

**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)

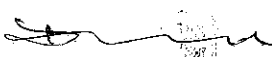
**1. Definitions:**

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

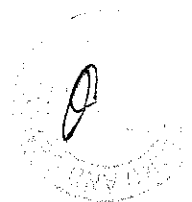
- i. **“Act”** means the Companies Act, 1956 or the Companies Act, 2013 as in force from time to time. As on the date of approval of this Scheme by the Boards of Directors of the Demerged Company and the Resulting Company, Sections 391 and 394 of the Companies Act, 1956 continue to be in force with the 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.

**Certified to be true Copy**

**STAR FERRO AND CEMENT LTD.**

  
Company Secretary

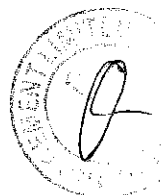
- iii. **"Resulting Company"** means Shyam Century Ferrous Limited, a Company incorporated under the provisions of the Act and presently having its registered office at 6, Lyons Range, 1<sup>st</sup> Floor, Kolkata- 700 001. The registered office of the Resulting Company is being shifted to Village Lumshnong, 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> 23,00,00,000 Equity Shares of Re.1/- each	<u>(Rs.)</u> 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/-

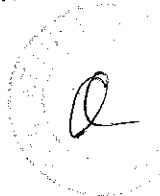
**ii. The Resulting Company**

<u>Authorised Share Capital:</u> 10,00,000 Equity Shares of Re.1/- each	<u>(Rs.)</u> 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.

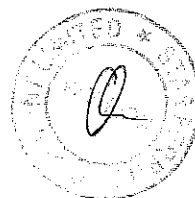
**3. Objects and Reasons:**

- 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



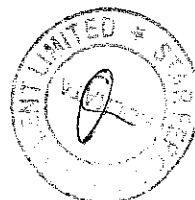
of such amalgamation, the size and reach of the original plywood and laminate business of CPIL and size of such acquired business and interest in ferro alloys and cement were relatively small and manageable in one entity. The said businesses and interests since grew from strength to strength both organically 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



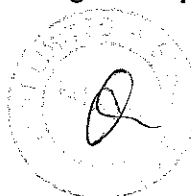
instead of one, giving them greater flexibility in managing and/or dealing with their investments in the said businesses.

- 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:**

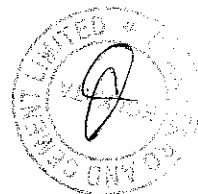
All legal or other proceedings by or against the Demerged Company and relating to the Ferro Alloys Division of the Demerged Company shall be continued and enforced by or against the Resulting Company only. If proceedings are taken against the Demerged Company, the Demerged Company will defend on notice 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.

**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.

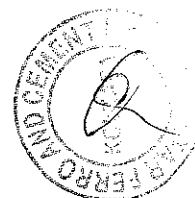
- 12.2 The difference between the book value of the said assets and liabilities of the Ferro Alloys Division, recorded in the books of account of the Resulting Company, as reduced by the aggregate face value of the Equity Shares issued and allotted by the Resulting Company in terms of clause 10 above 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;

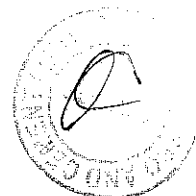
Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which certified copies of the order of the Hon'ble High Court sanctioning this Scheme are filed with the Registrar of Companies.

**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, 1949, 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
<b><u>Non – Current Assets</u></b>		
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
<b><u>Current Assets</u></b>		
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
<b>Total Assets (A)</b>		<b>12,473.12</b>
<b><u>Current Liabilities &amp; Short Term Provisions</u></b>		
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
<b><u>Non Current Liabilities</u></b>		
Loans Term Borrowings	835.98	
Long Term Provisions	27.70	
Deferred Tax Liabilities	78.10	941.78
<b>Total Liabilities (B)</b>		<b>4,168.63</b>
<b>Net Assets</b>		<b>8,304.49</b>

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 Certified true Copy

**STAR FERRO AND CEMENT LTD.**

  
 Company Secretary

