

**SCHEME OF AMALGAMATION
OF
MAHADEV VYAPAAR PRIVATE LIMITED
WITH
ELECTROSTEEL CASTINGS LIMITED**

**PART – I
(PRELIMINARY)**

1. DEFINITIONS:

In this Scheme, unless inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1 **"Act"** means the Companies Act, 1956 and includes any statutory modifications, amendments or re-enactments thereof.
- 1.2 **"Appointed Date"** means the 1st day of April, 2014.
- 1.3 **"Effective Date"** means the date on which the certified copies of the orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, concerned.
- 1.4 **"High Court"** mean the High Court at Calcutta and/or the High Court of Odisha at Cuttack, as may be applicable.
- 1.5 **"Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) approved or directed by the High Court.


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For ELECTROSTEEL CASTINGS LIMITED

KBhasara
Company Secretary

- 1.6 **"The Transferor Company"** means Mahadev Vyapaar Private Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Marshall House, Room No. 766, 25 Strand Road, Kolkata – 700 001.
- 1.7 **"The Transferee Company"** means Electrosteel Castings Limited, an existing company within the meaning of the Companies Act, 1956 and having its registered office at Rathod Colony, P.O. Rajgangpur, District-Sundergarh, Odisha- 770 017
- 1.8 **"Undertaking of the Transferor Company"** means and includes:
- (a) All the assets, properties, investments and benefits of the Transferor Company and all debts, liabilities, duties and obligations of the Transferor Company.
 - (b) Without prejudice to the generality of sub-clause (a) above, the Undertaking of the Transferor Company shall include all the Transferor Company's movable and immovable assets and properties, freehold or leasehold, real and personal, corporeal and incorporeal, in possession or reversion, present and contingent, all other assets (whether tangible or intangible) of whatsoever nature, wheresoever situated including office equipments, inventories, investments in shares, debentures, bonds and other securities, vehicles, sundry debtors, recoverables and receivables, cash and bank balances, loans, deposits and advances, reserves and surpluses, provisions, funds, lease, tenancy and all other interests and rights in or arising out of such property together with all grants, licenses, permits, registrations (including the excise, sales-tax, service-tax, value added tax and labour laws), trademarks, patents, patent rights applications, copyrights, trade names, other intellectual property rights, liberties, easements and advantages, import entitlements and other quotas, including the benefits of all agreements, memorandum of understanding and arrangements, assignments and all other interests, rights, claims, powers, authorisations, including right to use and

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For ELECTROSTEEL CASTINGS LIMITED


Company Secretary

avail of telephones, telexes, facsimile, internet, broadband, cable and other communication and transmission connections, facilities, equipments and installations, water, utilities, electricity and electronic and all other services, of every kind, nature and descriptions whatsoever and privileges, liberties, easements, allotments, advantages, benefits, goodwill, exemptions, consents, approvals and no-objection of whatsoever nature, if any, held, applied for or as may be obtained hereafter by the Transferor Company or which the Transferor Company is entitled to together with the benefit of all respective contracts and engagements and all books, papers, documents and records of the Transferor Company.

1.9 Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. SHARE CAPITAL:

2.1 The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on date is as under:

AUTHORISED SHARE CAPITAL:	(Rs.)
20,000 Equity Shares of Rs.10/- each.	2,00,000

ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL:	(Rs.)
10,000 Equity Shares of Rs.10/- each fully paid up	1,00,000

2.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on date is as under:

AUTHORISED SHARE CAPITAL:	(Rs.)
50,00,00,000 Equity Shares of Re.1/- each.	50,00,00,000

ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL:	(Rs.)
35,69,55,322 Equity Shares of Re.1/- each fully paid up.	35,69,55,322

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For ELECTROSTEEL CASTINGS LIMITED

KBlaser
Company Secretary

3. OBJECTS OF THE SCHEME:

- 3.1 The entire Equity Shares of the Transferor Company are held by the Transferee Company.
- 3.2 For the better and more economic and efficient management, control and running of the businesses of the companies concerned and to integrate the operations and businesses of both the companies it is considered desirable and expedient to amalgamate the Transferor Company with the Transferee Company in the manner and on the terms and conditions stated in this Scheme of Amalgamation.
- 3.3 The amalgamation will enable appropriate consolidation of the activities of the Transferor Company and the Transferee Company with pooling and more effective utilization of resources of both the companies. The amalgamation will result in formation of a larger and stronger company having greater capacity for conducting its operations more effectively and efficiently. The Scheme will have beneficial results for the two companies

