

STAR FERRO AND CEMENT LIMITED

Corporate Identification Number (CIN) - L27310ML2011PLC008564

Registered Office :Village: Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210

Email: investors@starferrocement.co.in; Website: www.starferrocement.co.in

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF THE COMPANY

Day	:	Thursday
Date	:	29th January, 2015
Time	:	12:00 Noon
Venue	:	Village: Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210

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In the Hon'ble High Court of Meghalaya at Shillong
Company Original Jurisdiction
Company Application No.1 of 2014

In the Matter of:

The Companies Act, 1956.

And

In the Matter of:

An application under Sections 391(1) and 393 of the said Act.

And

In the Matter of:

Star Ferro and Cement Limited, a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Village:Lumshnong, Post Office:Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210 within the aforesaid jurisdiction.

And

Shyam Century Ferrous Limited, a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Village:Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210 within the aforesaid jurisdiction.

1. Star Ferro and Cement Limited
2. Shyam Century Ferrous Limited

..... Applicants.

NOTICE CONVENING MEETING

To:

The Equity Shareholders of Star Ferro and Cement Limited

And

The Equity Shareholders of Shyam Century Ferrous Limited

TAKE NOTICE that by an order dated 17th December, 2014, the Hon'ble High Court of Meghalaya at Shillong has directed that separate meetings of the Equity Shareholders of Star Ferro and Cement Limited, being the Applicant Company No.1 abovenamed (hereinafter referred to as "the Demerged Company") and Shyam Century Ferrous Limited, being the Applicant Company No.2 abovenamed (hereinafter referred to as

“the Resulting Company”) be held at the registered office of the Applicant Companies at Village:Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210 on Thursday, the 29th day of January, 2015 at the times as hereinafter mentioned for the purpose of considering and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Demerged Company and the Resulting Company and their respective shareholders.

TAKE FURTHER NOTICE that in pursuance of the said order separate meetings of the Equity Shareholders of the Demerged Company and the Resulting Company for the purpose specified above will be held at the registered office of the Applicant Companies at Village : Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210 on Thursday, the 29th day of January, 2015 at the following times, when you are requested to attend:

- (i) Meeting of the Equity Shareholders of Resulting Company at 11:30 a.m.
- (ii) Meeting of the Equity Shareholders of the Demerged Company at 12 Noon.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting or meetings in person or by proxy provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of the respective Applicant Company, as aforesaid, not later than 48 hours before the respective meeting.

The Court has appointed :-

- (i) Mr. V.G.K. Kynta, Senior Advocate and failing him Mr. P. Nongbri, Advocate to be the Chairperson of the said meeting of the Equity Shareholders of the Demerged Company; and
- (ii) Dr. O. D. Vallentine Ladia, Senior Advocate and failing him Mr. N.Mozika, Advocate to be the Chairperson of the said meeting of the Equity Shareholders of the Resulting Company.

A copy each of the said Scheme of Arrangement; the Statement under Section 393 of the Companies Act, 1956; observation letters of stock exchanges; complaints' report; and a form of Proxy are enclosed herewith.

Dated this 17th day of December, 2014.

Sd/- V.G.K. Kynta

Sd/- O. D. Vallentine Ladia

CHAIRPERSONS APPOINTED FOR THE MEETINGS

[NOTE : All alterations made in the form of proxy should be initialled.]

Drawn by :

Sd/- Kaushik Goswami

Advocates for applicants

ABODE ENCLAVE, Flat No.3C, Mother Teresa Road,
(Zoo Narangi Road), Opp. Chinaki Path, Near Gita
Nagar Area, Guwahati - 781021, Assam

Settled by:

Sd/- Smt. B. Mawrie (17-12-2014)

Registrar General

The High Court of Meghalaya
Shillong

In the Hon'ble High Court of Meghalaya at Shillong

Company Original Jurisdiction

Company Application No.1 of 2014

In the Matter of:

The Companies Act, 1956.

And

In the Matter of:

An application under Sections 391(1) and 393 of the said Act.

And

In the Matter of:

Star Ferro and Cement Limited, a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Village:Lumshnong, Post Office:Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210 within the aforesaid jurisdiction.

And

Shyam Century Ferrous Limited, a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at Village:Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210 within the aforesaid jurisdiction.

1. Star Ferro and Cement Limited
2. Shyam Century Ferrous Limited

..... Applicants

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. The accompanying notice has been sent pursuant to an order dated 17th December, 2014 for convening separate meetings of the Equity Shareholders of Star Ferro and Cement Limited, being the Applicant Company No.1 abovenamed (hereinafter referred to as "the Demerged Company") and Shyam Century Ferrous Limited, being the Applicant Company No.2 above named (hereinafter referred to as "the Resulting Company") for the purpose of considering and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement ("the Scheme") between the Demerged Company and the Resulting Company and their respective shareholders. The salient features of the Scheme of Arrangement are given in paragraph 4 of this Statement. The detailed terms of the Arrangement will appear from the enclosed proposed Scheme.
2. The circumstances and/or reasons and/or grounds that have necessitated and/or justify the said Scheme of Arrangement are, inter alia, as follows :-
 - (a) The Demerged Company is engaged in the business of manufacture of ferro alloys from its factory in the State of Meghalaya. In addition the Demerged Company also has a significant stake in the cement business with its subsidiary, namely Cement Manufacturing Company Limited (CMCL), manufacturing cement from its factories situated in the States of Meghalaya and Assam. The ferro alloys business of the Demerged Company was originally established and owned by one Shyam Century Ferrous Limited, a company incorporated in the year 2000. The said company was amalgamated with Century Plyboards(India) Limited ("CPIL") with effect from 1st April 2005 and consequently the said business along with the investment of the said company in CMCL, which was then the said company's subsidiary, came to be owned by CPIL. At the time of such amalgamation, the size and reach of the original plywood and laminate business of CPIL and size of such acquired business and interest in ferro alloys and cement were relatively small and manageable in one entity. The said businesses and interests since grew from strength to strength both organically and inorganically. In view, inter alia, of the same and as part of a business reorganisation plan to rationalise and simplify the holding structure of the said businesses and interests, the Ferro Alloys and Cement Division of CPIL, including its investments in CMCL, was separated from CPIL by its demerger to the Demerged Company with effect from 1st April, 2012. The Demerged Company in its present form with its subsidiary CMCL is thus a result of the said demerger. Further, in terms of the demerger, the shareholding of CPIL in the Demerged Company was cancelled and new shares in the Demerged Company in consideration of the demerger issued and allotted directly to the shareholders of CPIL. The Demerged Company has since also been listed on the same stock exchanges where CPIL was listed.
 - (b) Although the said ferro alloys business and cement business manufacture different products, the same have been historically held together through one company in the State of Meghalaya as aforesaid. Both businesses have grown manifold since they were established. As compared to a gross turnover of Rs.12.55 crores in the financial year 2005-2006, the said ferro alloys business had a gross turnover of Rs.142.07 crores in the financial year, 2013-2014, in the respective entities

in which it was held. Again, as compared to a gross turnover of Rs.13.35 crores in the financial year 2004-2005, being the first year of its operations, the consolidated cement business had a gross turnover of Rs.595.55 crores in the financial year, 2011-2012, Rs.623.21 crores in the financial year 2012-2013 and Rs.1027.40 crores in the financial year 2013-2014. The said businesses have good potential for growth and development and funding thereof as independent businesses. The Demerged Company also holds 83,58,998 Equity Shares of Rs.10/- each of Meghalaya Power Limited ("MPL") constituting 48.80% of the total Issued, Subscribed and Paid up Share Capital of MPL. In the Demerged Company, the same represents the business vertical of generation of power. MPL is engaged in such business from its power plant situated near the cement factory of CMCL in the State of Meghalaya. At present the power generated in the said power plant is supplied mainly to CMCL. However the said business also has good potential for development as a separate business. Capacity addition is proposed accordingly in the said power business. However, at present the size of the said power business is relatively small. While capacity addition is also proposed in the ferro alloys business and cement business, the same are much larger and self-supporting businesses.

- (c) In view, inter alia, of the aforesaid and for the optimum running, growth and development of the said businesses it is considered desirable and expedient to reorganise and reconstruct the Resulting Company by demerging the Ferro Alloys Division of the Demerged Company, including its investments in MPL, to the Resulting Company in the manner and on the terms and conditions stated in the said Scheme of Arrangement. The Resulting Company is presently a wholly owned (100%) subsidiary of the Demerged Company.
- (d) The Scheme will result in the formation of two more focussed entities, i.e, (i) the Resulting Company having interests primarily in the ferro alloys business and (ii) the Demerged Company having interests primarily in the cement business. Further, in consideration of the demerger, the Resulting Company will issue and allot shares in the Resulting Company to the shareholders of the Demerged Company. The Demerged Company's holding in SCFL shall stand cancelled. While the Demerged Company is already listed, the Resulting Company will seek listing of its shares pursuant to the demerger.
- (e) The Scheme will further simplify and rationalise the holding structure of the said businesses. Consequent to the Scheme, the interests in the ferro alloys business and cement business will be realigned and held separately through the Demerged Company and the Resulting Company with each Company having greater capacity for raising and accessing funds for the respective business. The Scheme will enable independent evaluation of the ferro alloys business and cement businesses through two such separate companies and participation therein of suitable investors and strategic partners. The same will enable running and operation of the said businesses and growth and development plans thereof to be funded independently and unlock shareholders value. Pursuant to the Scheme every shareholder of the Demerged Company will hold shares in two Companies, i.e. in the Demerged Company and the Resulting Company instead of one, giving them greater flexibility in managing and/or dealing with their investments in the said businesses.

