

Star Ferro and Cement Limited

Regd. Office : VIII : Lumshnong, P.O. Khaliehriat, Dist. East Jaintia Hills, Meghalaya-793 210 Phone : 03655-278215/16/18, Fax : 03655-278217
Email : info@starferrocement.co.in, Website : www.starferrocement.co.in. CIN : L27310ML2011PLC008564

Annexure - 13

August 2, 2016

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed Scheme of Amalgamation of Star Ferro and Cement Limited with Star Cement Limited (Formerly Cement Manufacturing Company Limited)

1. Background

The Scheme of Amalgamation of Star Ferro and Cement Limited (the Transferor Company) with Star Cement Limited (the Transferee Company) (hereinafter referred to as the Scheme) provides for the Amalgamation of Transferor Company with the Transferee Company as a going concern pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956. The Amalgamation will take effect from appointed date i.e. April 1, 2016.

2. Rationale behind the Scheme of Amalgamation

Rationale behind the proposed Scheme are adequately described in the Scheme which, inter alia, includes:

- i. The Transferor Company holds 29,54,75,000 Equity Shares of the Transferee Company constituting 70.48% of the total Issued, Subscribed and Paid up Share Capital of the Transferee Company, a Company engaged in the business of manufacturing cement with its main cement plant being situated in Village: Lumshnong in the State of Meghalaya and grinding unit at Sonapur in the State of Assam. Accordingly, the Transferor Company is the holding company of the Transferee Company. The Transferor Company was previously also an operating Company engaged in the business of manufacturing ferro alloys from its plant in Byrnihat in the State of Meghalaya. Such ferro alloys business was demerged to a Company by the name of Shyam Century Ferrous Limited with effect from 1st April, 2014. The Transferor Company has since neither undertaken nor has plans to commence any other business. At present the Transferor Company does not have any other significant business interest other than its investment in the cement business through the Transferee Company.
- ii. The value of the interest in the cement business is however not adequately reflected in the value of the Transferor Company since such business is not held directly but through the Transferee Company. Both the Companies are under the same management and have interests in the same business. As such the business of the Transferor Company and the Transferee Company can be combined conveniently and carried on in conjunction more advantageously and therefore no useful purpose is being served in continuing with two separate legal entities. Amalgamation of the two companies is proposed accordingly. While the Transferee Company holds and operating facilities and assets which cannot be transferred easily, the Transferor Company does not have any such operating facilities or assets. In view, inter alia, of the



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aforesaid, operationally it is considered more convenient to amalgamate the Transferor Company with the Transferee Company than vice versa.

- iii. In the circumstances it is considered desirable and expedient to amalgamate the Transferor Company with the Transferee Company in the manner and on the terms and conditions stated in this Scheme of Amalgamation.
- iv. The amalgamation will enable appropriate consolidation of the undertakings of the Transferor Company and the Transferee Company. The business of the amalgamated entity will be carried on more efficiently and economically as a result, inter alia, of pooling and more effective utilisation of the combined resources of the said companies and substantial reduction in costs and expenses which will be facilitated by and follow the amalgamation.
- v. In consideration of the amalgamation, the Transferee Company will issue and allot to the shareholders of the Transferor Company, Equity Shares credited as fully paid up in the Transferee Company. The existing Equity Shares of the Transferee Company held by the Transferor Company shall stand necessarily cancelled as a consequence of the amalgamation. The aforesaid will enable the shareholders of the Transferor Company to hold shares directly in the operating company, viz the Transferee Company. The same will unlock shareholders value. The Transferee Company will also seek listing of its shares pursuant to the amalgamation.
- vi. The amalgamation will also result in the formation of a larger company having greater capacity to raise and access funds for growth and expansion of its business, marketing and selling its units and conducting trade on more favourable terms. The amalgamation will enable greater realisation of the potential of the cement business in the merged entity.
- vii. The Scheme is proposed accordingly and will have beneficial results for the said Companies, their shareholders, employees and all concerned.

For Star Ferro and Cement Limited


Company Secretary

