

Star Metallics and Power Private Limited

(A SUBSIDIARY OF THE SANDUR MANGANESE & IRON ORES LTD)

CIN:U40102KA2007PTC043446

Registered Office: Metal & Ferroalloys Plant, Vyasankere,
Mariyammanahalli - 583 222, Hospet Taluk, Bellary Dist., Karnataka
Telephone: +91 8394 244450, 244335

NCLT convened meeting of Unsecured Creditors of Star Metallics and Power Private Limited; and Postal Ballot

NCLT convened meeting of Unsecured Creditors

Day	Monday
Date	23 September 2019
Time	2:00 PM
Venue	Golden Jubilee Hall, Sandur Residential School, Palace Road, Shivapur, Sandur - 583 119

Postal Ballot

Commencing on	Saturday, 24 August 2019 at 10:00 AM
Ending on	Sunday, 22 September 2019 at 5:00 PM

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Form No. CAA. 2

(Pursuant to Section 230(3) of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016)

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENGALURU BENCH
AT BENGALURU**

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

**IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS
OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (COMPROMISES,
ARRANGEMENTS AND AMALGAMATION) RULES, 2016**

AND

**IN THE MATTER OF THE SANDUR MANGANESE AND IRON ORES LIMITED AND
STAR METALLICS AND POWER PRIVATE LIMITED**

AND

**IN THE MATTER OF SCHEME OF AMALGAMATION OF STAR METALLICS AND
POWER PRIVATE LIMITED WITH THE SANDUR MANGANESE AND IRON ORES LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

CA (CAA) NO. 45/BB/ 2019

THE SANDUR MANGANESE AND IRON ORES LIMITED

CIN: L85110KA1954PLC000759

Registered Office: 'Satyalaya', Door No.266 (Old No.80),

Ward No 1, Behind Taluk Office, Sandur,

Ballari- 583 119 ... **APPLICANT COMPANY NO: 1 / TRANSFEREE COMPANY**

STAR METALLICS AND POWER PRIVATE LIMITED

CIN: U40102KA2007PTC043446

Registered Office: Metal & Ferro Alloys Plant,

P. O. Mariyammanahalli,

Vyasankere-583 222 ... **APPLICANT COMPANY NO: 2 / TRANSFEROR COMPANY**

NOTICE OF THE MEETING OF UNSECURED CREDITORS

To,

**The Unsecured Creditors of
Star Metallics and Power Private Limited,**

Notice is hereby given that by an order dated 09 August 2019 (hereinafter referred as '**Order**') the Bengaluru Bench of the Hon'ble National Company Law Tribunal (hereinafter referred as '**NCLT**') has directed a meeting of the Unsecured Creditors of the Transferor Company for the purpose of considering and if thought fit, approving with or without modification the Scheme of Amalgamation of Star Metallics and Power Private Limited with The Sandur Manganese and Iron Ores Limited and their respective Shareholders and Creditors under Sections 230 and 232 of the Companies Act, 2013 (hereinafter referred to as the '**Scheme**').

In pursuance of the said order and as directed therein, a meeting of the Unsecured Creditors of the said Transferor Company, Star Metallics and Power Private Limited will be held at Golden Jubilee Hall, Sandur, Residential School, Palace Road, Shivapur, Sandur - 583 119 on Monday, 23rd day of September 2019 at 02.00 PM, to transact the following business:

To consider and if thought fit to pass, with or without modification(s), the following resolution with requisite majority:

“RESOLVED THAT pursuant to Sections 230 and 232 of the Companies Act, 2013 (the Act) and Companies (Compromise, Arrangement and Amalgamation), Rule 2016 and the National Company Law Tribunal Rules 2016 (the Rules) and other applicable provisions, if any, of the Act and the Rules and subject to sanction by the Hon’ble National Company Law Tribunal, Bengaluru Bench and other requisite concerns and approvals, if any, being obtained and subject to such terms and conditions and modification(s) as may be imposed, prescribed or suggested by the Hon’ble Tribunal or other appropriate authorities, the Scheme of Amalgamation between Star Metallics and Power Private Limited with The Sandur Manganese and Iron Ores Limited in terms of the draft laid before the meeting and initialed by the Chairman for the purpose of identification, with the suggested modification in the Appointed Date from 1 April 2018 to 1 April 2019, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to sign, seal and deliver all documents, agreements and deeds and perform all acts, matters and things and to take all such steps as may be necessary or desirable to give effect to this resolution.”

Copy of the said Scheme of Amalgamation of Star Metallics and Power Private Limited with The Sandur Manganese and Iron Ores Limited and their respective Shareholders and Creditors, and the Statement under section 230 can be obtained free of charge at the Registered Office of the Transferor Company at Metal & Ferro Alloys Plant, P. O. Mariyammanahalli, Vyasankere-583 222.

You may attend and vote at the meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or by your authorised representative, is deposited at the registered office at Metal & Ferro Alloys Plant P. O. Mariyammanahalli, Vyasankere-583 222 not later than 48 hours before the time fixed for the aforesaid meeting. The form of proxy can be obtained from the registered office of the Company.

The Company is also providing the facility of voting on the resolution set out in the Notice by way of postal ballot. Accordingly, you may vote on the resolution set out in the Notice at the meeting convened by the Hon’ble NCLT on Monday, 23 September 2019 or by Postal Ballot during the voting period commencing on Saturday, 24 August 2019 at 10:00 a.m. and ending on Sunday, 22 September 2019 at 5:00 p.m.

The Tribunal has appointed Mr. J. R. Mehta Ex- Executive Director of a PSU to be the Chairman of the said meeting. The above-mentioned Amalgamation, if approved, will be subject to the subsequent approval of the Tribunal.

Place : Hosapete
Date : 17 August 2019

V. Murali
Company Secretary

NOTES:

1. Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 and further details as required by the provisions of Section 230(3), 232(1) and (2) of the Act forms part of this Notice.
2. In compliance with the Order and provisions of Section 230(4) read with Section 110 of the Act along with Rule 22 and other applicable provisions of the Companies (Management and Administration) Rules, 2014, the Transferor Company is providing its unsecured creditors the option to vote on the resolution approving the Scheme by way of postal ballot.
3. Unsecured Creditors of Transferor Company whose names appear in the Books of Accounts as on 31 March 2019 shall be eligible to attend and vote at the meeting convened by the NCLT on 23 September 2019 or cast their votes by postal ballot during the voting period commencing on Saturday, 24 August 2019 at 10:00 a.m. and ending on 22 September 2019 at 5:00 p.m.
4. Unsecured creditors can opt for only one mode of voting, i.e. either by voting at the venue of the meeting or postal ballot.
 - (a) The facility for voting through ballot paper shall be made available at the meeting and the unsecured creditors attending the meeting who have not cast their vote by postal ballot shall be able to exercise their voting right at the meeting through ballot paper.
 - (b) An unsecured creditor may participate in the meeting even after exercising his right to vote by postal ballot but shall not be allowed to vote again at the meeting. However, in case an unsecured creditor exercises his voting right by casting his vote at the meeting in addition to voting by postal ballot, then voting done at the meeting shall prevail and votes cast by postal ballot will be treated as invalid.
 - (c) The Scrutinizer's decision on the validity of a voting at the meeting/postal ballot shall be final.
5. **AN UNSECURED CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE AN UNSECURED CREDITOR OF THE COMPANY.** In order to be effective, the proxies should be received by the company at its registered office not less than **48 hours** before the meeting. Proxies submitted on behalf of a Body Corporate including companies, societies etc., or Foreign Institutional Investor ("FII") or Foreign Portfolio Investor ("FPI") must be supported by appropriate resolution of the board of directors or other governing body.
6. All alterations made in the form of proxy should be initialled by the unsecured creditors.
7. Unsecured Creditors are requested to hand over the enclosed Attendance Slip, duly filled and signed for admission to the Meeting Hall.
8. Copy of this notice of the NCLT convened meeting of the Unsecured Creditors of the Company is also displayed at the Registered Office.
9. The Notice convening the aforesaid meeting will be published through advertisement in '*Financial Express*' in English language and in '*Sanjevaani*' in Kannada.

10. The material documents referred to in the accompanying Explanatory Statement shall be open for inspection at the Registered office of the Transferor Company on all working days between 10.00 a.m. to 4.00 p.m.
11. **VOTING BY POSTAL BALLOT**
- (a) An unsecured creditor entitled to vote, is entitled to fill in the Postal Ballot Form and send it to the Scrutinizer. Unsigned Postal Ballot Forms will be rejected. Any recipient of this Notice who has no voting rights should treat the Notice as intimation only. The postal ballot form together with self-addressed business reply envelope is enclosed.
 - (b) The Assent (FOR) or Dissent (AGAINST) relating to item mentioned in the notice, should reach the registered office not later than the closure of working hours on 22 September 2019. Envelopes reaching after the date referred to above will be strictly disregarded.
 - (c) In case of companies, trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the board resolution / authority letter, with signatures of authorised signatory(ies), duly attested.
 - (d) Incomplete, unsigned or incorrectly filled Postal Ballot Forms will be subject to rejection by the Scrutinizer. You are requested to fill the Postal Ballot Form in indelible ink and not in any erasable writing mode.
 - (e) Postal Ballot Form can also be obtained from the registered office of the Company. However, the duly completed duplicate Postal Ballot Form should reach the Scrutinizer not later than the date and time specified above.
12. Mr. Chiraag Rai N., Practicing Chartered Accountant has been appointed as the Scrutinizer to conduct the voting in respect of the meeting or postal ballot. The Scrutinizer's decision on the validity of voting at the meeting or postal ballot shall be final.
13. The Results declared along with the report of the Scrutinizer shall be available at the Registered Office of the Company immediately after the declaration of result by the Chairman or a person authorized by him in writing.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENGALURU BENCH
AT BENGALURU
IN THE MATTER OF THE COMPANIES ACT, 2013
AND
IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS
OF THE COMPANIES ACT, 2013 READ WITH COMPANIES
(COMPROMISES, ARRANGEMENTS AND AMALGAMATION) RULES, 2016
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THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

CA (CAA) NO. 45/BB/ 2019

THE SANDUR MANGANESE AND IRON ORES LIMITED

CIN: L85110KA1954PLC000759

Registered Office: 'Satyalaya', Door No.266 (Old No.80),

Ward No 1, Behind Taluk Office, Sandur,

Bellary- 583 119 ... **APPLICANT COMPANY NO: 1 / TRANSFEREE COMPANY**

STAR METALLICS AND POWER PRIVATE LIMITED

CIN: U40102KA2007PTC043446

Registered Office: Metal & Ferro Alloys Plant,

P. O. Mariyammanahalli,

Vyasankere-583 222 ... **APPLICANT COMPANY NO: 2 / TRANSFEROR COMPANY**

EXPLANATORY STATEMENT UNDER SECTIONS 102, 230 and 232 OF THE COMPANIES ACT, 2013 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE NCLT CONVENED MEETING OF THE UNSECURED CREDITORS OF STAR METALLICS AND POWER PRIVATE LIMITED

1. Pursuant to the Order dated 09 August 2019 passed by the Bengaluru Bench of Hon'ble National Company Law Tribunal in the Company Application referred to hereinabove. Meeting of Unsecured Creditors of the Transferor Company is to be held on Monday, 23 September 2019 at 2.00 PM respectively at Golden Jubilee Hall, Sandur Residential School, Palace Road, Shivapur, Sandur - 583 119 for the purpose of considering and, if thought fit, approving with or without modification(s) the Scheme of Amalgamation between Star Metallics and Power Private Limited (Transferor Company) (Applicant Company No. 2) with The Sandur Manganese & Iron Ores Limited (Transferee Company) (Applicant Company No.1) and their respective shareholders and creditors, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 ("Act"), (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the "Scheme" or "Scheme of Amalgamation").
2. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies

Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

3. The salient features of the draft Scheme are, inter-alia as under:
 - (a) The draft Scheme provides for the amalgamation of Star Metallics and Power Private Limited (Transferor Company) with its holding company, The Sandur Manganese & Iron Ores Limited (Transferee Company);
 - (b) The Appointed Date for the amalgamation shall be 1 April 2018 or such other date as may be approved by the Hon'ble Tribunal or any other appropriate authority;
 - (c) The draft scheme provides for transfer of all Undertakings of the Transferor Company to the Transferee Company such that these Undertakings would vest in the Transferee Company on and from the Appointed Date;
 - (d) In consideration for the transfer of and vesting of Undertakings of the Transferor Company, the Transferee Company shall, without any further act or deed, issue and allot to the shareholders of the Transferor Company, 1 (One) fully paid up equity share of ₹10 each for every 72 (Seventy-Two) fully paid-up equity share of ₹10 each held by the shareholders in the Transferor Company;
 - (e) The new equity shares of the Company, issued pursuant to this Scheme shall be listed and / or admitted to trading on all stock exchange(s) where the equity shares of the Company are listed and/or admitted to trading;
 - (f) Upon the Scheme coming into effect, the Transferor Company will be dissolved without being wound up.
4. Copy of the Scheme, duly approved by the Audit Committee and the Board of Directors of both the Transferor Company and Transferee Company at their respective meetings is enclosed herewith.
5. The resolution put forth in the Notice seeks approval of the Unsecured Creditors for the Scheme of Amalgamation with suggested modification in the Appointed Date from 1 April 2018 to 1 April 2019.
6. The Transferor Company has filed the Scheme with the Registrar of Companies, Bengaluru in Form No. GNL-1

Details of Transferor Company

7. The Transferor Company was incorporated on July 23, 2007 under the provisions of the Companies Act, 1956, on July 23, 2007 under the name and style of "***Star Metallics and Power Private Limited***" with Corporate Identification Number U40102KA2007PTC043446 and PAN AALCS1085T.
8. The Registered Office of the Transferor Company is situated at Metal & Ferro Alloys Plant P. O. Mariyammanahalli, Vyasankere-583 222. The Transferor Company can be reached by email at *muraliv@sandurgroup.com*.
9. The Transferor Company has a ferroalloy plant and a 32 MW thermal power plant which is used as a captive unit for its ferroalloy operations. The main objects as set out in its Memorandum of Association are, inter alia, as follows:

"III. The objects for which the Company is established are:

(A) The Main Objects to be pursued by the Company on its Incorporation are:

1. To carry on in India or elsewhere the business of setting up and/or operating power plants to generate electricity using coal, naphtha, furnace oil, diesel, natural gas, wind power, bagasse, or any other fuel and/or renewable energy sources including hydro-electric power plants for captive consumption and/or for sale to other consumers in the private and public sectors including State Electricity Boards.
2. To carry on in India or elsewhere the business of setting up, manufacturing, producing, processing, melting, converting, manipulating, treating and to act as agent, broker, buyer, seller, trader, importer, exporter, distributor, stockiest, metallurgist, engineer, consultant, foundry man, job worker, supplier, contractor or otherwise to deal in integrated steel plant(s) in full or in part, ferro alloys of all grades and forms including powder form of ferro alloys and other allied items.”