- (f) The Scheme will enable the said ferro alloys business and cement business to be held and monitored through the Resulting Company and the Demerged Company respectively with greater focus, attention and specialisation. The Scheme will facilitate the business considerations and factors peculiar to the respective businesses to be evaluated more effectively and adequately by the respective Companies. The Scheme will enable the Demerged Company to concentrate on growing and developing the cement business, including by extending its activities in such business in any manner considered beneficial and appropriate. The Scheme will similarly enable the Resulting Company to pursue and concentrate on the ferro alloys business more conveniently and advantageously.
- (g) The Scheme will also facilitate the eventual scaling up of the power business in MPL and its development as a self-supporting and independent business to be pursued more effectively.
- (h) The cancellation of existing capital of the Resulting Company as aforesaid is only consequential to the demerger and will rationalise and adjust the capital structure and shareholding pattern of the Resulting Company suitably and enable the shareholders of the Demerged Company to have like interests inter se in the Resulting Company as they had in the Demerged Company prior to the demerger.
- (i) The Scheme will assist in the potential of the respective businesses being realized more fully and will have beneficial results for the said Companies, their shareholders and all concerned. The Scheme is proposed accordingly.

3. SHARE CAPITAL AND FINANCIAL POSITION:-

A. The Demerged Company:

- (a) The Authorised Share Capital of the Demerged Company is Rs.23,00,00,000/- divided into 23,00,00,000 Equity Shares of Re.1/- each. The Issued Share Capital of the Demerged Company is Rs.22,21,72,990/- divided into 22,21,72,990 Equity Shares of Re.1/- each. The Subscribed and Paid Up Share Capital of the Demerged Company is Rs.22,21,72,990/- divided into 22,21,72,990 Equity Shares of Re.1/- each fully paid up.
- (b) The annual accounts of the Demerged Company have been audited as at March 31, 2014. The following summary extracted from the said accounts indicates the financial position of the Demerged Company as on the said date as follows:-
 - (i) The Demerged Company had neither issued nor agreed to issue any debentures as on the said date.
 - (ii) Apart from the Current Liabilities, Provision for Taxation and Provisions for Employee benefit which are incurred and disposed of in the normal course of business the Demerged Company had the following liabilities:

	(Rs. in Lakhs)
Long Term Borrowings	835.98
Deferred Tax Liability	78.10
Total	----- 914.08 -----
(iii) Paid-up Share Capital	2,221.73
Add: Reserves & Surplus	9,229.23
Net Shareholders' Fund	----- 11,450.96 -----
Assets (including Current Assets)	15,542.69
Liabilities (including Current Liabilities, Provisions and Deferred Tax Liabilities)	4,091.73
Excess of Assets over Liabilities	----- 11,450.96 -----

(c) Subsequent to the date of the aforesaid audited annual accounts, i.e. March 31, 2014, there has been no substantial change in the financial position of the Demerged Company excepting those arising or resulting from the usual course of business. The Demerged Company, being a listed Company, has also published its financial results for the quarters ended on 30th June, 2014 and 30th September 2014 in accordance with the listing agreements with the Stock Exchanges.

B. The Resulting Company:

(a) The Authorised Share Capital of the Resulting Company is Rs.10,00,000/- divided into 10,00,000 Equity Shares of Re.1/- each. The Issued, Subscribed and Paid-up Share capital of the Resulting Company is Rs.5,00,000/- divided into 5,00,000 Equity Shares of Re.1/- each fully paid up. All the aforesaid Equity Shares issued by the Resulting Company are held by the Demerged Company and its nominees. Accordingly, the Resulting Company is presently a wholly owned (100%) subsidiary of the Demerged Company.

(b) The annual accounts of Resulting Company have been audited as at March 31, 2014. The following summary extracted from the said accounts indicates the financial position of the Resulting Company as on the said date as follows:-

(i) The Resulting Company had neither issued nor agreed to issue any debentures as on the said date.

- (ii) Apart from Current Assets and Current Liabilities and Provisions which are incurred and disposed of in the usual normal course of business, the Resulting Company had no other liabilities as on the said date.

	(Rs. in Lakhs)
(iii) Paid-up Share Capital	5.00
Add: Reserves and Surplus	0.16

Net Shareholders' Fund	5.16

Assets (including Current Assets)	5.23
Current Liabilities & Provisions	0.07

Excess of Assets over Liabilities	5.16

- (c) Subsequent to the date of the aforesaid audited annual accounts, i.e. March 31, 2014, there has been no substantial change in the financial position of the Resulting Company.

4. The salient features of the Scheme of Arrangement are summarised for your convenience as follows :-

- (a) The Scheme shall be operative from the Appointed Date, i.e. the 1st day of April, 2014.
- (b) "The Act" is defined in the Scheme as follows:-

"Act" means the Companies Act, 1956 or the Companies Act, 2013 as in force from time to time. As on the date of approval of this Scheme by the Boards of Directors of the Demerged Company and the Resulting Company, Sections 391 and 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. References in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956, unless stated otherwise. Upon such provisions of the Companies Act, 1956 standing re-enacted by enforcement of provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted.

- (c) The Scheme is conditional upon and subject to approval of the Scheme by the requisite majorities of the members of the Demerged Company and the Resulting Company and Sanction of the Scheme by the Hon'ble High Court of Meghalaya at Shillong. Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which certified copies of the order of the Hon'ble High Court sanctioning this Scheme are filed with the Registrar of Companies.
- (d) On the approval of the Scheme by the members of the Demerged Company and the Resulting Company pursuant to Section 391 of the Companies Act, 1956, it shall be deemed that the said members have also accorded all relevant consents under Section 100 or any other provisions of

the Companies Act, 1956 and the Companies Act, 2013 to the extent the same may be considered applicable.

- (e) With effect from the Appointed Date, the Ferro Alloys Division of the Demerged Company shall stand demerged to the Resulting Company. Accordingly, the Ferro Alloys Division of the Demerged Company, including all assets, property, rights and powers as well as all debts, liabilities, duties and obligations of the Demerged Company relating to the same, shall be transferred to the Resulting Company in the manner and subject to the modalities for transfer and vesting detailed in the Scheme.
- (f) The transfer and vesting of the Ferro Alloys Division of the Demerged Company, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such charges, mortgages and/ or encumbrances shall be confined only to the relative assets of the Demerged Company or part thereof on or over which they are subsisting on transfer to and vesting of such assets in the Resulting Company and no such charges, mortgages, and/ or encumbrances shall extend over or apply to any other asset(s) of the Resulting Company. Any reference in any security documents or arrangements (to which the Demerged Company is a party) to any assets of the Demerged Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Resulting Company. Similarly, the Resulting Company shall not be required to create any additional security over assets of Ferro Alloys Division of the Demerged Company acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by it and the charges, mortgages, and/ or encumbrances in respect of such indebtedness of the Resulting Company shall not extend or be deemed to extend or apply to the assets so acquired by the Resulting Company.
- (g) The Resulting Company undertakes to engage all the employees of the Demerged Company engaged in the Ferro Alloys Division on the Effective Date on the same terms and conditions on which they are engaged by the Demerged Company without treating it as a break, discontinuance or interruption of service on the said date as a result of the transfer of the Ferro Alloys Division to the Resulting Company. Accordingly, the services of such employees for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes, including for the purpose of payment of any retrenchment compensation and other terminal benefits, will be reckoned from the date of their respective appointments with the Demerged Company. The accumulated balances, if any, standing to the credit of the employees of the Ferro Alloys Division in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds of which they are members will be transferred to such Provident Fund, Gratuity Fund, Superannuation Fund and other funds nominated by the Resulting Company and/or such new Provident Fund, Gratuity Fund, Superannuation Fund and other funds to be established and caused to be recognised by the concerned authorities by the Resulting Company. Pending the transfer as aforesaid, the dues of the employees of the Ferro Alloys Division relating to the said funds would be continued to be deposited in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds respectively.