PART – II**(MERGER OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY)****4. TRANSFER OF UNDERTAKING:**

- 4.1 Pursuant to the provisions of this Scheme, the Transferor Company shall be amalgamated with the Transferee Company with effect from the Appointed Date. Accordingly, the Undertaking of the Transferor Company shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act, stand transferred to and vest in or be deemed to be transferred to and vest in the Transferee Company, with effect from the Appointed Date, as a going concern without any further act, deed, matter or thing (save as provided in Clause 4.2 below) so as to become on the Appointed Date, the assets (subject to encumbrances and charges, if any, existing thereon) or liabilities of the Transferee Company. Provided always that the Scheme shall not operate to enlarge the scope of security for any

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For ELECTROSTEEL CASTINGS LIMITED



Company Secretary

loan, deposit or facility availed of by the Transferor Company and the Transferee Company shall not be obliged to create or provide any further or additional security therefor after the Effective Date or otherwise.

- 4.2 It is expressly provided that in respect of such of the said assets as are movable in nature or otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company accordingly.
- 4.3 All the debts, liabilities, duties and obligations and refunds, credits and claims of the Transferor Company shall, pursuant to the provisions of Section 394 and other applicable provisions of the Act be also 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, duties and obligations of the Transferee Company.
- 4.4 Subject to the other provisions of this Scheme, all licences, permissions, approvals, consents, registrations, eligibility certificates and no objection certificates obtained by the Transferor Company for its operations and/or to which the Transferor Company is entitled to in terms of the various statutes and/or schemes of Union and State Governments, judicial/quasi judicial authorities, or any other agencies shall be available to and vest in the Transferee Company, without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company.

5. LEGAL PROCEEDINGS:

If any suits, actions and proceedings of whatsoever nature (hereinafter called "the Proceedings") by or against the Transferor Company are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in this Scheme, but the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, if this Scheme had not been made.

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For ELECTROSTEEL CASTINGS LIMITED

K. Bhandari

Company Secretary

6. CONTRACTS AND DEEDS:

All contracts, deeds, bonds, agreements, arrangements, licences, engagements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company as fully and effectually, as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.

7. SAVING OF CONCLUDED TRANSACTIONS:

The transfer of the Undertaking of the Transferor Company under Clause 4 above, the continuance of Proceedings under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

8. EMPLOYEES:

On and from the Effective Date, the employees of the Transferor Company, if any, in service on the Effective Date shall become the employees of the Transferee Company on the same terms and conditions on which they are engaged by the Transferor Company without any break, discontinuance or interruption in service.

9. DISSOLUTION OF THE TRANSFEROR COMPANY:

The Transferor Company shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

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For ELECTROSTEEL CASTINGS LIMITED

K Bhavsar

Company Secretary

10. BUSINESS IN TRUST FOR THE TRANSFeree COMPANY:

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

- 10.1 The Transferor Company shall carry on and be deemed to have carried on its businesses and activities and shall hold and stand possessed of and be deemed to have held and stood possessed of all its assets for and on account of and in trust for the Transferee Company.
- 10.2 The Transferor Company shall carry on its business and activities with due diligence and business prudence and shall not, without the prior written consent of the Transferee Company, charge, mortgage, encumber or otherwise deal with or alienate its assets or any part thereof, nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, except as is necessary in the ordinary course of its business.
- 10.3 All profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall, for all purposes, be deemed to have accrued as the profits or income or expenditure or losses, as the case may be, of the Transferee Company.

11. CANCELLATION OF SHARES:

Upon the Scheme coming into effect, the entire equity shares held by the Transferee Company in the Transferor Company shall be cancelled and no shares shall be issued by the Transferee Company in lieu thereof.

