

SCHEME FOR ARRANGEMENT

**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISION OF
THE COMPANIES ACT, 2013**

BETWEEN

STEEL STRIPS LIMITED

TRANSFEROR COMPANY

AND

SAB INDUSTRIES LIMITED

TRANSFeree COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

This Scheme is divided into following parts:

- i. **Part- I**, which deals with the introduction and definitions and also sets out the share capital of the Transferor Company and the Transferee Company;
- ii. **Part- II**, which deals with the **TRANSFER OF TRANSFERRED UNDERTAKINGS OF TRANSFEROR COMPANY**
- iii. **Part- III** which deals with the payment of consideration / issue of shares
- iv. **Part- IV**, which deals with the changes to share capital of the Transferor Company and the Transferee Company; and
- v. **Part- V**, which deals with the general terms and conditions applicable to the Scheme



PART I

GENERAL

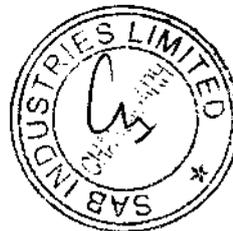
A- TRANSFEREE COMPANY – SAB INDUSTRIES LIMITED

1. SAB Industries Limited bearing CIN No. L0000CH1983PLC031318 is a Public Company listed on “*BSE Limited*” having its registered office at SCO 49-50, Sector-26, Madhya Marg, Chandigarh-160019 (hereinafter referred to as the Transferee Company) and is engaged in the Construction, Infrastructure, Real Estate and to provide the internet services. The Equity Shares of the Transferee Company are listed on *BSE Limited* (“*Stock Exchange*”).

B- TRANSFEROR COMPANY – STEEL STRIPS LIMITED

2. Steel Strips Limited bearing CIN No. L45202PB1975PLC003610 is a Public Limited Company listed on BSE having its registered office situated at Village Harkishanpura, Bhawanigarh Tehsil, Distt. Sangrur, Punjab -148026 (hereinafter referred to as the Transferor Company) and was engaged in the Business of manufacturing of Steel Products (Steel Billets, Ingots and Special Steels in rounds and flats). However, the steel business of the Company could not survive due to severe recession in Steel Industry and its previous activities becoming un-competitive. The Board of the Company was in the process of exploring and evaluating alternative business opportunities including the same activities which the Transferor company is undertaking. The Equity shares of the Transferor Company are listed on the BSE Limited (“*Stock Exchange*”).

A. DESCRIPTION OF THE SCHEME



3. This Scheme (as defined hereunder) provides, inter alia, for :
- (i) The amalgamation of the Transferor Company into the Transferee Company, by way of merger by absorption and dissolution of the Transferor Company without winding up and the consequent to the issuance of shares of Transferee Company (as defined hereunder), in accordance with the Share Exchange Ratio (as defined hereunder) to the eligible members (as defined hereunder) of the transferor company, in respect of each share of the Transferor Company held by them in accordance with this scheme ("Amalgamation")
 - (ii) Various, other matters incidental, consequential or otherwise integrally connected therewith, including the increase in share capital of the Transferee Company, Pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner as provided for in this Scheme and in compliance with the provisions of the Income Tax Act (as defined hereunder).
4. The Amalgamation of the Transferor Company into Transferee Company shall be in full compliance with the conditions relating to "amalgamation" as provided under Section 2(1B) and other related provisions of the Income Tax Act such that, inter alia:
- (i) all the properties of the Transferor Company, immediately before the Amalgamation, shall become the properties of the Transferee Company, by virtue of the Amalgamation;
 - (ii) all the liabilities of the Transferor Company, immediately before the Amalgamation shall become the liabilities of the Transferee Company, by virtue of the amalgamation ; and
 - (iii) the shareholders holding all shares in the Transferor Company will become shareholders of the Transferee Company by virtue of the Amalgamation.



If any terms or provision or parts of this scheme is/are inconsistent with the provision of Section 2(1B) of the Income Tax Act, the provision of section 2(1B) of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income Tax Act and such modifications shall not affect other parts of the Scheme.

B. RATIONALE OF THE SCHEME

5. The amalgamation of Transferor Company with Transferee Company will result in various benefits for the stakeholders. Some of these are enumerated as follows:
- (i) The merger of Transferor Company with the Transferee Company would result in the emergence of the Transferee company as a consolidated strong entity, which will contribute to the overall growth prospects of the combined entity leading to the increase in shareholder's value for both the Companies. The enhanced financial and operational strengths of the combined entity would enable in substantial reduction of costs and the development of a growth driven business portfolio through the effective and efficient deployment of funds.
 - (ii) The proposed merger also aims at pooling of knowledge resources. There exists in the Transferor Company and the Transferee Company, a pool of highly skilled experts in specialized areas such as technology, engineering, law, commercial, taxation, international practices etc. The services of these professionals would be utilized more effectively and efficiently.
 - (iii) The merger of Transferor Company with the Transferee Company would, thus, result in administrative and operational, organizational efficiencies, competitiveness including complete resources mobilization and rationalisation in economies of scale, reduction in overheads and other expenses besides the amalgamation shall result in optimal utilization of various resources. The managerial expertise of both the Transferor Company and the Transferee

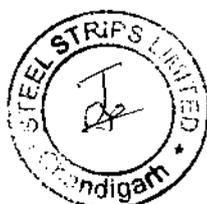


Company would once combined together shall give additional thrust to the merged entity.