10. There has been no change in the name, registered office and objects of the Transferor Company during the last five years.

11. The Authorised, Issued, Subscribed and Paid-Up share capital of the Transferor Company as on 31 March 2019, is as follows:

Authorized share capital	Amount (In Rs)
10,00,00,000 Equity Shares of face value of Rs.10/- each	1,00,00,00,000/-
Issued, Subscribed and Paid Up Share Capital	Amount (In Rs)
9,33,79,705 Equity Shares of Rs.10/- each fully paid up	93,37,97,050/-

12. Details of Directors and Promoters and Promoter Group of the Transferor Company along with their addresses:

DETAILS OF DIRECTORS	
S. No.	Name, Designation, DIN and address
1	S. Y. Ghorpade (DIN: 00080477), Chairman Gaurihara Door, No.546, Gandhi Colony, Hosapete – 583 203
2	Nazim Sheikh (DIN: 00064275), Director # 193, Shraddha, Ward No 1, Palace Road Sandur 583 119
3	S. H. Mohan (DIN: 00063558), Director # 700, Nityananda, 3rd Cross, Arakere, Bannerghatta Road, Bengaluru – 560 076
4	N. S. Lakshmanan (DIN:00062105), Director No.149, Lake Shore Homes, Kasavanahalli Post, Carmelram, Bengaluru – 560 035
5	A. G. Suresh, (DIN: 00065014), Director B1-923, Gokluam Complex, 8th Mile, Kanakapura Road, Doddakallasandra Bengaluru 560062
6	B. Ananda Kumar (DIN: 01711145), Director Flat No.215, 2nd Floor, Maangalya Residences, 6/1, Benson Cross Road Benson Town, Bengaluru – 560 046
7	V. Balasubramanian (DIN: 00026561), Director 4/1, Hall Road, Near Richards Park, Richards Town, Bangalore North, Fraser Town, Bengaluru – 560 005

8	S. S. Rao (DIN: 00150816), Director E-111, Manyatha Residency (Manyata Tech Park) Outer Ring Road, Nagawra, Rachanahalli Bengaluru – 560 045
9	Dr. H. R. Halambi (DIN: 00778172), Director 14 th Ward, L.B. Colony, Sandur Ballari 583 119
DETAILS OF PROMOTERS AND PROMOTER GROUP	
<i>S. No.</i>	<i>Name, Designation, DIN and address</i>
1	N. S. Lakshmanan No.149, Lake Shore Homes, Kasavanahalli Post, Carmelram, Bengaluru – 560 035
2	Mohammed Shafiulla Sankalp Central Park, No.407, 4th Floor, ASPEN Block, 2nd Phase, Jawa Main Road, Yadavgiri, Mysore – 570 020
3	The Sandur Manganese & Iron Ores Limited 'SATYALAYA', Door No.266 (Old No. 80), Ward No.1, Behind Taluk Office, Sandur -583119, Ballari District, Karnataka.

Details of Transferee Company

13. The Transferee Company was incorporated under the provision of Companies Act, 1913 on January 18, 1954 under the name and style of “The Sandur Manganese and Iron Ores (Private) Limited”. Thereafter it was changed to the present name of “**The Sandur Manganese and Iron Ores Limited**” w.e.f. November 28, 1964 with Corporate Identification Number L85110KA1954PLC000759 and PAN AAAC7495D”.
14. The Registered office of the Transferee Company is situated at ‘Satyalaya’, Door No.266 (Old No.80), Ward No 1, Behind Taluk Office, Sandur- 583 119, Ballari District. The Transferee Company can be reached by email at investors@sandurgroup.com.
15. The Transferee Company is engaged in the business of mining manganese and iron ores and production of ferro-alloys. The main objects as set out in its Memorandum of Association are, inter-alia, as follows:

“A. Main objects to be pursued by the Company on its incorporation:

1. *To purchase or otherwise acquire as may be agreed upon all the right, title and interest whatsoever of his Highness the Ruler of Sandur under and/or in respect of an Agreement dated the 1st May 1953 registered under 1306 of 1953 between the Governor of Madras and his Highness the ruler of Sandur AND FURTHER to purchase or otherwise acquire the right, title & interest of his Highness the ruler of Sandur in another agreement also dated 1st May 1953 registered under number 1305 of 1953 between the Governor of Madras and his Highness the ruler of Sandur whereby the government has agreed to grant a mining lease to his Highness the ruler of Sandur for mining Manganese, manganese and Iron ores upon certain lands situated in the Sandur taluka, District of Bellary or to enter into arrangements with His Highness for joint working and to undertake to perform all the covenants, conditions and agreements on the part of his Highnesses contained in the said agreements and directly or indirectly to takeover, exercise or otherwise deal with in such manner as maybe agreed upon the rights, benefits and privileges conferred or declared by the said agreements in favor of his Highness and to carry into effect the terms of settlement recorded on 12th August, 1953 and made between Loius Mikolajczak on behalf of the general Sandur Mining Company Limited and his Highness Maharaja Yeshwantrao Ghorpade,*

ruler of Sandur and with the view to carry the same into effect to execute agreements (a) with the general Sandur mining Company Limited and/or (b) Societe Commercial des Mines Minerals and Metaux of Brussels and (c) His Highness the present ruler of Sandur on such terms and with such variations, if any as maybe agreed upon,

Any present or future member of the company shall be deemed to have become a member with full knowledge of the terms of all the agreements above referred to or any other documents executed or acts done in pursuance thereof or in connection therewith and no objections shall be made (or if made, all such objections shall be deemed to be waived) that the terms of the agreements or the acts were uncertain, unfair or otherwise invalid or that his highness the ruler of Sandur or any of the promoters or first directors of the company or some or all of them are personally interested in the said agreements or have received or are to receive any consultation paid or to be paid thereunder or that Directors of the Company or some or all of them are connected by or connected with them and that the board of Directors does not in the circumstances constitute an entirely independent board.

2. After such acquisitions or arrangements as are referred to in sub-clause (1) hereof, to take steps to establish an Electrometallurgical industry including Ferro Manganese Industry.
3. To carry on all kinds of explorations, prospecting and mining business and operations in any part of India and in Particular to prospect, search for, examine and explore mines and ground supposed to contain minerals or oil or precious stones of any kind whatsoever, and to search for and obtain information in regard to wells, mines, mining claims, mining districts and localities.”

16. There has been no change in the name and objects of Transferee Company during the last five years. The Transferee Company has shifted its registered office from Lakshmipur, Sandur - 583119, Ballari District, Karnataka to 'SATYALAYA', Door No. 266 (Old No.80), Ward No.1, Behind Taluk Office, Sandur - 583119, Ballari District, Karnataka, with effect from 1 April 2017, which is also within the local limits of Sandur town.

17. Equity shares of the Transferee Company are listed on BSE Limited.

18. The Authorized, Issued, Subscribed and Paid-up share capital of the Transferee Company as on 31 March 2019, is as follows:

Authorised Capital	Amount (In Rs.)
1,40,00,000 equity shares of Rs. 10/- each	14,00,00,000/-
1,00,000 16% Preference Shares of Rs. 100 /- each	1,00,00,000/-
Total	15,00,00,000/-
Issued, Subscribed and Paid-Up Capital	Amount (In Rs.)
87,50,000 Equity Shares of Rs.10/- each fully paid up	8,75,00,000/-

19. Details of Directors and Promoters and Promoter Group of the Transferee Company along with their addresses:

DETAILS OF DIRECTORS	
<i>S. No.</i>	<i>Name, Designation, DIN and address</i>
1	S. Y. Ghorpade (DIN: 00080477), Chairman Gaurihara Door, No.546, Gandhi Colony, Hosapete – 583 203
2	Nazim Sheikh (DIN: 00064275), Managing Director # 193, Shradha, Ward No 1, Palace Road Sandur 583 119

3	B. Ananda Kumar (DIN: 01711145), Director Flat No.215, 2nd Floor, Maangalya Residences, 6/1, Benson Cross Road Benson Town, Bengaluru – 560 046
4	S. S. Rao (DIN: 00150816), Director E-111, Manyatha Residency (Manyata Tech Park) Outer Ring Road, Nagawra, Rachanahalli Bengaluru – 560 045
5	Vatsala Watsa (DIN: 02626457), Director A-805, Godrej Platinum Apartments, International Airport Road, Hebbal, Bengaluru - 560029
6	K. V. Ramarathnam (DIN: 00097892), Director Flat No.9, Avanti Apartment, Alkapuri Society, Kothrud, Pune 411 038
7	T. R. Raghunandan (DIN: 03637265), Director No.184/10, Whitefield Main Road, Opp. Forum Value Mall, Whitefield, Bengaluru - 560 066
8	G. P. Kundargi (DIN: 02256516), Director Plot No.32, MOIL Vatika, Chicholi Road, Fetri, Nagpur – 441 501
9	Rajnish Singh (DIN: 05319511), Director (Corporate) #A704, Mantri Classic, 1 st Main, 8 th Cross, ST BED Layout, Near Maharaja Restaurant, Koramangala 4 th Block, Bengaluru South, Karnataka, 560 034
10	P. Anur Reddy (DIN: 05170191), Director #A8, 1 st 'C' Main, HSR Layout, Sector 6, MCHS Officers Colony, Bengaluru – 560102
11	Lakshmi Venkatachalam (DIN: 00520608), Director Ground Floor, Apartment 1, Cricket House, No.34, 16 th Cross, 10A Main, Malleswaram, Bengaluru – 560 055
12	Latha Pillai (DIN:08378473), Director D-457, JalvayuVihar, Kammanahalli Main Road, Bengaluru – 560 043
13	H. L. Shah (DIN: 00996888), Director 401, 4 th Floor, Coolshanagh, NavrojiGamadia Road Mumbai – 400 026
14	Jagadish Rao Kote (DIN: 00521065), Director Flat-203, Kukke Sri, Plot 30, Nyanappanahalli Begur Hobli, Bengaluru – 560 068

DETAILS OF PROMOTERS AND PROMOTER GROUP

<i>S. No.</i>	<i>Name, Designation, DIN and address</i>
1	Ajai M. Ghorpade Shivapur Palace, House No.250, Ward No. 1, Hosapete Road, Near SRS School, Sandur – 583 119
2	Suryaprabha A. Ghorpade Shivapur Palace, House No.250, Ward No. 1, Hosapete Road, Near SRS School, Sandur – 583 119
3	Bahirji A Ghorpade Shivapur Palace, House No.250, Ward No. 1, Hosapete Road, Near SRS School, Sandur – 583 119
4	Ekambar A Ghorpade Shivapur Palace, House No.250, Ward No. 1, Hosapete Road, Near SRS School, Sandur – 583 119

5	S. Y. Ghorpade Gaurihara Door, No.546, Gandhi Colony, Hosapete – 583 203
6	Yashodhara Devi S. Ghorpade Gaurihara Door, No.546, Gandhi Colony, Hosapete – 583 203
7	Aditya S. Ghorpade Gaurihara Door, No.546, Gandhi Colony, Hosapete – 583 203
8	Dhananjai S. Ghorpade Casamaria Apartments, No.002,19/1, Lenis Road Cooke Town, Bengaluru – 560 005
9	Nazim Sheikh # 193, Shraddha, Ward No 1, Palace Road Sandur 583 119
10	U. R. Acharya No.60, “Yadugiri Nest”, Flat No. 003, 11th Main, (Railway Station Road) Malleswaram, Bengaluru - 560 003
11	K. Raman No.20, Sharada Colony, Basaveswaranagar, Bengaluru - 560 079
12	Md. Abdul Saleem Flat No 3 B, AA Residency, 10 th Cross, 4 th Main, Vasanthanagar, Bengaluru – 560 052
13	Nazim Sheikh and S. Y. Ghorpade # 193, Shraddha, Ward No 1, Palace Road Sandur 583 119
14	Skand Private Limited No 7, Palace Grounds, Sandur – 583 119
15	Sandur Udyog Private Limited #140, Ballari, Kudligi Road, Sandur - 583119
16	Sandur Sales & Services Private Limited #7, Palace Ground, Hosapete Road, Sandur - 583119
17	Lohagiri Industrials Private Limited Door No.140/313, Hosapete Road, Palace Grounds, Sandur - 583119
18	Euro Industrial Enterprises Private Limited Metal and Ferro Alloys Plant, Vyasankere, Mariyammanahalli, Hosapete - 583222

Other particulars as per Rule 6(3) the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

20. Parties involved in the Scheme:

<i>S. No.</i>	<i>Name of the Company</i>	<i>Transferor/Transferee Company</i>
1	The Sandur Manganese and Iron Ores Limited	Transferee Company
2	Star Metallics and Power Private Limited	Transferor Company

21. Relationship between parties to the Scheme:

The Transferor Company is a subsidiary of the Transferee Company. The Transferee Company presently holds 80.58% stake in the Transferor Company.

