particular to construct, layout, establish, fix, carry-out and run all necessary power stations, workshops, repair shops, sub-stations, transmission lines, cables, wires, accumulators and works and to generate, accumulate, distribute and supply electricity to industries or to State Electricity Board or to cities, towns, streets, docks, markets.

PART III - DEMERGER OF POWER DIVISION INTO VBC POWER

6. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 6.1 With effect from the Appointed Date, the Demerged Undertaking including all its properties and assets, whether moveable or immoveable (more specifically described in Schedule I attached to this scheme), tangible or intangible, balance in bank, cash or investments and other assets of whatsoever nature such as licenses, permits, approvals (more specifically described in Schedule II attached to this scheme), lease, tenancy rights, letter of intents, permissions under income tax and/or any other statutes, incentives if any and all other rights, title, interest, contracts, consent, approvals or powers of every kind nature and descriptions whatsoever shall 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.
- 6.2 All the movable assets of the Demerged Undertaking 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.
- 6.3 In respect of movable assets of the Demerged Undertaking, other than those specified in sub-clause 6.2 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 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.
- 6.4 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of the Demerged Undertaking, 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 vest 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 and the Transferee Company undertakes to meet, discharge and satisfy to the exclusion of the Transferor Company and to keep the Transferor Company indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from all actions, demands and proceedings in respect thereto.

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.

- 6.5 In so far as loans and borrowings of Transferor Company pertaining to the general or multipurpose loans and liabilities which are to be transferred to the Transferee Company as part of the PD shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Transferee Company as if it had entered into such loans and incurred such borrowings.

Thus, the Transferee Company shall redeem or repay such liabilities appertaining to demerger undertaking. However, without prejudice to such transfer of liability amount, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the Transferee Company may discharge such liability (including accretions thereto) by making payments on the respective due dates to the Transferor Company, which in turn shall make payments to the respective creditors.

- 6.6 The transfer and vesting of the assets comprised in the Demerged Undertaking 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.
- 6.7 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 Demerged Undertaking 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 or the Transferor Company.
- 6.8 In so far as assets of PD are concerned, the encumbrances, if any, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of the Transferor Company shall, without any further act or deed, be released and discharged from the same and shall no longer be available as Encumbrances in relation to those liabilities of the Transferor Company which are not transferred to the Transferee Company.
- 6.9 In so far as the assets of the Remaining Business of the Transferor Company are concerned, the Encumbrances over such assets, to the extent they relate to PD shall, without any further act, instrument or deed be released and discharged from such Encumbrances. The absence of any formal amendment which may be required by a lender or third party in order to affect such release shall not affect the operation of the foregoing sentence.
- 6.10 In so far as the existing security in respect of the loans or borrowings of the Transferor Company and other liabilities relating to the Remaining Business are concerned, such security shall, without any further act, instrument or deed be continued with the Transferor Company on the assets remaining with the Transferor Company.

The Transferor Company and the Transferee Company shall file necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

- 6.11 The foregoing provisions insofar as they relate to the transfer of liabilities to the Transferee Company shall operate, notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security documents, all of which instruments shall stand modified and/or superseded by the foregoing provisions.
- 6.12 Subject to the other provisions of the Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, Licences/Agreements for allotment of command area for development of palm plantation with State Government(s), quality certifications and approvals, powers of attorneys, agreements and other instruments of whatsoever nature in relation to Demerged Undertaking 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.
- 6.13 The entitlement to various benefits under incentive schemes and policies in relation to the Demerged Undertaking of 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 exemption / deferment, value added tax, turnover tax, excise duty, service tax, customs and other incentives in relation to the Demerged Undertaking of 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.

- 6.14 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 Demerged Undertaking 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.
- 6.15 Any refund/ credit under Tax Laws due to the Transferor Company in relation to the Demerged Undertaking 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.
- 6.16 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 Demerged Undertaking 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 Demerged Undertaking 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.
- 6.17 Without prejudice to the generality of the forgoing,
- 6.17.1 On and from the Appointed Date, if any certificate for Tax Deducted at Source or any other tax credit certificate relating to the Demerged Undertaking of 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.
- 6.17.2 On and from the Appointed Date, benefit of all balances relating to CENVAT or Service Tax or VAT being balances pertaining to the Demerged Undertaking of 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 Demerged Undertaking of 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.
- 6.18 It is hereby clarified that the transfer and vesting of the Demerged Undertaking in the Transferee Company shall be on a going concern basis. It is further clarified that the rest of the assets and liabilities (other than those forming part of PD or otherwise specified in this Scheme) of the Transferor Company shall continue to vest in the Transferor Company.

7. CONSIDERATION

- 7.1 The Transferee Company shall, upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the Demerged Undertaking of the Transferor Company, shall issue 2,70,00,000(two crore seventy lakh only) equity shares of Rs.10/- each to the Transferor Company.
- 7.2 The Equity Shares in the Transferee Company to be issued to the Transferor Company pursuant to Clause 7.1 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.
- 7.3 The issue and allotment of Equity Shares in the Transferee Company, by the Transferee Company to 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 62 of the Companies Act. 2013 (Corresponding to Section 81(1A) of the Act.1956) and any other applicable provisions of the Act were duly complied with.

8. ACCOUNTING TREATMENT

In the books of the Transferee Company

- 8.1 The Transferee Company shall record all assets and liabilities pertaining to the Demerged Undertaking, in its books of account at the values as per the valuation report at the values more specifically mentioned in hereunder
- a. Land including land development Rs 14.34 Cores
 - b. Intangible assets, consisting of various licenses, permissions etc (net of adjustment for possible errors in assumptions) Rs 9.81 Cores
 - c. Expenditure incurred during construction period Rs 5.24 cores
 - d. Current Liabilities of Rs 2.93 Cores
- 8.2 The difference, being the excess or shortfall between the assets and liabilities of the Demerged Undertaking as transferred to the Transferee Company accounted as per clause 8.1 above and the consideration discharged as per clause 7.1 above, and after making any adjustments, if any, for Deferred Tax Liability or Deferred Tax Assets, shall be adjusted to / against the General Reserve Account In the books of the Transferor Company.
- 8.3 As on the Appointed Date, the book values of the assets and liabilities pertaining to PD transferred to the Transferee Company, shall be reduced from the book values of the assets and liabilities appearing in the books of the Transferor Company.
- 8.4 The difference, being the excess or shortfall between the assets and liabilities of the Demerged Undertaking as transferred to the Transferee Company accounted as per clause 8.3 above and the consideration received as per clause 7.1 above, and after making any adjustments, if any, for Deferred Tax Liability or Deferred Tax Assets, shall be adjusted against the General Reserves of the Transferor Company.

9 STAFF, WORKMEN & EMPLOYEES

- 9.1 On the scheme becoming operative, all staff, workmen and employees of the Demerged Undertaking 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 Sate 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.
- 9.2 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 Demerged Undertaking to the relevant funds of Transferor Company.
- 9.3 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.

10. LEGAL PROCEEDINGS

- 10.1 If any suit, appeal or other legal proceedings of whatsoever nature by or against Transferor Company in relation to the Demerged Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the Demerger 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. In the event that the legal proceedings referred to herein require the Transferor Company and the Transferee Company to be jointly treated as parties thereto, the Transferee Company shall be added as party to such proceedings and shall prosecute and defend such proceedings in co-operation with the Transferor Company. In the event of any difference or difficulty in determining as to whether any specific legal or other proceeding relates to PD or not, a certificate jointly issued by the Board of

Directors of the Transferor Company and the Transferee Company as to whether such proceeding relates to PD or not, shall be conclusive evidence of the matter.

- 10.2 If proceedings are taken against the Transferor Company in respect of the matters referred to in Clause 10.1 above, it shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the latter shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 10.3 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against The Transferee Company to the exclusion of the Transferor Company.
- 10.4 On and from the Effective Date, Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Demerged Undertaking of the Transferor Company.

11 BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEREE COMPANY

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

- 11.1 The Transferor Company shall carry on and be deemed to have carried on all their business and activities in relation to Demerged Undertaking and shall stand possessed of all the assets, rights, title and interest for and on account of and in trust for, the Transferee Company;
- 11.2 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) in relation to Demerged Undertaking, shall for all purposes, be treated as the profits/ cash, taxes or losses, as the case may be, of the Transferee Company;
- 11.3 All accretions and depletions to the Demerged Undertaking shall be for and on account of the Transferee Company.
- 11.4 The Transferor Company shall not utilise the profits or income of Demerged Undertaking, 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.

12. CONDUCT OF BUSINESS

- 12.1 The Transferor Company will, from the Appointed Date upto and including the Effective Date, preserve and carry on the business of Demerged Undertaking 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.
- 12.2 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 Demerged Undertaking.
- 12.3 With effect from the Effective Date, Transferee Company shall commence and carry on and shall be authorised to carry on the business of Demerged Undertaking.

13. SAVING OF CONCLUDED TRANSACTION

The transfer of the Demerged Undertakings of the Transferor Company to the Transferee Company and the continuance of all contracts or proceedings by or against the Demerged Undertaking shall not affect any contracts or proceedings already concluded by the Transferor Company in relation to the Demerged Undertaking 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.

PART IV - GENERAL TERMS AND CONDITIONS

14. 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.

15. MODIFICATION OR AMENDMENTS TO THE SCHEME

15.1 The Transferor Company and the Transferee Company by their respective Board 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 (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board 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.

15.2 In the event of any of the conditions that may be imposed by the High Court or 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 not affect the other parts of the Scheme.

16. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional upon and subject to:

16.1 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 referred to in Clause 13 hereof being obtained;

16.2 The certified copy of the High Court order sanctioning the Scheme being filed with the Registrar of Companies, Telangana at Hyderabad; and such other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

17. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of this Scheme failing to take effect, the Board of the Transferor Company and the Transferee Company are hereby empowered and authorized to agree and extend the Scheme from time to time, without any limitation, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or being incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each company shall bear its own costs or shall bear costs as may be mutually agreed.

18. BINDING EFFECT

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

19. 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 Transferor Company.

Schedule – I

(This Schedule forms an Integral Part of the Scheme of Arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited and their respective shareholders.)

Schedule of Immovable Properties pertaining to Power Division of the Transferor Company