- (iv) The combined efforts and resources of the Companies will enable raising of additional financial facilities for better working of business of both the Companies. It will ensure a fair return on investments made by all stakeholders.
- (v) The Amalgamation would be in the best interest of the public shareholders of the Transferor Company, as they would continue to play their part in the Indian economy growth by acquiring ownership rights in Transferee Company.

C. Definitions

6. In this Scheme, unless repugnant to the meaning or context thereof, the following shall have the meaning as given to them below:-
- (i) "Transferor Company" means "Steel Strips Limited"
 - (ii) "Transferee Company" means "SAB Industries Limited".
 - (iii) "Acts" means the Companies Act, 2013 and rules and regulations framed thereunder including any statutory modifications or re-enactment or amendments thereof for the time being in force.
 - (iv) "Amalgamation" shall have the meaning ascribed to it in clause 5(i) above;
 - (v) "Appointed Date" means 1st April, 2019 or such other date as may be proposed and approved by the Hon'ble National Company Law Tribunal, Chandigarh Bench or as may be directed by the Hon'ble National Company Law Tribunal, Chandigarh Bench.
 - (vi) "Effective Date" means such date as the Transferor Company and the Transferee Company mutually agree being a date on the last of the dates or post the last of the dates on which all conditions and matters referred to in Clause 31 of the Scheme occur or have been fulfilled or waived in accordance with this



Scheme. Reference in this Scheme to date of 'coming into effect of the Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date

(vii) "**Eligible Member**" shall mean each person whose name appears in the register of members of the Transferor Company and/or whose name appears as the beneficial owner of the Transferor Company's shares in the record of depositories on the Record Date.

(viii) "**Employees**" means all the permanent employees or any other staff of the Transferor Company as on the Effective Date;

ix) "**Record Date**" shall mean the date fixed by the respective Board of the Transferor Company and Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom the Transferee Company's shares shall be allotted under this scheme;

(x) "**Registrar of Companies**" means the Registrar of Companies, Punjab and Chandigarh at Chandigarh;

(xi) "**Share Exchange Ratio**" has the meaning ascribed to it in sub clause (i) of Clause 19 hereof;

(xii) "**Undertaking (s)**" means entire business undertaking(s) of the Transferor Companies as on the Appointed date and shall mean and include :

(a) all the Assets including freehold and /or leasehold assets, Lease hold Rights, Lease agreements, Hire purchase agreements , Rent agreements and under any other agreements & arrangements, land & site development, buildings, Infrastructure of commercial parking, plant & machinery, data processing equipments, furniture, fixture, office equipments, vehicles, kitchen equipments, temporary structure and movable assets, investments, stocks of



- commercial property, stock of traded goods, debtors, receivables, cash in hand, bank balance, loans, advances, Tax deducted at Source, security deposits and all rights available to the company, whether or not recorded in the books of account and/or appearing in its balance sheet as on the Appointed Date.
- (b) All the books of account, registers, statutory registers, records and all other documents of whatever nature relating to the above assets and properties.
- (c) All liabilities, debts, borrowings, Bills payable, Public deposits, Secured Loans, unsecured Loans, Creditors, Security deposits, Interest Accrued, contingent Liabilities and all other Liabilities, duties, undertakings, contractual obligations, guarantees given and obligations of the Transferor Companies as on the Appointed Date.
- (d) All permanent employees of the Transferor Companies.
- (e) All application monies, advance monies, earnest monies and/ or Security deposits paid, payments against other entitlements of the Transferor Companies.
- (f) All claims of the Transferor Company pending with any authorities, as per records of Transferor Companies on the Appointed Date.
- (g) Without prejudice to the generality of sub clause (a) to (f) above, the undertaking of the Transferor Companies shall also include all the Transferor Company reserves, movable and immovable properties, Freehold and leasehold property, tangible and intangible properties, corporeal and incorporeal property in possession or reversion present or contingent of whatsoever nature and wheresoever situated, assets including leasehold rights, tenancy rights, industrial and other licenses, permits, authorizations,



quota rights, trademarks, trade names, patents, copy rights, know how, technical knowhow, right to recover the government subsidy/ grants and other industrial and intellectual properties, stocks, receivables, investments, insurance policies, bank guarantees and performance bank guarantees by third parties, incentives and concessions by way of exemption of sales tax and purchase tax, right to carry forward unabsorbed depreciation and losses under the provisions of the Income Tax Act, 1961, electricity connection, telephones, telex, facsimile and other communication facilities and equipments, right and benefits under all agreement and all other interests, rights and powers, privileges, liberties, easements, advantages, benefits, permissions, consents, registrations, no objection Certificates, certifications and approvals of every kind, nature and description whatsoever.

(xiii) "**Miscellaneous Expenditure**" means Miscellaneous Expenditure (To the extent not written off or adjusted) appearing in the Balance Sheet of the Transferor Company as on Appointed date and further accretion thereto till the effective date.

(xiv) "**Scheme**" means this scheme of Amalgamation as set out herein and in its present form or with any modification(s) and amendments thereto.

(xv) All terms and words used but 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 or any statutory modifications or re-enactment thereof for the time being in force.

(xvi) Reference to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this scheme.

(xvii) The headings herein shall not affect the construction of this scheme.