22. Appointed Date, Effective Date, Record Date and Share Exchange Ratio:

Appointed Date : 1 April 2019

Effective Date : Effective Date of the Scheme of Amalgamation shall mean the last of dates on which the sanctions, approvals, consents, matters or filings referred to in Clause 15 of the Scheme of Amalgamation is fulfilled.

Record Date : As may be determined by the Board of the Transferee Company for the purposes of determining the shareholders of Transferor Company to whom the equity shares of the Transferee Company shall be allotted under the Scheme.

Share Exchange Ratio : 1 (One) fully paid up equity share of Rs.10 each in the Transferee Company for every 72 (Seventy-two) fully paid-up equity share of Rs.10 each held by the shareholders in the Transferor Company.

Upon the Scheme becoming effective, in consideration of transfer and vesting of Assets and Liabilities of Transferor Company, the Transferee Company shall issue and allot 1 (One) fully paid up equity share of Rs.10/- each for every 72 (Seventy Two) fully paid up Equity Shares of Rs.10/- each held by Shareholders in Transferor Company whose name appears in the Register of Members as on the Record date.

Under the proposed Scheme, the entire assets and liabilities of the Transferor Company is proposed to be transferred to and vested in the Transferee Company effective from the Appointed Date.

23. The Board of Directors of the Transferor Company and Transferee Company have approved and adopted the Scheme of Amalgamation between Star Metallics and Power Private Limited with The Sandur Manganese and Iron Ores Limited at their respective meetings held on 14 February 2018. The details of the Directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are as under:

S. No.	Name of the Directors as on 14 February 2018	Voted in favour/against/abstained
1	S. Y. Ghorpade	Abstained; being considered to be interested director.
2	Nazim Sheikh	Abstained; being considered to be interested director.
3	N. S. Lakshmanan	Voted in favour
4	S. H. Mohan	Voted in favour
5	B. Ananda Kumar	Voted in favour
6	V. Balasubramanian	Voted in favour
7	S. S. Rao	Voted in favour

Note: Leave of absence was granted to A.G. Suresh and Dr. H.R. Halambi for the meeting of the Board of Directors on 14 February 2018.

24. A summary of the assets and liabilities of the Transferor Company as per the Audited Balance Sheet as on 31 March 2019, are as follows:

Liabilities	Amount (In Rs. lakh)	Assets	Amount (In Rs. lakh)
Share capital	9,337.97	Non-current assets	14,139.35
Reserves and surplus	7,565.46	Current assets	3,146.52
Non-current liabilities	2.20		
Current liabilities	380.24		
Total	17,285.87	Total	17,285.87

A summary of the assets and liabilities of the Transferee Company as per the Audited Balance Sheet as on 31 March 2019, are as follows:

Liabilities	Amount (In Rs. lakh)	Assets	Amount (In Rs. lakh)
Share capital	875.00	Non-Current Assets	59,642.57
Reserves and surplus	65,717.55	Current Assets	23,036.10
Non-Current liabilities	624.04		
Current liabilities	15,462.08		
Total	82,678.67	Total	82,678.67

25. Summary of the Valuation Report:

The Valuation Report dated 14 February 2018 was issued by P. Chandrasekar LLP, Chartered Accountants. The valuers have considered Net Asset Value Approach (“NAV”) for the Transferor Company and the Market Price Approach (“MPM”) for the Transferee Company for determining the relative value of the shares in order to arrive at the Share Exchange Ratio for the Scheme.

The recommendation of the Share Exchange Ratio has been approved by the Audit Committee and the Board of Directors of both the Transferor Company and Transferee Company at their respective meetings held on 14 February 2018.

A Fairness Opinion dated 14 February 2018 was issued by Karvy Investor Services Limited, a SEBI Registered Merchant Banker, explaining the rationale for its opinion as to the fairness of the Share Exchange Ratio from a financial point of view.

26. Detail of debt restructuring:

There shall be no debt restructuring of either the Transferor Company or the Transferee Company pursuant to the Scheme.

27. Rationale for the Scheme and Benefits to the Company, Shareholders and Creditors:

- (a) The Transferee Company, is having Mining Leases No.2678 and No.2679 over an area of about 2,000 hectares for mining manganese and iron ores, which leases are due to expire on 31 December 2033. The Transferee Company seeks to have captive use of manganese ore in the existing ferroalloy plant of the Transferor Company and set up a 1 Million Tonne Per Year (MTPY) Integrated Steel Plant in the vicinity of the ferroalloy plant which will enable captive consumption of its iron ore also.

- (b) In addition, on setting up the proposed integrated steel plant, Transferee Company will become eligible in terms of Rule 6(3) of the Mineral (Auction) Rules 2015, to participate in the auction of 'mines specified for end-use' by the Government of Karnataka.
- (c) The amalgamation will result in administrative and operational rationalization, synergizing the existing expertise, greater efficiency and economical operations and promote organizational efficiencies.
- (d) The amalgamation would result in greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
- (e) The amalgamation will provide for pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company, which will help in increasing the competitiveness of the amalgamated Company.
- (f) The amalgamation would result in greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently to fund growth opportunities, to maximize shareholder value.

28. Amount due to unsecured creditors:

As per the books of accounts as on 31 March 2019, of the Transferor Company and Transferee Company, the amount due to the unsecured creditors are Rs.1,50,48,937/- and Rs.35,02,65,812/- respectively.

29. Disclosure about the effect of the Scheme on the following persons:

(a) *Shareholders (Promoters and Non-promoters):*

Upon the Scheme coming into effect, it will result in cancellation of 7,52,40,000 shares held by the Transferee Company in the Transferor Company constituting 80.58 % of the issued, subscribed and paid up share capital of the Transferor Company.

Further, based on the Share Exchange Ratio 1:72, the Transferee Company is required to issue 2,51,941 equity shares Rs.10 each (in aggregate) to rest of the shareholders of Transferor Company.

The above-mentioned equity shares to be issued and allotted shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank paripassu with the existing equity shares of Transferee Company in all respects including dividends.

Issued, subscribed and paid up capital of the Transferee Company shall stand increased from Rs.8,75,00,000 (Rupees Eight Crore Seventy-Five Lakh) to Rs.9,00,19,410 (Rupees Nine Crore Nineteen Thousand Four Hundred and Ten Only).

Pre and post amalgamation shareholding pattern for both the Transferor and Transferee Company is given hereunder:

Shareholding pattern	Transferee Company			
	Pre - Amalgamation		Post - Amalgamation	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	63,37,564	72.43	65,89,088	73.20
Public	24,12,436	27.57	24,12,853	26.80
TOTAL	87,50,000	100.00	90,01,941	100.00
	Transferor Company			
	Pre - Amalgamation		Post - Amalgamation	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	7,52,70,000	80.61	NA	NA
Public	1,81,09,705	19.39	NA	NA
TOTAL	9,33,79,705	100.00	NA	NA

(b) *Directors*

Upon the Scheme becoming effective, SMPPL shall stand dissolved without winding up and accordingly, the Board of Directors of SMPPL shall cease to exist.

(c) *Employees and Key Managerial Personnel of the Company*

All the employees of the Transferor Company in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company on the same terms and conditions on which they were employed without treating it as a break, discontinuance or interruption in service on the said date. Accordingly, the services of such employees for the purpose of the said Funds (as defined herein) or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.

With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees of the Transferor Company (hereinafter referred to as the “**said Funds**”), upon the Scheme becoming effective, Transferee Company shall stand substituted for the Transferor Company in relation to the obligations to make contributions to the said Funds in accordance with the provisions thereof in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to the said Funds shall become those of the Transferee Company. The dues of the employees of the Transferor Company relating to the said Funds shall be continued to be deposited therein accordingly.

The Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective and accordingly, the Key Managerial Personnel of SMPPL will cease to be its Key Managerial Personnel.

(d) *Creditors:*

Upon the Scheme becoming effective, all liabilities of the Transferor Company, shall, without any requirement of any further act, instrument or deed, be transferred to, and vested in, or be deemed to be transferred to, and vested in, the Transferee Company. Accordingly, the creditors of the Transferor Company shall become the creditors of the Transferee Company.

The liabilities of the Transferor Company, is neither being reduced nor being extinguished. The Transferee Company undertakes to meet, discharge and satisfy the same.

The creditors of the Transferor Company would in no way be adversely affected by the Scheme.

(e) *Depositors and Deposit Trustee:*

Not Applicable. There are no outstanding public deposits in both the Transferor and Transferee Company.

(f) *Debenture holders and Debenture Trustee:*

Not Applicable. There are no outstanding debentures in both the Transferor and Transferee Company.

30. Disclosure about effect of the Scheme on material interests of Directors, Key Managerial Personnel, (KMP) and Debenture Trustee:

Please refer to sl. no. 29 above for the effect of the Scheme on material interests of Directors, Key Managerial Personnel and Debenture Trustee.

31. Investigation or proceedings, if any, pending against the company under the Act:

No investigation proceedings have been instituted or are pending in relation to either the Transferor Company or the Transferee Company under Sections 210 to 229 of Chapter XIV of the Act.

32. Below mentioned documents shall be made available for inspection at the Registered Office of the Transferor Company on any working day (except Saturday and Sunday) prior to the date of the aforesaid meeting between 10.00 a.m. to 4.00 p.m.

(a) Order dated 09 August 2019 passed by the Hon'ble Tribunal passed in Company Application CA (CAA) No.45/BB of 2019, directing the convening of the meetings of Equity Shareholders, Secured and Unsecured Creditors of the Transferee Company and Unsecured Creditors of Transferor Company.

(b) Scheme of Amalgamation of Star Metallics and Power Private Limited with The Sandur Manganese & Iron Ores Limited and their respective Shareholders and Creditors.

(c) Valuation Report dated 14 February 2018 issued by P. Chandrasekar LLP, Chartered Accountants

(d) Certificate issued by Auditor of the Company to the effect that the accounting treatment, if any proposed in the Scheme is in conformity with the Accounting Standards prescribed under section 133 of the Companies Act, 2013

(e) Memorandum and Articles of Associations of the Transferor Company and Transferee Company.

(f) Audited financial Statements of the Transferor Company and Transferee Company (including consolidated financial statements) for the year ended 31 March 2019.

33. Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other government authorities required, received or pending in connection with the Scheme:

34. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

35. The Scheme will not in any manner be prejudicial to the interests of the concerned shareholders and creditors or general public at large.

36. After the Scheme of Amalgamation is approved by Shareholders, it will be further subject to the approval by the Hon'ble Bengaluru Bench of National Company Law Tribunal.

Place : Hosapete

Date : 17 August 2019

V. Murali
Company Secretary

**SCHEME OF AMALGAMATION
OF
STAR METALLICS AND POWER PRIVATE LIMITED
WITH
THE SANDUR MANGANESE AND IRON ORES LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS
(Under Section 230 and 232 of the Companies Act, 2013)**

PREAMBLE

This Scheme of Amalgamation is to provide for the Amalgamation of Star Metallics and Power Private Limited (“Transferor Company”) having CIN: U40102KA2007PTC043446 with The Sandur Manganese and Iron Ores Limited (“Transferee Company”) having CIN: L85110KA1954PLC000759 and their respective shareholders. The Scheme is made pursuant to the provisions of Sections 230 and 232 and other relevant provisions of the Companies Act, 2013.

I. BACKGROUND

- a) The Transferee Company is a well-established company, incorporated in 1954, engaged in the business of exploration, prospecting and mining of manganese ore, iron ore and also, manufacture of ferroalloys. It is currently operating in Ballari District of Karnataka. The equity shares of the Transferee Company are presently listed on BSE Limited (Bombay Stock Exchange). The Company is in the process of filing an application for listing its equity shares on National Stock Exchange of India Limited (National Stock Exchange).
- b) The Transferor Company, incorporated in 2007, has two ferroalloy furnaces and a 32 MW thermal power plant which is used as a captive unit for its ferroalloy operations and is operating at Hosapete Taluk of Ballari District.
- c) To establish value addition as well as local use of its manganese ore, the Transferee Company initially invested in the Transferor Company in 2007 and in order to obtain a majority share and control of management, the Transferee Company, later increased its stake to 70%, by virtue of which the Transferor Company became subsidiary of the Company on 25 October 2008. The Transferee Company presently holds 80.58% stake in the Transferor Company.
- d) The Transferor Company has, under a Facility Lease Agreement dated 1 February 2016, leased out both the ferroalloy plant and thermal power plant to the Transferee Company for a tenure of three years which is due to expire on 31 January 2019.
- e) The Objects Clause of Memorandum of Association of the Transferee Company inter-alia allows it to carry on any metallurgical or mineralogical operations and to establish an Electrometallurgical industry. The Transferee Company, in order to ensure long term viability of its business, seeks to set up a 1 Million Tonnes Per Year (MTPY) Integrated Steel Plant. In furtherance of this objective, the Transferee Company seeks to amalgamate the Transferor Company along with it.