12. AUTHORISED SHARE CAPITAL:

On the Effective Date, the Authorised share capital of the Transferee Company, in terms of its Memorandum of Association, shall stand enhanced by an amount of Rs.2,00,000/-, being the Authorised Share Capital of the Transferor Company and each equity shares of Rs.10/- each will be converted into 10 equity shares of Re.1/- each. The revised/enhanced Authorised share capital of the Transferee Company shall be Rs.50,02,00,000/- divided into 50,02,00,000 of Re.1/- each and its Memorandum of Association shall automatically stand amended accordingly, and the words and figures in Clause V of its Memorandum of Association shall stand substituted to read as follows:

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For ELECTROSTEEL CASTINGS LIMITED

Kbhaser
Company Secretary

"V. The Authorised Share capital of the Company is Rs.50,02,00,000/- (Rupees Fifty crores two lacs) divided into 50,02,00,000 (Fifty crores two lacs) of Re.1/- (Rupee One) each with power to increase and reduce the capital of the Company and to divide or sub-divide the shares in capital for the time being into several classes and to attach thereto respectively such preferential qualified or special rights, privileges or conditions as may be determined by or in connection with the Articles of the Company for the time being and to modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by Act, or provided by the Articles of the Company for the time being."

It is hereby clarified that for the purposes of this clause, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution under the Act and/or the Companies Act, 2013, would be required to be separately passed, nor any registration fee, stamp duty etc. shall be payable by the Transferee Company.

13. ACCOUNTING:

An account shall be taken of the assets and liabilities of the Transferor Company to be transferred to the Transferee Company under this Scheme as on a date immediately preceding the Appointed Date. All the assets and liabilities of the Transferor Company shall be recorded in the books of the Transferee Company at values as appearing in the books of account of the Transferor Company. The reserves of the Transferor Company will be taken over and merged in the books of the Transferee Company at the same value and nomenclature as appearing in the books of the Transferor Company.

14. BANK OPERATIONS:

Upon the Scheme being sanctioned and taking effect, all cheques, drafts, pay orders, direct and indirect tax balances and/or payment advices of any kind or description issued in favour of the Transferor Company, either before or after the Appointed Date, or in future, may be deposited with the Bank of the Transferee Company and credit of all receipts thereunder will be given in the accounts of the Transferee Company.

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For ELECTROSTEEL CASTINGS LIMITED



Company Secretary

PART – III
(MISCELLANEOUS)

15. APPLICATIONS:

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications to the High Court pursuant to Sections 391 and 394 of the Act, for convening and/or seeking exemption to convene meetings of shareholders, for sanctioning and carrying out of this Scheme and for consequent dissolution of the Transferor Company without winding up and shall apply for and obtain such other approvals, as required by law.

16. APPROVALS AND MODIFICATIONS:

The Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised:

- 16.1 to assent from time to time to any modifications or amendments or substitutions of this Scheme or of any conditions or limitations which the High Court and / or any authorities under law may deem fit to approve or direct or as may be deemed expedient or necessary; and
- 16.2 to settle all doubts or difficulties that may arise in carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary, desirable or proper for putting this Scheme into effect.

Without prejudice to the generality of the foregoing, the Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

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For ELECTROSTEEL CASTINGS LIMITED


Company Secretary

17. SCHEME CONDITIONAL UPON:

This Scheme is conditional upon and subject to:

- 17.1 approval of this Scheme by the requisite majority of the members, as may be required, of the Transferor Company and the Transferee Company;
- 17.2 sanction of the Scheme by the High Court under Sections 391 and 394 and other applicable provisions of the Act; and
- 17.3 the certified copies of the order of the High Court sanctioning this Scheme being filed with the Registrar of Companies, concerned.

Accordingly, this Scheme although operative from the Appointed Date, shall become effective on the Effective Date, being the last of the dates on which the conditions referred to above have been fulfilled.

18. COSTS, CHARGES AND EXPENSES:

All costs, charges and expenses, in connection with this Scheme, arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company.

19. RESIDUAL PROVISIONS:

In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred *inter se* by the parties or their shareholders or creditors or employees or any other person.