- (xviii) The singular shall include the plural and vice versa; and reference to one gender include all genders.
- (xix) Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding these terms.
- (xx) Reference to a person include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality).
- (xxi) Reference to any of the terms of taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally.
- (xxii) Any reference to any statute or statutory provision shall include:
- a) All subordinate legislations made from time to time under that provision (whether or not amended, modifies, re-enacted or consolidated from time to time) and any retrospective amendment; and
 - b) Such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provisions (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

7. SHARE CAPITAL

(a) Transferor Company:-



1. The Authorised, Issued, Subscribed and paid up Share capital of the Steel Strips Limited as on 31ST March, 2019 are as under:-

Particulars	Rs.
AUTHORISED SHARE CAPITAL	
91,00,000 Equity Shares of Rs. 10 each	9,10,00,000
90000 Cumulative Redeemable Preference Shares of Rs. 100 each	90,00,000
TOTAL	10,00,00,000
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	
82,83,103 Equity Shares of Rs. 10 each fully paid up	8,28,31,030

The Equity Shares of the Transferor Company are listed on "BSE Limited"

(b) **Transferee Company:-**

2. The Authorised, Issued, Subscribed and paid up Share capital of the SAB Industries Limited as on 31ST March, 2019 are as under:-

Particulars	Rs.
AUTHORISED SHARE CAPITAL	
2,00,00,000 Equity Shares of Rs. 10 each	20,00,00,000
TOTAL	20,00,00,000
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	
15188372 Equity Shares of Rs. 10 each fully paid up	15,18,83,720



The Equity Shares of the Transferor Company are listed on "BSE Limited"

PART – II

**TRANSFER OF TRANSFERRED UNDERTAKINGS OF TRANSFEROR
COMPANY**

8. TRANSFER

- (i) With effect from the Appointed date and upon the scheme becoming effective, the whole of the business, undertaking, estates, assets, properties, liabilities, obligations, rights, title, licenses, license agreements, lease agreements, Rent Agreements and particularly the immovable properties incapable of passing by manual delivery of the Transferor Company shall pursuant to the provisions of Section 230-232 and other applicable provisions of the said Act without any further act, application and/or deed and without any payment of stamp duty , transfer charges or any other charges, shall be transferred to and vested in the Transferee Company so as to become the undertaking(s) and properties of the Transferee Company from the Appointed date. The Transfer and/ or vesting of the properties as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, in respect of all the aforesaid assets or any part thereof of the Transferor Company. Provided however that such charges shall not extend over or be deemed to extend over any of the assets of the Transferee Company already owned and held by the Transferee Company.
- (ii) With effect from the Appointed date and upon the scheme becoming effective, all the immovable properties including freehold and leasehold properties and any documents of title/ rights and easement in relation to them shall be vested in and transferred to and or be deemed to have been and stand transferred to



and vested in Transferee Company and shall belong to Transferee Company. The mutation of the title to the immovable properties, freehold and leasehold Properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of scheme and upon the scheme becoming effective, in accordance with the terms hereof, in favour of Transferee Company. No stamp duty, transfer charges and any other charges shall be payable for the transfer and vesting of immovable properties including freehold and leasehold properties.

(iii) Any statutory Licenses, registration, records, entitlements, powers, rights, benefits and advantages, permissions, approvals or consents to carry on the operations of the Transferor Company including all supply of electrical power, water and sanitary effluent permissible to the Transferor Company or any related permission/permissions and relatable to any freehold, leasehold property, benefits of all statutory and regulatory permissions, factory licenses, environmental approvals and consents, License agreement, Sales Tax, Excise registrations or other licenses and consents shall stand vested in or transferred to the Transferee Company without any further act or deed and shall always be deemed to have been issued to the Transferee Company and the concerned statutory authorities and/or licensors and/or regulators shall endorse and mutate and or record the same, upon the filing of this scheme as sanctioned with such authorities and licensors, so as to empower and facilitate the transfer and vesting of the undertaking in the Transferee Company.

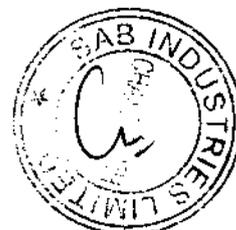
(iv) All contracts, deeds, bonds, agreements, arrangements, engagements and other instruments including Lease shall be vested to and transferred in the Transferee Company. These agreements shall be in full force and effect against or in favour of the Transferee Company as fully and effectively as if, instead of Transferor Company, it had been a party thereto or beneficiary in respect thereof.



- (v) As far as the Incentives, subsidies, rehabilitation Scheme, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- (vi) With effect from the Appointed date and upon the scheme becoming effective and subject to the provisions of this scheme, all contracts, deeds, bonds, agreements, memorandum of Understanding, schemes, arrangements and other instruments of whatsoever nature in relation to the undertaking to which any of the Transferor Company is a party subsisting or having effect immediately before the Effective date shall remain in force and effect against or in favour of the Transferee Company as the case may be and may be enforced fully and as effectual as if instead of the Transferor Company the Transferee Company had been a party or beneficiary or obligee thereto.
- (vii) With effect from the Appointed date and upon the scheme becoming effective, all permits, quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking to which any of the the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be & remain in force and effect in favour of or against the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- (viii) Any inter se contracts between the Transferor Company and Transferee Company shall stand merged and vested in the Transferee Company upon the sanction of the Scheme becoming effective.