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|----------------|--|----------------------|---|
| 1. | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 235, Dry Agricultural Land Area A. 5-93 Cents = 237 Guntas or 2.39 Hectors. Its Pass book no 399175 and Patta no.25</p> <p><u>Boundaries</u> North : Road & Sy. No 242 South : Sy. No. 234 Vadai Venkati and Vadai Isthari East : Sy. No. 236 Borlakunta Bikku West : Sy. No. 73 Gyare Yamunakka and Gyare Devji</p> | 2829 | Registration District Adilabad Sub district Asifabad. |
| 2. | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 227, Dry Agricultural Land Area A. 12-73 Cents from which sale 9-26 Cents = 370 Guntas or 3.74 Hectors. Its Pass book no 399421 and Patta no.271</p> <p><u>Boundaries</u> North : Sy. No 228 South : Canal East : Sy. No. 195 West : Sy. No. 229</p> | 339 | Registration District Adilabad Sub district Asifabad. |
| 3 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 229, Dry Agricultural Land Area A. 10-30 Cents from which sale 5-93 Cents = 237 Guntas or 2.39 Hectors. Its Pass book no 506346 and Patta no.372</p> <p><u>Boundaries</u> North : Sy. No 228 South : Canal East : Sy. No. 229 West : Sy. No. 232</p> | 340 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|---|---------------|---|
| 4 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 228, Dry Agricultural Land Area A. 13-55 = 542 Guntas or 5.48 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 235 South : Sy. No. 229 East : Sy. No. 222 West : Sy. No. 234</p> | 370 | Registration District Adilabad Sub district Asifabad. |
| 5 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 234, Dry Agricultural Land Area A. 4-85 Cents.Total two Sy. No. Area 9-70 Cents = 388 Guntas or 3.92 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 235 South : Chatari Vagu Sy. No. 232 East : Sy. No. 229 West : Sy. No. 73</p> | 1315 | Registration District Adilabad Sub district Asifabad. |
| 6 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 231, Dry Agricultural Land Area A. 0-021/2 Cents. Survey No. 232, Dry Agricultural Land Area A. 0-73 Cents, Survey No. 233, Dry Agricultural Land Area A. 0-85 CentsTotal three Sy. No. Land Area 1-60 Cents = 64 Guntas or 0.64 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 234 South : Canal East : Sy. No. 229 West : Sy. No. 74 & 75</p> | 2785 | Registration District Adilabad Sub district Asifabad. |
| 7 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 231/a, Dry Agricultural Land Area A. 0-021/2 Cents. Survey No. 232/a, Dry Agricultural Land Area A. 0-72 Cents, Survey No. 233/a, Dry Agricultural Land Area A. 0-85 CentsTotal three Sy. No. Land Area 1-591/2 Cents = 63 Guntas or 0.63 Hectors. Its Pass book no is not issued.</p> | 2787 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|---|---------------|---|
| | <u>Boundaries</u> North : Sy. No 234 South : Canal East : Sy. No. 229 West : Sy. No. 74 & 75 | | |
| 8 | <p>Schedule – A Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 72, Dry Agricultural Land Area A. 8-15 = 326 Guntas or 3.30 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 54 South : Sy. No. 76 East : Sy. No. 73 West : Sy. No. 55 , 58</p> <p>Schedule – B Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 76, Dry Agricultural Land Area A. 10-021/2 = 401 Guntas or 4.06 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 72 South : Sy. No. 77 & 80 East : Sy. No. 75 West : Sy. No. 71</p> | 2168 | Registration District Adilabad Sub district Asifabad. |
| 9 | <p>Schedule-A Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.75, Dry Agricultural Land Area A. 3-65Cents, Survey No 75, Dry Agricultural Land Area A. 3-65 Cents, Total two Sy. No.Area A. 7-30 Cents = 292 Guntas or 2.95 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 73 & 74 South : Sy. No. 81 East : Sy. No. 74 & 232 West : Sy. No. 76</p> | 2167 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| | <p>Schedule-B Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.73, Dry Agricultural Land Area A. 4-08Cents = 163 Guntas or 1.65 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 53 South : Sy. No. 75 East : Sy. No.235 & 74 West : Sy. No. 54 & 72</p> | | Registration District Adilabad Sub district Asifabad. |
| 10 | <p>Schedule-A Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.73/a, Dry Agricultural Land Area A. 6-21Cents = 248 Guntas or 2.51 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 53 South : Sy. No. 75 East : Sy. No. 235& 74 West : Sy. No. 54 & 72</p> <p>Schedule-B Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.73/aa, Dry Agricultural Land Area A. 6-21Cents = 248 Guntas or 2.51 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 53 South : Sy. No. 75 East : Sy. No.235 & 74 West : Sy. No. 54 & 72</p> | 2166 | Registration District Adilabad Sub district Asifabad. |
| 11 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.94, Dry Agricultural Land Area A. 8-00 Cents = 320 Guntas or 3.24 Hectors. Its Pass book no is not issued. | 2165 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| | <p><u>Boundaries</u> North : Land of Gaddam Satyanarayana South : Land of Gaddam Satyanarayana East : Orre West : Land of Devarakonda Ramagoud</p> | | |
| 12 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.74, Dry Agricultural Land Area A. 3-55 Cents = 142 Guntas or 1.43 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 73 South : Sy. No. 75 East : Sy. No. 234 & 231 West : Sy. No. 73 & 75</p> | 2784 | Registration District Adilabad Sub district Asifabad. |
| 13 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.74, Dry Agricultural Land Area A. 3-55 Cents = 142 Guntas or 1.43 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 73 South : Sy. No. 75 East : Sy. No. 234 & 231 West : Sy. No. 73 & 75</p> | 2786 | Registration District Adilabad Sub district Asifabad. |
| 14 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.58, Dry Agricultural Land Area A. 7-00 Cents, Survey No.57/a, Dry Agricultural Land Area A. 0-50 Cents and Survey No.57/1, Dry Agricultural Land Area A. 2-26 Cents Total three Sy no Land Area A. 9-76 Cents = 390 Guntas or 3.94 Hectors. Its Pass book no 506816 issued.</p> <p><u>Boundaries</u> North : Remaining Land of Sy. No. 57 South : Remaining Land of Sy. No. 58 East : Sy. No. 55&72 West : Sy. No. 20&60</p> | 2887 | Registration District Adilabad Sub district Asifabad. |
| 15 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.56, Dry Agricultural Land Area A. 3-00 Cents = 120 Guntas or 1.21 Hectors. Its Pass book no 498224 issued.</p> | 2888 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| | <u>Boundaries</u> North : Road South : Sy. No. 57 East : Sy. No. 55 West : Sy. No. 20 & 60 | | |
| 16 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.57/1, Dry Agricultural Land Area A. 1-00 Cents = 40 Guntas or 0.40 Hectors. Its Pass book no 509634 issued. <u>Boundaries</u> North : Remaining Land of Sy. No. 57 South : Remaining Land of Sy. No. 58 East : Sy. No. 55 & 72 West : Sy. No. 20 & 60 | 3091 | Registration District Adilabad Sub district Asifabad. |
| 17 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad. Dry Agricultural Land Sy No.58/ a, Total extent of site A. 6-68 Cents, sale extent of site A. 4-68 Cents = 187 Guntas or 1.89 Hectors. Its Pass book no 395633 and Patta no 166. <u>Boundaries</u> North : Sy. No. 57 South : Remaining Land of Sy. No. 58 , 69 East : Sy. No. 71 & 72 West : Sy. No. 59 & 60 | 2900 | Registration District Adilabad Sub district Asifabad. |
| 18 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.58/aa, Dry Agricultural Land Area A. 2-00 Cents = 80 Guntas or 0.81 Hectors. Its Pass book no 509675. <u>Boundaries</u> North : Sy. No. 57 South : Sy. No. 69 East : Sy. No. 71 West : Sy. No. 59 & 60 | 2903 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| 19 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.72, Dry Agricultural Land Area A. 2-00 Cents = 80 Guntas or 0.81 Hectors. Its Pass book not issued.</p> <p><u>Boundaries</u> North : Remaining Land of Sy. No.54 South :Remaining Land of Sy. No.71&76 East : Sy. No.73 West : Sy. No. 55&58</p> | 2904 | Registration District Adilabad Sub district Asifabad. |
| 20 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.57/1, Dry Agricultural Land Area A. 1-00 Cents = 40 Guntas or 0.40 Hectors. Its Pass book no 509633 issued.</p> <p><u>Boundaries</u> North : Remaining Land of Sy. No. 57 South : Remaining Land of Sy. No. 58 East : Sy. No. 55 & 72 West : Sy. No. 20 & 60</p> | 3092 | Registration District Adilabad Sub district Asifabad. |
| 21 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.72/a, Dry Agricultural Land Area A. 3-00 Cents = 120 Guntas or 1.21 Hectors. Its Pass book no 395433.</p> <p><u>Boundaries</u> North : Sy. No. 54 South : Sy. No. 71 & 76 East : Sy. No. 76 West : Sy. No. 55 & 58</p> | 3190 | Registration District Adilabad Sub district Asifabad. |
| 22 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.57/a, Dry Agricultural Land Area A. 2-26 Cents = 90 Guntas or 0.91 Hectors. Its Pass book no 498383.</p> <p><u>Boundaries</u> North : Sy. No. 56 South : Sy. No. 58 East : Sy. No. 55 West : Sy. No. 20 & 60</p> | 3191 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| 23 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.71, Dry Agricultural Land Area A. 4-90 Cents = 196 Guntas or 1.98 Hectors. Its Pass book is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 72 & 58 South : Sy. No. 70 & 69 East : Sy. No. 76 & 72 West : Sy. No. 58 & 69</p> | 3152 | Registration District Adilabad Sub district Asifabad. |
| 24 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.71, Dry Agricultural Land Area A. 4-90 Cents = 196 Guntas or 1.09 Hectors. Its Pass book is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 72 & 58 South : Sy. No. 70 & 69 East : Sy. No. 76 & 72 West : Sy. No. 58 & 69</p> | 3153 | Registration District Adilabad Sub district Asifabad. |

Schedule – II

(This Schedule forms an Integral Part of the Scheme of Arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited and their respective shareholders.)

Schedule of Licenses, Permits, Approvals, Rights etc. pertaining to Power Division of the Transferor Company

| S. No | Description of approval/License | License Number and dated | Issuing Authority / Department |
|--------------|--|---|---|
| 1 | Industrial Entrepreneur Memorandum for 120 MW | 581/STA/IMO/2011 Dt: 18/02/2011 | Ministry of Commerce & Industries Govt of India New Delhi |
| 2 | No Objection Certificate (NoC) from Bodepally (V&G.P) for an Extent of 143.12 Acrs of Land | Letter No: Nil Dt: 24.01.2011. | Bodepalli & Jagannathpur Village & Gram Panchayat |
| 3 | Gram Panchayat Resolution for Construction of CPP Aux. Buildings. | Letter No: Nil Dt: 08.07.2011 | Bodepalli & Jagannathpur Village & Gram Panchayat |
| 4 | ToR (Terms of Reference). from APPCB for EC | SEIAA/AP/ADB/2009 Dt:28/04/2010 SEIAA/AP/ADB-11/2010 Dt:31/05/2010 | State Environmental Impact Assessment Authority APPCB |
| 5 | Minutes of Public Hearing Meeting | Letter no : Nil Dt:20/08/2010 | State Environmental Impact Assessment Authority (SEIAA)APPCB, District Collector Adilabad |
| 6 | Environmental Clearance [EC] | Environmental Clearance accorded Order no. SEIAA/AP/ADB 11/ 2010 - 565 Dt: 20-05-2011 | Ministry of Environment & Forest SEIAA APPCB |
| 7 | Consent for Establishment [CFE] | Consent for Establishment [CFE] Order no 67/PCB/CFE/RO-NZB/HO/2011-3070 Dt19.12.2011 | Ministry of Environment & Forest SEIAA APPCB |
| 8 | Bank Guarantee from VBCFAL | BG No: 8747IPEBG100051 Dt:28/05/2010 | Bank of India Hyderabad |
| 9 | LoA (Letter of Assurance) from WCL for Supply of Coal. | NGP/WCL/S&M/C-12(348-B)1008 Dt:21/07/2010 | Western Coal Fields Coal India Ltd |
| 10 | Non-Agricultural Land Conversion approval | No.J/1323/08 5.93Ac Dt:20/12/2008 No. J/1635/2010 41.13Ac Dt:01/11/2010No. J/1636/2010 87.57Ac Dt:01/11/2010 No.J/675/2011 8.00Ac Dt:24/05/2011 Total 143.13 Acres | Revenue Divisional Office, Asifabad, Govt. of A.P |
| 11 | Enhancement of Plant Capacity from 2x50MW to 2x60MW | No. 23021/158/2010-CPD Dt:22/11/2010 | Approval from Ministry of Coal(Gol) |

| S. No | Description of approval/License | License Number and dated | Issuing Authority / Department |
|--------------|---|--|--|
| 12 | NoC from Forest Dept. Govt of AP | No. 934/2011-S4 Dt:25/04/2011 | Forest Dept. Govt of AP |
| 13 | Power Purchase Agreement with VBCIL. | Doc. No: 52503 Dt:29/01/2011 | MoU Between VBCFAL & VBCIL |
| 14 | Detailed Plant Layout. | DWG. No: 111-29-0200 Dt 21.01.2011 | Ms DESEIN Engg Consultant of VBCFAL |
| 15 | No Objection Certificate (NoC) for 110 mtr Chimney | NoC received from AAI orderno: BT1/NOCC/CS/MUM/11/ Chimney /23/273.277 Date 02/01/ 2012 | Airports Authority of India Western Regian Hqrs Mumbai |
| 16 | Ash Utilization Plan drawn and submitted as per MOEF guidelines to APPCB | Ash utilization plan submitted on 04.10.2011 | M/s RAMKY ENVIRO Consultants |
| 17 | MoU with M/s Keerthi Industries Limited. | Doc. No: 32853 Dt:29/09/2011 | Between VBC Ferro Alloys & M/s Keerthi Industries Ltd |
| 18 | Ground Water Permission | Letter. No:111/T/2009 Dt:31/01/2012 | GroundWaterDept Nirmal Adilabad Dist. AP |
| 19 | Construction Power 800Kva Sanction letter from NPDCL | Letter no SE/OP/ADB/Com/ D.No.841/11 Dt: 10.01.2012 | APNPDCL APTRANSCO |
| 20 | Open excess & Grid connectivity for Power evacuation through APTRANSCO. | VBCFAL Letter to APTRANSCO Dt:19/02/ 2011Lr.No.ED(Plg,RAC&Ref)/ ADE(C)/F. VBC Ferro/DNo.356/13 Dt:22/06/2013 | APTRANSCO |
| 21 | Approval for water Drawl from Irrigation Dept. Govt. of A.P.(Firm Water Allocation) | Permission accorded Vide G.O.Ms.No.68 Dated;01-08-2013 | Irrigation & CAD Dept Govt of AP |

BSE Limited Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
T: +91 22 2272 1234 / 33 F: +91 22 2272 1003 www.bseindia.com
Corporate Identity Number : U67120MH-2005PLC155188
DCS/AMAL/CS/24(f)/154/2015-16



September 15, 2015

The Company Secretary
VBC Ferro Alloys Limited
6-2-913/914, Progressive Towers, 3rd Floor,
Khairatabad, Hyderabad- 500 004,
Telangana.

Sub: Observation letter regarding the Draft Scheme of Arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited.

