



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड
STEEL AUTHORITY OF INDIA LIMITED

No.CA-7(56)/11

August 2, 2011

To

Shri Marian Dsouza
Bombay Stock Exchange

Email: marian.dsouza@bseindia.co

Subject: Urgent – Synopsis of Maharashtra Electros melt (scrip code: 504824)

Dear Sir,

Please refer to your e-mail dated 2.8.2011 on the above subject. The details of amalgamation with respect to share exchange ratio and treatment of fractional entitlements etc. are given as under:-

- The share exchange ratio of SAIL:MEL share is 1:1.7. For every 1.7 fully paid-up equity shares of Rs. 10 each held in MEL, every shareholder of MEL shall without any application, act or deed, be entitled to receive 1 fully paid-up equity share of Rs.10 of SAIL, as consideration for this Scheme.
- Since SAIL cannot issue shares to itself, no consideration shall be paid and no shares shall be allotted by SAIL to itself as consideration.
- Record Date has been fixed as 10th August, 2011.
- No equity shares shall be issued by SAIL to any shareholder of MEL in respect of fractional entitlements, if any, of such shareholder, at the time of issue and allotment of equity shares by SAIL.
- The Board of Directors of SAIL shall instead consolidate all such fractional entitlements, ignoring any fraction remaining after such consolidation, and thereupon shall issue and allot equity shares in lieu thereof to a director or officer of SAIL or such other person as the Board of Directors of SAIL shall appoint in this behalf who shall hold such equity shares in trust for all such shareholders of MEL who are entitled to such fractional balances, with the express understanding that such director or officer of SAIL or such other person, who is allotted such consolidated shares, be bound by the express understanding to cause the sale of such shares by a committee of directors, acting in trust on behalf of the shareholders of MEL entitled to the fractional balances.
- Such sale of shares shall be by the committee of directors at such time, at such price(s) and to such person(s) as the committee of directors may deem fit and the net sale proceeds thereof deposited with SAIL (i.e. after deduction of expenses incurred in connection with the sale) shall be distributed by SAIL to the shareholders of MEL, in proportion to their respective fractional entitlements.
- The new equity shares of SAIL issued in terms of this Scheme shall, subject to applicable regulations, be listed/admitted to trading on the relevant stock exchange(s) where the equity shares of SAIL are listed/admitted to trading.

The relevant extract from the Scheme are enclosed.

Yours faithfully,

(Devinder Kumar)
ED (F&A) & Secretary

Encl: as stated.

4.2 Consideration for this Scheme:

4.2.1 Upon this Scheme coming into effect, in consideration of the transfer and vesting of MEL in SAIL, the shareholders of MEL shall be entitled to receive fully paid-up equity shares of SAIL in the manner detailed below.

4.2.2 Pursuant to the valuation of MEL and SAIL carried out by SBI Capital Markets Limited, the Board of Directors of MEL and SAIL have determined the share exchange ratio of SAIL:MEL as 1:1.7, such that for every 1.7 fully paid-up equity shares of Rs. 10 each held in MEL, every shareholder of MEL shall without any application, act or deed, be entitled to receive 1 fully paid-up equity share of Rs. 10 of SAIL, as consideration for this Scheme.

Provided that since SAIL cannot issue shares to itself, no consideration shall be paid and no shares shall be allotted by SAIL to itself as consideration.

4.2.3 The above exchange ratio has been determined by the Board of Directors of MEL and SAIL based on their independent judgment and on the valuation report prepared by SBI Capital Markets Limited.

4.2.4 Upon this Scheme becoming effective and vesting of MEL in SAIL, the Board of Directors of SAIL shall determine a record date - being a date post the Effective Date ("**Record Date**"), for ascertaining the shareholders of MEL to whom fully paid-up equity shares of SAIL are to be issued and allotted as consideration for this Scheme, in the manner detailed above. On determination of the Record Date, in order to enable SAIL to issue and allot fully paid-up equity shares, MEL shall provide to SAIL, a list of its shareholders, as on the Record Date, who will be entitled to the issue and allotment of the fully paid-up equity shares of SAIL in terms of this Scheme.

4.2.5 No equity shares shall be issued by SAIL to any shareholder of MEL in respect of fractional entitlements, if any, of such shareholder, at the time of issue and allotment of equity shares by SAIL. The Board of Directors of SAIL shall instead consolidate all such fractional entitlements, ignoring any fraction remaining after such consolidation, and thereupon shall issue and allot equity shares in lieu thereof to a director or officer of SAIL or such other person as the Board of Directors of SAIL shall appoint in this behalf who shall hold such equity shares in trust for all such shareholders of MEL who are entitled to such fractional balances, with the express understanding that such director or officer of SAIL or such other person, who is allotted such consolidated shares, be bound by the express understanding to cause the sale of such shares by a committee of directors, acting in trust on behalf of the shareholders of MEL entitled to the fractional balances. Such sale of shares shall be by the committee of directors at such time, at such price(s) and to such person(s) as the committee of directors may deem fit and the net sale proceeds thereof deposited with SAIL (i.e. after deduction of expenses incurred in connection with the sale) shall be distributed by SAIL to the shareholders of MEL, in proportion to their respective fractional entitlements.

4.2.6 The said equity shares in SAIL to be issued to the shareholders of MEL shall with effect from the Appointed Date and upon this Scheme becoming effective, rank *pari passu* in all respects to the existing equity shares of SAIL. Such shares in SAIL to be issued to the shareholders of MEL will for all purposes be deemed to have been held by each such member from the Appointed Date.

4.2.7 Each shareholder of MEL shall have the option, to be exercised by way of giving a notice to SAIL, on or before such date, as may be determined by the Board of Directors of SAIL, to receive the shares either in certificate form or in dematerialized form. In the event that such notice has not been received by SAIL in respect of any shareholder of

MEL by the specified date or in the event of such a notice being incomplete, the shareholders of MEL who hold their equity shares in dematerialized form shall be issued equity shares of SAIL in dematerialized form as per the records maintained by the depositories as on the Record Date and those who hold shares in physical form shall be issued physical share certificates. The shareholders of MEL eligible to be issued shares in SAIL in a dematerialized form shall receive dematerialized receipts of credit of new equity shares in their share accounts maintained with the depository participants reflecting the equity shares of SAIL issued in accordance with this Scheme. SAIL shall, if so required, be eligible to issue letters of allotment of the equity shares pending issue of share certificates or receipts for credit to the account of the shareholders with the depository participants under the depository system.

- 4.2.8 Upon this Scheme becoming effective, the shares held by shareholders of MEL in MEL, whether in physical or dematerialized form, shall be deemed to have been cancelled and extinguished.
- 4.2.9 All certificates for the new shares shall be sent by SAIL to the shareholders of MEL at their respective registered addresses as appearing in the register of members (or in the case of joint holders to the address of that joint holder whose name stands first in such register in respect of such joint holding) and SAIL shall not be responsible for any loss in transmission.
- 4.2.10 The new equity shares of SAIL issued in terms of this Scheme shall, subject to applicable regulations, be listed/admitted to trading on the relevant stock exchange(s) where the equity shares of SAIL are listed/admitted to trading.