- (ix) To the extent that there are inter company Investments, loans, deposits or balances, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of any assets or liabilities as the case may be. For the removal of doubts, it is clarified that in view of the above there would be no accrual of interest or other charges from the Appointed date in respect of any such inter- Company loans, deposits or balances and these transactions shall be considered as intra party transactions for all purposes.
- (x) The Transferee Company, at any time after this Scheme coming into effect in accordance with the provisions of this Scheme, 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 Undertaking of 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 the part of the Transferor Company.
- (xi) With effect from the Appointed date and Upon the Scheme becoming effective the debts, liabilities, duties and obligations of the Transferor Company relating to the Undertaking of the Transferor Company shall, without any further act, application or deed be and stand transferred to the Transferee Company and shall become the debts, liabilities and obligations of the Transferee Company which it undertakes to meet, discharge and satisfy.
- (xii) With effect from the Appointed date and upon the Scheme becoming effective, all debts, liabilities, duties and obligations including those arising out



of guarantees executed by the Transferor Company shall stand transferred and vested in the Transferee Company as part of the continuing contractual obligations vested in the Transferee Company.

(xiii) Upon this Scheme coming into effect, the existing banking facilities pertaining to the Undertaking of the Transferor Company as maintained by the Transferor Company shall stand transferred and vest in the Transferee Company and the respective Banks shall transfer all such banking facilities in to the name of the Transferee Company.

(xiv) Upon this Scheme coming into effect, all legal or other proceedings by or against the Transferor Company under any statute(s), or otherwise whether pending on the Appointed date or which may be instituted in future in respect of any matter arising before the effective date shall be continued and enforced by or against the Transferee Company after the effective Date.

(xv) Upon this Scheme coming into effect, if any suit, action, writ petition, appeal, revenue appeal, revision, execution against decree, criminal proceedings or other proceedings whether administrative, legal or otherwise of whatsoever nature (hereinafter called "the proceedings") by or against Transferor Company, if any, be pending on the Effective Date, in any Court or before any authority, judicial, quasi judicial or administrative or any adjudicating authority, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or anything contained in the Scheme but the proceedings shall be continued, prosecuted and enforced by or against the 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 the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any proceedings in pursuance to the said contracts, deeds and instruments as the Transferee Company has stepped into the shoes of the Transferor Company.

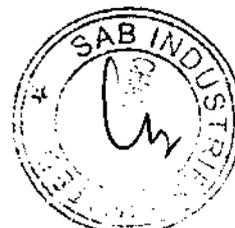


(xvi) Upon the coming into effect of this scheme, all employees of the Transferor Company shall become the employees of the Transferee Company, subject to the provisions hereof without any break in their services and on the basis of continuity of service and, on terms and conditions no less favorable than those on which they are engaged by the Transferor Company and without any interruption of service as a result of the Amalgamation. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past services of such Transferor Company Employees with the Transferor Company shall also be taken into account and paid (as and when payable) by the Transferee Company.

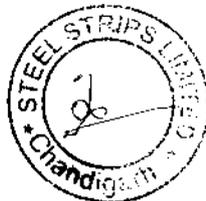
(xvii) Pending the transfer as aforesaid, the Employee Benefit Fund dues of the Transferor Company Employees would be continued to be deposited in the existing Employee Benefits Funds of the Transferor Company. It is clarified that upon transfer of the aforesaid funds to the respective funds of the Transferee Company, the existing trusts created for such funds by the Transferor Company shall stand dissolved.

9. With effect from the Appointed date and upto and including the Effective date:

- (i) The Transferor Company shall be deemed to have been carrying on all operations and activities relating to the Undertaking of the Transferor Company on behalf of the Transferee Company and stand possessed of the properties so to be transferred for and on account of and in trust for the Transferee Company.
- (ii) All profits accruing to the Transferor Company or losses arising or accrued by it relating to the Undertaking of the Transferor Company shall for all purposes, be treated as the profits, or losses as the case may be of the Transferee Company.



- (iii) Subject to the provisions of the Scheme, the profits of the Transferor Company for the period beginning from the Appointed date, shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being used or disposed of in any manner as it may think fit including declaration of dividend in respect of any financial year after the effective date.
- (iv) Save as specifically provided in this scheme, the Transferor Company shall not, after filing of this Scheme with the Hon'ble National Company Law tribunal (NCLT) make any change in its capital structure by any further issue of shares on preferential basis or allot any rights shares or Bonus Shares out of its Authorised Share Capital upto the effective date except with the prior consent of the Transferee Company. However the Transferee Company shall be at liberty to issue or allot any new shares/ rights shares/ preferential Shares or Bonus Shares out of its Authorised or unissued Share capital in any manner considered appropriate by the Board of directors of the Transferee Company
10. The Transferor Company hereby undertakes from the Appointed Date and upto and including the effective date to carry on its operations relating to undertaking of the Transferor Company with proper prudence and hereby agrees and undertakes not to alienate, charge or otherwise deal with or dispose of the Undertaking of the Transferor Company or any part thereof (except in the ordinary course of business and as provided in this scheme) without the prior written consent of the Transferee Company, and shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business.
11. All the staff, workmen and other employees in service of the Transferor Company engaged in the Undertakings of the Transferor Company as on the Effective Date under this scheme shall become the staff, workmen and employees of the Transferee Company on the basis that:

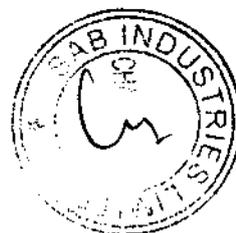


- a) their services shall be deemed to have been continuous and shall not have been interrupted by reasons of the transfer of the Undertaking(s);
- b) the terms and conditions of service applicable to the said staff, workmen and other employees after such transfer shall not in any way be less favorable to them than those applicable to them immediately before the transfer; and
- c) it is expressly provided that as far as Provident, Gratuity, Superannuation Fund/ Scheme or any other Special Fund/ Scheme created or existing for the benefit of the staff, workmen and other employees of the Transferor Company are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purpose whatsoever related to the administration or operation of such funds/ schemes or in relation to the obligations to make contributions to the said funds/ Schemes in accordance with the provisions of such funds/ schemes as per the terms provided in the respective Trust Deeds.
- d) it is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such Funds/ Schemes shall become those of the Transferee Company and all the rights duties and benefits of the employees employed in different units/undertakings of the Transferor Company under such funds and trusts shall be protected. It is clarified that the services of the employees of the Transferor Company will also be treated as having been continuous for the purpose of the aforesaid Funds/ Schemes or provisions.
12. The transfer and vesting of the properties and liabilities of the undertaking(s) of the Transferor Company to the Transferee Company and the continuance of the proceedings by or against the Transferee Company as per this scheme shall not affect any transaction or proceedings already completed by the Transferor Company on and from the Appointed date and upto the Effective date and that



the Transferee Company accepts all acts, deeds and things done and executed by and /or on behalf of the Transferor Company.

13. Subject to the other provisions contained in this Scheme, all contracts, business/asset purchase agreements, memorandum of understandings, memorandum of agreement, memorandums of agreed points, letters of agreed points, arrangements, undertakings, declarations whether written or otherwise, contracts, lease rights, deeds, bonds, other agreements and instruments of whatsoever nature relating to the Undertakings of the Transferor Company to which any of the Transferor Company is or was a party or having effect immediately before the Effective date, shall remain in full force and in effect against and in favour of Transferee Company and may be enforced fully and effectually as if instead of the Transferor Company, the Transferee Company had been a party thereto.
14. Upon the coming into the effect of the scheme, all Motor vehicles of any nature whatsoever comprised in or relatable to the undertakings of the Transferor Company shall vest in the Transferee Company and the appropriate Government and Registration Authorities shall mutate and register the said vehicles in the name of the Transferee Company as if the vehicles had originally been registered in the name of the Transferee Company without levying or imposing any fees, charges, taxed or levy whatsoever.
15. Upon the scheme coming into effect, the balance appearing under the head "Miscellaneous Expenditure (to the extent not written off or adjusted)" in the books of Transferor Company as on the Appointed date, if any, shall be debited by the Transferee Company to its Misc. Expenditure (to the extent not written off or adjusted) and the same shall thereafter be dealt with in the same manner as it would have been/ had been incurred by the Transferee Company.



16. Accounting Treatment

- (i) The Amalgamation will be accounted in accordance with the "acquisition method" prescribed under the Indian Accounting Standard 103 (Business Combinations) as notified under Section 133 of the Act, read together with paragraph 3 of the Companies (Indian Accounting Standard) Rules, 2015 alongwith other applicable standards and rules of the Companies Act, 2013.
- (ii) Accordingly, all the assets and liabilities recorded in the books of the Transferor Company shall be transferred to and vested in the Transferee Company pursuant to the sanctioning of the Scheme and shall be recorded by the Transferee Company at the respective values determined as per the prescribed Indian Accounting Standard 103 (Business Combinations) as notified under Section 133 of the Act, read together with paragraph 3 of the Companies (Indian Accounting Standard) Rules, 2015 alongwith other applicable standards and rules of the Companies Act, 2013.
- (iii) Inter-company balances, if any, will stand cancelled.
- (iv) The excess of the Assets and Liabilities transferred to the Transferee Company, if any, would be credited to the Reserves.
- (v) The shortfall of the Assets and Liabilities transferred to the Transferee Company, if any, would be treated as Goodwill and it shall be adjusted/cancelled against Securities Premium Account of the Transferee Company and the order of the NCLT sanctioning the scheme shall be deemed to be an order confirming the reduction / shortfall of the Assets and liabilities and no separate sanction under Sections 52 and 66 of the Companies Act, 2013 will be necessary.
- (vi) All the reserves of the Transferor Company under different heads shall become the corresponding reserves of the Transferee Company. The debit balance of the Profit & Loss Account of the Transferor Company, if any, will be adjusted/



offset against the credit balance of the Profit & Loss Account/General Reserve of the Transferee Company.