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For ELECTROSTEEL CASTINGS LIMITED



Company Secretary

To,
The Board of Directors,
Electrosteel Castings Limited
G K Tower
19 Camac Street
Kolkata-700 017

Statutory Auditors' Certificate

This certificate issued at the specific request of Electrosteel Castings Limited ('the Transferee Company') is solely for the purpose of enabling the Company to submit it with the Stock Exchanges where the equity shares of the Company are listed.

Pursuant to the Scheme of Amalgamation ('the Scheme') approved by the Board of Directors on 11th August, 2014, the Company is in the process of amalgamating its wholly owned subsidiary, i.e. Mahadev Vyapar Private Limited (referred to as Transferor Company) with itself.

In accordance with the requirements of SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 (as modified by SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013), a listed company is required to ensure that the Scheme submitted with the Honorable High Court, contemplate obtaining shareholders' approval through special resolution which is passed through postal ballot and e-voting. Further, the explanatory statement sent to the shareholders must also provide disclosures of all material facts in relation to such resolution.

Based on the representation received from the Company, with respect to the requirement of Paragraph 5.16 (a) of SEBI Circular no. CIR/CFD/DIL/5/2013 dated 4th February, 2013 (as replaced by paragraph 7 of SEBI Circular no. CIR/CFD/DIL/8/2013 dated 21st May, 2013) regarding non applicability of approval of the proposed scheme through Postal ballot and e-voting by the Shareholders of the Company and on the basis of our examination and according to the information and explanation given to us by the Management of the Company, we certify that the approval of the proposed scheme through Postal ballot and e-voting by the Shareholders of the Company are not applicable in relation to the proposed scheme.

This certificate is issued for the purpose mentioned above and should not be used for any other purpose or be distributed to any other parties without our prior written consent.

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No. 301051E



H K Verma
Partner
Membership No: 055104
Date: 8th August 2014
Place: Kolkata



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For **ELECTROSTEEL CASTINGS LIMITED**

K Bhavsar
Company Secretary

**The Board of Directors,
Electrosteel Castings Limited
G K Tower
19 Camac Street
Kolkata-700 017**

Auditors' Certificate under Clause 24(i) of the Listing Agreement

We, the statutory auditors of Electrosteel Castings Limited (hereinafter referred to as "the Transferee Company"), have examined the proposed accounting treatment specified in clause 11 of part IV of the Draft Scheme of Amalgamation between Mahadev Vyapaar Private Limited, a wholly owned subsidiary of Electrosteel Castings Limited (referred to as "Transferor Company") with the Company itself in terms of the provisions of section 391 to section 394 of the Companies Act, 1956 with reference to its compliance with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with Clause 24(i) of the Listing Agreement and all the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

This Certificate is issued at the request of "the Company" pursuant to the requirements of clause 24(i) of the Listing Agreement for onward submission to the Stock Exchanges where the Equity Shares of the Company are listed. This Certificate should not be used for any other purpose without our prior written consent.

Place: Kolkata
Date: 8th August 2014



For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.: 301051E

H K Verma
Partner
Membership Number: 055104

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For ELECTROSTEEL CASTINGS LIMITED

K Bhavsar
Company Secretary



ELECTROSTEEL CASTINGS LIMITED

G. K. TOWER, 19 CAMAC STREET, KOLKATA-700 017 (INDIA)
TEL Board Number 91-33-22839990, 40090600
Fax (Directors) 91-33-22894336, (Sales) 91-33-22894337, (Export) 91-33-22894338, (Finance) 91-33-22894339.
CIN - L27310OR1955PLC000310

REPORT OF AUDIT COMMITTEE MEETING OF ELECTROSTEEL CASTINGS LIMITED HELD ON AUGUST 11, 2014 FOR THE RECOMMENDATION OF SCHEME OF AMALGAMATION

Members Present:

- | | |
|--------------------------|---------------------------------|
| 1. Mr. Binod Khaitan | Chairman of the Audit Committee |
| 2. Mr. Umang Kejriwal | Director |
| 3. Mr. P. K. Khaitan | Director |
| 4. Mr. S. Y. Rajagopalan | Director |
| 5. Mr. M B N Rao | Director |

In Attendance:

Kavita Bhavsar Company Secretary

1. Background

Electrosteel Castings Limited (the Transferee Company) is a Public Limited Company incorporated under the Indian Companies Act, 1913 having its Registered Office at Rathod Colony, P.O. Rajgangpur, District Sundergarh, Odisha – 770 017. The Company operates mainly in one business segment viz. Pipes and all other activities revolve around the main business. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited.