We are in receipt of Draft Scheme of Arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter dated September 14, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- *"Company to ensure that "Fairness Opinion" submitted by them is displayed from the date of receipt of this letter on the website of the listed company along with various documents submitted pursuant to the circulars."*
- *"Company shall duly comply with various provisions of the Circulars."*

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

- 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 High Court.

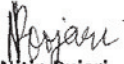
Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

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 does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager


Lalit Phatak
Asst. Manager

VBC FERRO ALLOYS LIMITED

Complaints Report as 30.05.2015.

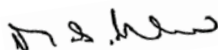
Part A

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

Part B

| Sr. No. | Name of complainant | Date of complaint | Status (Resolved/Pending) |
|----------------|---------------------|-------------------|---------------------------|
| NOT APPLICABLE | | | |

For VBC FERRO ALLOYS LTD.



M.S. LAKSHMAN RAO
Managing Director

Annexure - 4

Shareholding pattern pre and post scheme of demerger / hive off :

A) VBC FERRO ALLOYS LIMITED-Transferor Company

| Categories | No. of Shares | % to Total | Pre-scheme | Post-Scheme |
|---|----------------------|-------------------|----------------------|-------------------|
| | | | No. of Shares | % to Total |
| Promoters, Directors / Relatives and associated Persons | 16,14,459 | 36.74 | 16,14,459 | 36.74 |
| Financial Institutions & Banks/Mutual Funds/Central & State Governments | 7,310 | 0.17 | 7,310 | 0.17 |
| Foreign Institutional Investors | --- | --- | --- | --- |
| Non-resident Indians | 1,05,878 | 2.41 | 1,05,878 | 2.41 |
| Private Corporate Bodies | 4,92,082 | 11.20 | 4,92,082 | 11.20 |
| Indian Public | 21,74,621 | 49.48 | 21,74,621 | 49.48 |
| TOTAL | 43,94,350 | 100.00 | 43,94,350 | 100.00 |

A) VBC POWER COMPANY LIMITED-Transferee Company

| Shareholding pattern of Transferee Company (VBC Power Company Limited) | Pre | | Post | |
|---|---------------|--------------|--------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Promoter | 50000 | 100 | 50000 | 0.18 |
| Public | | | | |
| VBC FERRO ALLOYS LTD (TRANSFEROR Company)* | | | 2,70,00,000 | 99.82 |
| Custodian | | | Nil | Nil |
| TOTAL | | | 2,70,50,000 | 100 |

QUINTESSENCE ENTERPRISES PVT. LTD.

SEBI Registered Category-I Merchant Banker

SCHEME OF ARRANGEMENT

UNDER SECTIONS 391-394 OF THE COMPANIES ACT 1956

BETWEEN

VBC FERRO ALLOYS LIMITED

AND

VBC POWER COMPANY LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS



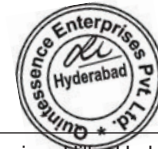
The Board of Directors,
VBC Ferro Alloys Limited
6-2-913/914, 3rd floor,
Progressive Towers,
Khairatabad,
Hyderabad -500 004

Dear Sir,

We, Quintessence Enterprises Pvt. Ltd., ('*QEPL*'), refer to our offer letter dated 16th April, 2014 which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' on the valuation carried out by the Valuer, M/s. M. Bhaskara Rao & Co., Chartered Accountants (MBRC) vide report dated 23rd May, 2014 pursuant to Clause 24 (f) of listing Agreement.

The methodology used and the valuation of the 2x60 MW captive power plant at Rs 27 crores arrived at based on the Valuation Report furnished by M/s. M. Bhaskara Rao & Co., Chartered Accountants (MBRC) 5-D fifth floor, 'Kautilya' 6-3-652, Somajiguda, Hyderabad-500 082 for the proposed demerger of for demerging the Power Division of VBC Ferro Alloys Limited into VBC Power Company limited is **Fair**.

Fairness Opinion on valuation of VBCFAL



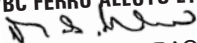
Page | 1

Admin Office : 8-2-603/B/33/A/9, B-201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500 034.
Phone : 040 65528262, Mobile : +91 9949270707, +91 9885099661

Regd. Office : # 8-2-603/1VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad - 500 034.
E-mail: quintessence@qeplindia.com, Website: www.qeplindia.com

Certified True Copy

For **VBC FERRO ALLOYS LTD.**


M.S. LAKSHMAN RAO
Managing Director

We enclose herewith a Valuation Report by M/s. M. Bhaskara Rao & Co., Chartered Accountants (MBRC) We hereby give our consent to present and disclose the Fairness Opinion in the general meeting of the shareholders of VBC Ferro Alloys Limited (VBCFAL) pursuant to Clause 24 (f) of Listing Agreement and VBC Power Company Limited to the BSE limited ('BSE') and the Honorable High Court of Andhra Pradesh and such other authorities in connection with the proposed purpose.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Fairness Opinion Report

Thanking you,

Yours faithfully,

For and on behalf of

Quintessence Enterprises Private Limited



Lavanya Chandra
Executive Director



27/05/2014

Hyderabad

QUINTESSENCE ENTERPRISES PVT. LTD.

SEBI Registered Category-I Merchant Banker

SCHEME OF ARRANGEMENT

UNDER SECTIONS 391-394 OF THE COMPANIES ACT 1956

BETWEEN

VBC FERRO ALLOYS LIMITED

AND

VBC POWER COMPANY LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS



1. PURPOSE:

VBC Ferro Alloys Limited (VBCFAL) is developing 2X60 MW coal based thermal captive power plant at Bodepalli Gram Panchayat, Sirpur Kagaznagar Mandal, Adilabad District.

VBCFAL has acquired about 146.85 acres of land and secured certain statutory project clearances and approvals including Environmental Clearance, Consent for Establishment, Clearance from Forest Department, Clearance from Airport Authority of India, permissions for drawing construction water/ construction power etc., besides obtaining NALA permission for the land usage conversion for industrial use. The land development activities are in progress and construction is about to commence. However, the financial closure is yet to take place.

After a diligent evaluation of various options, the management of the VBCFAL concluded that hiving off the power asset into a Special Purpose Vehicle (SPV) would be of strategic advantage for the Group. Accordingly, the Board of Directors of the VBCFAL decided to set up an SPV and transfer the assets of the power project to the proposed SPV which will be incorporated through the. Orders of Honourable High Court of Andhra Pradesh.



Fairness Opinion on valuation of VBCFAL

Page | 3

Admin Office : 8-2-603/B/33/A/9, B-201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500 034.
Phone : 040 65528262, Mobile : +91 9949270707, +91 9885099661

Regd. Office : # 8-2-603/1VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad - 500 034.
E-mail: quintessence@qeplindia.com, Website: www.qeplindia.com

The company has to submit this Fairness Opinion to the BSE Limited in accordance with clause 24 (f) of the listing agreement to obtain the no-objection certificate to go ahead with the scheme.

- 2. MERCHANT BANKER - QUINTESSENCE ENTERPRISE PVT LTD (QEPL)**
QEPL formed in 1999, is a Category - 1, Merchant Banking company, based in Hyderabad, Andhra Pradesh, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad - 500034, and Administrative office at 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500034. It is SEBI registered with Registration Code INM000011997 valid till 31/07/2017, as Category I Merchant Banker.

3. BACKGROUND

The VBC Group, a reputed industrial house of Andhra Pradesh with more than four decades standing, is a professionally managed conglomerate. Founded in 1967, VBC was incorporated by Dr. MWS Murthi as a partnership firm in the name of Vizag Bottling Company to carry on the business of bottling and distribution of soft drinks as a franchisee of Parle Exports Limited and later converted to VBC Industries Limited (VBCIL).

In 1981, as a diversification strategy, Dr. Murthi established VBC Ferro Alloys Limited (VBCFAL) for manufacturing of Ferro alloys at Rudraram Village, Patancheru Mandal, Medak District, Andhra Pradesh. The plant has two 16.5 MVA Russian Arc Furnaces with a production capacity of 24,000 TPA of Ferro Silicon and 48,000 TPA of Silicon Manganese/ Ferrochrome. Currently, VBCFAL is focusing on manufacture of Ferro Silicon. VBCFAL also exports its products to Italy, U.K, Netherlands, Germany, Korea, France, Poland, Romania and Belgium and attained Export House status. The VBCFAL has obtained ISO 9001:2008 Certification.

Transferor Company / VBC FERRO ALLOYS LIMITED

a) Incorporation:

VBC Ferro Alloys Limited / transferor Company was incorporated as a public Limited company in the State of Andhra Pradesh on 3rd October, 1981 under, the Certificate of Incorporation No. 01-3223 of 1981-82.



b) **Share Capital**

The Present Share Capital of VBC FERRO ALLOYS LIMITED (Transferor Company) is as under:

| Particulars | Amount in Rupees |
|--|-------------------------|
| <i>Authorized</i> | |
| 2,00,00,000 Equity Shares of Rs. 10/- each | 20,00,00,000 |
| Total | 20,00,00,000 |
| Issued, Subscribed and Paid-up : | |
| 43,94,350 Equity Shares of Rs. 10/- each fully paid-up | 4,39,43,500 |
| Add: Amount received on 2100 forfeited shares | 6,375 |
| Total | 4,39,49,875 |

To capitalise on the opportunities in power generation, VBCFAL has invested in phase I of 445 MW Konaseema Gas Power Limited (KGPL) -a natural gas based combined cycle power plant which has been Supplying power to APTRANSCO.

VBCFAL also invested in Orissa Power Consortium Limited for implementing hydro power projects. Currently Orissa Power Consortium Limited is operating 20 MW Samal Barrage Hydro Electric Project.

Manufacture of Ferro Alloys is highly power intensive and hence requires quality power at a reasonable price. To mitigate power related issues, VBCFAL has decided to set up 120MW(2X60MW) coal based captive power plant at Bodepalli Village, Kagaznagar Mandal, Adilabad District, Andhra Pradesh.

The company VBCFAL is listed on the Bombay Stock Exchange (Script Code: 513005, Script ID: VBCFERROQ)

Transferee Company / VBC POWER COMPANY LIMITED

a) **Incorporation :**

VBC Power Company Limited / transferee Company was incorporated as a public Limited company in the State of Andhra Pradesh on 29th November, 2012 under Corporate Identity No. U40108AP2012PLC084470.



b) Share Capital

The Present Share Capital of VBC Power is as under:

| Particulars | Amount in rupees |
|--------------------------------------|-------------------------|
| <i>Authorized</i> | |
| 50,000 Equity Shares of Rs 10/- each | 5,00,000 |
| Issued, Subscribed and Paid-up: | |
| 50,000 Equity Shares of Rs 10/- each | 5,00,000 |

4. SOURCES OF INFORMATION

- A copy of the Memorandum and Articles of Association of the companies
- Audited financial statements of the years 2010, 2011 and 2012, of the companies
- Shareholding pattern before and after the Scheme
- A draft copy of the Scheme of Arrangement
- A certified copy of the Board Resolution
- A Valuation Report dated 23/05/2014, by M/s M. Bhaskara Rao & Co., Chartered Accountants (MBRC), 5-D, fifth floor, 'Kautilya' 6-3-652, Somajiguda, yderabad-500 082.

5. VALUATION METHODOLOGY

Net Assets Approach

Valuation of shares on asset basis attempts to measure the value of the net assets of a company against each share. It is computed by taking the net value of a company's assets, subtracting there from the amount of the liabilities and preferred shareholders' claims and dividing the remainder among the equity shareholders according to their individual rights. The asset valuation can be on a number of bases. These are (a) Book value, (b) Net replacement value and (c) Net realizable value.

Considering the status of the Project, MBRC has considered NAV method for arriving at the enterprise value.



Physical assets

(1) Land

VBCFAL has acquired 146.85 acres of land at a cost of Rs. 29,983,090. It had also obtained necessary approvals from Grampanchayat to construct thermal power plant. The company had obtained a Fair Market Valuation from SN Associates consulting engineers to ascertain the market value as on date. As per the said report Dt. 22.02.2013 the market value of the land is Rs.7,34,25,000/-.

As per the certificate of S N Associates, Consulting Civil Engineers dated 22-02-13, the market value of the land is Rs.73,425,000/-

(2) 20KVA 3Phase Genset

VBCFAL has purchased and installed 20KVA 3PHASE GENSET in the year 2011-12 at a cost of Rs. 125,000/-. The asset is to be depreciated under the Income tax Act at a rate of 25% p.a. The depreciated value as on 31st March 2014 works out to Rs.70,313/-.