II. RATIONALE

The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

- a) The Transferee Company, is having Mining Leases No.2678 and No.2679 over an area of about 2,000 hectares for mining manganese and iron ores, which leases are due to expire on 31 December 2033. The Transferee Company seeks to have captive use of manganese ore in the existing ferroalloy plant of the Transferor Company and set up a 1 MTPY Integrated Steel Plant in the vicinity of the ferroalloy plant which will enable captive consumption of its iron ore also.
- b) In addition, on setting up the proposed integrated steel plant, Transferee Company will become eligible in terms of Rule 6(3) of the Mineral (Auction) Rules 2015, to participate in the auction of ‘mines specified for end-use’ by the Government of Karnataka.
- c) The amalgamation will result in administrative and operational rationalization, synergizing the existing expertise, greater efficiency and economical operations and promote organizational efficiencies.
- d) The amalgamation would result in greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
- e) The amalgamation will provide for pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company, which will help in increasing the competitiveness of the amalgamated Company.
- f) The amalgamation would result in greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently to fund growth opportunities, to maximize shareholder value.

In view of the aforesaid, the Board of Directors of the Transferor Company as well as the Board of Directors of the Transferee Company have considered and proposed the amalgamation of the Transferor Company with Transferee Company in order to benefit the stakeholders of both the companies. Accordingly, the Board of Directors of both the companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Company with and into the Transferee Company pursuant to the provisions of Sections 230 and 232 and other relevant provisions of the Companies Act, 2013.

III. Parts of the Scheme

The Scheme is divided into following parts:

- (i) Part A - dealing with definitions of the terms used in this Scheme and sets out the share capital of the Transferor Company and the Transferee Company;
- (ii) Part B – dealing with the transfer and vesting of the undertaking of the Transferor Company with the Transferee Company;
- (iii) Part C – dealing with the accounting treatment for the amalgamation in the books of the Transferee Company; and with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

PART – A

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1 “**Act**” means the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendment thereof.
- 1.2 “**Amalgamation**” means amalgamation of Transferor Company into Transferee Company.
- 1.3 “**Appointed Date**” means April 1, 2018 or such other date as may be approved by the Hon’ble Tribunal or any other appropriate authority;
- 1.4 “**Assets**” shall have the meaning assigned to it in Clause 3.1 of this Scheme;
- 1.5 “**Board of Directors**” or “**Board**” means the board of directors of the Transferor Company or Transferee Company, as the case may be, and shall include a duly constituted committee thereof;
- 1.6 “**Effective Date**” means the last of the dates specified in Clause 15 of this Scheme. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme becoming effective” or “upon the Scheme coming into effect” shall mean the Effective Date;
- 1.7 “**Equity Share(s)**” means equity shares of the Transferor Company or Transferee Company, as the case may be;
- 1.8 “**The Scheme**” or “**this Scheme**” means this Scheme of Amalgamation in its present form or with any modification(s) made under Clause 14 of this Scheme, as approved or directed by the Tribunal or any other appropriate authority;
- 1.9 “**Share Exchange Ratio**” shall have the meaning ascribed to it in Clause 10. 2 of this Scheme;
- 1.10 “**Transferee Company**” means The Sandur Manganese & Iron Ores Limited, a company incorporated under the provisions of the Companies Act, 1913 having its registered office at ‘SATYALAYA’ Door No.266 (Old No.80), Ward No.1, Behind Taluk Office, Sandur - 583 119, Ballari District.
- 1.11 “**Transferor Company**” means Star Metallics and Power Private Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Metal & Ferro Alloys Plant, P. O. Mariyammanahalli, Vyasankere - 583 222, Hosapete Taluk, Ballari District.
- 1.12 “**Tribunal**” or “**NCLT**” means the National Company Law Tribunal at Bengaluru constituted under section 408 of the Companies Act, 2013
- 1.13 “**Undertaking of the Transferor Company**” means and includes all the properties, Assets, rights and powers of the Transferor Company; and all the debts, liabilities, duties and obligations of the Transferor Company.
- 1.14 Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. CAPITAL STRUCTURE

- 2.1. The authorized, issued, subscribed and paid up share capital of the Transferor Company as on March 31, 2017 (Date of last Audited Balance Sheet) is as under:

Authorized share capital	Amount (In Rs.)
10,00,00,000 Equity Shares of face value of Rs.10/- each	1,00,00,00,000/-
Issued, Subscribed and Paid Up Share Capital	Amount (In Rs.)
9,33,79,705 Equity Shares of Rs.10/- each fully paid up	93,37,97,050/-

Subsequent to March 31, 2017, there has been no change in the capital structure of Transferor Company.

- 2.2. The authorized, issued, subscribed and paid up share capital of the Transferee Company as on March 31, 2017 (Date of last Audited Balance Sheet) is as under:

Authorized share capital	Amount (In Rs.)
1,40,00,000 equity shares of Rs.10/- each	14,00,00,000/-
1,00,000 16% Preference Shares of Rs.100 /- each	1,00,00,000 /-
Total	15,00,00,000/-
Issued, Subscribed and Paid-Up Capital	Amount (In Rs.)
87,50,000 Equity Shares of Rs.10/- each fully paid up	8,75,00,000 /-

Subsequent to March 31, 2017, there has been no change in the capital structure of Transferee Company.

PART –B

TRANSFER AND VESTING OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

3. AMALGAMATION OF TRANSFEROR COMPANY

- 3.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the Undertaking of the Transferor Company, including all properties, whether movable or immovable, freehold or leasehold, real or personal, corporal or incorporeal, material or intellectual, present, future or contingent, including but without being limited to all assets, lands, buildings, plant and machinery, furniture and fittings, capital work in progress and other fixed assets, current assets, receivables (whether in Indian Rupee or foreign currency), credits, investments, reserves, provisions, funds, and all utilities including electricity, telephones, facsimile connections, installations and utilities, benefits or agreements and arrangements, powers, authorities, allotments, approvals, authorizations, tenancies in relation to the offices and/or residential properties for the employees or other persons, guest houses, trade and service names and marks, patents, copyrights and other intellectual property rights of any nature whatsoever, registrations, consents, privileges, liberties, and all the rights, title, interest, benefits, licenses (industrial or otherwise), municipal permissions, registrations, incentives, rebates, benefits and concessions to which the Transferor Company is entitled to in terms of the various statutes and/or schemes of the Union and State Governments including benefit of carry forward and set off of accumulated loss, allowance of unabsorbed depreciation, minimum alternate tax credit entitlement, sale tax benefit concessions and other benefits and credits to which the Transferor Company is entitled under Income-tax Act and advantages of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company (hereinafter referred to as

“Assets”) and all secured and unsecured debts (whether undertaken in Indian Rupee or foreign currency) outstandings, liabilities (including contingent liabilities), duties and obligations shall be transferred to and vest in the Transferee Company so as to become on and from the Appointed Date the undertaking of the Transferee Company without any further act, instrument or deed.

- 3.2. Notwithstanding what is stated in Clause 3.1 above, it is expressly provided that such of the Assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall be so transferred by the Transferor Company to the Transferee Company without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company to the end and intent that the ownership and property therein passes to the Transferee Company on such handing over. In terms of this Scheme, such transfer shall be effective from the Appointed Date.
- 3.3. In respect of such of the Assets belonging to the Transferor Company other than those referred to in sub-clauses 3.1 and 3.2 above, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and / or be deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of section 230 of the Act.
- 3.4. In relation to those Assets belonging to the Transferor Company, which require separate documents of transfer, if any, the parties will execute the necessary documents, if and when required.
- 3.5. The transfer and vesting of all the Assets of the Transferor 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 Transferor Company or part thereof on or over which they are subsisting on transfer to and vesting of such Assets in the Transferee Company and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to any Assets of the Transferor 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 Transferee Company and the Transferee Company shall not be obliged to create any further or additional security. Similarly, the Transferee Company shall not be required to create any additional security over Assets of the Transferor Company vested in the Transferee Company under this Scheme for any loans, debentures, deposits or other financial assistance already availed by it and/or committed to be availed by it prior to the amalgamation and the charges, mortgages, and/or encumbrances in respect thereof shall not extend or be deemed to extend or apply to the Assets of the Transferor Company, as the case may be, vested in the Transferee Company under this Scheme.
- 3.6. Upon the coming into effect of this Scheme and on and from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also be transferred to and be deemed to stand transferred to the Transferee Company without any further act, instrument or deed so as to become the debts, liabilities, duties and obligations of the Transferee Company pursuant to the provisions of section 230 of the Act. In respect of the debts, liabilities, duties and obligations of the Transferor Company, it is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen (though the Transferee Company may, if it deems appropriate, give notice to the creditors that the debts stand transferred to and assumed by the Transferee Company).

- 3.7. For the removal of doubts, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstanding as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.
- 3.8. The Transferee Company may at any time after the coming into effect of the Scheme, if so required under the provisions of any law for the time being in force or otherwise at its discretion, execute deeds of confirmation, in favor of secured creditors of the Transferor Company or in favour of any other party as directed by the Transferor Company with regard to any contract or arrangement to which the Transferor Company is a party or any other writings that may be necessary to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such confirmation in writing on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on behalf of the Transferor Company.
- 3.9. The provisions of this Scheme as they relate to the amalgamation of the Transferor Company with the Transferee Company, have been drawn up to comply with the conditions relating to “amalgamation” as defined under Section 2(1B) 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 of the Income-tax Act, 1961, 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, 1961, shall prevail and the Scheme shall stand modified to the extent deemed necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

4. LEGAL PROCEEDINGS

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

5. CONTRACTS AND DEEDS

- 5.1. All contracts, deeds, bonds, agreements, arrangements, incentives, licenses, permits, consents, registrations, engagements, sales tax deferrals and benefits exemptions, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favor of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto.

5.2. The Transferee Company shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that the Transferor Company is required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Company.

6. SAVING OF CONCLUDED TRANSACTIONS

6.1. The transfer of the Assets and Liabilities of the Transferor Company under Clause 3 above, the continuance of the Proceedings under Clause 4 above and the effectiveness of contracts, deeds, permits and consents under Clause 5 above, shall not affect any transaction or the Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

7. EMPLOYEES

7.1. All the employees of the Transferor Company in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company on the same terms and conditions on which they were employed without treating it as a break, discontinuance or interruption in service on the said date. Accordingly, the services of such employees for the purpose of the said Funds (as defined herein) or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.

7.2. With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees of the Transferor Company (hereinafter referred to as the "said Funds"), upon the Scheme becoming effective, Transferee Company shall stand substituted for the Transferor Company in relation to the obligations to make contributions to the said Funds in accordance with the provisions thereof in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to the said Funds shall become those of the Transferee Company. The dues of the employees of the Transferor Company relating to the said Funds shall be continued to be deposited therein accordingly.

PART C

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE TRANSFEROR COMPANY AND THE TRANSFEE COMPANY

8. ACCOUNTING TREATMENT

8.1. The amalgamation shall be accounted for in the books of account of the Transferee Company according to the 'Pooling of Interests Method' of accounting as per the Accounting Standard (AS) 14, 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India or as per Ind AS 103, 'Business Combinations' notified under section 133 of the Companies Act, 2013. Accordingly, all the assets and liabilities of the Transferor Company shall be recorded at their carrying amounts as at the Appointed Date in the books of the Transferee Company.

8.2. The face value of Equity Shares issued by the Transferee Company to the shareholders of the Transferor Company pursuant to this Scheme along with the existing paid up capital of the Transferee Company will be recorded as Equity Share Capital of the Transferee Company;

- 8.3. The identity of the reserves of the Transferor Company shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Company, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective, there is any reserve in the financial statements of the Transferor Company available for distribution whether as bonus shares or dividend or otherwise, the same shall also be available in the financial statements of the Transferee Company for such distribution upon this Scheme becoming effective;
- 8.4. The balances of the Profit and Loss Accounts of the Transferor Company (as appearing in the books of accounts of the Transferor Company at the Appointed Date) shall be aggregated and added to or set-off (as the case may be) with the corresponding balance appearing in the financial statements of the Transferee Company;
- 8.5. Inter-company balances and investments, if any, shall be cancelled and shall be adjusted against the General reserves/balance in Profit and Loss Account;
- 8.6. The difference between the amount recorded as share capital issued by the Transferee Company and the amount of paid-up share capital of the Transferor Company shall be adjusted against the General Reserves/balance in Profit and Loss Account;
- 8.7. If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in its Capital Reserves/Goodwill as the case may be.

9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 9.1. With effect from the Appointed Date and up to and including the Effective Date:
- 9.1.1 The Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have been held and stood possessed of and shall hold and stand possessed of all of the Assets of the Transferor Company for and on account of, and in trust for, the Transferee Company. The Transferor Company hereby undertakes to hold the said Assets with utmost prudence until the Effective Date.
- 9.1.2 All the profits or income, taxes (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 9.2. On and after the Appointed Date and until the Effective Date, the Transferor Company shall not without the prior written approval of the Board of Directors of the Transferee Company undertake (i) any material decision in relation to their businesses and affairs and operations (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business) (iii) any new business, or discontinue any existing business or change the installed capacity of facilities.
- 9.3. With effect from the date of the Board meeting of the Transferee Company approving the Scheme and upto and including the Effective Date, the Transferor Company shall carry on its business and activities with reasonable diligence, prudence and in the same manner as carried on before and shall not (without the prior written consent of the Transferee Company) undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertaking of the Transferor Company or any part thereof except in the ordinary course of business, or pursuant to any pre-existing obligation(s) undertaken by the Transferor Company.

9.4. Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.

10. CANCELLATION OF CERTAIN SHARES AND ISSUE OF CONSIDERATION SHARES

10.1. The Transferee Company holds 7,52,40,000 (Seven Crore Fifty-Two Lakh Forty Thousand Only) shares constituting 80.58% of the issued, subscribed and paid up share capital of the Transferor Company. Upon the Scheme becoming effective, and upon amalgamation of the Transferor Company into the Transferee Company in terms of this Scheme, the aforesaid shares would stand cancelled.