Mahadev Vyapaar Private Limited (the Transferor Company) is a Private Company incorporated under the Companies Act, 1956 having its Registered Office at Room No. 766, 25, Strand Road, Marshall House, Kolkata – 700 001. The Company is engaged in the business of trading, buying, selling, marketing etc. of all types of industrial, domestic and other general commodities.

In view of SEBI's Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, the Company is required to provide a Report of Audit Committee recommending the draft scheme of amalgamation of Mahadev Vyapaar Private Limited (MVPL), a wholly owned subsidiary of the Company with the Company.



Website : www.electrosteel.com
Regd. Office : Rajgangpur, Odisha



FM : 48346

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For ELECTROSTEEL CASTINGS LIMITED

K Bhavsar

Company Secretary



ELECTROSTEEL CASTINGS LIMITED

G. K. TOWER, 19 CAMAC STREET, KOLKATA-700 017 (INDIA)
TEL Board Number 91-33-22839990, 40090600
Fax (Directors) 91-33-22894336, (Sales) 91-33-22894337, (Export) 91-33-22894338, (Finance) 91-33-22894339,
CIN - L27310OR1955PLC000310

The Company Secretary had placed before the Audit Committee a draft Scheme of Amalgamation of Mahadev Vyapaar Private Limited (MVPL), a wholly owned subsidiary of the Company with the Company.

This Report of the Audit Committee was made after considering the following documents:

1. Draft Scheme of Amalgamation
2. Certificate under Clause 24(i) of the Listing Agreement from M/s. Lodha & Co., Chartered Accountants, Statutory Auditors of the Company, confirming that the accounting treatment contained in the Scheme is in compliance with all Accounting Standards specified by the Central Government in Section 211(3C) of the Companies Act, 1956.
3. Fairness opinion obtained from Intelligent Money Managers Private Limited, SEBI Registered Category I Merchant Banker.

The Committee took note of the fact that the Transferee Company owns 100% of the paid up Share Capital of the Transferor Company and as a result of merger, the Shares of Mahadev Vyapaar Private Limited held by Electrosteel Castings Limited will stand cancelled, with no issuance of shares or payment of other consideration to the Transferor Company. There will be no change in the shareholding pattern of the Transferee Company and hence no Valuation Report from an Independent Chartered accountant is required in terms of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013.

2. Proposed Scheme of Amalgamation

The Committee noted that with a view to obtain operational synergies and also to pool the resources of both the companies for growth, development of businesses, it would be beneficial if Mahadev Vyapaar Private Limited (MVPL), a wholly owned subsidiary of the Company, be merged with the Company.

The salient features of the draft scheme of Amalgamation are as follows:

- The Scheme provides for merger of MVPL with the Company.
- The Appointed Date for the Scheme is fixed at April 1, 2014.



Website : www.electrosteel.com
Regd. Office : Rajgangpur, Odisha



FM : 46346

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For ELECTROSTEEL CASTINGS LIMITED

K Bhavsar
Company Secretary



ELECTROSTEEL CASTINGS LIMITED

G. K. TOWER, 19 CAMAC STREET, KOLKATA-700 017 (INDIA)
TEL Board Number 91-33-22839990, 40090600
Fax (Directors) 91-33-22894338, (Sales) 91-33-22894337, (Export) 91-33-22894338, (Finance) 91-33-22894339.
CIN - L27310OR1955PLC000310

- The Scheme provides for transfer of assets and liabilities pertaining to MVPL on a going concern basis.
- The scheme provides for merger of a wholly owned subsidiary into its parent company resulting in no issue of shares.
- Upon Scheme coming into effect, MVPL shall stand dissolved without any further act or deed.

3. Recommendations of the Audit Committee

The Audit Committee recommends the draft scheme of amalgamation for favorable consideration by the Stock Exchanges and the Securities and Exchange Board of India.