(3) Solar Power Lighting System

VBCFAL has purchased and installed solar power lighting system in the year 2011-12 at a cost of Rs.1,254,240/-. The asset is to be depreciated under the income tax Act at a rate of 80%. The depreciated value as on 31st March 2014 works out to Rs.50,170/-



Development Expenses

VBCFAL has incurred the following expenses during the development phase

| SI, NO | NATURE OF EXPENDITURE | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-14 | Rs. |
|--------|-----------------------------------|-----------------|-------------|-----------------|-----------------|-----------------|----------------|------------------|
| 1 | TRAVELLING EXPENSES | 367039 | | 2216152 | 2432019 | 1144360 | 218836 | 6379206 |
| 2 | BANK CHARGES | 3,572 | 2.131 | 400 | 3,094 | | 883888 | 893085 |
| 3 | ADVERTISEMENT EXPENSES | | | 237024 | 396476 | | | 633500 |
| 4 | ANALYSIS & TESTING FEES | | | 15,000 | | | | 15000 |
| 5 | BANKGUARANTEE COMMISSION | | | 5241477 | | 1815816 | | 7057293 |
| 6 | COMMUNICATION EXPENSES | | | 249828 | 456616 | | | 706444 |
| 7 | CONVEYANCE EXPENSES | | | 5,999 | 402422 | | | 480421 |
| 8 | LICENCE & FEES | | | 1105000 | 1432064 | | | 2537064 |
| 9 | MISCELLANEOUS EXPENSES | | | 2,900 | 23,953 | 760667 | 2615 | 790135 |
| 10 | CONSULTATION CHAUGES-DPR | | | | 441200 | | | 441200 |
| 11 | ENGINEERING CONSULTANCY SERVICES | | | | 5459850 | | | 5459850 |
| 12 | GREEN PLATATION AT POWER PROJECT | | | | 490480 | 130600 | | 629080 |
| 13 | LABOUR CHARGES | | | | 49215 | | | 49215 |
| 14 | OFFICE MAINTAINNANCE | | | 280010 | 374522 | | 137120 | 907044 |
| 15 | POSTAGE & COURIER EXPENSES | | | | 36,055 | | | 36055 |
| 16 | COMPUTOR STATIONERY& MAINTAINANCE | | | | 63,043 | | | 63043 |
| 17 | PRINTING & STATIONERY | | | 402445 | 297728 | 115250 | 334 | 815757 |
| 18 | PROFESSIONAL CHARGES | | | 1124200 | 1849213 | 244720 | 175000 | 3393133 |
| 19 | SALARIES & WAGES | | | 4852232 | 5179351 | 4670474 | 978719 | 15680776 |
| 20 | SECURITY SERVICE CHARGES | | | | 418531 | | | 418531 |
| 21 | SERVICE CHARGES | | | 201878 | 287112 | | | 488990 |
| 22 | STAFF RECRUITMENT EXPENSES | | | 125000 | | | | 125000 |
| 23 | STAFF WELAFARE EXPENSES | | | 10,705 | 17,871 | | | 28656 |
| 24 | TEMPORARY SHED EXPENSES | | | 41,528 | 797184 | | | 838712 |
| 25 | TRANSPORT & HAMALI CHARGES | | | 2,437 | 49,930 | | | 52367 |
| 26 | VEHICLE MAINTENANCE CHARGES | | | 720563 | 1292282 | 188244 | 9607 | 2210696 |
| 27 | LAND | 23428106 | | | | | | 23428106 |
| 28 | LAND DEVELOPMENT EXPENSES | | | 2136330 | 40417875 | 27459872 | | 70014077 |
| 29 | 20KVA GENSET | | | | 125000 | | | 125000 |
| 30 | SOLAR POWR LIGHTING SYSTEM | | | | 1254240 | | | 1254240 |
| | | 23799S17 | 2131 | 10979100 | 64127326 | 36530003 | 2406119 | 145852284 |



Intangible representing licenses and approvals:

The valuation of intangibles at the current stage is a challenge. Applying highly complicated techniques of valuing the intangibles may not also be appropriate as the reasonableness in the value of the enterprises cannot possibly be tested.

Hence, the value derived to represent intangible should be based on common knowledge and understanding. The value of time spent by the management team on the project and the possible cost and time that may have to be spent the efforts are initiated now may have to be considered.

A simple method of attributing value per MW or applying a rate of return to the total cost spent till date may give an indicative value of the intangible asset. The enterprise value of the Project based on generally accepted methods, however scientific they may be cannot lead values which could be 5 times or 10 times the cost incurred on the project till date.

The project cost is estimated to be Rs.562.56 Crores.

The cost per MW comes to Rs.4.71 Crores

If the project is completed with the above, cost, it may gain a value of 20% to 30% of cost as an enterprise. Hence, under such circumstances the enterprises value could be $4.70 \times 20\% \times 120 = \text{Rs.}670$ Crores.

As explained earlier the Project has not reached such state to derive value on the above basis. However, the approval and licenses obtained till date may represent Rs.10 lakhs to Rs.15 Lakhs per MW as against the total estimated cost of Rs.4.70 Crores per MW or Rs. 5.6 Crores (Rs.670 Cr / 120) per MW representing less than 5% of either of them.

(Rs. in Crores)

| | |
|---|--------------|
| Intangible Asset 120 MW X Rs.15 Lakhs | 18.00 |
| Less: Preoperative expenses incurred | (5.24) |
| Value attributable to Intangible Asset | 12.76 |



Based on the above the Enterprise Value works out as under:

| Investment | Amount as on 31st March 2014 (Rs.in Crores) |
|--|---|
| Market value of the land | 7.34 |
| Land development | 7.00 |
| Pre operative expenses | 5.24 |
| Intangible Asset | 12.76 |
| Less: current liabilities | (2.39) |
| Enterprise value | 29.95 |
| Less: for Possible errors in assumptions | 2.95 |
| Final Enterprise value | 27.00 |

Thus the Valuer, M/s M. Bhaskara Rao & Co., Chartered Accountants (MBRC) has arrived at the enterprise value of 2 X 60 MW captive power plant as Rs.27 Crores (Rupees twenty seven crores only) as on the valuation date, 31st March 2014. The VBC Power company Limited / SPV may consider issuing of appropriate shares of Rs.10/- each to the enterprise value of Rs.27 crores (Rupees twenty seven crores only) as determined above.

6. OPINION ON VALUATION REPORT :

As Merchant Bankers furnishing an opinion about the fairness of the valuation done by the valuer, based on the information, material, data made available to us including valuation report and workings to the best of our knowledge and belief, the methodology applied and the valuation arrived at by M/s M. Bhaskara Rao & Co., Chartered Accountants (MBRC) is **Fair**.

7. LIMITATIONS OF THE FAIRNESS OPINION ON THE VALUATION

The assignment did not include the following:

An audit of the financial statements of the company

Carrying out a market survey / financial feasibility for the Business

Financial and Legal due diligence

- Our fairness opinion is based on the information made available to us by the management of VBCFAL. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report.



- This report forms a fairness opinion on the valuation done by the valuer, M/s. M.Bhaskara Rao & Co., Chartered Accountants (MBRC) to arrive at the valuation for the proposed Scheme of Arrangement, and thus constitutes a limited Fairness Opinion report from QEPL
- Our fairness opinion includes review of audited financial statements of VBCFAL based on the information as mentioned by us in our report giving sources of information.
- We have reviewed the information made available to us for over all consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company.
- Our Fairness Opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The information contained in this report is selective and is subject to updates, expansions, revisions and amendment; it does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.
- In rendering this Opinion, QEPL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEPL does not assume any responsibility in respect thereof. Further QEPL has assumed that the Scheme of Arrangement (Demerger) will be implemented on the terms and conditions as set out in the draft Scheme of Arrangement (Demerger), without any material changes to or waiver of its terms and conditions.
- We hereby declare that we do not have any direct or indirect interest in the Company/ assets valued.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.



It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion.

For **Quintessence Enterprises Private Limited,**

Lavanya Chandra

**Lavanya Chandra
Executive Director**



27/05/2014
Hyderabad

HIGH COURT OF JUDICATURE AT HYDERABAD
For the State of Telangana and the State of Andhra Pradesh
(ORIGINAL JURISDICTION)
Company Application No. 1609 of 2015
In the matter of Companies Act. 1956 (1 of 1956)
In the matter of Sections 391 & 394 of the Companies Act. 1956
AND
In the matter of VBC Ferro Alloys Limited
AND
In the matter of VBC Power Company Limited
AND
Their respective Shareholders

M/s. VBC Ferro Alloys Limited

A Company Incorporated under the Companies Act, 1956
and having its Regd. Office at No.6-2-913/914, Third Floor,
Progressive Towers, Khairatabad, Hyderabad – 500 004, Telangana,
rep. by its Managing Director Sri.M.S.Lakshman Rao

... Applicant /
Transferor Company

FORM OF PROXY

I / We, the undersigned equity shareholders of the above company hereby appoint _____
as my / our Proxy, to act for me / our at the meeting of the equity shareholders to be held on Saturday, 5th December,
2015 at 11.00 A.M, at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 for the purpose of
considering and if thought fit, approving with or without modification(s), the proposed scheme of arrangement between
M/s. VBC Ferro Alloys Limited and M/s. VBC Power Company Limited and their respective shareholders and at such
meeting and any adjournment thereof, to vote, for me / us and in my / our Name _____
(herein if for insert 'For', if against, insert 'Against') the said scheme of amalgamation of either with or without
modification(s) as my / our Proxy my approve.

Dated this _____ day of _____, 2015.

Signature :

Name :

Address :

No. of shares held :

DP. ID No:

Folio No. :

Client ID No.:

(Strike whichever is not applicable).

M/s. VBC Ferro Alloys Limited
Registered Office at 6-2-913/914, Third Floor,
Progressive Towers, Khairatabad,
Hyderabad – 500 004.

ATTENDANCE SLIP

Name and address of the Equity Shareholder:

.....

.....

No. of Shares held

DP. I.D No.....

Client ID

Folio No:

I/we certify that I/we am/are shareholder /proxy for of the Company. I/we hereby record my/our presence at the meeting of the equity share holders of M/s VBC Ferro Alloys Limited / Transferor Company to be held on Saturday, 5th December, 2015 at 11.00 A.M at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004

Equity shareholder's / Proxy's Name
in block letters.

Equity shareholder's / Proxy's Signature.

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.

PRINTED MATTER

BOOK - POST

If undelivered, please return to:

M/s. VBC Ferro Alloys Limited

Office : 6-2-913/914, Third Floor, Progressive Towers,
Khairatabad, Hyderabad – 500 004,

Ph. No. 040-2332904 - 7, Fax : +91-40-23390721

M/s. VBC Ferro Alloys Limited

Office : 6-2-913/914, Third Floor, Progressive Towers,
Khairatabad, Hyderabad – 500 004,

CIN : L27101TG1981PLC003223

Ph. No. 040-2332904 - 7, Fax : +91-40-23390721

E-mail : vbcfalhyd@gmail.com, Website : www.vbcindia.co.in

COURT CONVENED MEETING OF THE UNSECURED CREDITORS OF VBC FERRO ALLOYS LIMITED

| | |
|-------|--|
| Day | Saturday |
| Date | 5th December, 2015 |
| Time | 3:00 P.M |
| Venue | 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 |

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HIGH COURT OF JUDICATURE AT HYDERABAD
For the State of Telangana and the State of Andhra Pradesh
(ORIGINAL JURISDICTION)

Company Application No. 1609 of 2015

In the matter of Companies Act. 1956 (1 of 1956)

In the matter of Sections 391 & 394 of the Companies Act. 1956

AND

In the matter of VBC Ferro Alloys Limited

AND

In the matter of VBC Power Company Limited

AND

Their respective Shareholders

M/s. VBC Ferro Alloys Limited

A Company Incorporated under the Companies Act, 1956
and having its Regd. Office at No.6-2-913/914,
Third Floor, Progressive Towers, Khairatabad, Hyderabad – 500 004,
Telangana, rep. by its Managing Director Sri.M.S.Lakshman Rao

**... Applicant /
Transferor Company**

NOTICE CONVENING MEETING OF THE UNSECURED CREDITORS

To

The Unsecured Creditors,

M/s VBC Ferro Alloys Limited

Take notice that by an order made on 14.10.2015 the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh has directed that the meeting of the Unsecured Creditors of M/s VBC Ferro Alloys Limited, be held at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 on Saturday, 5th December, 2015 at 3.00 PM for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed scheme of arrangement between M/s. VBC Ferro Alloys Limited and M/s. VBC Power Company Limited and their respective shareholders.

Take further notice that in pursuance of the said order, the meeting of the Unsecured Creditors of the above Applicant / Transferor Company will be held on Saturday, 5th December, 2015 at 3.00 P.M at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 which time and place the said Unsecured Creditors are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed by you or your authorised representative is deposited at the registered office of the Transferor Company situated at 6-2-913/914, Third Floor, Progressive Towers, Khairatabad, Hyderabad – 500 004 not later than 48 hours before the meeting.

The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh has appointed Shri. T.Niranjan, Advocate, High Court of Hyderabad to be the Chairperson of the said meeting.

A copy of the Explanatory statement under section 393 of the Companies Act, 1956, the scheme of arrangement, Form of proxy and Attendance slip are attached to and form part of this explanatory statement.