- (h) All legal or other proceedings by or against the Demerged Company and relating to the Ferro Alloys Division of the Demerged Company shall be continued and enforced by or against the Resulting Company only. If proceedings are taken against the Demerged Company, the Demerged Company will defend on notice or as per advice of the Resulting Company at the costs of the Resulting Company and the Resulting Company will indemnify and keep indemnified the Demerged Company from and against all liabilities, obligations, actions, claims and demands in respect thereof.
- (i) With effect from the Appointed Date and upto and including the Effective Date the Demerged Company undertakes to carry on the business of the Ferro Alloys Division in the ordinary course of business and the Demerged Company shall be deemed to have carried on and to be carrying on all business and activities relating to the Ferro Alloys Division for and on account of and in trust for the Resulting Company. All profits accruing to the Demerged Company (including taxes paid thereon) or losses arising or incurred by the Demerged Company in relation to the Ferro Alloys Division for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits (including taxes paid) or losses, as the case may be of the Resulting Company. The Demerged Company shall be deemed to have held and stood possessed of the properties to be transferred to the Resulting Company for and on account of and in trust for the Resulting Company and, accordingly, the Demerged Company shall not (without the prior written consent of the Resulting Company) alienate, charge or otherwise deal with or dispose of the Ferro Alloys Division or any part thereof except in the usual course of business.
- (j) Upon the Scheme coming into effect and without further application, act or deed, the Resulting Company shall, in consideration of the demerger and transfer of the Ferro Alloys Division, issue and allot to the members of the Demerged Company holding fully paid up Equity Shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on such date ("Record Date for Demerger Shares") as the Board of Directors of the Demerged Company shall determine in consultation with the Resulting Company, 1 Equity Share(s) of Re.1/- each in the Resulting Company credited as fully paid up for every 1 Equity Share(s) of Re.1/- each fully paid-up held by them in the capital of the Demerged Company.
- (k) No fractional shares shall be issued by the Resulting Company in respect of the fractional entitlements, if any, to which the members of the Demerged Company may be entitled on issue and allotment of Equity Shares in the Resulting Company as above. The Board of Directors of the Resulting Company or a committee thereof shall consolidate all such fractional entitlements, and issue and allot the Equity Shares in lieu thereof to a Director and / or Officer(s) of the Resulting Company on the express understanding that such Director and / or Officer(s) to whom such new Equity Shares are allotted shall sell the same in the market and pay to the Resulting Company the net sale proceeds thereof, whereupon the Resulting Company shall distribute such net sale proceeds to the members of the Demerged Company in proportion to their fractional entitlements.
- (l) In respect of the shareholding of the members in the Demerged Company held in the dematerialised form, the Equity Shares in the Resulting Company shall, subject to applicable regulations, also be issued to them in the dematerialised form pursuant to clause 10.1 of the Scheme with such shares being credited to the existing depository accounts of the members of the Demerged Company

entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date for Demerger Shares. In respect of the shareholding of the members in the Demerged Company held in the certificate form, the Equity Shares in the Resulting Company shall be issued to such members in certificate form. Members of the Demerged Company desirous of receiving the new shares in the Resulting Company in dematerialised form should have their shareholding in the Demerged Company dematerialised on or before the Record Date for Demerger Shares.

- (m) All the Equity Shares to be issued and allotted by the Resulting Company to the Equity Shareholders of the Demerged Company under this Scheme shall rank pari passu in all respects with the existing Equity Shares of the Resulting Company. Further such Equity Shares shall pursuant to circular issued by the Securities Exchange Board of India (SEBI) on 4 February 2013 bearing No.CIR/CFD/DIL/05/2013 and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Equity Shares of the Demerged Company are listed and/or admitted to trading.
- (n) Upon the Scheme becoming effective, the Authorised Share Capital of the Resulting Company shall be increased to Rs.22,27,00,000/- divided into 22,27,00,000 Equity Shares of Re.1/- each and Clause V of the Memorandum of Association of the Resulting Company shall be altered accordingly.
- (o) The Equity Shares in the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date for Demerger Shares and the listing which may affect the status of the approval of the Stock Exchanges to this Scheme under clause 24(f) of the listing agreement.
- (p) All existing shares held by the Demerged Company in the Resulting Company, i.e. 5,00,000 Equity Shares of Re.1/- each shall stand cancelled, without any further act or deed, upon the new Equity Shares being issued by the Resulting Company to the shareholders of the Demerged Company as on the Record Date for Demerger Shares and until such cancellation shall continue to be held by the Demerged Company.
- (q) The assets and liabilities of the Ferro Alloys Division shall be transferred to the Resulting Company and incorporated in the books of account of the Resulting Company at their values as appearing in the books of account of the Demerged Company. A Statement of assets and liabilities of the Ferro Alloys Division as appearing in the books of account of the Demerged Company as on March 31, 2014 is set out in Schedule I of the said Scheme. The difference between the book value of the said assets and liabilities of the Ferro Alloys Division, recorded in the books of account of the Resulting Company, as reduced by the aggregate face value of the Equity Shares issued and allotted by the Resulting Company in terms of clause 10 of the Scheme shall be adjusted in General Reserves in the books of account of the Resulting Company or dealt with in any other manner, as may be deemed fit by the Board of Directors of the Resulting Company or Committee thereof. In the books of account of the Demerged Company the difference between the assets and liabilities of the Ferro Alloys Division, shall be adjusted against its General Reserves. Subject to the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company shall be entitled to make such

corrections and adjustments as may in their opinion be required for ensuring consistent accounting policy or which may otherwise be deemed expedient by them in accounting for the demerger in the respective books of account of the said Companies.

- (r) Pursuant to demerger of the Ferro Alloys Division of the Demerged Company to the Resulting Company in terms of the scheme, the Demerged Company shall apply to the Reserve Bank of India for registration as a Non Banking Financial Company under Section 45-IA of the Reserve Bank of India Act, if and to the extent required.
- (s) Save and except the Ferro Alloys Division of the Demerged Company and as expressly provided in this Scheme of Arrangement nothing contained in this Scheme of Arrangement shall affect the other business, undertaking, assets, and liabilities of the Demerged Company which shall continue to belong to and be vested in and be managed by the Demerged Company.
- (t) The Demerged Company and the Resulting 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:
 - (i) To assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble High Court(s) and / or any authorities under law may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Board of Directors as being in the best interest of the said companies and their shareholders.
 - (ii) To settle all doubts or difficulties that may arise in carrying out the Scheme; to give their approval to all such matters and things as is contemplated or required to be given by them in terms of this Scheme; and to do and execute all other acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing the Demerged Company and the Resulting Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) 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.

- 5. The Board of Directors of the Demerged Company and the Resulting Company, including Audit Committee of the Demerged Company, have at their respective meetings by resolutions passed unanimously, approved the said Scheme of Arrangement.
- 6. No compromise or arrangement is proposed with any of the creditors of the Demerged Company or the Resulting Company. The aggregate assets of the Resulting Company and Ferro Alloys Division of the Demerged Company are more than sufficient to meet their aggregate liabilities. Further, the remaining assets of the Demerged Company are also more than sufficient to meet the remaining liabilities of the Demerged Company and the said Scheme will not adversely affect the rights of any of the creditors of the Demerged Company or the Resulting Company in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in usual course.

7. There are no proceedings pending under Sections 235 to 251 of the Companies Act, 1956 or Sections 210 to 227 of the Companies Act, 2013 against the Demerged Company or the Resulting Company.
8. Mr. Sajjan Bhajanka and Mrs Plistina Dkhar are common Directors of Demerged Company and Resulting Company. The Shareholdings of the Directors and key managerial personnel (“KMP”) of the said companies and their relatives are as follows:

Names of Directors	Equity Shares in the Demerged Company	Equity Shares in the Resulting Company
Directors of the Demerged Company:		
Mr. Sajjan Bhajanka	1,89,26,075	Nil
Relatives of Mr. Sajjan Bhajanka	1,79,72,425	Nil
Mr. Hari Prasad Agarwal	39,66,750	Nil
Relatives of Mr. Hari Prasad Agarwal	51,59,165	Nil
Mr. Sanjay Agarwal	2,11,04,245	Nil
Relatives of Mr. Sanjay Agarwal	1,44,88,750	Nil
Mr. Manindra Nath Banerjee	Nil	Nil
Mr. Santanu Ray	Nil	Nil
Mr. Mangi Lal Jain	1,300	Nil
Relatives of Mr. Mangi Lal Jain	250	Nil
Mrs. Plistina Dkhar	750	Nil
Demerged Company’s KMPs		
Mr.Sanjay Kumar Gupta (Chief Executive Officer)	36,000	Nil
Mr.Dilip Kumar Agarwal (Chief Financial Officer)	3,650	Nil
Mr. Debabrata Thakurta (Company Secretary)	Nil	Nil
Directors of the Resulting Company:		
Mr. Sajjan Bhajanka	1,89,26,075	Nil
Relatives of Mr. Sajjan Bhajanka	1,79,72,425	Nil
Mr. Nag Raj Tater	9,000	Nil
Relatives of Mr. Nag Raj Tater	41,000	Nil
Mrs. Plistina Dkhar	750	Nil

Save as aforesaid none of the Directors or Key Managerial Personnel of Demerged Company and Resulting Company or their relatives, have any material interest in the said Scheme of Arrangement.

9. The entitlement ratio for the demerger has been fixed on a fair and reasonable basis and on the basis of the Report of Messrs Singhi & Co., a reputed firm of Chartered Accountants. Further, Microsec Capital Limited, independent Merchant Bankers have by their Fairness Opinion dated 25 August 2014 also confirmed and concluded that such ratio is fair and reasonable as under:-

“Based on the information, material and data made available to us, including the Report of the Valuer and the working thereto, in our opinion the Entitlement Ratio recommended by the Valuer is fair and proper.”