10.2. Upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the assets and liabilities of the Transferor Company, the Transferee Company shall, without any further act or deed, issue and allot to the shareholders of the Transferor Company, *1 (One) fully paid up equity share of Rs.10 each for every 72 (Seventy-two) fully paid-up equity share of Rs.10 each held by the shareholders in the Transferor Company*, whose name is appearing in the Register of Members of the Transferor Company on such date (hereinafter referred to as 'Record Date') as may be determined by the Board of Directors of the Transferee Company.

10.3. The new equity shares to be issued to the members of the Transferor Company pursuant to clause 10.2 shall be in multiples of 1. Any fractional equity shares shall be rounded-off to next higher multiple of 1.

10.4. The Transferee Company equity shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank *pari passu* with the existing equity shares of Transferee Company in all respects including dividends.

10.5. Subject to the provisions of the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India (SEBI) Act 1992 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the new equity shares to be issued by the Transferee Company pursuant to the Scheme shall be listed at all the Stock exchanges where the existing equity shares of Transferee Company are listed. The Transferee Company shall take necessary steps for listing of these shares on these Stock Exchanges in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10.6. Pursuant to provisions of Regulation 10(1)(d)(iii) of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 which provides general exemption for acquisitions made pursuant to amalgamation, the requirement of making an open offer as envisaged in Regulations 3 and 4 would not be triggered by any of the shareholders of the Transferor Company consequent to the aforementioned issue of shares in the Transferee Company.

11. DISSOLUTION OF THE TRANSFEROR COMPANY

Subject to an order being made by the Hon'ble Tribunal under Section 230 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

12. AUTHORISED SHARE CAPITAL

12.1. Upon the Scheme becoming effective, the authorised share capital of the Transferor Company shall stand

combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on their authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.

- 12.2. 'Clause V' of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 61 to 64 and other applicable provisions of the Companies Act, 2013 by deleting the existing Clause and replacing it by the following:

“The Authorised Share Capital of the Company is Rs.1,15,00,00,000/- (Rupees One Hundred and Fifteen Crore Only) divided into

- i. 11,40,00,000 Equity Shares of Rs.10/- each and***
- ii. 1,00,000 Preference Shares of Rs.100/- each***

With the rights, privileges and conditions attached thereto. The Company has power from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the company to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the company or the legislative provisions for the time being in force at that time.”

- 12.3. The approval of this Scheme by the shareholders of the Transferee Company under sections 230 and 232 of the Act, whether at a meeting or otherwise, shall be deemed to have the approval under sections 13, 14, 61, 64 and other applicable provisions of the Companies Act, 2013 and any other consents and approvals required in this regard.

- 12.4. Clause 5 of the Articles of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 14 and 230 and other applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

“The Authorized Share Capital of the Company is Rs.1,15,00,00,000/- (Rupees One Hundred and Fifteen Crore Only) divided into

- i. 11,40,00,000 Equity Shares of Rs.10/- each and***
- ii. 1,00,000 Preference Shares of Rs.100/- each***

With the rights, privileges and conditions attached thereto. The Company has power from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the company to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the company or the legislative provisions for the time being in force at that time.”

12.5 The approval of this Scheme by the shareholders of the Transferee Company under sections 230 and 232 of the Act, whether at a meeting or otherwise, shall be deemed to have the approval under the applicable provisions of the Act and any other consents and approvals required in this regard.

13. APPLICATIONS

The Transferee Company shall make necessary applications to Hon'ble Tribunal for sanctioning this Scheme pursuant to section 230 and other applicable provisions of the Act and for an order or orders for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up. The Transferor Company and the Transferee Company shall also apply for such other approvals as may be necessary in law, if any, for bringing any provisions of this Scheme into effect. Further, the Transferor Company and the Transferee 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.

14. MODIFICATIONS/ AMENDMENTS TO THE SCHEME

14.1. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may consent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Hon'ble Tribunal, or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them for any reason whatsoever, including due to change in law. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to give effect to the Scheme or resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/ or any matter concerned or connected therewith.

14.2. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate(s) of the Transferor Company and the Transferee Company are authorized to determine to take all such steps and give all such directions as are necessary including directions dealing with the approvals required to be taken and directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on the Transferor Company and the Transferee Company, in the same manner as if the same were specifically incorporated in this Scheme.

15. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS AND EFFECTIVE DATE OF SCHEME

15.1. The Transferee Company's shares are listed with BSE, thus pursuant to the undertaking given by the Transferee Company at the time of approval of the Scheme by BSE, the present scheme is subject to the approval of the majority of public shareholders through postal ballot and e-voting as required under para 1(A)(9)(a) and (b) of SEBI Circular dated March 10, 2017.

15.2. The Scheme is conditional upon and subject to:

15.2.1. The sanction or approval under any law of the Hon'ble Tribunal, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.

15.2.2. Approval of the Scheme by the requisite majority of the respective members and such class of persons of the Transferor Company and the Transferee Company pursuant to the provisions of Sections 230 and 232 of the Act and the provisions of Securities and Exchange Board of India Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended from time to time) to the extent considered applicable.

15.2.3. The Scheme being sanctioned pursuant to Section 230 of the Act by the Hon'ble Tribunal on the petition by the Transferee Company as provided under the said provisions of the Act.

15.2.4. Receipt of such other approvals for the carrying on of the Undertaking by the Transferee Company, as identified by the boards of directors of the Transferee Company and Transferor Company (or authorised committees thereof).

15.3. This Scheme, although to come into operation from the Appointed Date, shall not become effective until the later of the following dates, namely:

15.3.1. The last of the dates on which the last of the aforesaid consents, approvals, resolutions and orders as mentioned in Clause 16.1 shall be obtained or passed; or the last of the dates on which all necessary certified copies of orders of the Hon'ble Tribunal sanctioning the Scheme pursuant to sections 230 of the Act shall be duly filed with the Ministry of Corporate Affairs / appropriate Registrar of Companies. The last of such dates shall be the "**Effective Date**" for the purpose of this Scheme.

15.3.2. It is clarified that on the approval of the Scheme by the requisite majority of members and creditors of the Transferor Company and the Transferee Company pursuant to Section 230 (3) to (6) of the Act as aforesaid, it shall be deemed that the said members and creditors have also resolved and accorded all relevant consents under any other provisions of the Act to the extent the same may be considered applicable. It is further clarified that there will be no need to pass any separate shareholders' resolution(s) under such other provisions of the Act.

16. POST SCHEME CONDUCT OF OPERATIONS

Even after the Scheme becomes effective, the Transferee Company shall be entitled to operate all Bank Accounts of the Transferor Company and realize all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted by the Transferor Company and the Transferee Company concerned. Pursuant to the Scheme becoming effective the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income-tax Act, 1961 (including for minimum alternate tax purposes and tax benefits), service tax law and other tax laws, and to claim refunds and/or credits for Taxes paid (including minimum alternate tax), and to claim tax benefits under the said tax laws, and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

17. COSTS

Upon coming into effect of this Scheme, the Transferee Company shall bear and pay all costs, charges, expenses and taxes, including duties and levies in connection with the Scheme.

M/s. P. CHANDRASEKAR LLP

Chartered Accountants

EQUITY VALUATION REPORT TO DETERMINE THE SHARE EXCHANGE RATIO IN RELATION TO THE AMALGAMATION OF STAR METALLICS AND POWER PRIVATE LIMITED WITH THE SANDUR MANGANESE AND IRON ORES LIMITED

14 February 2018

To,
The Board of Directors,
The Sandur Manganese & Iron Ores Limited
Bangalore

and

To,
The Board of Directors,
Star Metallics and Power Private Limited
Bangalore

Dear Sir(s)/Madam,

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Star Metallics and Power Private Limited (SMPPL) with The Sandur Manganese and Iron Ores Limited (SMIORE)

We refer to the engagement letters dated 3 October 2017 and 10 November 2017 whereby, Star Metallics and Power Private Limited and The Sandur Manganese & Iron Ores Limited respectively have requested (us) M/S.P. Chandrasekar LLP, Chartered Accountants for recommendation of the Share Exchange Ratio for the proposed amalgamation of SMPPL with SMIORE.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of the above-mentioned companies are considering to amalgamate SMPPL with SMIORE by implementing a Scheme of Amalgamation under the provisions of Section 230-232 of the Companies Act, 2013. As a part of this proposed merger SMPPL would be merged with SMIORE and would cease to exist. The shareholders of SMPPL will be issued shares of SMIORE as a consideration for the proposed merger.

In this connection, (we) M/S.P. Chandrasekar LLP, Chartered Accountants have been appointed to carry out the relative valuation of equity shares of the Companies and recommend the fair exchange ratio of shares for the proposed amalgamation.



Bangalore * Chennai

S-512-514, Manipal Centre, # 47, Dikenson Road, Bangalore - 560042. T: +91 (80) 25585443 / 25597494 E-mail: partner@pchandrasekar.com
M/s. P. Chandrasekar (Partnership Firm) is converted into M/s P. Chandrasekar LLP (a Limited Liability Partnership with LLP Identity No. LLPIN AAJ-5668) with effect from 31.05.2017.

LIMITATIONS/DISCLAIMERS

This report is to be read in totality and not in parts, in conjunction with the relevant documents referred to herein.

Our analysis, in as far as valuation is concerned, is based on the published data, and those which are made available to us by the management. Our analysis will not and cannot be directed to providing any assurance about achievability of any future plans. By its very nature, valuation work cannot be regarded as an exact science and the conclusion arrived at in many cases will be necessarily subjective and dependent on the individual judgment. Given the same sets of facts and using the same assumptions, expert opinion may differ due to the number of separate judgement, decisions, which have to be made. Therefore, there can be no standard formula to establish an indisputable value, although certain formula is helpful in assessing the reasonableness.

SOURCE OF INFORMATION

In connection with this exercise, we have used the following information provided by the Management of the Transferor Companies and Transferee Company:

- (a) Audited Financial statements of SMPPL and SMIORE for FY 2016-17, 2015-16, 2014-15;
- (b) The projected income statements of SMPPL and SMIORE for the next five years;
- (c) Latest Shareholding Pattern of SMPPL and SMIORE;
- (d) Market Price of equity shares of SMIORE; and
- (e) Interviews and Discussions with the management of SMPPL and SMIORE.

We have obtained information, explanations which are considered relevant, reasonable and necessary for our engagement from the managerial persons and others.



BRIEF ABOUT THE COMPANIES UNDER MERGER/AMALGAMATION

STAR METALLICS AND POWER PRIVATE LIMITED (SMPPL) (CIN U40102KA2007PTC043446), incorporated on 23 July 2007 under the Companies Act, 1956 has its registered office at Metal & Ferro Alloys Plant P. O. Mariyammanahalli, Vyasankere, Hosapete Taluk- 583222, Ballari District, Karnataka.

SMPPL has a ferroalloy plant with two furnaces, and a 32 MW thermal power plant which is used as a captive unit for its ferroalloy operations. Presently, the said ferroalloy plant and Thermal Plant have been leased out to SMIORE under a Facility Lease Agreement dated 1 February 2016 for a tenure of three years.

The issued and subscribed capital of SMPPL, as on date, stands at Rs.93,37,97,050 consisting of 9,33,79,705 equity shares of Rs.10 each. The shareholding pattern is as below:

S. No	Name of the shareholder	No. of Shares	Percentage (%)
1.	The Sandur Manganese & Iron Ores Limited	752,40,000	80.58
2.	Euro Industrial Enterprises Private Limited	181,09,705	19.39
3.	Others (Individuals)	30,000	0.03
	TOTAL	933,79,705	100.00

THE SANDUR MANGANESE AND IRON ORES LIMITED (SMIORE) (CIN L85110KA1954PLC000759), incorporated on 18 January 1954 under the Companies Act, 1913, has its registered office at 'SATYALAYA', Door No.266 (Old No.80), Ward No 1 Behind Taluk Office, Sandur – 583 119, Ballari District, Karnataka.

SMIORE is in the business of exploration, prospecting and mining of iron ore and manganese ore. The Company is a listed company with its shares listed on BSE Limited. The Company is in the process of making an application for listing its equity shares on National Stock Exchange of India Limited.

The issued and subscribed capital of SMIORE, as on date, stands at Rs.8,75,00,000 consisting of 87,50,000 equity shares of Rs.10 each. The shareholding pattern is as below:

S. No	Name of the shareholder	No. of Shares	Percentage (%)
1.	Promoter and Promoter Group	63,37,564	72.43
2.	Public	24,12,436	27.57
	TOTAL	87,50,000	100.00



METHOD OF VALUATION:

It may be understood that the valuation of any company is inherently subjective and is subject to certain uncertainties and contingencies, which are difficult to predict. Our assumptions are with respect to industry performances and general business and economic conditions. In addition, these valuations fluctuate with the change in the prevailing market conditions.

Any application of a particular method depends on the purpose for which the same is being done. Although different values exist for different purpose it cannot be strongly emphasized that a valuer can arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using the usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment.

The following are commonly used and accepted methods for determining the value of equity shares of a company /business:

1. Market Approach – Market Price Method
2. Income Approach – Discounted Cash Flows Method
3. Asset Approach – Net Asset Value

Market Price (MP) Method:

The market price of equity shares as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company, where such quotations are arising from the shares being regularly and freely traded in; subject to the element of speculative support that may be inbuilt in the value of the shares

In terms of SEBI circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, where the Scheme of Amalgamation entails issuance of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “the ICDR Regulations”). Accordingly, in terms of Regulation 76, the price is determined between the higher of the of the following:

- (a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or
- (b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.
- (c) Since SMIORE is a company listed in a recognized stock exchange, the market prices of its shares are readily available. It is fairly reliable as well. Therefore, we have taken into consideration the market price method for valuation of its equity shares. Market prices of its shares are averaged by taking into account its weekly high and low prices for the preceding two weeks period. Similar exercise is done taking into account the prices during the preceding six months to the relevant date, i.e thirty days prior to the date on which the meeting of the general body of the shareholders is held. The higher of the two (i.e) average price for the preceding two weeks and that for the six months period is taken as fair value of its shares.