- (vii) Accounting policies of the Transferor Company will be harmonized with that of the Transferee Company following the amalgamation.
- (viii) If there is any difference in accounting policies of the Transferor Company and that of the Transferee Company, the impact of the same till the appointed date will be quantified and same should be appropriately adjusted and reported in accordance with the applicable accounting rules and principles, so as to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistent accounting policies.
- (ix) Pursuant to Section 72A of the Income Tax Act 1961, the accumulated loss and the unabsorbed depreciation of the Transferor Company shall be deemed to be the loss or, as the case may be, allowance for depreciation of the Transferee company for the previous year i.e 2018-19 as the Appointed date is 1st April, 2019 and other provision of the Income tax Act, 1961, relating to setoff and carry forward of loss and allowance for depreciation shall apply as per the rules and regulation of Income Tax Act, 1961
- (x) All taxes, where applicable, including but not limited to Goods and service tax (GST), Service Tax, Value added Tax(VAT), advance income tax, tax deducted at source, taxes withheld/paid in a foreign country, direct/indirect taxes, levy, cess, fees, tax refunds payable by or refundable to the Transferor Company, including all or any tax refunds or tax liabilities or tax claims arising from pending tax proceedings, under any law, on or before the Effective Date, shall be treated as or deemed to be treated as the tax liability or tax refunds/ tax claims (whether or not recorded in the books of Transferor Company) as the case may be, of the Transferee Company, and any advance income tax, unabsorbed tax losses and depreciation, etc., as would have been available to



the Transferor Company on or before the Effective Date, shall be available to the Transferee Company upon the Scheme coming into effect.

PART III

PAYMENT OF CONSIDERATION / ISSUE OF SHARES

17 The Transferee Company (SAB) holds 6,85,934 equity shares of Rs.10/- each in the share capital of the Transferor Company. These shares shall stand cancelled and share capital of the Transferor Company shall accordingly reduce without the requirement of any separate/further sanction or approval whatsoever in this regard under the Companies Act, 2013 or under any other law. The Transferee Company shall surrender these shares to the Transferor Company for cancellation. Accordingly, these 685934 equity shares will not be considered at the time of allotment of shares to the member of Transferor Company in the agreed exchange ratio. Accordingly the entire investment in the books of accounts of the Transferee Company on account of 6,85,934 equity shares of Rs.10/- each of Transferor Company shall stand cancelled and written off / reversed in the accounts of the Transferee Company on the Scheme of Amalgamation becoming effective.

- (i) Upon coming into effect of the scheme and in consideration of the Amalgamation including the transfer and vesting of the Undertaking in the Transferee Company pursuant to this scheme, the Transferee Company shall, as soon as possible after the Record Date, or such other dates as may be required by the Stock Exchange, complete allotment of the Transferee Company shares in favour of the Eligible Members in following manner:

“Every Shareholders/Members of Transferor Company holding 350 (Three Hundred Fifty) Equity Shares of Rs. 10/- (Ten) each fully paid up in the Transferor



Company will get 1 (One) Equity shares of Rs.10/-(Ten) each fully paid up in Transferee Company.”

The ratio in which shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company as set out above is herein referred to as “**Share Exchange Ratio**”.

- (ii) No fractional coupons shall be issued by the Transferee Company in respect of the residual fractional entitlements, if any, to which the members of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid. Such fraction shall be consolidated into whole equity shares and the Board of Directors may allot any one or more of such consolidated shares to any nominee (s) as the Board of Directors may in their absolute discretion deem fit for the purpose of holding and calling of such consolidated equity shares. Every sale of the consolidated equity shares shall be at such price or prices as may be approved by the Board of Directors and upon receipt of the purchase price in respect of such sale (provided the Board of Directors shall approve the purchaser) the Board of directors shall allot the equity shares to the approved purchaser (s). The total net sale proceeds of such consolidated equity shares, after defraying there from all costs, charges and expenses of sale of such shares, shall be distributed and divided among such equity shareholders of the Transferor Company as would otherwise have been entitled to such fraction of the equity shares of the Transferee Company in proportion to their respective interest in such fractions.
- (iii) In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Transferor Company, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order



to remove any difficulties arising to the transferor of the shares in the Transferor Company and in relation to the shares issued by the Transferee Company, after the effectiveness of the Scheme. The Board of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transaction period.

- (iv) It is clarified that the Transferee Company shall not be required to pass a separate resolution for the purpose of issuing the aforesaid shares to the members of the Transferor Company under Section 62 of the said act and on the members of the Transferee Company and the members of the Transferor Company giving their sanction to the scheme, it shall be deemed that the members of each of the Transferee Company and the Transferor Company have accorded all consents, if any, as required under the said Act.
- (v) The shareholders of the Transferor Company, upon the scheme becoming effective and upon receiving intimation /notice of the Record Date fixed, shall surrender their share certificates of the Transferor Company to the Transferee Company, which shall thereafter in due course deliver to the shareholders, the shares in the Transferee Company by registered post.
- (vi) In the event of any shareholders of the Transferor Company failing to deposit, surrender or present the share certificates for the purpose of obtaining shares of the Transferee Company, the Transferee Company shall deliver by registered post, the share certificates to the members of the Transferor Company in accordance with the terms of the scheme as per the Register of members of the Transferor Company on the record date fixed.
- (vii) Notwithstanding anything to the contrary, upon the issue and allotment of new shares in the Transferee Company to the eligible shareholders of the



Transferor Company whose name shall appear on the Register of Members of the Transferor Company on such record date fixed as aforesaid, the share certificates in relation to the shares held by them in the Transferor Company shall be deemed to have been automatically cancelled and be of no effect, on and from such record date and the Transferee Company may at its option instead of requiring to surrender the share certificates, as aforesaid, directly issue new shares of the Transferee Company by dispatching new share certificates of the Transferee Company in lieu thereof.

(viii) The Transferee Company Shares to be issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the memorandum and articles of association of the Transferee Company and shall rank *pari passu* in all respects and shall have the same rights attached to the then existing equity shares of the Transferee Company

(ix) For the purpose as aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain the requisite consent or approval of the Reserve Bank of India and other appropriate authorities concerned for the issue and allotment by the Transferee Company to the respective non-resident members, if any, of the Transferor Company, of the equity shares in the said reorganized share capital of the Transferee Company in the ratio aforesaid.