Copies of the aforesaid Valuation Report issued by Messrs Singhi & Co., Chartered Accountants and fairness opinion issued by Microsec Capital Limited, independent Merchant Bankers are available for inspection as specified in paragraph 12 herein below.

10. The Resulting Company is an unlisted Company while the Demerged Company is a Listed Company. The shares of the Demerged Company are listed in BSE Limited (“BSE”) and The National Stock Exchange of India Limited (“NSE”). The Demerged Company has duly filed the Scheme with the said Stock Exchanges in terms of the listing agreements. The said Stock Exchanges have since given their ‘no-objections’ to the Scheme pursuant to the Securities and Exchange Board of India (“SEBI”) circular dated 4 February 2013 as clarified and modified by SEBI circular dated 21 May 2013. Copies of the observation letters issued by the Stock Exchanges in this regard are enclosed herewith. A copy of the complaints report filed by the Demerged Company with the said Stock Exchanges in terms of the said SEBI Circular is also enclosed herewith. Apart from the aforesaid, the Demerged Company has also submitted the Report of its Audit Committee on the Scheme, undertaking of non-applicability of clause 5.16 of the said SEBI Circular dated 4th February 2013 and various other documents to the stock exchanges and also displayed the same on its website in terms of the said SEBI Circular. Such documents are also available for inspection as specified in paragraph 12 herein below.
11. The pre-Arrangement (existing) capital structure and shareholding pattern of the Demerged Company and the Resulting Company and post-Arrangement (expected) capital structure and shareholding pattern of the Demerged Company and the Resulting Company consequent to the Scheme of Arrangement are as under:-

A. The pre-Arrangement shareholding pattern of the Demerged Company and the post-Arrangement (expected) shareholding pattern of the Demerged Company consequent to the Scheme is as under:-

A. Pre-arrangement and Post-Arrangement (expected) shareholding pattern of the Demerged Company								
	Category of shareholder	Number of Shareholders	Total Number of Equity Shares of Re. 1/- each	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares Pledged or Encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	20	109530566	109530566	49.2997	49.2997	3000000	2.7390
(b)	Central Government / State Government(s)	0	0	0	0.0000	0.0000	0	0.0000
(c)	Bodies Corporate	6	39329080	39329080	17.7020	17.7020	0	0.0000
(d)	Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000
(e)	Any other (Specify)	0	0	0	0.0000	0.0000	0	0.0000
	Sub-Total (A) (1)	26	148859646	148859646	67.0017	67.0017	3000000	2.0153
(2)	Foreign							
(a)	Individuals / Non-Resident Individuals/ Foreign Individuals	0	0	0	0.0000	0.0000	0	0.0000
(b)	Bodies Corporate	0	0	0	0.0000	0.0000	0	0.0000
(c)	Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000
(d)	Any other (Specify)	0	0	0	0.0000	0.0000	0	0.0000
	Sub Total (A) (2)	0	0	0	0.0000	0.0000	0	0.0000
	Total Shareholding of Promoter and Promoter Group (A)=(A) (1)+(A)(2)	26	148859646	148859646	67.0017	67.0017	3000000	2.0153

(B)	Public Shareholding							
(1)	Institutions							
(a)	Mutual Funds/UTI	0	0	0	0.0000	0.0000	0	0.0000
(b)	Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000
(c)	Central Government / State Government(s)	0	0	0	0.0000	0.0000	0	0.0000
(d)	Venture Capital Funds	0	0	0	0.0000	0.0000	0	0.0000
(e)	Insurance Companies	0	0	0	0.0000	0.0000	0	0.0000
(f)	Foreign Institutional Investors	6	756981	756981	0.3407	0.3407	0	0.0000
(g)	Foreign Venture Capital Investors	0	0	0	0.0000	0.0000	0	0.0000
(h)	Qualified Foreign Investor	0	0	0	0.0000	0.0000	0	0.0000
(i)	Any Other (specify)	0	0	0	0.0000	0.0000	0	0.0000
	Sub Total (B) (1)	6	756981	756981	0.3407	0.3407	0	0.0000
(2)	Non-Institutions							
(a)	Bodies Corporate	302	22273528	22257028	10.0253	10.0253	0	0.0000
(b)	Individuals				0.0000	0.0000	0	0.0000
	i. Individual Shareholders holding nominal share capital up to Rs.1 lakh.	6844	6405051	5438995	2.8829	2.8829	0	0.0000
	ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	18	43702109	43702109	19.6703	19.6703	0	0.0000
(c)	Qualified Foreign Investor	0	0	0	0.0000	0.0000	0	0.0000
(d)	Any Other (specify)	0	0	0	0.0000	0.0000	0	0.0000
(d-i)	Trusts	7	110250	110250	0.0496	0.0496	0	0.0000

(d-ii)	Clearing Member	33	24362	24362	0.0110	0.0110	0	0.0000
(d-iii)	Non Resident Individual	41	41063	41063	0.0185	0.0185	0	0.0000
	Sub Total (B) (2)	7245	72556363	71573807	32.6576	32.6576	0	0.0000
	Total Public Shareholding (B)=(B)(1) + (B)(2)	7251	73313344	72330788	32.9983	32.9983	0	0.0000
	Total (A) + (B)	7277	222172990	221190434	100.0000	100.0000		
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
(a)	Promoter and Promoter Group	0	0	0	0.0000	0.0000	0	0.0000
(b)	Public	0	0	0	0.0000	0.0000	0	0.0000
	Sub-Total (C)	0	0	0	0.0000	0.0000	0	0.0000
	GRAND TOTAL (A) + (B) + (C)	7277	222172990	221190434	0.0000	100.0000	3000000	1.3503

B. Pre-arrangement shareholding pattern of the Resulting Company

The Resulting Company has issued 5,00,000 Equity Shares of Re.1/- each which are all presently held by the Demerged Company along with its six individual nominees.

C. Post-arrangement shareholding pattern of the Resulting Company

C. Post-arrangement shareholding pattern of the Resulting Company								
	Category of shareholder	Number of Shareholders	Total Number of Equity shares of Re.1/- each	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares Pledged or Encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	20	109530566	109530566	49.2997	49.2997	3000000	2.7390
(b)	Central Government / State Government(s)	0	0	0	0.0000	0.0000	0	0.0000

(c)	Bodies Corporate	6	39329080	39329080	17.7020	17.7020	0	0.0000
(d)	Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000
(e)	Any other (Specify)	0	0	0	0.0000	0.0000	0	0.0000
	Sub-Total (A) (1)	26	148859646	148859646	67.0017	67.0017	3000000	2.0153
(2)	Foreign							
(a)	Individuals / Non-Resident Individuals/ Foreign Individuals	0	0	0	0.0000	0.0000	0	0.0000
(b)	Bodies Corporate	0	0	0	0.0000	0.0000	0	0.0000
(c)	Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000
(d)	Qualified Foreign Investor	0	0	0	0.0000	0.0000	0	0.0000
(e)	Any other (Specify)	0	0	0	0.0000	0.0000	0	0.0000
	Sub Total (A) (2)	0	0	0	0.0000	0.0000	0	0.0000
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	26	148859646	148859646	67.0017	67.0017	3000000	2.0153
(B)	Public Shareholding							
(1)	Institutions							
(a)	Mutual Funds/UTI	0	0	0	0.0000	0.0000	0	0.0000
(b)	Financial Institutions/ Banks	0	0	0	0.0000	0.0000	0	0.0000
(c)	Central Government / State Government(s)	0	0	0	0.0000	0.0000	0	0.0000
(d)	Venture Capital Funds	0	0	0	0.0000	0.0000	0	0.0000
(e)	Insurance Companies	0	0	0	0.0000	0.0000	0	0.0000
(f)	Foreign Institutional Investors	6	756981	756981	0.3407	0.3407	0	0.0000

(g)	Foreign Venture Capital Investors	0	0	0	0.0000	0.0000	0	0.0000
(h)	Qualified Foreign Investor	0	0	0	0.0000	0.0000	0	0.0000
(i)	Any Other (Specify)	0	0	0	0.0000	0.0000	0	0.0000
	Sub Total (B) (1)	6	756981	756981	0.3407	0.3407	0	0.0000
(2)	Non-Institutions							
(a)	Bodies Corporate	302	22273528	22257028	10.0253	10.0253	0	0.0000
(b)	Individuals				0.0000	0.0000	0	0.0000
	i. Individual Shareholders holding nominal share capital up to Rs.1 lakh.	6844	6405051	5438995	2.8829	2.8829	0	0.0000
	ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	18	43702109	43702109	19.6703	19.6703	0	0.0000
(c)	Qualified Foreign Investor	0	0	0	0.0000	0.0000	0	0.0000
(d)	Any Other (specify)				0.0000	0.0000	0	0.0000
(d-i)	Trusts	7	110250	110250	0.0496	0.0496	0	0.0000
(d-ii)	Clearing Member	33	24362	24362	0.0110	0.0110	0	0.0000
(d-iii)	Non Resident Individual	41	41063	41063	0.0185	0.0185	0	0.0000
	Sub Total (B) (2)	7245	72556363	71573807	32.6576	32.6576	0	0.0000
	Total Public Shareholding (B)=(B)(1)+(B)(2)	7251	73313344	72330788	32.9983	32.9983	0	0.0000
	Total (A) + (B)	7277	222172990	221190434	100.0000	100.0000	0	0.0000
(C)	Shares held by Custodians and against which Depository Receipts have been issued							