Place : Hyderabad
Date : 06.11.2015.

Shri. T.Niranjan
Advocate,
Chairperson appointed for the meeting of
Unsecured Creditors
Address: 12-2-828/A/45, Amba
Gardens, Mehdipatnam,
Hyderabad – 500 028.

**HIGH COURT OF JUDICATURE AT HYDERABAD
For the State of Telangana and the State of Andhra Pradesh
(ORIGINAL JURISDICTION)**

Company Application No. 1609 of 2015

**In the matter of Companies Act. 1956 (1 of 1956)
In the matter of Sections 391 & 394 of the Companies Act. 1956
AND
In the matter of VBC Ferro Alloys Limited
AND
In the matter of VBC Power Company Limited
AND
Their respective Shareholders**

M/s. VBC Ferro Alloys Limited

A Company Incorporated under the Companies Act, 1956 and having its Regd. Office at No.6-2-913/914, Third Floor, Progressive Towers, Khairatabad, Hyderabad – 500 004, Telangana, rep. by its Managing Director Sri.M.S.Lakshman Rao

**... Applicant /
Transferor Company**

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 FOR
THE COURT CONVENED MEETING OF UNSECURED CREDITORS OF THE COMPANY.**

1. Pursuant to an Order dated 14th October, 2015 passed by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh for Direction of meeting of the Unsecured Creditors of M/s VBC Ferro Alloys Limited / the Applicant Company is being convened and held on Saturday, 5th December, 2015 at 3.00 P.M at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 for the purpose of considering and, if thought fit, approving with or without modification(s) of the scheme of arrangement between M/s. VBC Ferro Alloys Limited (hereinafter referred to as "VBC FERRO" / Transferor Company) and M/s. VBC Power Company Limited (hereinafter referred to as "VBC POWER"/ Transferee Company) and their respective shareholders with effect from 01.04.2014. The Resolution to be submitted at the said meeting will read as follows:
2. "RESOLVED THAT pursuant to Sections 391 to 394 of the Companies Act, 1956 (the Act) read with the Companies (Court) Rules, 1959 (the Rules) and other applicable provisions, if any, of the Act and the Rules and subject to sanction by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh and other requisite consents and approvals, if any, being obtained and subject to such terms and conditions and modifications (s) as may be imposed, prescribed or suggested by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh or other appropriate authorities, the scheme of arrangement between M/ s. VBC Ferro Alloys Limited (hereinafter referred to as "VBC FERRO" / Transferor Company) and M/s. VBC Power Company Limited (hereinafter referred to as "VBC POWER"/ Transferee Company) and their respective shareholders in terms of the Scheme of Arrangement (the "Scheme") laid before the meeting duly initiated by the Chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT Shri M.S.Lakshman Rao, Managing Director be and is hereby authorized to sign, seal and deliver all documents, agreements and deeds and perform all acts, matters and things and to take all such actions as may be necessary or desirable to give effect to this resolution and effectively implements the Arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and conditions, if any, which may be required or imposed by the Hon'ble High Court of Judicature at Hyderabad, for the State of Telangana and the State of Andhra Pradesh while sanctioning the scheme of Arrangement embodied in the Scheme or any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise to the Scheme, as the Board may deem fit and proper."
3. A copy of the Scheme of Arrangement setting out in detail the terms and conditions of the scheme which has been approved by Board of Directors of the Applicant Company and Transferee company at their respective meetings held on 29th May, 2014 is attached to as Annexure -1, and forms part of, this Explanatory statement.

4. Background of the Transferor and Transferee Companies
 - I Transferor Company / M/s. VBC Ferro Alloys Limited
 - a) **Incorporation:**
 “VBC FERRO” / Transferor Company) was originally incorporated as Public Limited Company under Companies Act 1956 on 3rd October, 1981 Under Certificate of incorporation No.01-3223 of 1981-82.
 - b) **Share Capital**
 The authorised share capital of “VBC FERRO” / Transferor Company as on 31st March, 2015 is Rs. 20,00,000,00/- divided into 2,00,00,000 equity shares of Rs.10/- each as on 31st March, 2015. The issued share capital of “VBC FERRO” / Transferor of Company as on 31st March, 2015 is Rs.4,39,64,500/- divided into 43,96,450 equity shares of Rs.10/- each and the subscribed and fully paid up capital is Rs.4,39,43,500/- divided into 43,94,350 equity shares of Rs.10/- each.
 - II. **Transferee Company / M/s. VBC Power Company Limited**
 - a) **Incorporation:**
 VBC POWER / Transferee Company was incorporated as Public Limited Company on 29th day of November, 2012 in the State of Andhra Pradesh under Corporate Identity No.U40108AP2012PLC084470 of 2012-13.
 - b) **Share Capital**
 The authorised share capital of the “VBC POWER” / Transferee Company as on 31st March, 2015 is Rs.5,00,000/- divided into 50000, equity shares of Rs.10/- each. The issued, subscribed, and paid up share capital of the “VBC POWER” / Transferee Company is Rs. 5,00,000/- divided into 50000 equity shares of Rs.10/- each fully paid.
5. **“Appointed Date”** For the purpose of this Scheme and for Income Tax Act, 1961, the “Appointed Date” means 1 April, 2014.
 6. **Effective Date”** means the date on which the authenticated/certified copy of the Order of the High Court of Judicature at Hyderabad sanctioning the Scheme is filed with the Registrar of Companies Telangana, Hyderabad.
 7. **“Pursuant to Scheme”**
 With effect from the Appointed Date, the Demerged Undertaking including all its properties and assets, whether moveable or immovable (more specifically described in Schedule I attached to this scheme) , tangible or intangible, balance in bank, cash or investments and other assets of whatsoever nature such as licenses, permits, approvals (more specifically described in Schedule II attached to this scheme), lease, tenancy rights, letter of intents, permissions under income tax and/or any other statutes, incentives if any and all other rights, title, interest, contracts, consent, approvals or powers of every kind nature and descriptions whatsoever shall 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.
 8. **CONSIDERATION**
 The Transferee Company shall, upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the Demerged Undertaking of the Transferor Company, shall issue 2,70,00,000(two crore seventy lakh only) equity shares of Rs.10/- each to the Transferor Company.
 The Equity Shares in the Transferee Company to be issued to the Transferor Company pursuant to Clause 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.
 The issue and allotment of Equity Shares in the Transferee Company, by the Transferee Company to 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 62 of the Companies Act. 2013 (Corresponding to Section 81(1A) of the Act.1956) and any other applicable provisions of the Act were duly complied with.
 9. The Draft Scheme of Arrangement was placed before the Audit Committee of the Company at its meeting held on 29th May 2014. On the basis of their evaluations, the Audit committee has recommended the Scheme to the Board of Directors of the Company.

10. Based on the opinions and on the basis of the evaluations, the Board of Directors of VBC Ferro Alloys Limited has come to the conclusion that the Scheme of Arrangement is in the best interest of the Company and its Shareholders and creditors.
11. The circumstances which justify and / or necessitate the said scheme of Arrangement, inter alia, are as follows:-
- a) That the Transferee Company is inter alia engaged in the business of manufacture of Ferrous and non-Ferrous metals, and other alloy steels, ferro alloys, manganese alloys and other metal alloys etc., The Transferee Company was incorporated on 29th November, 2012 to carry on the business of Power generation for captive consumption for the business of the Transferor Company. The Transferor Company now desires to focus on the power division and proposes to demerge power division to the Transferee Company to develop long term corporate strategies and financial policies specifically within the power business. Thus, enabling the better management and accelerate growth of power business and provide better visibility to the shareholders of the Transferor and Transferee Companies thereby enhancing the shareholders value.
- Further the proposed Demerger would result in improving the efficiency, better access to the different financial avenues to both the Transferor and Transferee Companies. The proposed scheme will be advantageous and beneficial to these companies and also to their respective shareholders, creditors and employees.
- The aforesaid are only the salient features of the Scheme. The Unsecured Creditors are requested to read the entire text of the Scheme annexed hereto and get fully acquainted with the provisions thereof.
12. The audited summary of the financial statement of VBC Ferro / transferor company as at 31.03.2015 is given below:-

| Equity and liabilities Shareholders' Funds | | (In Rupees) |
|---|----------------------|----------------------|
| Share Capital | 4,39,49,875 | |
| Reserves and surplus | <u>107,43,80,017</u> | 111,83,29,892 |
| Non-current liabilities | | |
| Long term Borrowings | 28,50,63,025 | |
| Deferred Tax Liability | 3,21,80,456 | |
| Other Long term Liabilities | 4,00,000 | |
| Long term Provisions | — | 31,76,43,481 |
| | | |
| Current liabilities | | |
| Short term Borrowings | 8,63,05,052 | |
| Trade payable | 20,48,48,179 | |
| Other Current Liabilities | 26,24,96,082 | |
| Short term Provisions | 46,84,869 | 55,83,34,182 |
| | Total | 199,43,07,555 |
| AssetsNon-current assets | | |
| Fixed assets | | |
| Tangible Assets | 12,35,83,986 | |
| Capital works-in-progress | <u>12,14,87,235</u> | |
| | 24,50,71,221 | |
| Non-current Investments | 155,00,46,380 | |
| Long term Loans and Advances | 4,45,91,211 | 183,97,08,812 |
| | | |
| Current Assets : | | |
| Inventories | 13,89,55,422 | |
| Trade receivables | 79,27,444 | |
| Cash and Cash Equivalents | 24,10,789 | |
| Short term Loans and Advances | 53,05,088 | |
| Other Current Assets | — | 15,45,98,743 |
| TOTAL | | 199,43,07,555 |

13. The audited financial summary of VBC Power / Transferee company as at 31st March, 2015 is given below:-

| Equity and liabilities Shareholders' Funds | | (In Rupees) |
|---|-------------|--------------------|
| Share Capital | 5,00,000 | |
| Reserves and surplus | 0 | 5,00,000 |
| | | |
| Non-current liabilities | | |
| Long Term Liabilities | 3,75,48,618 | |
| Deferred Tax Liability | 0 | |
| Long term Provisions | 0 | 3,75,48,618 |
| | | |
| Current liabilities | | |
| Short term Borrowings | 0 | |
| Trade payable | 27,47,309 | |
| Other Current Liabilities | 10,41,708 | |
| Short term Provisions | 0 | 37,89,017 |
| | Total | 4,18,37,635 |
| | | |
| ASSETS | | |
| Non-current assets | | |
| Fixed assets | | |
| Tangible Assets | 0 | |
| Intangible Assets | 0 | |
| Capital work in progress | 3,12,43,530 | |
| Long term Loans and advances | 0 | 3,12,43,530 |
| | | |
| Current Assets : | | |
| Inventories | 0 | |
| Trade receivables | 0 | |
| Cash and Bank balances | 34,934 | |
| Short term Loans and Advances | 1,01,54,171 | |
| Other Current Assets | 4,05,000 | 1,05,94,105 |
| TOTAL | | 4,18,37,635 |

14. The shares held by the Directors and key Managerial Personnel and their relatives in Transferor and Transferee Companies are given below:-

| Sl.No. | Name of the Director | Designation | Shares held in VBC Ferro Alloys Ltd./ Transferor Company | Shares held in M/s VBC Power Company Ltd (Transferee Company) |
|--------|--------------------------|-------------------------------|--|---|
| 1 | V.S. Rao | Independent Director | - | — |
| 2 | M.V. Ananthkrishna | Independent Director | - | - |
| 3 | Dr. B. Kinnera Murthy | Independent Director | - | - |
| 4 | Pramod Kumar Thatte | Non-executive Director | - | - |
| 5 | M.S. Lakshman Rao | Managing Director | 78300 | — |
| 6 | R.Dharmender, | CFO | 2144 | - |
| 7 | M.Surya | Relative of Managing Director | 2850 | - |
| 8 | M. Aishwarya | Relative of Managing Director | 9950 | - |
| 9 | M. Bharadwaj | Relative of Managing Director | 60000 | — |
| 10 | MSP Rama Rao | Relative of Managing Director | 202900 | - |
| 11 | M.V.V.S. Murthi | Relative of Managing Director | 157769 | - |
| 12 | Santanu Kumar Daspatnaik | Director | — | — |
| 13 | G. Seetharam | Director | - | - |
| 14 | AR Srinivasan | Director | - | - |
| 15 | SS Mudiler | Director | - | - |

15. That none of the Directors of the Transferor and Transferee Companies have any material interest in the said scheme except as shareholders to the extent of the shares held by them as indicated elsewhere in the notice.
16. A copy of the Scheme of Arrangement setting out the terms and conditions of the scheme of Arrangement between M/s. VBC Ferro Alloys Limited and M/s. VBC Power Company Limited and their respective shareholders as approved by the Board of Directors of the respective companies in their respective Board Meetings is enclosed herewith.
17. In addition to the documents annexed to this explanatory statement, copies of the following documents are open for inspection at the Registered Office of the Company between 10.00 A.M. to 12.00 Noon on any working day upto one day prior to the date of meeting.
 - a) Copy of the order of the Hon'ble High Court of Judicature at Hyderabad dated 14.10.2015 directing to convene the meeting of the Unsecured Creditors
 - b) Annual Reports of the VBC Ferro Alloys Limited for the year ended 31-03-2015.