For and on behalf of Audit Committee
of Electrosteel Castings Limited

Binod Khaitan
Chairman of Audit Committee

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For ELECTROSTEEL CASTINGS LIMITED

Company Secretary

Date: August 11, 2014

Place: Kolkata



Website : www.electrosteel.com
Regd. Office : Rajgangpur, Odisha



FM : 46346



Intelligent Money Managers Private Limited

Category I Merchant Banker
SEBI Regn No. INM000012169

CIN: U65923WB2010PTC156220
Website: www.imoney.co.in

Fairness Opinion

Scheme of Amalgamation of

Mahadev Vyapaar Private Limited
(Transferor Company)

With

Electrosteel Castings Limited
(Transferee Company)

and its respective shareholders and creditors under
Section 391 and 394 of the Companies Act, 1956

To,

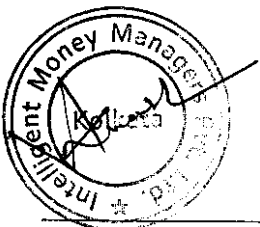
The Board of Directors
Electrosteel Castings Limited
Rathod Colony, P.O Rajgangpur,
District Sundergarh,
Odisha - 770 017

The Board of Directors
Mahadev Vyapaar Private Limited
Room No. 766, 25, Strand Road,
Marshall House,
Kolkata – 700 001

Dear Sirs,

Re: 'Fairness Opinion' on the Scheme of Amalgamation of Mahadev Vyapaar Private Limited, being wholly owned subsidiary with its holding company, Electrosteel Castings Limited.

We, Intelligent Money Managers Private Limited (hereinafter "IMMPL"), refer to our earlier discussions on the captioned matter of providing Fairness Opinion Certificate to yourselves in connection with the Scheme of Amalgamation of Mahadev Vyapaar Private Limited (hereinafter "Transferor Company"), being wholly owned subsidiary with its holding company, Electrosteel Castings Limited (hereinafter "Transferee Company").



Regd Office: Narayani Building, 5th Floor, 27 Brabourne Road, Kolkata 700 001
Ph No: +91 33 4001 3658; Email: info@imoney.co.in

1. PURPOSE

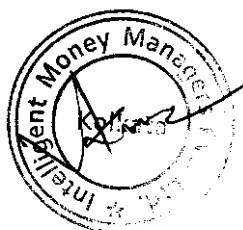
This Fairness Opinion Certificate has been issued to comply with Clause 24(h) of the Listing Agreement and SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013.

2. MERCHANT BANKER: INTELLIGENT MONEY MANAGERS PRIVATE LIMITED (IMMPL)

IMMPL is a Category 1 Merchant Banker bearing SEBI Registration Number INM000012169. Its Registered Office is situated at Room No. 501, 5th Floor, Narayani Building, 27, Brabourne Road, Kolkata - 700 001.

3. RATIONALE OF THE SCHEME

- a. The Scheme of Amalgamation provides for the amalgamation of Mahadev Vyapaar Private Limited (Transferor Company) with Electrosteel Castings Limited (Transferee Company) pursuant to Sections 391 to 394 of the Companies Act, 1956.
- b. As on 31st March, 2014, entire issued, subscribed and paid up share capital of the Transferor Company are held by the Transferee Company and its nominee. The holding company (Transferee Company) would like to integrate and consolidate its wholly owned subsidiary. The circumstances that necessitate or justify the proposed Scheme of Amalgamation for its benefits are summarized as under:
 - i. The scheme envisages the amalgamation of Mahadev Vyapaar Private Limited into Electrosteel Castings Limited, resulting in consolidation of the business of two companies in one entity and strengthening the position of the merged entity and will provide better and more economic and efficient management, control and running of the businesses of the companies concerned.
 - ii. The amalgamation will enable appropriate consolidation of the activities of both the Companies with pooling of managerial, technical and financial resources and more effective utilization of resources of both the companies. The amalgamation will result in formation of a larger and stronger company having greater capacity for conducting its operations more effectively and efficiently.
 - iii. The Amalgamation will enable exploring economy of scale and reduction in various costs and optimal utilization of resources.
 - iv. The Amalgamation will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by Transferor Company and the Transferee Company.