(x) Such shares to be issued and allotted by the Transferee Company in terms of sub-clause (i) of Clause 17 above, save as expressly provided otherwise, shall rank *pari passu* in all respects from the date of their allotment in terms of the Scheme with the existing re-organized equity shares of the Transferee Company.



- (xi) The Transferee Company shares shall be issued in dematerialized form to all eligible shareholders holding the Transferor Company shares, in accordance with the applicable laws. If the transferee company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his account with a depository participant or other confirmation as may be required or if the details furnished by any member do not permit electronic credit of new shares, then the transferee company shall issue equity shares in physical form to such member or members.
- (xii) The existing shares of the Transferee Company and Transferor Company are listed on the Bombay Stock Exchange.
- (xiii) Upon the scheme becoming effective, the shares of Transferor Company will automatically be delisted from BSE Limited.
- (xiv) Upon the scheme becoming effective, the Transferee Company shall seek listing of its equity shares with the "BSE Limited" subject to compliance with listing requirements of Bombay Stock Exchange(BSE) as well of Securities & Exchange Board of India(SEBI).
- (xv) The difference of fees, if any, due to increase in authorized capital of the Transferee Company on sanctioning of the Scheme, will be paid by the Transferee Company.
- (xvi) Upon the coming into effect of the Scheme, stamp duty payable, if any , will be paid by the Transferee Company.
- (xvii) The Board of Directors of the Transferor Company and the Transferee Company based on the independent valuation done by CA Vikas Aggarwal, Chartered Accountants and Regd. Valuer with IBBI-IBBI/RV/02/2018/10046, for the Transferee Company and Transferor Company, have accorded their unanimous approval towards the Share Exchange Ratio in their respective board meetings.



PART IV

CHANGES TO THE SHARE CAPITAL OF THE TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY

18 Consolidation of the Authorized Share Capital of the Transferor Company with the Authorized Capital of the Transferee Company.

- (i) Upon this scheme becoming effective and pursuant to the re-classification/reorganization of the resultant capital, The Authorised Share capital of the Transferor Company shall stand combined with the Authorised share capital of the Transferee Company. The filing fee and stamp duty already paid by the Transferor Company on its Authorised share capital shall be set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation.
- (ii) Upon the Scheme becoming effective, the Authorized Share Capital of Transferor Company comprising of 91,00,000 (Ninety One Lac) Equity Shares of Rs.10/- each aggregating to Rs.9,10,00,000/- (Rupees Nine Crore Ten Lac) and 90,000 Cummulative Redeemable Preference Share of Rs. 100/- each aggregating to Rs. 90,00,000/- (Ninety lac) shall stand re-classified/reorganized or carried forward and merged with the Authorized Share Capital of Transferee Company without any further act or deed and without any levy of fees, duty or charge. Accordingly, upon the Scheme becoming effective the Authorized Share Capital of the Transferee Company shall stand enhanced/ increased from Rs.20,00,00,000/- (Rupees Twenty Crore) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs.10/- each to Rs. 30,00,00,000/- (Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs.10/- each.



(iii) Upon the Scheme becoming effective, the office of Registrar of Companies, Punjab & Chandigarh shall immediately take effect of consolidation of Authorized Share Capital of 91,00,000 (Ninety One Lac) Equity Shares of Rs.10/- each aggregating to Rs.9,10,00,000/- (Rupees Nine Crore Ten Lac) and 90,000 Cummulative Redeemable Preference Share of Rs. 100/- each aggregating to Rs. 90,00,000/- (Ninety lac) of Transferor Company into the books of Transferee Company and enhance the Authorized Share Capital of Transferee Company from Rs. 20,00,00,000/- (Rupees Twenty Crore) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs.10/- each to Rs. 30,00,00,000/- (Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs.10/- each in its records.

(iv) Upon the Scheme becoming effective the Transferee Company shall make suitable amendments to its Memorandum and Articles of Association to reflect the increase of the Authorized Share Capital. Upon the Scheme becoming effective the Transferee Company may file the requisite applications/forms without any fees, with the Registrar of Companies, Punjab & Chandigarh for the increase of its Authorized Capital from Rs. 20,00,00,000/- (Rupees Twenty Crore) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs.10/- each to Rs. 30,00,00,000/- (Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs.10/- each and the Registrar of Companies shall permit the Transferee Company to take credit of the entire fees already paid by the Transferor Company in this regard.

19 It is clarified that the consent of the shareholders of the Transferee Company to this scheme shall be deemed to be sufficient for the purpose of effecting the aforementioned amendments and the increase of authorized capital of the Transferee Company pursuant to scheme, and no further resolution(s) under Sections 4, 13, 14 and 61 and all other applicable provisions of the Act, if any, would be required to be separately passed.