1	Promoter and Promoter Group	0	0	0	0.0000	0.0000	0	0.0000
2	Public	0	0	0	0.0000	0.0000	0	0.0000
	Sub-Total (C)	0	0	0	0.0000	0.0000	0	0.0000
	GRAND TOTAL (A) + (B) + (C)	7277	222172990	221190434	0	100.0000	3000000	1.3503

- D. The pre-Arrangement capital structure of the Demerged Company and the Resulting Company is given in paragraph 3 above. Consequent to the Scheme, there will be no change in the Authorised, Issued, Subscribed and Paid-up Share Capital of the Demerged Company. The Authorised Share Capital of the Resulting Company will increase to Rs.22,27,00,000/- divided into 22,27,00,000 Equity Shares of Re.1/- each consequent to the Scheme. The Issued, Subscribed and Paid-up Share Capital of the Resulting Company will also increase consequent to the Scheme as indicated in Table C above.
12. Copies of the following documents are open for inspection at the registered office of the Demerged Company between 11.00 A.M. and 1.00 P.M. on any working day:-
- Memoranda and Articles of Association of the Demerged Company and the Resulting Company;
 - Annual Reports and Audited Accounts of the Demerged Company and the Resulting Company for the financial year ended on March 31, 2014;
 - Financial Results of the Demerged Company for the quarters ended 30th June, 2014 and 30th September 2014 in accordance with the listing agreements with the Stock Exchanges;
 - Register of Directors' Shareholdings of the Demerged Company and the Resulting Company;
 - Report of M/s. Singhi & Co., Chartered Accountants and Fairness Opinion thereon of Microsec Capital Limited, Merchant Bankers; and
 - Other documents submitted by the Demerged Company to the Stock Exchanges and also displayed on the Company's website in terms of the SEBI Circular dated 4th February, 2013, including Report of the Audit Committee of the Demerged Company.

Drawn by :

Sd/- Kaushik Goswami

Advocates for applicants

ABODE ENCLAVE, Flat No.3C, Mother Teresa Road,
(Zoo Narangi Road), Opp. Chinaki Path, Near Gita
Nagar Area, Guwahati - 781021, Assam

Settled by:

Sd/- Smt. B. Mawrie (17-12-2014)

Registrar General

The High Court of Meghalaya
Shillong

SCHEME OF ARRANGEMENT
BETWEEN
STAR FERRO AND CEMENT LIMITED
AND
SHYAM CENTURY FERROUS LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS
FOR
DEMERGER OF FERRO ALLOYS DIVISION OF STAR FERRO AND
CEMENT LIMITED TO SHYAM CENTURY FERROUS LIMITED

PART – I

(Preliminary)

1. Definitions:

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

- i. **“Act”** means the Companies Act, 1956 or the Companies Act, 2013 as in force from time to time. As on the date of approval of this Scheme by the Boards of Directors of the Demerged Company and the Resulting Company, Sections 391 and 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. References in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956, unless stated otherwise. Upon such provisions of the Companies Act, 1956 standing re-enacted by enforcement of provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted.
- ii. **“Demerged Company”** means Star Ferro and Cement Limited, a Company incorporated under the provisions of the Act and having its registered office at Village: Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya- 793 210.
- iii. **“Resulting Company”** means Shyam Century Ferrous Limited, a Company incorporated under the provisions of the Act and having its registered office at Village: Lumshnong, Post Office: Khaliehriat, District: East Jaintia Hills, Meghalaya -793 210.
- iv. **“Appointed Date”** means the 1st day of April, 2014.

- v. **“Ferro Alloys Division”** means the undertaking of the Demerged Company constituted in the business and interests of the Demerged Company in manufacture of ferro alloys and comprising Ferro Alloys and Power Plant at Byrnihat in the State of Meghalaya and shall mean and include all property, rights and powers and all debts, liabilities, duties and obligations of the Demerged Company pertaining to the Ferro Alloys Division, including:
- (a) all properties and assets, moveable and immoveable, freehold and leasehold, real and personal, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, wheresoever situate, as on the Appointed Date relating to the Ferro Alloys Division, including all lands admeasuring 26,714 square metres in Raja Bagan, EPIP, Industrial Area, Plot No. A-8, Byrnihat, District Ri-Bhoi in the State of Meghalaya, buildings, commercial and residential flats and offices, plant and machinery, electrical installations, vehicles, equipment, furniture, 83,58,998 Equity Shares of Rs.10/- each of Meghalaya Power Limited and other investments, sundry debtors, inventories, cash and bank balances, bills of exchange, deposits, loans and advances and other assets as appearing in the books of account of the Demerged Company in relation to the Ferro Alloys Division, leases, tenancies and agency of the Demerged Company pertaining to the Ferro Alloys Division, and all other interests or rights in or arising out of or relating to the Ferro Alloys Division together with all respective powers, interests, charges, privileges, benefits, entitlements, industrial and other licenses, registrations, quotas, patents, copyrights, brand names, trademarks, other intellectual property rights, liberties, easements and advantages, subsidies, grants, taxes, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax, etcetera), deferred tax benefits and other benefits appertaining to the Ferro Alloys Division and/or to which the Demerged Company is entitled to in respect of the Ferro Alloys Division of whatsoever kind, nature or description held, applied for or as may be obtained thereafter together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records relating to the Ferro Alloys Division;
 - (b) all debts, liabilities, duties and obligations of the Demerged Company in relation to the Ferro Alloys Division, including liabilities on account of secured loans, unsecured loans and sundry creditors and sales-tax, bonus, gratuity and other taxation and contingent liabilities of the Demerged Company pertaining to the Ferro Alloys Division; and
 - (c) all employees of the Demerged Company engaged in or in relation to the Ferro Alloys Division.
- vi. **"Effective Date"** means the date or last of the dates on which certified copies of the order sanctioning this Scheme are filed by the Demerged Company and the Resulting Company with the Registrar of Companies.

- vii. **“Scheme”** means this Scheme of Arrangement under Sections 391 to 394 of the Act in the present form or with such modification(s) as sanctioned by the Hon’ble High Court.
- viii. Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. Share Capital:

The Authorised, Issued, Subscribed and Paid-up Share Capital of the Demerged Company and the Resulting Company is as under:

i. The Demerged Company

<u>Authorised Share Capital:</u>	(Rs.)
23,00,00,000 Equity Shares of Re.1/- each	23,00,00,000/-
<u>Issued Share Capital:</u>	
22,21,72,990 Equity Shares of Re.1/- each	22,21,72,990 /-
<u>Subscribed and Paid up Share Capital:</u>	
22,21,72,990 Equity Shares of Re.1/- each fully paid up	22,21,72,990/-

ii. The Resulting Company

<u>Authorised Share Capital:</u>	(Rs.)
10,00,000 Equity Shares of Re.1/- each	10,00,000/-
<u>Issued, Subscribed and Paid up Share Capital:</u>	
5,00,000 Equity Shares of Re.1/- each fully paid up	5,00,000/-

All the Equity Shares of the Resulting Company are held by the Demerged Company. Accordingly, the Resulting Company is presently a wholly owned (100%) subsidiary of the Demerged Company.

3. Objects and Reasons:

- i. The Demerged Company is engaged in the business of manufacture of ferro alloys from its factory in the State of Meghalaya. In addition the Demerged Company also has a significant stake in the cement business with its subsidiary, namely Cement Manufacturing Company Limited (CMCL), manufacturing cement from its factory also situated in the State of Meghalaya. The ferro alloys business of the Demerged Company was originally established and owned by one Shyam Century Ferrous Limited, a company incorporated in the year 2000. The said company was amalgamated with Century Plyboards India Limited (“CPIL”) with effect from 1st April 2005 and consequently the said business along with the investment of the said company in CMCL, which was then the said company’s subsidiary, came to be owned by CPIL. At the time of such amalgamation, the size and reach of the original plywood and laminate business of CPIL and size of such acquired

business and interest in ferro alloys and cement were relatively small and manageable in one entity. The said businesses and interests since grew from strength to strength both organically and inorganically. In view, inter alia, of the same and as part of a business reorganisation plan to rationalise and simplify the holding structure of the said businesses and interests, the Ferro Alloys and Cement Division of CPIL, including its investments in CMCL, was separated from CPIL by its demerger to the Demerged Company with effect from 1st April, 2012. The Demerged Company in its present form with its subsidiary CMCL is thus a result of the said demerger. Further, in terms of the demerger, the shareholding of CPIL in the Demerged Company was cancelled and new shares in the Demerged Company in consideration of the demerger issued and allotted directly to the shareholders of CPIL. The Demerged Company has since also been listed on the same stock exchanges where CPIL was listed.