This statement may also be obtained free of cost from the registered office of the Applicant Company or at the office of the its advocate M/s. V.S. Raju, B.SatyaShivaji & V.B. Raju at their Chambers at 106, Dhanunjaya Towers, Road No.1, Banjara Hills, Hyderabad - 500 034, during ordinary business hours on any working day upto 1 (one) day prior to the date of the meeting.

Place : Hyderabad

Date : 06.11.2015.

Shri. T. Niranjan

Advocate,

Chairperson appointed for the meeting of
Unsecured Creditors

Address: 12-2-828/A/45,

Amba Gardens, Mehdipatnam,

Hyderabad – 500 028.

**SCHEME OF ARRANGEMENT
BETWEEN
VBC FERRO ALLOYS LIMITED
AND
VBC POWER COMPANY LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

PREAMBLE

This Scheme of Arrangement is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, for demerging the Power Division of VBC Ferro Alloys Limited into VBC Power Company limited

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

- Part I:** Deals with the definitions of the terms used in this Scheme and Objects
- Part II:** Deals with incorporation details, objects and the Share Capital of VBC Ferro Alloys Limited and VBC Power Company Limited.
- Part III:** Deals with the Demerger of Power Division into VBC Power Company 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 meaning:

- 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 1 April, 2014.
- 1.3. **“Board”** means the Board of Directors of the Transferor Company / Transferee Company or any committee thereof duly constituted or appointed by the Board for this purpose.
- 1.4. **“Demerger”** means the transfer by way of demerger of Power Division (PD) of VBC Ferro Alloys Limited to VBC Power Company Limited for a consideration as defined in this Scheme
- 1.5. **“Demerged Undertaking” or “PD”** shall mean the Power Division of the Transferor Company consisting of the licences, permits , approvals, assets and properties and liabilities and obligations of whatsoever nature and kind and wheresoever situated, of the Transferor Company as on the Appointed Date, belonging to, or forming part of, or relating or appertaining to, or attributable to the division identified as the PD of the Transferor Company and shall include without limitation:
- 1.5.1. all immovable property, including land, buildings and plant and machinery, whether leased or otherwise, including but not limited to any immovable properties as specifically provided in Schedule I, which forms an integral part of this Scheme, and includes any continuing rights, title and interest in connection with the immovable properties, whether leasehold or otherwise along with all present and future liability including contingent liabilities and debts of the PD

- 1.5.2. any and all permits, quotas, rights, approvals, consents, entitlements, licences, tenancies, trademarks, brands, patents, copyrights, privileges and benefits of all contracts, agreements and all other rights, whether available as on date or vested in future, including, lease rights, licences, exemptions, tax benefits, concessions, subsidies and other beneficial interests including, but not limited to those specifically included in Schedule II, which forms an integral part of this Scheme of the PD;
 - 1.5.3. all movable assets including plant, machinery and equipments, whether leased or otherwise, any and all rights, title, interest, covenant, liabilities including continuing rights, title and interest in connection with the movable properties whether leasehold or otherwise along with all present and future liability including contingent liabilities and debts of the PD;
 - 1.5.4. 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 PD;
 - 1.5.5. any and all debts, borrowings and liabilities, present or future, whether secured or unsecured of the PD;
 - 1.5.6. any and all permanent, temporary daily rated casual, and contractual employees of the Transferor Company engaged in relation to the PD at their respective offices branches, factories, depots or otherwise at their current terms and conditions;
 - 1.5.7. any and all earnest monies and / or security deposits, or other entitlements of the PD;
 - 1.5.8. any and all investments, current assets, funds, and loans and advances including accrued interest of the PD; and
 - 1.5.9. All records, files, papers, documents, process information, computer programs, manuals, data, catalogues, quotations, internal control information / material, technical know how, 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 of the PD;
 - 1.5.10. It is hereby clarified that where any question may arise as to whether a specifies asset or liability and/ or employee pertains or does not pertain to PD or whether it arises out of the activities or operations of PD shall be decided by the Board of the Transferor Company, or any committee constituted thereof,
- 1.5. **“Effective Date”** means the date on which the authenticated/certified copy of the Order of the High Court of Judicature at Hyderabad sanctioning the Scheme is filed with the Registrar of Companies Telangana, Hyderabad.
 - 1.6. **“VBC FERRO”** or **“Transferor Company”** means VBC Ferro Alloys Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad , Hyderabad – 500004, Andhra Pradesh.
 - 1.7. **“High Court”** means High Court of Judicature at Hyderabad for the state of Telangana and State of Andhra Pradesh and shall include the National Company Law Tribunal, if applicable.
 - 1.8. **“Remaining Business”** means all the businesses and the divisions of the Transferor Company other than PD.
 - 1.9. **“Scheme”** or **“the Scheme”** means this Scheme of Arrangement in its present form submitted to the High Court or any other appropriate authority.

- 1.10. **“VBC Power” or “Transferee Company” means** VBC Power Company Limited a Company incorporated under the Companies Act, 1956 and having its registered office at 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad – 500004, Telangana.

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 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. OBJECT AND RATIONALE OF THIS SCHEME

- 2.1 The Transferor Company is inter alia engaged in the business of manufacture of Ferrous and Non Ferrous metals, Alloy Steels, Ferro Alloys, Manganese alloys and other metal alloys, Pig Iron, Wrought Iron, steel converters, rolled steel makers miners, smelters, engineers, iron and steel founders of all or any of their respective branches, Metallurgists, prospectors, explorers, contractors, agents and to establish workshops for the manufacture of any equipment required for any of the industries which the Company can undertake and to deal in such equipment etc.
- 2.2 The Transferee Company was incorporated on 29th November, 2012 to carry on business of power generation for the captive consumption for business of the Transferor Company.
- 2.3 The Transferor Company now desires to focus on the Power Division vertical in a professional and focused manner and thus proposes to demerge PD to the Transferee Company. Subsequent to demerger, the Transferee Company would develop long term corporate strategies and financial policies specifically with respect to the Power business, thus enabling better management and accelerated growth of the Power business and provide better visibility to the shareholders of the businesses of the Transferor and Transferee Company, thereby enhancing shareholders value. Further the proposed demerger would result in improving the operational efficiencies, provide better access to different financing avenues, for both Transferor and Transferee Company.

3. 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.

4. Transferor Company / VBC FERRO

a) Incorporation:

VBC Ferro Alloys Limited / transferor Company was incorporated as a public Limited company in the State of Andhra Pradesh on 3rd October, 1981 under the Certificate of Incorporation No. 01-3223 of 1981-82.

b) Share Capital

The Present Share Capital of VBC Power (Transferor company) is as under:

| Particulars | Amount in Rupees |
|---|--------------------|
| Authorized | |
| 2,00,00,000 Equity Shares of Rs 10/- each | 20,00,00,000 |
| Total | 20,00,00,000 |
| Issued, Subscribed and Paid-up: | |
| 43,94,350 Equity Shares of Rs 10/- each fully paid-up | 4,39,43,500 |
| Add: Amount received on 2100 forfeited shares | 6,375 |
| Total | 4,39,49,875 |
| | |

c) Main Objects:

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

- i) To take over the Registration No.IND/GR IV/54/36/80-81/207, dated the 25.07.1981 (Unit Registration No.LP/8002187, dated 22.07.1981), obtained from the Government of India and / or any other licensor permits that may be obtained by M/s. Vizag Bottling Company Private Limited, for the establishment of Ferro Silicon factory and doing all such other things as are incidental or conducive to the attainment of the above subject.
- ii) To carry on the business of manufacture of Ferrous and Non Ferrous metals, Alloy Steels, Ferro Alloys, Manganese alloys and other metal alloys, Pig Iron, Wrought Iron, steel convertors, rolled steel makers miners, smelters, engineers, iron and steel founders of all or any of their respective branches, Metallurgists, prospectors, explorers, contractors, agents and to establish workshops for the manufacture of any equipment required for any of the industries which the Company can undertake and to deal in such equipment.
- iii) To establish, provide, maintain and conduct factories for the manufacture of Electro Chemical and Electro Metallurgical products, such as, Calcium Carbide, Silicon Carbide, Silico Manganese, Caustic Soda, Calcium silicide, and to carry on business of manufacturers, explorers, importers, exporters, dealers and stockists in ferrous and non ferrous Metals, ferro- alloy, Alloy steel and all other Electro metallurgical and Electro chemical products.
- iv) To buy, sell , manufacture and deal in minerals, charcoal, coal, woods, plants, machinery, implements, appliances, conveniences and to take on lease or licence, concessions or otherwise in India or elsewhere, Mines, Mining rights and land and to explore, work, export, develop turn to account the same and to crush, win, get, carry, smelt, calcine, refine, dress, amalgamate, manipulate or prepare for market ore, metal and minerals substances of all kinds and to carry on any other metallurgical operations which may seem conducive to any of the objects of the Company.

5. Transferee Company / VBC POWER

a) Incorporation:

VBC Power Company Limited / transferee Company was incorporated as a public Limited company, then in the State of Andhra Pradesh on 29th November, 2012 under Corporate Identity No. U40108AP2012PLC084470.

b) Share Capital

- i) The Present Share Capital of VBC Power is as under:

| Particulars | Amount in Rupees |
|--|-------------------------|
| Authorized | |
| 50,000 Equity Shares of Rs 10/- each | 5,00,000 |
| Issued, Subscribed and Paid-up: | |
| 50,000 Equity Shares of Rs 10/- each | 5,00,000 |

c) Main Objects

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

- i) To generate, harness, develop, 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 electric energy can be employed. To carry on and generate power supply either by hydro, thermal, Biomass, gas, air, 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 Governments or private companies or Electricity Boards, Industries and to Central/State Government, other consumers of electricity, including for captive consumption of Promoter Company(ies) 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 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.

iii) To carry on the business of Electric Power, Light and supply company in all its branches and in particular to construct, layout, establish, fix, carry-out and run all necessary power stations, workshops, repair shops, sub-stations, transmission lines, cables, wires, accumulators and works and to generate, accumulate, distribute and supply electricity to industries or to State Electricity Board or to cities, towns, streets, docks, markets.

PART III - DEMERGER OF POWER DIVISION INTO VBC POWER

6. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 6.1 With effect from the Appointed Date, the Demerged Undertaking including all its properties and assets, whether moveable or immovable (more specifically described in Schedule I attached to this scheme) , tangible or intangible, balance in bank, cash or investments and other assets of whatsoever nature such as licenses, permits, approvals (more specifically described in Schedule II attached to this scheme), lease, tenancy rights, letter of intents, permissions under income tax and/or any other statutes, incentives if any and all other rights, title, interest, contracts, consent, approvals or powers of every kind nature and descriptions whatsoever shall 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.
- 6.2 All the movable assets of the Demerged Undertaking 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.
- 6.3 In respect of movable assets of the Demerged Undertaking, other than those specified in sub-clause 6.2 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 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.
- 6.4 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of the Demerged Undertaking, 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 vest 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 and the Transferee Company undertakes to meet, discharge and satisfy to the exclusion of the Transferor Company and to keep the Transferor Company indemnified at all times from and against all such debts, liabilities, contingent liabilities, duties and obligations and from all actions, demands and proceedings in respect thereto.

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.

- 6.5 In so far as loans and borrowings of Transferor Company pertaining to the general or multipurpose loans and liabilities which are to be transferred to the Transferee Company as part of the PD shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Transferee Company as if it had entered into such loans and incurred such borrowings.

Thus, the Transferee Company shall redeem or repay such liabilities appertaining to demerger undertaking. However, without prejudice to such transfer of liability amount, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the Transferee Company may discharge such liability (including accretions thereto) by making payments on the respective due dates to the Transferor Company, which in turn shall make payments to the respective creditors.

- 6.6 The transfer and vesting of the assets comprised in the Demerged Undertaking 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.
- 6.7 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 Demerged Undertaking 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 or the Transferor Company.
- 6.8 In so far as assets of PD are concerned, the encumbrances, if any, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of the Transferor Company shall, without any further act or deed, be released and discharged from the same and shall no longer be available as Encumbrances in relation to those liabilities of the Transferor Company which are not transferred to the Transferee Company.
- 6.9 In so far as the assets of the Remaining Business of the Transferor Company are concerned, the Encumbrances over such assets, to the extent they relate to PD shall, without any further act, instrument or deed be released and discharged from such Encumbrances. The absence of any formal amendment which may be required by a lender or third party in order to affect such release shall not affect the operation of the foregoing sentence.
- 6.10 In so far as the existing security in respect of the loans or borrowings of the Transferor Company and other liabilities relating to the Remaining Business are concerned, such security shall, without any further act, instrument or deed be continued with the Transferor Company on the assets remaining with the Transferor Company.