The detailed working on the same is enclosed in Annexure to this report.

However, equity shares of SMPPL are not listed on any recognised stock exchange and SMPPL being closely held and unlisted, the market price method is not applicable

Income Approach (Discounted Cash Flow Method)

Discounted Cash Flow Method (DCF) expresses the present value of the business as a function of its future cash earnings capacity. It considers time value of money.

The discounted cash flow (DCF) method values companies by discounting their free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flow represents the cash available for distribution to both the owners and creditors of the company. The free cash flows are discounted by Weighted average cost of capital (WACC).

The WACC represents the return expected by the investors of both debt and equity weighted for their relative funding in the equity. The present value of the free cash flows during the explicit period and the perpetuity value indicate the value of the company.

This method is not adopted for SMIORE as the most scientific method of Market Price Method is being adopted.

For SMPPL - DCF method is more scientific as it recognizes time value of money and also considers the future cash earnings capacity. However, SMPPL earnings capacity for applying this method is constrained with the following limitations:

- (1) SMPPL operations since inception have resulted in a loss except for financial year 2014-15.
- (2) SMPPL has an accumulated losses of Rs. 2625.23 lakhs as on 31 March 2017
- (3) The Company is leasing its entire facilities to SMIORE, the parent company from 1 February 2016 for a period of three years. Consequently SMPPL is earning only a fixed income in the form of lease rentals.
- (8) To reduce the power cost of power generated from SMPPL power plant, SMIORE is working on a PIG Iron Project with an ultimate plan of getting into steel manufacturing. The waste heat and flu gas available from the PIG Iron Plant would be used as a fuel to generate power which would reduce the power cost by 50 to 80 % (approximately) compared to power generated from steam coal. The PIG Iron plant would be set up in the same complex of SMPPL and SMPPL would be merged with SMIORE. SMPPL is not in a position to invest on such a scale. Hence, for the reasons stated SMPPL future earnings will be limited to lease rentals. This has an effect on both on earning per share and cash earnings per share.



Net Asset Value Method (NAV Method)

This method considers the value of the underlying assets of the business at book value. Net asset value represents the net equity of the business after assets and liabilities that have been adjusted to their fair value.

As mentioned earlier SMIORE is not following this method as the more scientific Market Price Method is being followed.

For SMPPL This method is considered more appropriate compared to Market Approach and Income Approach for reasons stated. The assets have the potential on merger with the parent company and implementation of downstream project by the parent company. Due to leasing of the plants, as a standalone entity, the earning potential is not appropriately captured by the Income Approach. The detailed working on the same is enclosed in Annexure to this report.

Based on the above , the recommended fair share exchange ratio is as below:

RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO

Valuation Approach	SMIORE		SMPPL	
	Value per share	Weight	Value per share	Weight
Asset Approach	-	-	17	1
Income Approach	-	-	-	-
Market Approach	1219.53	1	-	-
Relative value per share	1219.53		17	

Ratio:

One(1) equity share of The Sandur Manganese & Iron Ores Limited of Rs.10 each fully paid up for every Seventy Two(72) equity shares of Star Metallics and Power Private Limited of Rs.10 each fully paid up."



CONCLUSION:

As presented in this valuation report, our objective was to recommend equity value of SMPPL and SMIORE.

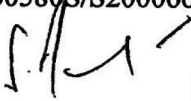
The recommendation has been arrived at after taking into consideration the current and future prospects of the entities on an independent and standalone basis without considering the benefits and other synergies that may arise out of this amalgamation.

In arriving at our recommendation for equity exchange ratio, we have considered Net Asset Value Approach for SMPPL and Market Price Approach for SMIORE, the details of which are enclosed herewith.

Based on this it is recommended that:

Exchange ratio - 1 Equity share of SMIORE will be given for every 72 shares of SMPPL

P. CHANDRASEKAR LLP
Chartered Accountants
FRN 000580S/S200066



S. Rajagopalan
Partner
M. No: 25349

February 14, 2018

**The Board of Directors
The Sandur Manganese and Iron Ores Limited
'SATYALAYA', Door No.266 (Old No.80),
Behind Taluk Office Palace Road, Ward No.1,
Sandur, Karnataka - 583119**

Sub: Fairness opinion on the proposed Merger Ratio for The Sandur Manganese and Iron Ores Limited ("SMIORE"), Star Metallics and Power Private Limited ("SMPPL") pursuant to the scheme of Amalgamation under Sections 230 and 232 read with relevant provisions of the Companies Act, 2013

Dear Sirs,

We refer to the engagement letter dated December 12, 2017 with Karvy Investor Services Limited (hereinafter referred to as "KISL"), wherein SMIORE has requested us to provide fairness opinion on the proposed merger ratio as per the scheme of Amalgamation between The Sandur Manganese and Iron Ores Limited ("SMIORE" / "Transferee Company") and Star Metallics And Power Private Limited ("SMPPL" / "Transferor Company").

1. BACKGROUND OF THE COMPANIES

1.1 The Sandur Manganese and Iron Ores Limited ("SMIORE" / "Transferee Company")

The Sandur Manganese and Iron Ores Limited ("SMIORE") is a company incorporated under the Companies Act, 1913, having its registered office at 'SATYALAYA', Door No.266 (Old No.80), Behind Taluk Office, Ward No.1, Sandur- 583119, Karnataka. SMIORE is engaged in the business of mining of minerals like Iron Ore, Manganese ore, and also, manufactures ferroalloys.

The equity shares of the SMIORE are listed on BSE Limited ("BSE"). The Company is in the process of seeking listing of its equity shares on National Stock Exchange of India Limited ("NSE").

1.2 Star Metallics and Power Private Limited ("SMPPL") / "Transferor Company")

Star Metallics and Power Private Limited ("SMPPL") is a company incorporated under the Companies Act, 1956, having its registered office at Metal & Ferro Alloys Plant P.O. Mariyammahalli Vyasankere, Hosapete - - 583222, Karnataka. SMPPL is a subsidiary of SMIORE; in which presently 80.58% is held by SMIORE. SMPPL has two ferroalloy furnaces and a 32 MW thermal power plant which is used as a captive unit for its ferroalloy operations. The two ferroalloy furnaces and the thermal power plant have been leased out to SMIORE, Transferee Company for a tenure of 3 years under a Facility Lease Agreement with effect from 1 February 2016.



Karvy Investor Services Limited

Address for Correspondence: Hyderabad: Plot No. 31, 8th Floor, Karvy Millennium, Nanakramguda, Financial District Gachibowli, Hyderabad - 500 032. Phones: +91 40 2342 8774|2331 2454 | Fax: +91 2337 4714 Page 1 of 5

Mumbai: 701, Hallmark Business Plaza, Sant Dhyaneswar Marg, Bandra (E), Mumbai - 400051 | Tel: +91 22 61491500 | Fax: +91 22 61491515

Registered Office: 'Karvy House', 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.

Email: cmg@karvy.com / igmbd@karvy.com | www.karvyinvestmentbanking.com



2. SCOPE AND PURPOSE OF THIS REPORT

- 2.1 We understand that the Board of Directors of Transferor Company and Transferee Company are proposing to merge Transferor Company with Transferee Company under a scheme of amalgamation under the provisions of Section 230 and 232 read with relevant provisions of the Companies Act, 2013 (hereinafter referred to as the "Scheme of Amalgamation") and have obtained a valuation report dated February 14, 2018 from P. Chandrasekar LLP, Chartered Accountants (hereinafter referred to as "Valuer") to arrive at the merger ratio.
- 2.2 In consideration of the merger of Transferor Company with Transferee Company, pursuant to the Scheme of Amalgamation, for every seventy two (72) equity shares of the face value of ₹10 each, held by the shareholders of Transferor Company, the Transferee Company shall issue and allot one (1) equity share of the face value of ₹10 each fully paid up to the shareholders of the Transferor Company.
- 2.3 In this connection, the management of SMOIRE has engaged KISL to submit a report on the fairness of the merger ratio as per the requirements of Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). Our scope of work includes commenting only on the fairness of the Merger ratio recommended by the Valuer and not on the fairness or economic rationale of the Merger per se or the valuation methods used by the Valuer.
- 2.4 This report is subject to the scope, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Scheme of Amalgamation between Transferee Company and Transferor Company and should not be used for any other purpose.

3. SOURCES OF INFORMATION

We have relied on the following information for framing our opinion on the fairness of the merger ratio:

- a) Draft Scheme of Amalgamation between Transferor Company and Transferee Company as certified by the management of the SMOIRE.
- b) Annual Reports of SMOIRE and SMPPL for financial year March 31, 2017, 2016 and 2015.
- c) Valuation report of fixed assets of SMPPL dated August 30, 2016 by Er.A.N.Ranganatha Kumar.
- d) Equity Valuation Report dated February 14, 2018 from P. Chandrasekar LLP, Chartered Accountants
- e) Other relevant information regarding SMOIRE and SMPPL

4. RATIONALE AND KEY FEATURES OF SCHEME OF AMALGAMATION

4.1 The rationale for the amalgamation as provided in the Scheme of Amalgamation is as follows:

- a) The Transferee Company, is having Mining Leases No.2678 and No.2679 over an area of about 2,000 hectares for mining manganese and iron ores, which leases are due to expire on 31 December 2033. The Transferee Company seeks to have captive use of manganese ore in the existing ferroalloy plant of the Transferor Company and set up a 1 Million Tonne Per Year Integrated Steel Plant in the vicinity of the ferroalloy plant which will enable captive consumption of its iron ore also.
- b) In addition, on setting up the proposed integrated steel plant, Transferee Company will become eligible in terms of Rule 6(3) of the Mineral (Auction) Rules 2015, to participate in the auction of 'mines specified for end-use' by the Government of Karnataka.





- c) The amalgamation will result in administrative and operational rationalization, synergizing the existing expertise, greater efficiency and economical operations and promote organizational efficiencies.
- d) The amalgamation would result in greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
- e) The amalgamation will provide for pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company, which will help in increasing the competitiveness of the amalgamated Company.
- f) The amalgamation would result in greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently to fund growth opportunities, to maximize shareholder value.

4.2 The key features of the Scheme of Amalgamation are as follows:

4.2.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the Undertaking of the Transferor Company, including all properties, whether movable or immovable, freehold or leasehold, real or personal, corporal or incorporeal, material or intellectual, present, future or contingent, including but without being limited to all assets, lands, buildings, plant and machinery, furniture and fittings, capital work in progress and other fixed assets, current assets, receivables (whether in Indian Rupee or foreign currency), credits, investments, reserves, provisions, funds, and all utilities including electricity, telephones, facsimile connections, installations and utilities, benefits or agreements and arrangements, powers, authorities, allotments, approvals, authorizations, tenancies in relation to the offices and/or residential properties for the employees or other persons, guest houses, trade and service names and marks, patents, copyrights and other intellectual property rights of any nature whatsoever, registrations, consents, privileges, liberties, and all the rights, title, interest, benefits, licenses (industrial or otherwise), municipal permissions, registrations, incentives, rebates, benefits and concessions to which the Transferor Company is entitled to in terms of the various statutes and/or schemes of the Union and State Governments including benefit of carry forward and set off of accumulated loss, allowance of unabsorbed depreciation, minimum alternate tax credit entitlement, sale tax benefit concessions and other benefits and credits to which the Transferor Company is entitled under Income-tax Act and advantages of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company (hereinafter referred to as "Assets") and all secured and unsecured debts (whether undertaken in Indian Rupee or foreign currency) outstandings, liabilities (including contingent liabilities), duties and obligations shall be transferred to and vest in the Transferee Company so as to become on and from the Appointed Date the undertaking of the Transferee Company without any further act, instrument or deed.

4.2.2 The transfer and vesting of all the Assets of the Transferor 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 Transferor Company or part thereof on or over which they are subsisting on transfer to and vesting of such Assets in the Transferee Company and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to any Assets of the Transferor 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 Transferee





Company and the Transferee Company shall not be obliged to create any further or additional security. Similarly, the Transferee Company shall not be required to create any additional security over Assets of the Transferor Company vested in the Transferee Company under this Scheme for any loans, debentures, deposits or other financial assistance already availed by it and/or committed to be availed by it prior to the amalgamation and the charges, mortgages, and/or encumbrances in respect thereof shall not extend or be deemed to extend or apply to the Assets of the Transferor Company, as the case may be, vested in the Transferee Company under this Scheme.

- 4.2.3 Upon coming into effect of the Scheme, and in consideration for the transfer of and vesting of the assets and liabilities of the Transferor Company, the Transferee Company shall, without any further act or deed, issue and allot to the shareholders of the Transferor Company, *1 (One) fully paid up equity share of ₹10 each for every 72 (Seventy Two) fully paid-up equity share of ₹10 each held by the shareholders in the Transferor Company, whose name is appearing in the Register of Members of the Transferor Company on such date (hereinafter referred to as 'Record Date') as may be determined by the Board of Directors of the Transferee Company.*

5 LIMITATIONS OF SCOPE AND REVIEW

- 5.1 Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Transferor Company and Transferee Company and the Scheme of Amalgamation approved by the Board of Directors of the Transferor Company and Transferee Company.
- 5.2 We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to the Transferor Company and Transferee Company. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferor Company and Transferee Company. In particular, we do not express any opinion as to the value of any asset of Transferor Company and Transferee Company, whether at current prices or in the future.
- 5.3 We do not express any opinion as to the price at which shares of Transferor Company and Transferee Company may trade at any time, including subsequent to the date of this opinion. In rendering our opinion, we have assumed, that the Scheme of Amalgamation will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme of Amalgamation, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Transferor Company and Transferee Company and their respective shareholders.
- 5.4 We do not express any opinion as to any tax or other consequences that might arise from the Scheme of Amalgamation on Transferor Company and Transferee Company and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.
- 5.5 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the Merger of Transferor Company with Transferee Company as contemplated in the Scheme of Amalgamation provided to us and is not valid for any other purpose.