4. PRE AND POST SHAREHOLDING PATTERN OF THE TRANSFEREE COMPANY AS ON APRIL 1, 2014 (APPOINTED DATE)

Since Transferor Company is wholly owned subsidiary of the Transferee Company, no new shares are to be allotted by the Transferee Company hence leading to no change in the shareholding pattern of the Transferee Company as a result of Amalgamation. Shares of the Transferor Company will be cancelled.

Particulars	Pre		Post	
	No. of Shares	Percentage Holdings (%)	No. of Shares	Percentage Holdings (%)
Promoter and Promoter Group	17,60,81,372	51.21	17,60,81,372	51.21
Public	16,77,35,950	48.79	16,77,35,950	48.79
Total	34,38,17,322	100.00	34,38,17,322	100.00

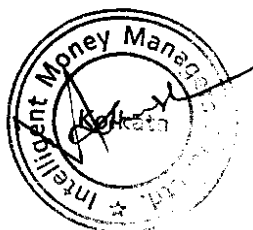
5. SOURCES OF INFORMATION

- A Copy of Memorandum and Articles of Association of Transferor company and Transferee company;
- A certified true copy of the resolution passed by the Board of Directors of the Companies approving the proposed draft Scheme of Amalgamation;
- A certified true copy of draft scheme of Amalgamation;
- Financial Statements of Transferor company and Transferee company for the last three as at 31st March 2012, 31st March, 2013 and 31st March, 2014;
- Pre and Post Amalgamation Shareholding pattern of the Transferee Company;

6. FAIRNESS OPINION

With reference to the above and based on information and explanation given to us by the management of Electrosteel Castings Limited and perusal of the draft scheme of Amalgamation, we understand that since, the transferor company is wholly owned subsidiary of the Transferee company, the shares of Mahadev Vyapaar Private Limited held by Electrosteel Castings Limited shall stand cancelled with no issuance of shares. Hence, there is no change in the shareholding pattern of the Electrosteel Castings Limited consequent to the proposed Amalgamation and hence no valuation report from the independent Chartered Accountant is required in terms of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 for the proposed Scheme of Amalgamation.

Based on the above information we are of opinion that the proposed Amalgamation of the Transferor Company with Transferee Company as per the scheme of the Amalgamation is fair and reasonable to the equity shareholders of Electrosteel Castings Limited.



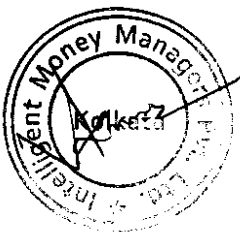
7. LIMITATIONS OF THE FAIRNESS OPINION

This Fairness Opinion does not include the following and / or the following are the limitations of this Fairness Opinion:

- Audit of the financial statements of the Transferor or Transferee Companies;
- Legal or compliance due diligence of the Transferor or Transferee Companies;
- Evaluation of adequacy or inadequacy of regulatory compliance requirements by the Transferor or Transferee Companies;
- Carrying out market survey / financial feasibility;
- Our fairness opinion is based on the information made available to us by the management of Transferor and Transferee Companies. Any subsequent changes to the financial and other information provided to us, may affect the result of the value analysis set out in this report;
- We have not carried out detailed tests in the nature of audit to establish the accuracy of the financial 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 an investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction;
- In rendering this opinion, we have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly we does not assume any responsibility in respect thereof. Further, we have assumed that the Scheme of Amalgamation will be implemented on the terms and conditions as set out in the draft Scheme of Amalgamation, without any material changes to or waiver of its terms and conditions;

We hereby declare that we do not have any direct or indirect material pecuniary relationship with the Transferor or Transferee Companies, except to the extent to professional fees agreed amongst us for this assignment of Fairness Opinion.

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.



Our liability direct or indirect, whether arising in contract, tort or otherwise for any loss or damage arising out of or in connection with rendering this fairness opinion shall be limited to the amount of fees received / receivable for rendering this opinion.

For & on behalf of-
Intelligent Money Manager Private Limited


Amit Kumar Mishra
Assistant Vice President



Date: 11/08/2014