The Transferor Company and the Transferee Company shall file necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

- 6.11 The foregoing provisions insofar as they relate to the transfer of liabilities to the Transferee Company shall operate, notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security documents, all of which instruments shall stand modified and/or superseded by the foregoing provisions.
- 6.12 Subject to the other provisions of the Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, Licences/Agreements for allotment of command area for development of palm plantation with State Government(s), quality certifications and approvals, powers of attorneys, agreements and other instruments of whatsoever nature in relation to Demerged Undertaking 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.
- 6.13 The entitlement to various benefits under incentive schemes and policies in relation to the Demerged Undertaking of 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 exemption / deferment, value added tax, turnover tax, excise duty, service tax, customs and other incentives in relation to the Demerged Undertaking of 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.
- 6.14 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 Demerged Undertaking 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.
- 6.15 Any refund/ credit under Tax Laws due to the Transferor Company in relation to the Demerged Undertaking 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.
- 6.16 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 Demerged Undertaking 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 Demerged Undertaking 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.

6.17 Without prejudice to the generality of the forgoing,

6.17.1 On and from the Appointed Date, if any certificate for Tax Deducted at Source or any other tax credit certificate relating to the Demerged Undertaking of 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.

6.17.2 On and from the Appointed Date, benefit of all balances relating to CENVAT or Service Tax or VAT being balances pertaining to the Demerged Undertaking of 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 Demerged Undertaking of 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.

6.18 It is hereby clarified that the transfer and vesting of the Demerged Undertaking in the Transferee Company shall be on a going concern basis. It is further clarified that the rest of the assets and liabilities (other than those forming part of PD or otherwise specified in this Scheme) of the Transferor Company shall continue to vest in the Transferor Company.

7. CONSIDERATION

- 7.1 The Transferee Company shall, upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the Demerged Undertaking of the Transferor Company, shall issue 2,70,00,000(two crore seventy lakh only) equity shares of Rs.10/- each to the Transferor Company.
- 7.2 The Equity Shares in the Transferee Company to be issued to the Transferor Company pursuant to Clause 7.1 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.
- 7.3 The issue and allotment of Equity Shares in the Transferee Company, by the Transferee Company to 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 62 of the Companies Act. 2013 (Corresponding to Section 81(1A) of the Act.1956) and any other applicable provisions of the Act were duly complied with.

8. ACCOUNTING TREATMENT

In the books of the Transferee Company

- 8.1 The Transferee Company shall record all assets and liabilities pertaining to the Demerged Undertaking, in its books of account at the values as per the valuation report at the values more specifically mentioned in hereunder
 - a. Land including land development Rs 14.34 Cores
 - b. Intangible assets, consisting of various licenses, permissions etc (net of adjustment for possible errors in assumptions) Rs 9.81 Cores
 - c. Expenditure incurred during construction period Rs 5.24 cores
 - d. Current Liabilities of Rs 2.93 Cores
- 8.2 The difference, being the excess or shortfall between the assets and liabilities of the Demerged Undertaking as transferred to the Transferee Company accounted as per clause 8.1 above and the consideration discharged as per clause 7.1 above, and after making any adjustments, if any, for Deferred Tax Liability or Deferred Tax Assets, shall be adjusted to / against the General Reserve Account

In the books of the Transferor Company

8.3 As on the Appointed Date, the book values of the assets and liabilities pertaining to PD transferred to the Transferee Company, shall be reduced from the book values of the assets and liabilities appearing in the books of the Transferor Company.

8.4 The difference, being the excess or shortfall between the assets and liabilities of the Demerged Undertaking as transferred to the Transferee Company accounted as per clause 8.3 above and the consideration received as per clause 7.1 above, and after making any adjustments, if any, for Deferred Tax Liability or Deferred Tax Assets, shall be adjusted against the General Reserves of the Transferor Company.

9 STAFF, WORKMEN & EMPLOYEES

9.1 On the scheme becoming operative, all staff, workmen and employees of the Demerged Undertaking 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.

9.2 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 Demerged Undertaking to the relevant funds of Transferor Company.

9.3 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.

10. LEGAL PROCEEDINGS

10.1 If any suit, appeal or other legal proceedings of whatsoever nature by or against Transferor Company in relation to the Demerged Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the Demerger 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. In the event that the legal proceedings referred to herein require the Transferor Company and the Transferee Company to be jointly treated as parties thereto, the Transferee Company shall be added as party to such proceedings and shall prosecute and defend such proceedings in co-operation with the Transferor Company. In the event of any difference or difficulty in determining as to whether any specific legal or other proceeding relates to PD or not, a certificate jointly issued by the Board of Directors of the Transferor Company and the Transferee Company as to whether such proceeding relates to PD or not, shall be conclusive evidence of the matter.

10.2 If proceedings are taken against the Transferor Company in respect of the matters referred to in Clause 10.1 above, it shall defend the same in accordance with the advice of the Transferee Company and at the cost of the

Transferee Company, and the latter shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

- 10.3 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against The Transferee Company to the exclusion of the Transferor Company.
- 10.4 On and from the Effective Date, Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Demerged Undertaking of the Transferor Company.

11 BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEE COMPANY

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

- 11.1 The Transferor Company shall carry on and be deemed to have carried on all their business and activities in relation to Demerged Undertaking and shall stand possessed of all the assets, rights, title and interest for and on account of and in trust for, the Transferee Company;
- 11.2 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) in relation to Demerged Undertaking, shall for all purposes, be treated as the profits/ cash, taxes or losses, as the case may be, of the Transferee Company;
- 11.3 All accretions and depletions to the Demerged Undertaking shall be for and on account of the Transferee Company.
- 11.4 The Transferor Company shall not utilise the profits or income of Demerged Undertaking, 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.

12. CONDUCT OF BUSINESS

- 12.1 The Transferor Company will, from the Appointed Date upto and including the Effective Date, preserve and carry on the business of Demerged Undertaking 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.
- 12.2 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 Demerged Undertaking.
- 12.3 With effect from the Effective Date, Transferee Company shall commence and carry on and shall be authorised to carry on the business of Demerged Undertaking.

13. SAVING OF CONCLUDED TRANSACTION

The transfer of the Demerged Undertakings of the Transferor Company to the Transferee Company and the continuance of all contracts or proceedings by or against the Demerged Undertaking shall not affect any contracts or proceedings already concluded by the Transferor Company in relation to the Demerged Undertaking 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.

PART IV - GENERAL TERMS AND CONDITIONS

14. 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.

15. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 15.1 The Transferor Company and the Transferee Company by their respective Board 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 (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board 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 there with.
- 15.2 In the event of any of the conditions that may be imposed by the High Court or 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 not affect the other parts of the Scheme.

16. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional upon and subject to:

- 16.1 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 referred to in Clause 13 hereof being obtained;
- 16.2 The certified copy of the High Court order sanctioning the Scheme being filed with the Registrar of Companies, Telangana at Hyderabad; and such other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

17. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of this Scheme failing to take effect, the Board of the Transferor Company and the Transferee Company are hereby empowered and authorized to agree and extend the Scheme from time to time, without any limitation, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or being incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each company shall bear its own costs or shall bear costs as may be mutually agreed.

18. BINDING EFFECT

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

19. 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 Transferor Company.

Schedule – I

(This Schedule forms an Integral Part of the Scheme of Arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited and their respective shareholders.)

Schedule of Immovable Properties pertaining to Power Division of the Transferor Company

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|----------------|--|----------------------|---|
| 1. | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 235, Dry Agricultural Land Area A. 5-93 Cents = 237 Guntas or 2.39 Hectors. Its Pass book no 399175 and Patta no.25</p> <p><u>Boundaries</u> North : Road & Sy. No 242 South : Sy. No. 234 Vadai Venkati and Vadai Isthari East : Sy. No. 236 Borlakunta Bikku West : Sy. No. 73 Gyare Yamunakka and Gyare Devji</p> | 2829 | Registration District Adilabad Sub district Asifabad. |
| 2. | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 227, Dry Agricultural Land Area A. 12-73 Cents from which sale 9-26 Cents = 370 Guntas or 3.74 Hectors. Its Pass book no 399421 and Patta no.271</p> <p><u>Boundaries</u> North : Sy. No 228 South : Canal East : Sy. No. 195 West : Sy. No. 229</p> | 339 | Registration District Adilabad Sub district Asifabad. |
| 3 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 229, Dry Agricultural Land Area A. 10-30 Cents from which sale 5-93 Cents = 237 Guntas or 2.39 Hectors. Its Pass book no 506346 and Patta no.372</p> <p><u>Boundaries</u> North : Sy. No 228 South : Canal East : Sy. No. 229 West : Sy. No. 232</p> | 340 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|---|---------------|---|
| 4 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 228, Dry Agricultural Land Area A. 13-55 = 542 Guntas or 5.48 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 235 South : Sy. No. 229 East : Sy. No. 222 West : Sy. No. 234</p> | 370 | Registration District Adilabad Sub district Asifabad. |
| 5 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 234, Dry Agricultural Land Area A. 4-85 Cents.Total two Sy. No. Area 9-70 Cents = 388 Guntas or 3.92 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 235 South : Chatari Vagu Sy. No. 232 East : Sy. No. 229 West : Sy. No. 73</p> | 1315 | Registration District Adilabad Sub district Asifabad. |
| 6 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 231, Dry Agricultural Land Area A. 0-021/2 Cents. Survey No. 232, Dry Agricultural Land Area A. 0-73 Cents, Survey No. 233, Dry Agricultural Land Area A. 0-85 CentsTotal three Sy. No. Land Area 1-60 Cents = 64 Guntas or 0.64 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 234 South : Canal East : Sy. No. 229 West : Sy. No. 74 & 75</p> | 2785 | Registration District Adilabad Sub district Asifabad. |
| 7 | <p>Property situated at Village Bodepalle Code No 193 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 231/a, Dry Agricultural Land Area A. 0-021/2 Cents. Survey No. 232/a, Dry Agricultural Land Area A. 0-72 Cents, Survey No. 233/a, Dry Agricultural Land Area A. 0-85 CentsTotal three Sy. No. Land Area 1-591/2 Cents = 63 Guntas or 0.63 Hectors. Its Pass book no is not issued.</p> | 2787 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| | <u>Boundaries</u> North : Sy. No 234 South : Canal East : Sy. No. 229 West : Sy. No. 74 & 75 | | |
| 8 | <p>Schedule – A Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 72, Dry Agricultural Land Area A. 8-15 = 326 Guntas or 3.30 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 54 South : Sy. No. 76 East : Sy. No. 73 West : Sy. No. 55, 58</p> <p>Schedule – B Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No. 76, Dry Agricultural Land Area A. 10-021/2 = 401 Guntas or 4.06 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 72 South : Sy. No. 77 & 80 East : Sy. No. 75 West : Sy. No. 71</p> | 2168 | Registration District Adilabad Sub district Asifabad. |
| 9 | <p>Schedule - A Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.75, Dry Agricultural Land Area A. 3-65Cents, Survey No 75, Dry Agricultural Land Area A. 3-65 Cents, Total two Sy. No.Area A. 7-30 Cents = 292 Guntas or 2.95 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 73 & 74 South : Sy. No. 81 East : Sy. No. 74 & 232 West : Sy. No. 76</p> | 2167 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| | <p>Schedule-B Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.73, Dry Agricultural Land Area A. 4-08Cents = 163 Guntas or 1.65 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 53 South : Sy. No. 75 East : Sy. No.235 & 74 West : Sy. No. 54 & 72</p> | | Registration District Adilabad Sub district Asifabad. |
| 10 | <p>Schedule - A Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.73/a, Dry Agricultural Land Area A. 6-21Cents = 248 Guntas or 2.51 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 53 South : Sy. No. 75 East : Sy. No. 235& 74 West : Sy. No. 54 & 72</p> <p>Schedule - B Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.73/aa, Dry Agricultural Land Area A. 6-21Cents = 248 Guntas or 2.51 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No 53 South : Sy. No. 75 East : Sy. No.235 & 74 West : Sy. No. 54 & 72</p> | 2166 | Registration District Adilabad Sub district Asifabad. |
| 11 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.94, Dry Agricultural Land Area A. 8-00 Cents = 320 Guntas or 3.24 Hectors. Its Pass book no is not issued. | 2165 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| | <p><u>Boundaries</u> North : Land of Gaddam Satyanarayana South : Land of Gaddam Satyanarayana East : Orre West : Land of Devarakonda Ramagoud</p> | | |
| 12 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.74, Dry Agricultural Land Area A. 3-55 Cents = 142 Guntas or 1.43 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 73 South : Sy. No. 75 East : Sy. No. 234 & 231 West : Sy. No. 73 & 75</p> | 2784 | Registration District Adilabad Sub district Asifabad. |
| 13 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.74, Dry Agricultural Land Area A. 3-55 Cents = 142 Guntas or 1.43 Hectors. Its Pass book no is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 73 South : Sy. No. 75 East : Sy. No. 234 & 231 West : Sy. No. 73 & 75</p> | 2786 | Registration District Adilabad Sub district Asifabad. |
| 14 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.58, Dry Agricultural Land Area A. 7-00 Cents, Survey No.57/a, Dry Agricultural Land Area A. 0-50 Cents and Survey No.57/1, Dry Agricultural Land Area A. 2-26 Cents Total three Sy no Land Area A. 9-76 Cents = 390 Guntas or 3.94 Hectors. Its Pass book no 506816 issued.</p> <p><u>Boundaries</u> North : Remaining Land of Sy. No. 57 South : Remaining Land of Sy. No. 58 East : Sy. No. 55 & 72 West : Sy. No. 20 & 60</p> | 2887 | Registration District Adilabad Sub district Asifabad. |
| 15 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.56, Dry Agricultural Land Area A. 3-00 Cents = 120 Guntas or 1.21 Hectors. Its Pass book no 498224 issued.</p> | 2888 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| | <u>Boundaries</u> North : Road South : Sy. No. 57 East : Sy. No. 55 West : Sy. No. 20 & 60 | | |
| 16 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.57/1, Dry Agricultural Land Area A. 1-00 Cents = 40 Guntas or 0.40 Hectors. Its Pass book no 509634 issued. <u>Boundaries</u> North : Remaining Land of Sy. No. 57 South : Remaining Land of Sy. No. 58 East : Sy. No. 55 & 72 West : Sy. No. 20 & 60 | 3091 | Registration District Adilabad Sub district Asifabad. |
| 17 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad. Dry Agricultural Land Sy No.58/ a, Total extent of site A. 6-68 Cents, sale extent of site A. 4-68 Cents = 187 Guntas or 1.89 Hectors. Its Pass book no 395633 and Patta no 166. <u>Boundaries</u> North : Sy. No. 57 South : Remaining Land of Sy. No. 58 , 69 East : Sy. No. 71 & 72 West : Sy. No. 59 & 60 | 2900 | Registration District Adilabad Sub district Asifabad. |
| 18 | Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.58/aa, Dry Agricultural Land Area A. 2-00 Cents = 80 Guntas or 0.81 Hectors. Its Pass book no 509675. <u>Boundaries</u> North : Sy. No. 57 South : Sy. No. 69 East : Sy. No. 71 West : Sy. No. 59 & 60 | 2903 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| 19 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.72, Dry Agricultural Land Area A. 2-00 Cents = 80 Guntas or 0.81 Hectors. Its Pass book not issued.</p> <p><u>Boundaries</u> North : Remaining Land of Sy. No.54 South : Remaining Land of Sy. No.71&76 East : Sy. No.73 West : Sy. No. 55 & 58</p> | 2904 | Registration District Adilabad Sub district Asifabad. |
| 20 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.57/1, Dry Agricultural Land Area A. 1-00 Cents = 40 Guntas or 0.40 Hectors. Its Pass book no 509633 issued.</p> <p><u>Boundaries</u> North : Remaining Land of Sy. No. 57 South : Remaining Land of Sy. No. 58 East : Sy. No. 55 & 72 West : Sy. No. 20 & 60</p> | 3092 | Registration District Adilabad Sub district Asifabad. |
| 21 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.72/a, Dry Agricultural Land Area A. 3-00 Cents = 120 Guntas or 1.21 Hectors. Its Pass book no 395433.</p> <p><u>Boundaries</u> North : Sy. No. 54 South : Sy. No. 71 & 76 East : Sy. No. 76 West : Sy. No. 55 & 58</p> | 3190 | Registration District Adilabad Sub district Asifabad. |
| 22 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.57/a, Dry Agricultural Land Area A. 2-26 Cents = 90 Guntas or 0.91 Hectors. Its Pass book no 498383.</p> <p><u>Boundaries</u> North : Sy. No. 56 South : Sy. No. 58 East : Sy. No. 55 West : Sy. No. 20 & 60</p> | 3191 | Registration District Adilabad Sub district Asifabad. |