5.6 We may currently or in the future provide, investment banking services to Transferor Company and Transferee Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme of Amalgamation, for which services we have / may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of KISL may actively trade in the securities of the Transferor Company or its group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the opinion expressed herein are for the use of the Board of Directors of Transferor Company in connection with the consideration of the Scheme of Amalgamation and for none other. Neither KISL, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

5.7 Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Amalgamation or any matter related thereto.

6. VALUATION REPORT

Transferor Company have appointed M/s. P. Chandrasekar LLP, Chartered Accountants to recommend a fair and equitable equity share entitlement ratio for the Merger.

The extract of the Valuation report issued by the Valuer is as follows:

“One(1) equity share of The Sandur Manganese & Iron Ores Limited of Rs.10 each fully paid up for every Seventy Two (72) equity shares of Star Metalics and Power Private Limited of Rs.10 each fully paid up.”

7. OPINION

On the basis of the Rationale of the Scheme of Amalgamation and considering the Scope and Limitations mentioned in this report, we are of the opinion that the Merger ratio is fair to the Equity Shareholders of the Transferor and Transferee Company.

For Karvy Investor Services Limited


T R Prashanth Kumar
Whole Time Director & CEO



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DCS/AMAL/PB/R37/1431/2018-19

March 18, 2019

The Company Secretary,
Sandur Manganese & Iron Ores Ltd.
Door No. 80, 'Satyalaya', Ward No. 1,
Behind Taluk Office, Bellari District,
Sandur, Karnataka, 583119

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement by The Sandur Manganese & Iron Ores Ltd

We are in receipt of Draft Scheme of Arrangement by The Sandur Manganese & Iron Ores Ltd filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 15, 2019 has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that the Scheme shall be implemented only after seeking approval of Majority of the public shareholders through postal ballot and e-voting.
- "Company shall ensure that additional information/undertaking, if any, submitted by the Company, after filing the scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circulars."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' 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.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

PS



Nitinkumar Pujari
Senior Manager



The Sandur Manganese & Iron Ores Limited

Registered Office: 'SATYALAYA', Door No.266 (Old No.80), Ward No.1,
Behind Taluk Office, Sandur - 583119, Ballari District, Karnataka
CIN: L85110KA1954PLC000759, Website: www.sandurgroup.com
Telephone: +91 8395 260301 Fax: +91 8395 260473

Report adopted by the Board of Directors of The Sandur Manganese and Iron Ores Limited in accordance with Section 232(3)(c) of the Companies Act, 2013 at its meeting held on 10 August 2019

The Draft Scheme of Amalgamation of Star Metallics and Power Private Limited (Transferor Company) with The Sandur Manganese and Iron Ores Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme") was approved by the Board of Directors of The Sandur Manganese and Iron Ores Limited ("Board"), based on the recommendation of the Audit Committee, vide resolution passed at its meeting held on 14 February 2018.

The provisions of Section 232(2)(c) of the Companies Act, 2013 requires the Board to adopt a report explaining the effect of the Scheme on Shareholders, Key Managerial Personnel ("KMP"), Promoter and Non-Promoter Shareholders, laying out in particular the share exchange ratio and specifying any special valuation difficulties. The said report is required to be circulated to the shareholders and creditors along with the notice convening the meeting of members/creditors.

The Board took into consideration, inter alia, the rationale of the Scheme and the following documents placed before it (i) Valuation Report dated 14 February 2018 issued by P. Chandrasekar LLP, Chartered Accountants; and (ii) Fairness Opinion dated 14 February 2018 issued by Karvy Investor Services Limited.

Having regard to the aforesaid provision and based on review of the Draft Scheme of Amalgamation, Valuation Report dated 14 February 2018 issued by P. Chandrasekar LLP, Chartered Accountants and Fairness Opinion dated 14 February 2018 issued by Karvy Investor Services Limited, the Board of Directors adopts this Report and believes that:

1. The Scheme of Amalgamation and the Share Exchange Ratio is fair and reasonable.
2. No issues or difficulties regarding the valuation has been mentioned in the Valuation Report dated 14 February 2018 issued by P. Chandrasekar LLP, Chartered Accountants.
3. The Draft Scheme of Amalgamation relates to transfer and vesting of Transferor Company including its assets and liabilities thereto to the Transferee Company.
4. The effect of the proposed Scheme of Amalgamation on the shareholders, key managerial personnel, promoters and non-promoter shareholders, etc. of the Transferee Company would be as follows:

(a) Shareholders (Promoters and Non-promoter shareholders):

Upon the Scheme coming into effect, it will result in cancellation of 7,52,40,000 shares held by the Transferee Company in the Transferor Company constituting 80.58% of the issued, subscribed and paid up share capital of the Transferor Company.

Further, based on the Share Exchange Ratio 1:72, the Transferee Company shall issue 2,51,941 equity shares Rs.10 each (in aggregate) to rest of the shareholders of Transferor Company.

The above-mentioned equity shares to be issued and allotted shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank *pari passu* with the existing equity shares of Transferee Company in all respects including dividends.

Issued, subscribed and paid up capital of the Transferee Company shall stand increased from Rs.8,75,00,000 (Rupees Eight Crore Seventy-Five Lakh) to Rs.9,00,19,410 (Rupees Nine Crore Nineteen Thousand Four Hundred and Ten Only).

Pre and post amalgamation shareholding pattern of the Transferee Company is given hereunder:

Shareholding pattern	Transferee Company			
	Pre - Amalgamation		Post - Amalgamation	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	63,37,564	72.43	65,89,088	73.20
Public	24,12,436	27.57	24,12,853	26.80
TOTAL	87,50,000	100.00	90,01,941	100.00

There will be no adverse effect on the promoters and non-promoter shareholders of the Transferee Company.

(b) *Directors*

Upon the Scheme becoming effective, directors of the Transferor Company will not be entitled to any directorships in the Transferee Company by virtue of provisions of the Scheme. The Scheme will not affect any directorship of a person who is already a director in the Transferee Company.

(c) *Employees and Key Managerial Personnel of the Company*

All the employees of the Transferor Company in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company on the same terms and conditions on which they were employed without treating it as a break, discontinuance or interruption in service on the said date. Accordingly, the services of such employees for the purpose of the said Funds (as defined herein) or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.

With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees of the Transferor Company (hereinafter referred to as the "said Funds"), upon the Scheme becoming effective, Transferee Company shall stand substituted for the Transferor Company in relation to the obligations to make contributions to the said Funds in accordance with the provisions thereof in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to the said Funds shall become those of the Transferee Company. The dues of the employees of the Transferor Company relating to the said Funds shall be continued to be deposited therein accordingly.

There will be no change in the Key Managerial Personnel of the Transferee Company pursuant to the Scheme.

(d) Creditors:

Upon the Scheme becoming effective, all liabilities of the Transferor Company, shall, without any requirement of any further act, instrument or deed, be transferred to, and vested in, or be deemed to be transferred to, and vested in, the Transferee Company. The liabilities of the Transferor Company, is neither being reduced nor being extinguished. The Transferee Company undertakes to meet, discharge and satisfy the same.

Accordingly, the creditors of the Transferor Company shall become the creditors of the Transferee Company.

(e) Depositors and Deposit Trustee:

Not Applicable. There are no outstanding public deposits in the Transferee Company.

(f) Debenture holders and Debenture Trustee:

Not Applicable. There are no outstanding debentures in the Transferee Company.

In the opinion of the Board, the said scheme will be of advantage and beneficial to the Company, its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable.

for and on behalf of the Board of Directors

Place : Bengaluru

Date : 10 August 2019

Nazim Sheikh
Managing Director

Star Metallics and Power Private Limited

CIN:U40102KA2007PTC043446

Registered Office: Metal & Ferroalloys Plant, Vyasankere,
Mariyammanahalli - 583 222, Hosapete Taluk, Ballari Dist., Karnataka

Report adopted by the Board of Directors of Star Metallics and Power Private Limited in accordance with Section 232(3)(c) of the Companies Act, 2013 at its meeting held on 9 August 2019

The Draft Scheme of Amalgamation of Star Metallics and Power Private Limited (Transferor Company) with The Sandur Manganese and Iron Ores Limited (Transferee Company) and their respective Shareholders and Creditors (“Scheme”) was approved by the Board of Directors of Star Metallics and Power Private Limited (“Board”), based on the recommendation of the Audit Committee, vide resolution passed at its meeting held on 14 February 2018.

The provisions of Section 232(2)(c) of the Companies Act, 2013 requires the Board to adopt a report explaining the effect of the Scheme on Shareholders, Key Managerial Personnel (“KMP”), Promoter and Non-Promoter Shareholders, laying out in particular the share exchange ratio and specifying any special valuation difficulties. The said report is required to be circulated to the shareholders and creditors along with the notice convening the meeting of members/creditors.

The Board took into consideration, inter alia, the rationale of the Scheme and the following documents placed before it (i) Valuation Report dated 14 February 2018 issued by P. Chandrasekar LLP, Chartered Accountants; and (ii) Fairness Opinion dated 14 February 2018 issued by Karvy Investor Services Limited.

Having regard to the aforesaid provision and based on review of the Draft Scheme of Amalgamation, Valuation Report dated 14 February 2018 issued by P. Chandrasekar LLP, Chartered Accountants and Fairness Opinion dated 14 February 2018 issued by Karvy Investor Services Limited, the Board of Directors adopts this Report and believes that:

5. The Scheme of Amalgamation and the Share Exchange Ratio is fair and reasonable.
6. No issues or difficulties regarding the valuation has been mentioned in the Valuation Report dated 14 February 2018 issued by P. Chandrasekar LLP, Chartered Accountants.
7. The Draft Scheme of Amalgamation relates to transfer and vesting of Transferor Company including its assets and liabilities thereto to the Transferee Company.
8. The effect of the proposed Scheme of Amalgamation on the shareholders, key managerial personnel, promoters and non-promoter shareholders, etc. of the Transferor Company would be as follows:

(a) Shareholders (Promoters and Non-promoter shareholders):

Upon the Scheme coming into effect, it will result in cancellation of 7,52,40,000 shares held by the Transferee Company in the Transferor Company constituting 80.58% of the issued, subscribed and paid up share capital of the Transferor Company.

Further, based on the Share Exchange Ratio 1:72, the Transferee Company shall issue 2,51,941 equity shares Rs.10 each (in aggregate) to rest of the shareholders of Transferor Company.

The above-mentioned equity shares to be issued and allotted shall be subject to the Memorandum and Articles of Association of Transferee Company and shall rank *pari passu* with the existing equity shares of Transferee Company in all respects including dividends.

Pre and post amalgamation shareholding pattern of the Transferor Company is given hereunder:

Shareholding pattern	Transferee Company			
	Pre - Amalgamation		Post - Amalgamation	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	7,52,70,000	80.61	NA	NA
Public	1,81,09,705	19.39	NA	NA
TOTAL	9,33,79,705	100.00	NA	NA

There will be no adverse effect on the non-promoter shareholders of the Transferee Company.

(b) *Directors*

Upon the Scheme becoming effective, directors of the Transferor Company will not be entitled to any directorships in the Transferee Company by virtue of provisions of the Scheme. The Scheme will not affect any directorship of a person who is already a director in the Transferee Company.

(c) *Employees and Key Managerial Personnel of the Company*

All the employees of the Transferor Company in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company on the same terms and conditions on which they were employed without treating it as a break, discontinuance or interruption in service on the said date. Accordingly, the services of such employees for the purpose of the said Funds (as defined herein) or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.

With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees of the Transferor Company (hereinafter referred to as the “said Funds”), upon the Scheme becoming effective, Transferee Company shall stand substituted for the Transferor Company in relation to the obligations to make contributions to the said Funds in accordance with the provisions thereof in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to the said Funds shall become those of the Transferee Company. The dues of the employees of the Transferor Company relating to the said Funds shall be continued to be deposited therein accordingly.

Pursuant to the Scheme, the Transferor Company shall stand dissolved without winding up. Accordingly, the Key Managerial Personnel of the Transferor Company shall cease to be the Key Managerial Personal of the Transferor Company.

(d) *Creditors:*

Upon the Scheme becoming effective, all liabilities of the Transferor Company, shall, without any requirement of any further act, instrument or deed, be transferred to, and vested in, or be deemed to be transferred to, and vested in, the Transferee Company. The liabilities of the Transferor Company, is neither being reduced nor being extinguished. Accordingly, the creditors of the Transferor Company shall become the creditors of the Transferee Company.

The creditors of the Transferor Company would in no way be adversely affected by the Scheme

(e) *Depositors and Deposit Trustee:*

Not Applicable. There are no outstanding public deposits in the Transferor Company.

(f) *Debenture holders and Debenture Trustee:*

Not Applicable. There are no outstanding debentures in the Transferor Company.

In the opinion of the Board, the said scheme will be of advantage and beneficial to the Company, its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable.

for and on behalf of the Board of Directors

Place : Bengaluru
Date : 09 August 2019

A. G. Suresh
Director (Projects)

APPLICABLE INFORMATION IN THE FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS (AS PROVIDED IN PART E OF SCHEDULE VI OF THE ISSUE OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (“SEBI ICDR Regulations”).