- ii. Although the said ferro alloys business and cement business manufacture different products, the same have been historically held together through one company in the State of Meghalaya as aforesaid. Both businesses have grown manifold since they were established. As compared to a gross turnover of Rs. 12.55 crores in the financial year 2005-2006, the said ferro alloys business had a gross turnover of Rs. 142.07 crores in the financial year, 2013-2014, in the respective entities in which it was held. Again, as compared to a gross turnover of Rs. 13.35 crores in the financial year 2004-2005, being the first year of its operations, the consolidated cement business had a gross turnover of Rs. 595.55 crores in the financial year, 2011-2012, Rs. 623.21 crores in the financial year 2012-2013 and Rs. 1027.40 crores in the financial year 2013-2014. The said businesses have good potential for growth and development and funding thereof as independent businesses. The Demerged Company also holds 83,58,998 Equity Shares of Rs.10/- each of Meghalaya Power Limited ("MPL") constituting 48.80% of the total Issued, Subscribed and Paid up Share Capital of MPL. In the Demerged Company, the same represents the business vertical of generation of power. MPL is engaged in such business from its power plant situated near the cement factory of CMCL in the State of Meghalaya. At present the power generated in the said power plant is supplied mainly to CMCL. However the said business also has good potential for development as a separate business. Capacity addition is proposed accordingly in the said power business. However, at present the size of the said power business is relatively small. While capacity addition is also proposed in the ferro alloys business and cement business, the same are much larger and self-supporting businesses.
- iii. In view, inter alia, of the aforesaid and for the optimum running, growth and development of the said businesses it is considered desirable and expedient to reorganise and reconstruct the Resulting Company by demerging the Ferro Alloys Division of the Demerged Company, including its investments in MPL, to the Resulting Company in the manner and on the terms and conditions stated in this Scheme of Arrangement. The Resulting Company is presently a wholly owned (100%) subsidiary of the Demerged Company.

- iv. The Scheme will result in the formation of two more focussed entities, i.e, (i) the Resulting Company having interests primarily in the ferro alloys business and (ii) the Demerged Company having interests primarily in the cement business. Further, in consideration of the demerger, the Resulting Company will issue and allot shares in the Resulting Company to the shareholders of the Demerged Company. The Demerged Company's holding in SCFL shall stand cancelled. While the Demerged Company is already listed, the Resulting Company will seek listing of its shares pursuant to the demerger.
- v. The Scheme will further simplify and rationalise the holding structure of the said businesses . Consequent to the Scheme, the interests in the ferro alloys business and cement business will be realigned and held separately through the Demerged Company and the Resulting Company with each Company having greater capacity for raising and accessing funds for the respective business. The Scheme will enable independent evaluation of the ferro alloys business and cement businesses through two such separate companies and participation therein of suitable investors and strategic partners. The same will enable running and operation of the said businesses and growth and development plans thereof to be funded independently and unlock shareholders value. Pursuant to the Scheme every shareholder of the Demerged Company will hold shares in two Companies, i.e. in the Demerged Company and the Resulting Company instead of one, giving them greater flexibility in managing and/or dealing with their investments in the said businesses.
- vi. The Scheme will enable the said ferro alloys business and cement business to be held and monitored through the Resulting Company and the Demerged Company respectively with greater focus, attention and specialisation. The Scheme will facilitate the business considerations and factors peculiar to the respective businesses to be evaluated more effectively and adequately by the respective Companies. The Scheme will enable the Demerged Company to concentrate on growing and developing the cement business, including by extending its activities in such business in any manner considered beneficial and appropriate. The Scheme will similarly enable the Resulting Company to pursue and concentrate on the ferro alloys business more conveniently and advantageously.
- vii. The Scheme will also facilitate the eventual scaling up of the power business in MPL and its development as a self-supporting and independent business to be pursued more effectively.
- viii. The cancellation of existing capital of the Resulting Company as aforesaid is only consequential to the demerger and will rationalise and adjust the capital structure and shareholding pattern of the Resulting Company suitably and enable the shareholders of the Demerged Company to have like interests inter se in the Resulting Company as they had in the Demerged Company prior to the demerger.

- ix. The Scheme will assist in the potential of the respective businesses being realized more fully and will have beneficial results for the said Companies, their shareholders and all concerned. The Scheme is proposed accordingly.

PART – II

(Demerger of Ferro Alloys Division of the Demerged Company to the Resulting Company)

4. Transfer of Ferro Alloys Division of the Demerged Company:

- 4.1 With effect from the Appointed Date, the Ferro Alloys Division of the Demerged Company shall stand demerged to the Resulting Company. Accordingly, the Ferro Alloys Division of the Demerged Company shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act and subject to the provisions of the Scheme in relation to the mode and transfer of vesting, stand transferred to and vest in or be deemed to be transferred to and vested in the Resulting Company, as a going concern with effect from the Appointed Date for all the estate and interest of the Demerged Company therein in accordance with and subject to the modalities for transfer and vesting stipulated herein.
- 4.2 It is expressly provided that in respect of such of the said assets of the said Ferro Alloys Division as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same shall be so transferred by the Demerged Company and shall become the property of the Resulting Company accordingly as an integral part of the Ferro Alloys Division transferred to the Resulting Company, without requiring any deed or instrument of conveyance for the same.
- 4.3 In respect of such of the assets of the Ferro Alloys Division other than those referred to in Clause 4.2 above, the same shall, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company pursuant to an order passed under the provisions of Section 394 of the Act.
- 4.4 All debts, liabilities, duties and obligations of the Demerged Company relating to the Ferro Alloys Division as on the close of business on the day immediately preceding the Appointed Date and all other debts, liabilities, duties and obligations of the Demerged Company relating to the Ferro Alloys Division which may accrue or arise from the Appointed Date but which relate to the period upto the day immediately preceding the Appointed Date shall also be transferred to the Resulting Company, without any further act or deed, pursuant to an order passed under the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of the Resulting Company.
- 4.5 The transfer and vesting of the Ferro Alloys Division of the Demerged Company, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such charges, mortgages and/ or encumbrances shall

be confined only to the relative assets of the Demerged Company or part thereof on or over which they are subsisting on transfer to and vesting of such assets in the Resulting Company and no such charges, mortgages, and/ or encumbrances shall extend over or apply to any other asset(s) of the Resulting Company. Any reference in any security documents or arrangements (to which the Demerged Company is a party) to any assets of the Demerged Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Resulting Company. Similarly, the Resulting Company shall not be required to create any additional security over assets of Ferro Alloys Division of the Demerged Company acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by it and the charges, mortgages, and/ or encumbrances in respect of such indebtedness of the Resulting Company shall not extend or be deemed to extend or apply to the assets so acquired by the Resulting Company.

- 4.6 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates obtained by the Demerged Company for the operations of the Ferro Alloys Division and/or to which the Demerged Company is entitled to in relation to the Ferro Alloys Division in terms of the various Statutes and / or Schemes of Union and State Governments, shall be available to and vest in the Resulting Company, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. Since the Ferro Alloys Division will be transferred to and vested in the Resulting Company as a going concern without any break or interruption in the operation thereof, the Resulting Company shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates and to carry on and continue the operations of the Ferro Alloys Division on the basis of the same upon this Scheme becoming effective. Further, all benefits, including, under Income Tax, Excise (including Modvat/Cenvat), Sales Tax etc to which the Demerged Company is entitled in relation to the Ferro Alloys Division in terms of the various Statutes and / or Schemes of Union and State Governments shall be available to and vest in the Resulting Company upon this Scheme becoming effective.

5. Legal Proceedings:

All legal or other proceedings by or against the Demerged Company and relating to the Ferro Alloys Division of the Demerged Company shall be continued and enforced by or against the Resulting Company only. If proceedings are taken against the Demerged Company, the Demerged Company will defend on notice or as per advice of the Resulting Company at the costs of the Resulting Company and the Resulting Company will indemnify and keep indemnified the Demerged Company from and against all liabilities, obligations, actions, claims and demands in respect thereof.

6. Contracts and Deeds:

- 6.1 Subject to the other provisions contained in this Scheme all contracts, deeds, bonds, agreements, engagements and other instruments of whatsoever nature relating to the Ferro Alloys Division to which

the Demerged Company is a party or to the benefit of which the Demerged 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 Resulting Company as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.

- 6.2 The Demerged Company and/or the Resulting Company shall, if and to the extent required by law, enter into and / or issue and / or execute deeds, writings or confirmations, or enter into any Tripartite Arrangement, confirmation or novation to give formal effect to the provisions of this Clause.