| Sl. No. | Description of the property | Sale Deed No. | Registering Authority |
|---------|--|---------------|---|
| 23 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.71, Dry Agricultural Land Area A. 4-90 Cents = 196 Guntas or 1.98 Hectors. Its Pass book is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 72 & 58 South : Sy. No. 70 & 69 East : Sy. No. 76 & 72 West : Sy. No. 58 & 69</p> | 3152 | Registration District Adilabad Sub district Asifabad. |
| 24 | <p>Property situated at Village Jagannathpur Code No 194 with in the limits of Grampanchayath Bodepalle, Revenue Mandal Kagaznagar, District Adilabad.Survey No.71, Dry Agricultural Land Area A. 4-90 Cents = 196 Guntas or 1.09 Hectors. Its Pass book is not issued.</p> <p><u>Boundaries</u> North : Sy. No. 72 & 58 South : Sy. No. 70 & 69 East : Sy. No. 76 & 72 West : Sy. No. 58 & 69</p> | 3153 | Registration District Adilabad Sub district Asifabad. |

Schedule – II

(This Schedule forms an Integral Part of the Scheme of Arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited and their respective shareholders.)

Schedule of Licenses, Permits, Approvals, Rights etc. pertaining to Power Division of the Transferor Company

| S. No | Description of approval/License | License Number and dated | Issuing Authority / Department |
|--------------|--|---|---|
| 1 | Industrial Entrepreneur Memorandum for 120 MW | 581/STA/IMO/2011 Dt: 18/02/2011 | Ministry of Commerce & Industries Govt of India New Delhi |
| 2 | No Objection Certificate (NoC) from Bodepally (V&G.P) for an Extent of 143.12 Acrs of Land | Letter No: Nil Dt: 24.01.2011. | Bodepalli & Jagannathpur Village & Gram Panchayat |
| 3 | Gram Panchayat Resolution for Construction of CPP Aux. Buildings. | Letter No: Nil Dt: 08.07.2011 | Bodepalli & Jagannathpur Village & Gram Panchayat |
| 4 | ToR (Terms of Reference). from APPCB for EC | SEIAA/AP/ADB/2009 Dt:28/04/2010 SEIAA/AP/ADB-11/2010 Dt:31/05/2010 | State Environmental Impact Assessment Authority APPCB |
| 5 | Minutes of Public Hearing Meeting | Letter no : Nil Dt:20/08/2010 | State Environmental Impact Assessment Authority (SEIAA)APPCB, District Collector Adilabad |
| 6 | Environmental Clearance [EC] | Environmental Clearance accorded Order no. SEIAA/AP/ADB 11/ 2010 - 565 Dt: 20-05-2011 | Ministry of Environment & Forest SEIAA APPCB |
| 7 | Consent for Establishment [CFE] | Consent for Establishment [CFE] Order no 67/PCB/CFE/RO-NZB/HO/2011-3070 Dt19.12.2011 | Ministry of Environment & Forest SEIAA APPCB |
| 8 | Bank Guarantee from VBCFAL | BG No: 8747IPEBG100051 Dt:28/05/2010 | Bank of India Hyderabad |
| 9 | LoA (Letter of Assurance) from WCL for Supply of Coal. | NGP/WCL/S&M/C-12(348-B)1008 Dt:21/07/2010 | Western Coal Fields Coal India Ltd |
| 10 | Non-Agricultural Land Conversion approval | No.J/1323/08 5.93Ac Dt:20/12/2008 No. J/1635/2010 41.13Ac Dt:01/11/2010No. J/1636/2010 87.57Ac Dt:01/11/2010 No.J/675/2011 8.00Ac Dt:24/05/2011 Total 143.13 Acres | Revenue Divisional Office, Asifabad, Govt. of A.P |
| 11 | Enhancement of Plant Capacity from 2x50MW to 2x60MW | No. 23021/158/2010-CPD Dt:22/11/2010 | Approval from Ministry of Coal(Gol) |

| S. No | Description of approval/License | License Number and dated | Issuing Authority / Department |
|--------------|---|--|--|
| 12 | NoC from Forest Dept. Govt of AP | No. 934/2011-S4 Dt:25/04/2011 | Forest Dept. Govt of AP |
| 13 | Power Purchase Agreement with VBCIL. | Doc. No: 52503 Dt:29/01/2011 | MoU Between VBCFAL & VBCIL |
| 14 | Detailed Plant Layout. | DWG. No: 111-29-0200 Dt 21.01.2011 | Ms DESEIN Engg Consultant of VBCFAL |
| 15 | No Objection Certificate (NoC) for 110 mtr Chimney | NoC received from AAI orderno: BT1/NOCC/CS/MUM/11/ Chimney /23/273.277 Date 02/01/ 2012 | Airports Authority of India Western Regian Hqrs Mumbai |
| 16 | Ash Utilization Plan drawn and submitted as per MOEF guidelines to APPCB | Ash utilization plan submitted on 04.10.2011 | M/s RAMKY ENVIRO Consultants |
| 17 | MoU with M/s Keerthi Industries Limited. | Doc. No: 32853 Dt:29/09/2011 | Between VBC Ferro Alloys & M/s Keerthi Industries Ltd |
| 18 | Ground Water Permission | Letter. No:111/T/2009 Dt:31/01/2012 | GroundWaterDept Nirmal Adilabad Dist. AP |
| 19 | Construction Power 800Kva Sanction letter from NPDCL | Letter no SE/OP/ADB/Com/ D.No.841/11 Dt: 10.01.2012 | APNPDCL APTRANSCO |
| 20 | Open excess & Grid connectivity for Power evacuation through APTRANSCO. | VBCFAL Letter to APTRANSCO Dt:19/02/ 2011Lr.No.ED(Plg,RAC&Ref)/ ADE(C)/F. VBC Ferro/DNo.356/13 Dt:22/06/2013 | APTRANSCO |
| 21 | Approval for water Drawl from Irrigation Dept. Govt. of A.P.(Firm Water Allocation) | Permission accorded Vide G.O.Ms.No.68 Dated;01-08-2013 | Irrigation & CAD Dept Govt of AP |

**HIGH COURT OF JUDICATURE AT HYDERABAD
FOR THE STATE OF TELANGANA AND THE STATE OF ANDHRA PRADESH
(ORIGINAL JURISDICTION)**

**Company Application No. 1609 of 2015
In the matter of Companies Act. 1956 (1 of 1956)
In the matter of Sections 391 & 394 of the Companies Act. 1956
AND
In the matter of VBC Ferro Alloys Limited
AND
In the matter of VBC Power Company Limited
AND
Their respective Shareholders**

M/s. VBC Ferro Alloys Limited

A Company Incorporated under the Companies Act, 1956 and
having its Regd. Office at No.6-2-913/914, Third Floor,
Progressive Towers, Khairatabad, Hyderabad – 500 004,
Telangana, rep. by its Managing Director Sri.M.S.Lakshman Rao

**... Applicant /
Transferor Company**

FORM OF PROXY

I / We, the undersigned Unsecured Creditors of the above company hereby appoint _____
as my / our Proxy, to act for me / our at the meeting of the Unsecured Creditors to be held on Saturday, 5th December,
2015 at 3.00 P.M, at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004 for the purpose of
considering and if thought fit, approving with or without modification(s), the proposed scheme of arrangement between
M/s. VBC Ferro Alloys Limited and M/s. VBC Power Company Limited and their respective shareholders and at such
meeting and any adjournment thereof, to vote, for me / us and in my / our Name _____ (herein if
for insert 'For', if against, insert 'Against') the said scheme of amalgamation of either with or without modification(s) as
my / our Proxy my approve.

Dated this _____ day of _____, 2015.

Signature :

Name :

Address :

Amount due :

(Strike whichever is not applicable).

M/s. VBC Ferro Alloys Limited

Registered Office at 6-2-913/914, Third Floor, Progressive Towers,
Khairatabad, Hyderabad – 500 004,

ATTENDANCE SLIP

Name and address of the Unsecured Creditors :

.....

.....

Amount Due :

I/we certify that I/we am/are Unsecured Creditors /proxy for of the Unsecured Creditor. I/we hereby record my/ our presence at the meeting of the Unsecured Creditors of M/s VBC Ferro Alloys Limited / Transferor Company to be held on Saturday, 5th December, 2015 at 3.00 P.M at 11-6-841, Federation House, FAPCCI Marg, Red Hills, Hyderabad – 500 004

Unsecured Creditor's / Proxy's Name
in block letters.

Unsecured Creditor's / Proxy's Signature.

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.

PRINTED MATTER

BOOK - POST

If undelivered, please return to:

M/s. VBC Ferro Alloys Limited

Office : 6-2-913/914, Third Floor, Progressive Towers,
Khairatabad, Hyderabad – 500 004,

Ph. No. 040-2332904 - 7, Fax : +91-40-23390721