PART V
GENERAL TERMS AND CONDITIONS

- 20 The Transferor Company and the Transferee Company shall make necessary applications before the NCLT for the Sanction of this Scheme under Sections 230 and 232 of the Act.
- 21 The amalgamated Transferee Company upon the Scheme becoming effective shall draw up and finalise a consolidated Balance Sheet, as on the Appointed Date (hereinafter the "Consolidated Balance Sheet") which shall be the opening Balance Sheet of the amalgamated Transferee Company as on the Appointed Date. All the assets and liabilities of the Transferor Company as at the close of business on the day immediately preceding the Appointed Date would be recorded in the books of the Transferee Company at the respective book values as of the Appointed Date.
- 22 The Transferee Company is expressly permitted to revise its Income Tax returns and related TDS certificates and the right to claim refunds, advance tax credits etc. upon this scheme becoming effective and have expressly reserve the right to make such revision in the Income Tax returns and related Tax Deducted at Source (TDS) certificates and the right to claim refunds, advance tax credits etc. pursuant to the sanction of this Scheme.
- 23 Upon the Scheme being sanctioned and in pursuance of the order being made by the Tribunal under section 232 of the said Act, the Transferor Company shall stand dissolved without being wound up and merge with the Transferee Company with effect from the Appointed date.
- 24 The Board of Directors of the Transferor Company and the Transferee Company in their full and absolute discretion, may assent to any modification and amendment to the scheme or agree to any terms and/or conditions which the



Concerned Tribunal, shareholders, Creditors of the Transferor Company and /or of the Transferee Company, and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Board of Directors of the Transferor and Transferee Company .

- 25 The Board of Directors of the Transferor Company and Transferee Company be and are hereby authorised to take all such steps as may be necessary ,desirable or proper to resolve any doubts, difficulty 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 and to do all acts, deeds, matters and things as may be necessary, desirable or expedient for putting the scheme into effect.
- 26 Transferor Company and Transferee Company (By their respective Board of Directors) may at any time withdraw the scheme in the event that the Board for any reason find that the scheme cannot be implemented or any modification of amendment suggested by the Tribunal or any authority cannot be accepted.
- 27 Upon the Scheme becoming effective the Transferee Company shall take effect of the amalgamation of all the Transferred Undertakings of Transferor Company in its Books of Accounts in accordance with the provisions of Accounting Standard on the accounting of amalgamations, as notified by the Ministry of Corporate Affairs and as may be amended from time to time and/or subject to such other Accounting Standards as may applicable.
- 28 Upon the Scheme becoming effective and without any further act or deed, the title of all Bank Accounts being maintained by the Transferor Company shall automatically stand changed/transmitted in favor of Transferee Company and the said bank accounts will be run and maintained with same signatories' structure and as if opened originally by the Transferee Company.



29 Upon the coming into effect of this Scheme, the directors of the Transferor Company will not be entitled to any directorships in the Transferee Company by virtue of the provisions of this Scheme and consequently the Board of Directors of Transferor Company shall stand dissolved. It is clarified that this Scheme will not affect any directorship of a person who is already a director in the Transferee Company as on the Effective Date.

30 The Scheme is conditional upon the following approvals/events and the Scheme shall be deemed to be effective on obtaining last of the following approvals and the occurrence of the last of the following events:

- (i) The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and/or Creditors (wherever applicable) of the Transferor Company and Transferee Company as may be directed by the Court or any other competent authority, as may be applicable.
- (ii) The Stock Exchange having issued their observation/no-objection letter as required under the SEBI Listing Regulations read with the SEBI Circulars.
- (iii) As para (I) (A) (9) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated 10th March 2017 is applicable to this Scheme, therefore it is provided in the Scheme that the Transferee and Transferor Company will provide voting by the public shareholders through ballot/e-voting, as applicable and will disclose all material facts in the explanatory statement to be sent to the shareholders in relation to the said Resolution and the scheme shall be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the numbers of votes cast by the public shareholders against it.
- (iv) Sanctions and order under the provisions of Sections 230 to 232 of the Companies Act, 2013 being obtained from the benches of the NCLT at Chandigarh



- (v) The requisite approval of the Reserve Bank of India, if required being obtained under the provisions of the Foreign Exchange Management Act, for the issue of shares in the Transferee Company to the non-resident shareholders, if any, of the Transferor Company.
- (vi) Any other sanction or the approval of the appropriate authorities concerned as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.
- (vii) Certified copies of the orders being filed with the Registrar of Companies, Punjab & Chandigarh.
- (viii) There not being any Government Order from any Authority that has the effect of making the transfer of the Intellectual property being used in relation to the Transferor Company's business illegal or otherwise restraining or preventing its transfer.
- 31 Each of the Transferor Company and the Transferee Company agree that it shall bear by itself all own costs, charges, levies and expenses in relation to or in connection with or incidental to this scheme until the date of sanction of this scheme by the NCLT, including without limitation costs and expenses associated with retention of financial, legal, tax and other professional advisers, and in connection with the valuation report and the fairness opinion issued by their respective valuers and merchant bankers.
- 32 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.



33 Save as otherwise agreed, all stamp, transfer, registration and other similar taxes, duties, charges and fees(including in relation to the registration and the stamping of the sanction orders) payable or assessed in connection with this Scheme, the issuance of Transferee Company shares and the transfers contemplated by the Scheme shall be borne by the Transferee Company.

Signed on behalf as **STEEL STRIPS LIMITED (TRANSFEROR COMPANY)**

Place: Chandigarh

Dated: 02/07/2019

Jyotsana Bajaj

Authorized Signatory /Director

Signed on behalf of **SAB INDUSTRIES LIMITED (TRANSFEREE COMPANY)**

Place: Chandigarh

Dated: 02/07/2019

Imroor Kaur

Authorized Signatory /Director