7. Saving of Concluded Transactions:

The transfer and vesting of the properties and liabilities of the Ferro Alloys Division under Clause 4 above, the continuance of the proceedings by or against the Resulting Company under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above shall not affect any transaction or proceeding relating to the Ferro Alloys Division already completed by the Demerged Company on or before the Effective Date to the end and intent that the Resulting Company accepts all acts, deeds and things relating to the Ferro Alloys Division done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

8. Employees:

On and from the Effective Date:

- 8.1 The Resulting Company undertakes to engage all the employees of the Demerged Company engaged in the Ferro Alloys Division on the Effective Date on the same terms and conditions on which they are engaged by the Demerged Company without treating it as a break, discontinuance or interruption of service on the said date as a result of the transfer of the Ferro Alloys Division to the Resulting Company.
- 8.2 Accordingly, the services of such employees for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes, including for the purpose of payment of any retrenchment compensation and other terminal benefits, will be reckoned from the date of their respective appointments with the Demerged Company.
- 8.3 The accumulated balances, if any, standing to the credit of the employees of the Ferro Alloys Division in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds of which they are members will be transferred to such Provident Fund, Gratuity Fund, Superannuation Fund and other funds nominated by the Resulting Company and/or such new Provident Fund, Gratuity Fund, Superannuation Fund and other funds to be established and caused to be recognised by the concerned authorities by the Resulting Company. Pending the transfer as aforesaid, the dues of the employees of the Ferro Alloys Division relating to the said funds would be continued to be deposited in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds respectively.

9. Business in trust for the Resulting Company:

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

- 9.1 The Demerged Company undertakes to carry on the business of the Ferro Alloys Division in the ordinary course of business and the Demerged Company shall be deemed to have carried on and to be carrying on all business and activities relating to the Ferro Alloys Division for and on account of and in trust for the Resulting Company.
- 9.2 All profits accruing to the Demerged Company (including taxes paid thereon) or losses arising or incurred by the Demerged Company in relation to the Ferro Alloys Division for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits (including taxes paid) or losses, as the case may be of the Resulting Company.
- 9.3 The Demerged Company shall be deemed to have held and stood possessed of the properties to be transferred to the Resulting Company for and on account of and in trust for the Resulting Company and, accordingly, the Demerged Company shall not (without the prior written consent of the Resulting Company) alienate, charge or otherwise deal with or dispose of the Ferro Alloys Division or any part thereof except in the usual course of business.

10. Issue of Shares:

- 10.1 Upon the Scheme coming into effect and without further application, act or deed, the Resulting Company shall, in consideration of the demerger and transfer of the Ferro Alloys Division, issue and allot to the members of the Demerged Company holding fully paid up Equity Shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on such date ("Record Date for Demerger Shares") as the Board of Directors of the Demerged Company shall determine in consultation with the Resulting Company, Equity Shares of Re.1/- each in the Resulting Company, credited as fully paid up with rights attached thereto as hereinafter mentioned in the following entitlement ratio:
- 1 (One) Equity Share of Re.1/- each in the Resulting Company credited as fully paid up for every 1 (One) Equity Share of Re.1/- each fully paid-up held by them in the capital of the Demerged Company.
- 10.2 All the Equity Shares to be issued and allotted by the Resulting Company to the Equity Shareholders of the Demerged Company under this Scheme shall rank pari passu in all respects with the existing Equity Shares of the Resulting Company. Further such Equity Shares shall pursuant to circular issued by the Securities Exchange Board of India (SEBI) on 4 February 2013 bearing No.CIR/CFD/DIL/05/2013 and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Equity Shares of the Demerged Company are listed and/or admitted to trading.

- 10.3 No fractional shares shall be issued by the Resulting Company in respect of the fractional entitlements, if any, to which the members of the Demerged Company may be entitled on issue and allotment of Equity Shares in the Resulting Company as above. The Board of Directors of the Resulting Company or a committee thereof shall consolidate all such fractional entitlements, and issue and allot the Equity Shares in lieu thereof to a Director and / or Officer(s) of the Resulting Company on the express understanding that such Director and / or Officer(s) to whom such new Equity Shares are allotted shall sell the same in the market and pay to the Resulting Company the net sale proceeds thereof, whereupon the Resulting Company shall distribute such net sale proceeds to the members of the Demerged Company in proportion to their fractional entitlements.
- 10.4 In respect of the shareholding of the members in the Demerged Company held in the dematerialised form, the Equity Shares in the Resulting Company shall, subject to applicable regulations, also be issued to them in the dematerialised form pursuant to clause 10.1 above with such shares being credited to the existing depository accounts of the members of the Demerged Company entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date for Demerger Shares.
- 10.5 In respect of the shareholding of the members in the Demerged Company held in the certificate form, the Equity Shares in the Resulting Company shall be issued to such members in certificate form. Members of the Demerged Company desirous of receiving the new shares in the Resulting Company in dematerialised form should have their shareholding in the Demerged Company dematerialised on or before the Record Date for Demerger Shares.
- 10.6 Upon the Scheme becoming effective, the Authorised Share Capital of the Resulting Company shall be increased to Rs.22,27,00,000/- divided into 22,27,00,000 Equity Shares of Re.1/- each and Clause V of the Memorandum of Association of the Resulting Company shall be altered accordingly.
- 10.7 The Resulting Company shall, if and to the extent required, apply for and obtain the requisite consent or approval of the Government of India and the Reserve Bank of India and other Appropriate Authorities concerned for the issue and allotment of Equity Shares in the Resulting Company in terms hereof to the non-resident members of the Demerged Company.
- 10.8 The Equity Shares in the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 10.9 There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date for Demerger Shares and the listing which may affect the status of the approval of the Stock Exchanges to this Scheme under clause 24(f) of the listing agreement.

11. Cancellation of Existing Shares of the Resulting Company:

All existing shares held by the Demerged Company in the Resulting Company, i.e. 5,00,000 Equity Shares of Re.1/- each shall stand cancelled, without any further act or deed, upon the new Equity Shares being

issued by the Resulting Company to the shareholders of the Demerged Company as on the Record Date for Demerger Shares and until such cancellation shall continue to be held by the Demerged Company.

12. Accounting:

- 12.1 The assets and liabilities of the Ferro Alloys Division shall be transferred to the Resulting Company and incorporated in the books of account of the Resulting Company at their values as appearing in the books of account of the Demerged Company. A Statement of assets and liabilities of the Ferro Alloys Division as appearing in the books of account of the Demerged Company as on March 31, 2014 is set out in Schedule I hereto.
- 12.2 The difference between the book value of the said assets and liabilities of the Ferro Alloys Division, recorded in the books of account of the Resulting Company, as reduced by the aggregate face value of the Equity Shares issued and allotted by the Resulting Company in terms of clause 10 above shall be adjusted in General Reserves in the books of account of the Resulting Company or dealt with in any other manner, as may be deemed fit by the Board of Directors of the Resulting Company or Committee thereof.
- 12.3 In the books of account of the Demerged Company the difference between the assets and liabilities of the Ferro Alloys Division, shall be adjusted against its General Reserves.
- 12.4 Subject to the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company shall be entitled to make such corrections and adjustments as may in their opinion be required for ensuring consistent accounting policy or which may otherwise be deemed expedient by them in accounting for the demerger in the respective books of account of the said Companies.

13. Post Scheme conduct of business:

Even after this Scheme becomes operative, the Resulting Company shall be entitled to operate all Bank Accounts and realise all monies and complete and enforce all pending contracts and transactions relating to the Ferro Alloys Division in the name of the Demerged Company and in so far as may be necessary until the transfer of rights and obligations of the said Ferro Alloys Division to the Resulting Company under this Scheme is formally accepted by the parties concerned.

14. Remaining Business:

Save and except the Ferro Alloys Division of the Demerged Company and as expressly provided in this Scheme of Arrangement nothing contained in this Scheme of Arrangement shall affect the other business, undertaking, assets, and liabilities of the Demerged Company which shall continue to belong to and be vested in and be managed by the Demerged Company.

PART – III

(General/ Miscellaneous Provisions)

15. Applications:

The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make necessary applications under Sections 391 to 394 of the Act, to the Hon'ble High Court having jurisdiction under the Act, for sanction and carrying out of the Scheme. Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court shall be construed as references to the National Company Law Tribunal as the context may require. The Demerged Company and the Resulting Company shall also apply for such other approvals as may be necessary in law, if any, for bringing the Scheme into effect. Further, the Demerged Company and the Resulting Company shall be entitled to take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

16. Approvals and Modifications:

The Demerged Company and the Resulting 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 the Scheme or of any conditions or limitations which the Hon'ble High Court(s) and / or any authorities under law may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Board of Directors as being in the best interest of the said companies and their shareholders.
- 16.2 To settle all doubts or difficulties that may arise in carrying out the Scheme; to give their approval to all such matters and things as is contemplated or required to be given by them in terms of this Scheme; and to do and execute all other acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing the Demerged Company and the Resulting Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) 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.

17. Scheme Conditional Upon:

The Scheme is conditional upon and subject to:

- 17.1 Approval of the Scheme by the requisite majorities of the members of the Demerged Company and the Resulting Company;
- 17.2 Sanction of the Scheme by the Hon'ble High Court;

Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which certified copies of the order of the Hon'ble High Court sanctioning this Scheme are filed with the Registrar of Companies.

18. Costs, Charges and Expenses:

All costs, charges and expenses, in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto upto the stage of sanction of this Scheme, shall be borne and paid by the Demerged Company. Subsequent to the said stage or in the event the Scheme does not take effect or stands withdrawn for any reason whatsoever, each Company shall pay and bear their own costs.

19. Residual Provisions:

- 19.1 Save as provided in Clauses 10 above, the Demerged Company and the Resulting Company shall not at any time during the period commencing from the date of approval of this Scheme by the Board of Directors of the said Companies and ending with the Effective Date make any change in their capital structure either by way of increase (by issue of equity shares on a rights or preferential allotment basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner except by mutual consent of the respective Boards of Directors of the Demerged Company and the Resulting Company.
- 19.2 On the approval of the Scheme by the members of the Demerged Company and the Resulting Company pursuant to Section 391 of the Companies Act, 1956, it shall be deemed that the said members have also accorded all relevant consents under Section 100 or any other provisions of the Companies Act, 1956 and the Companies Act, 2013 to the extent the same may be considered applicable.
- 19.3 Pursuant to demerger of the Ferro Alloys Division of the Demerged Company to the Resulting Company in terms of the scheme, the Demerged Company shall apply to the Reserve Bank of India for registration as a Non Banking Financial Company under Section 45-IA of the Reserve Bank of India Act, if and to the extent required.
- 19.4 The demerger and transfer and vesting of the Ferro Alloys Division of the Demerged Company to the Resulting Company under this Scheme has been proposed in compliance with the provisions of Section 2(19AA) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section(s) at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the said Section. Such modification will however not affect the other parts of the Scheme.

Schedule I

Statement of Assets and Liabilities of Ferro Alloys Division as on March 31, 2014

Particulars	Rs. in Lakhs	Rs. in Lakhs
<u>Non-Current Assets</u>		
Fixed Assets	2,960.23	–
Capital Work in Progress	28.57	–
Long term Loans & Advances	837.30	–
Other Non - Current Assets	1.29	–
Investments	3,373.50	7,200.89
<u>Current Assets</u>		
Inventories	2,001.64	–
Sundry Debtors	1,656.20	–
Cash and Bank Balances	3.90	–
Short Term Loans & Advances	1,213.94	–
Other Current Assets	396.55	5,272.23
Total Assets (A)		12,473.12
<u>Current Liabilities & Short Term Provisions</u>		
Short term Borrowings	1,733.72	–
Trade Payables	1,058.40	–
Other Current Liabilities	252.45	–
Short term Provisions	105.38	–
Inter Division Balance	76.90	3,226.85
<u>Non Current Liabilities</u>		
Long Term Borrowings	835.98	–
Long Term Provisions	27.70	–
Deferred Tax Liabilities	78.10	941.78
Total Liabilities (B)		4,168.63
Net Assets (A - B)		8,304.49

Ref: NSE/LIST/3864

November 18, 2014

The Company Secretary
Star Ferro and Cement Limited
Vill: Lunshong PO: Khaliehriat
Jaintia Hills, Shillong
Meghalaya - 793210

Kind Attn.: Mr. Debabrata Thakurta

Dear Sir,

Sub.: Observation letter for Scheme of Arrangement between Star Ferro and Cement Limited and Shyam Century Ferrous Limited and their respective shareholders

This has reference to draft Scheme of Arrangement between Star Ferro and Cement Limited (“Demerged Company”) and Shyam Century Ferrous Limited (Resulting Company”) and their respective shareholders submitted to NSE vide your letter dated August 30, 2014.

Based on our letter reference no NSE/LIST/2808 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI vide its letter dated November 18, 2014, has given following comments on the draft scheme of arrangement:

"a) The Company shall duly comply with various provisions of the Circulars."

Accordingly, we do hereby convey our ‘no-objection’ with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with the Hon’ble High Court.

However, the listing of equity shares of Shyam Century Ferrous Limited on the National Stock Exchange India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957. Further, Shyam Century Ferrous Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfill the Exchange’s criteria for listing of such company and also comply with other applicable statutory requirements. However, the listing of shares of Shyam Century Ferrous Limited is at the discretion of the Exchange.

The listing of Shyam Century Ferrous Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Shyam Century Ferrous Limited and its group companies in line with the disclosure requirements applicable for public issues with NSE for making the same available to the public through website of the companies.



2. To publish an advertisement in the newspapers containing all the information about Shyam Century Ferrous Limited in line with the details required as per SEBI circular no. SEBI/CFD/DIL/5/2013 dated February 4, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about Shyam Century Ferrous Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provision shall be incorporated in the scheme:
 - a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
 - b) "There shall be no change in the shareholding pattern or control in Shyam Century Ferrous Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its right to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from November 18, 2014, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,
For National Stock Exchange of India Limited

Kamlesh Patel
Manager

This Document is Digitally Signed

Signer : Patel Kamlesh
Date: Tue, Nov 18, 2014 14:09:49 IST
Location: NSE



The Company Secretary
Star Ferro & Cement Limited
Vill.: Lunshnong, PO: Khaliéhriat.
Dist.: Jaintia Hills, Khaliéhriat,
Meghalaya – 793 210

Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Arrangement between Star Ferro & Cement Ltd and Shyam Century Ferrous Ltd.

We are in receipt of Scheme of Arrangement between Star Ferro & Cement Ltd and Shyam Century Ferrous Ltd.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated November 18, 2014 given the following comment(s) on the draft scheme of arrangement:

- ***The company shall duly comply with various provisions of the Circulars.***

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further, you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

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

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Status of compliance with the Observation Letter/s of the stock exchanges;
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,


Nitin Pujari


Pooja Sanghui

Star Ferro and Cement Limited

Regd. Office : Vill : Lumshnong, P.O. : Khaliehriat, Meghalaya - 793210, Phone : 03655-278215/16/18, Fax : 03655-278217
E-mail : info@starferrocement.com, Website : www.starferrocement.com, CIN : L27310ML2011PLC008564

Complaints Report for the period from September 16, 2014 to October 7, 2014

Part A

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

Part B

Sr. No.	Name of Complainant	Date of Complaint	Status Resolved / Pending)
1	Not Applicable		
2			
3			

For Star Ferro and Cement Limited



Company Secretary

In the Hon'ble High Court of Meghalaya at Shillong
Company Original Jurisdiction
Company Application No. 1 of 2014

In the Matter of the Companies Act, 1956

And

In the Matter of an application under Sections 391(1) and
393 of the said Act

And

In the Matter of

1. Star Ferro and Cement Limited

2. Shyam Century Ferrous Limited

... .. Applicants

PROXY

I/We (*) the undersigned Equity Shareholders of Star Ferro and Cement Limited do hereby nominate and appoint Mr./Ms. _____ of _____ and failing him/her Mr./Ms. _____ of _____ as my/our PROXY to act for me/us at the **meeting of the Equity Shareholders of Star Ferro and Cement Limited** to be held at the registered office of the Applicant Companies at Village: Lumshnong, Post Office:Khaliehriat, District: East Jaintia Hills, Meghalaya 793 210 on Thursday, the 29th day of January, 2015 at 12:00 Noon for the purpose of considering and if thought fit, approving with or without modification, the proposed Scheme of Arrangement between Star Ferro and Cement Limited and Shyam Century Ferrous Limited and their respective shareholders and at such meeting or any adjournment thereof to vote for me/us and in my/our name _____ [here, 'if for', insert 'for'; 'if against', insert 'against' and in the latter case, strike out the words below after 'Scheme of Arrangement'] the said Scheme of Arrangement either with or without modification as my/our proxy may approve.

Dated this _____ day of _____, 2015.

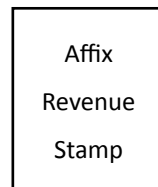
Name:

Address:

Ledger Folio No or DP ID/Client ID No:

Notes:

1. Please affix appropriate Revenue Stamp before putting Signature.
 2. The proxy must be deposited at the Registered Office of Star Ferro and Cement Limited at least 48 hours before the time of holding the meeting.
 3. A proxy need not be a member of Star Ferro and Cement Limited.
 4. All alterations made in the Form of Proxy must be initialed by the Equity Shareholder.
- (*) Strike out whichever not applicable.



Signature :

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STAR FERRO AND CEMENT LIMITED

CIN: L27310ML2011PLC008564

Regd. Office: Vill.:Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya - 793210

Website: www.starferrocement.co.in, email: investors@starferrocement.co.in, Ph: (033)-24484169/70

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING AUDITORIUM

DP I.D* : _____

Client I.D* : _____

Folio No. : _____

No. of Share(s) held : _____

*Applicable for shareholders holding shares in dematerialized form.

NAME AND ADDRESS OF THE EQUITY SHAREHOLDERS (in block letters):

NAME AND ADDRESS OF THE PROXY HOLDER (in block letters, to be filled in by the proxy in case he/she attends instead of the Shareholders):

I/We hereby record my/ our prsence at the meeting of the shareholders of the Company, convened pursuant to the order dated 17th December, 2014 of the Hon'ble High Court of Shillong, Meghalaya, at Vill: Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya - 793210, in the State of Meghalaya, on Thursday, 29th January, 2015 at 12:00 noon.

Signature of the Equity Shareholder or proxy : _____

Notes:

1. Shareholders attending the Meeting in person or by proxy are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting auditorium after fixing his/her signature on it.
2. Equity Shareholder/ Proxy holder desiring to attend the Meeting should bring his/her copy of the notice for reference at the Meeting.
3. Joint Shareholders may obtain additional Attendance Slip at the venue of the Meeting.

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