This document contains applicable information pertaining to the unlisted entity, Star Metallics and Power Private Limited (“SMPPL” or “Transferor Company”) and the Composite Scheme of Arrangement and Amalgamation under Sections 230-232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder involving The Sandur Manganese and Iron Ores Limited (“SMIORE” or the “Transferee Company”), and their respective shareholders and creditors (the “Scheme”) which is being issued pursuant to Circular No.CFD/DIL/3/CIR/2017/21 dated March 10, 2017 (“SEBI Circular”) issued by the Securities and Exchange Board of India (“SEBI”). The Scheme is also available on the website of BSE Limited www.bseindia.com. Nothing in this document constitutes an offer or an invitation by or on behalf of SMPPL or SMIORE to subscribe for or purchase any of the securities of SMIORE.

THIS ABRIDGED PROSPECTUS CONTAINS SEVEN PAGES

This document dated 17 August 2019 should be read together with the Scheme and the notice to the shareholders of SMPPL in connection with the Scheme.

Capitalised words not defined herein shall mean the words as defined in the Scheme.

STAR METALLICS AND POWER PRIVATE LIMITED

Registered Office: – Metal & Ferro Alloys Plant, P.O. Mariyammanahalli, Vyasankere, - 583 222,
Hospet Taluk, Bellary Dist., Karnataka |
Tel: +91 8394 244450, 244335, Email: muraliv@sandugroup.com,
Corporate Identification Number: U40102KA2007PTC043446
Contact Person – V. Murali, Company Secretary.

PROMOTERS OF SMPPL

N. S. Lakshmanan, Mohammed Shafiulla and The Sandur Manganese & Iron Ores Limited

DETAILS OF THE SCHEME

The Scheme provides for the following which shall be deemed to have occurred on the Effective Date (as defined in the Scheme):

This Scheme of Amalgamation is to provide for the Amalgamation of Star Metallics and Power Private Limited (“**Transferor Company**”) with The Sandur Manganese & Iron Ores Limited (“**Transferee Company**”) and their respective shareholders and creditors. The Scheme is made pursuant to the provisions of Sections 230 and 232 and other relevant provisions of the Companies Act, 2013.

The Transferee Company is a well-established company is engaged in the business of mining manganese and iron ores and production of ferro-alloys.

The Transferor Company is a subsidiary of the Transferee Company engaged in the business of business of setting up, manufacturing, producing, processing, melting, converting, manipulating, treating and to act as agent, broker, buyer, seller, trader, importer, exporter, distributor, stockiest, metallurgist, engineer, consultant, foundry man, job worker, supplier, contractor or otherwise to deal in integrated steel plant(s) in full or in part, ferro alloys of all grades and forms including powder form of ferro alloys and other allied items.

This amalgamation aims to integrate the businesses of the Transferor Company and Transferee Company, synergizing the existing expertise leading to economical operations and organizational efficiencies, which would improve the competitive position of the combined entity resulting in maximizing overall shareholder value.

The Scheme is subject to approval from shareholders, creditors, BSE Limited (“BSE”), Securities and Exchange Board of India (“SEBI”) and the National Company Law Tribunal (“NCLT”)

GENERAL RISKS

Specific attention of the readers is invited to “Details of the Scheme” above and “Internal Risk Factors” on pages 1 and 6 respectively, of this document.

NAME OF THE CURRENT STATUTORY AUDITOR

Deloitte Haskins & Sells

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PROMOTERS OF SMPPL

Promoters of SMPPL are (i) N. S. Lakshmanan, (ii) Mohammed Shafiulla and (iii) The Sandur Manganese and Iron Ores Limited

Details of our Promoters:

(i) N. S. Lakshmanan

Mr. Lakshmanan Natuvilmadham Subramanian is a qualified Cost Accountant and Company Secretary. Being one of the first subscribers to the Memorandum of Association, he is associated with the Company since its inception. He has rich experience in finance, accounts, secretarial and administrative areas. He has immensely contributed to the Company and is presently serving on its Board of Directors in the capacity of a Director. He is also a Director in Euro Industrial Enterprises Private Limited.

(ii) Mohammed Shafiulla

Mr. Mohammed Shafiulla, is a postgraduate in Master of Commerce and also, has Diploma in Business Administration, Bachelor of Law and Bachelor of Science. Being one of the first subscribers to the Memorandum of Association, he is associated with the Company since its inception. With 44 years of experience in Private sector and 11 years of experience in government sector he has rich experience in Business Administration and Finance. He is Director in Lohagiri Industrials Private Limited.

(iii) The Sandur Manganese and Iron Ores Limited (“SMIORE”)

SMIORE, is a company incorporated under the Companies Act, 1913, having its registered office at ‘SATYALAYA’, Door No.266 (Old No.80), Behind Taluk Office, Ward No.1, Sandur- 583119, Karnataka. SMIORE is engaged in the business of mining of minerals like iron ore, manganese ore, and also, manufactures ferroalloys.

Equity shares of SMIORE are listed on BSE Limited (“BSE”).

Promoter and Promoter Group of SMIORE*

S. No.	Name of the Promoters	No. of Shares	%
1	M. Y. Ghorpade	100	0.00
2	Ajai M. Ghorpade	16,730	0.19
3	Suryaprabha A. Ghorpade	500	0.01
4	Bahirji A. Ghorpade	4,200	0.05
5	Ekambar A. Ghorpade	4,200	0.05
6	Shivarao Yeshwantrao Ghorpade	26,830	0.31
7	Yashodara S. Ghorpade	5,000	0.06
8	Aditya S. Ghorpade	500	0.01
9	Dhananjai S. Ghorpade	785	0.01
10	Skand Private Limited	46,32,040	52.94

11	Sandur Udyog Private Limited	3,64,529	4.17
12	Sandur Sales and Services Private Limited	2,79,126	3.19
13	Lohagiri Industrials Private Limited	2,90,539	3.32
14	Euro Industrial Enterprises Private Ltd.	4,25,805	4.87
15	Nazim Sheikh	2,81,600	3.22
16	U. R. Acharya	2,000	0.02
17	K. Raman	900	0.01
18	Md. Abdul Saleem	2,180	0.02
	Total	63,37,564	72.43

* As on 9 February 2018; Pre-amalgamation shareholding pattern presented in the application to BSE seeking no objection to the Scheme in pursuance of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Board of Directors of SMIORE

Sr.No	Names of Directors	Designation	DIN
1	S. Y. Ghorpade	Non-executive Chairman	00080477
2	Nazim Sheikh	Managing Director	00064275
3	B. Ananda Kumar	Independent Director	01711145
4	S. S. Rao	Independent Director	00150816
5	Vatsala Watsa	Non- Executive Director	02626457
6	K. V. Ramarathnam	Independent Director	00097892
7	T. R. Raghunandan	Non-Executive Director	03637265
8	G. P. Kundargi	Independent Director	02256516
9	Rajnish Singh	Director (Corporate)	05319511
10	P. Anur Reddy	Non-Executive Director	05170191
11	Lakshmi Venkatachalam	Independent Director	00520608
12	Latha Pillai	Independent Director	08378473
13	H. L. Shah	Non-Executive Director	00996888
14	Jagadish Rao Kote	Independent Director	00521065

BUSINESS OVERVIEW AND STRATEGY

Star Metallics and Power Private Limited (“SMPPL”) is a company incorporated under the Companies Act, 1956, having its registered office at Metal & Ferro Alloys Plant P.O. Mariyammanahalli Vyasankere, Karnataka – 583222.

SMPPL has a ferroalloy plant and a 32 MW thermal power plant which was being used as a captive unit for its ferroalloy operations. The Company was undertaking job work for conversion of ores into alloys. However, on account of irregular supply of ores due to setbacks in the mining industry, it witnessed irregular revenue streams. Further, low demand for steel led to fall in prices of the alloys. In this context, the Company devised a proposal of temporarily leasing its facility to its holding company, The Sandur Manganese and Iron Ores Limited.

It is recognised that this arrangement is temporary in nature and that full potential can be unlocked with its amalgamation with the Holding Company which seeks to have captive use of manganese ore in the existing ferroalloy plant of the Company and set up a 1 Million Tonne Per Year (MTPY) Integrated Steel Plant in the vicinity of the ferroalloy plant which will enable captive consumption of its iron ore also.

Strategy and Strengths

- Fully integrated operations of ferroalloy and captive power plant;
- Locational advantage on account of proximity to customers;
- Economical and guaranteed source of required manganese ore;
- Captive railway siding offering logistical benefits; and
- Sufficient land available for future expansions, if any.

BOARD OF DIRECTORS

S. No	Name and DIN	Designation	Profile and Experience
1.	S. Y. Ghorpade (DIN: 00080477)	Non-executive Chairman	Qualified Metallurgical Engineer from the Colorado School of Mines, USA. He has an experience of close to five decades. recognised as one of the Country's most eminent metallurgical engineers and largely responsible for building the Company's ferroalloy plant from scratch into one of the finest plants in India.
2.	Nazim Sheikh (DIN: 00064275)	Non-executive Director	Qualified Metallurgical Engineer, with experience of close to 40 years. He has rich and varied experience in functional areas such as corporate affairs, materials management, commercial management, finance, administration and general management. He is presently serving as the Managing Director of SMIORE.
3.	S. H. Mohan (DIN: 00063558)	Non-executive Director	Post Graduate in Mechanical Engineering. He has rich and varied experience in functional areas such as materials management, commercial management, finance, personnel management, administration and general management. He has been the driving force behind commissioning of the 32-MW thermal power plant of SMPPL.
4.	N. S. Lakshmanan (DIN: 00062105)	Non-executive Director	Graduated in Commerce from the Kerala University (1964) and also a qualified Cost Accountant (1975). He is also a member of the Institute of Company Secretaries of India (since 1981). He has served in the private sector and Government undertakings before joining the Company. He is experienced in the areas of Finance, Accounts, Secretarial and General Administration. He is one of the first Directors of SMPPL and a subscriber to the Memorandum and Articles of Association of the Company.
5.	A. G. Suresh (DIN: 00065014)	Director (Projects)	Graduate in Electrical Engineering. He has over 33 years' experience in various industries. He has been associated with the Company since its inception. His contribution to the Company especially during setting up and commissioning of Company's 32 MW thermal power plant at Vyasankere is commendable.
6.	B. Ananda Kumar (DIN: 01711145)	Independent Director	Metallurgical engineer (B. Tech) from Indian Institute of Technology (IIT) Madras. He has a rich experience of over 40 years functional areas such as materials management, commercial management, finance, administration and general management.

7.	V. Balasubramanian (DIN: 00026561)	Independent Director	Retired IAS Officer with an experience of 36 years in the Indian Administrative Service. Has held various important positions, including Deputy Commissioner (Collector) and District Magistrate in the districts of Shimoga, Gulbarga and Bangalore, Director of Sericulture in Karnataka, Chairman and Administrator of Upper Krishna Project, Divisional Commissioner of Gulbarga Division, Secretary to Chief Minister, Secretary to Central Silk Board, Joint Secretary in Ministry of Textiles, Managing Director of Karnataka Power Corporation, Chairman and Managing Director (CMD) of Mysore Sugar Company, CMD of Karnataka Electric Factory, Director-Asia of International Energy Initiatives, CMD of National Textile Corporation, Revenue Commissioner & Additional Chief Secretary & Resident Commissioner of Karnataka Government in New Delhi. He retired in April 2001 when he was the Additional Chief Secretary, Government of Karnataka (GoK).
8.	S. S. Rao (DIN: 00150816)	Independent Director	Qualified Electrical Engineer, Postgraduate in Business Administration, Fellow Member of Institution of Engineers (India), Senior Member of IEEE (USA), Member of New York Academy of Sciences, a Chartered Engineer (IE-India), Licensee Insurance Surveyor having over 40 years of expertise in professionally managed, state owned, joint venture with multinational and private sector power companies in all areas of power generation, EHV transmission and Load Dispatch Control, total Project Management in the execution of projects in independent power production including Commercial, Financial Management and Human Resource functions.
9.	Dr. H. R. Halambi (DIN: 00778172)	Non-executive Director	Graduated in Veterinary Science from the University of Agricultural Sciences, Bangalore. Has served in government and private section in the areas of rural development and labour welfare activities in addition to providing technical service. He is also Managing committee member of Karnataka Poultry Breeders & Farmers association.

SHAREHOLDING PATTERN*

S. No	Particular	No of Shares	% of Holding of share capital
1	Promoter and Promoter Group	7,52,70,000	80.61
2	Public	1,81,09,705	19.39
	TOTAL	9,33,79,705	100.00

* As on 9 February 2018; Pre-amalgamation shareholding pattern presented in the application to BSE seeking no objection to the Scheme in pursuance of Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

AUDITED FINANCIAL INFORMATION

(In Rs. lakh)

Particular	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Revenue from operations	1,151.87	1,180.30	1,205.29	8,224.68	14,932.81
Net Profit/(Loss) before tax and extraordinary items	453.87	440.96	467.64	(219.79)	1,317.32
Net Profit/(Loss) after tax and extraordinary items	453.87	440.96	467.64	(219.79)	1,317.32
Equity Share Capital	9,337.97	9,337.97	9,337.97	9,261.50	9,261.50
Reserves and Surplus	7,565.46	7,119.54	6,679.80	6,158.63	6,378.41
Net Worth	16,903.43	16,457.51	16,017.78	15,420.13	15,639.91
Basic Earnings per share (Rs.)	0.49	0.47	0.50	(0.24)	1.42
Diluted Earnings per share (Rs.)	0.49	0.47	0.50	(0.24)	1.42
Return on Net Worth (%)	2.69	2.68	2.92	(1.43)	8.42
Net Asset Value per share (Rs.)	18.10	17.62	17.15	16.65	16.89

INTERNAL RISK FACTORS

The Company, being a ferroalloy producer, is heavily dependent on availability of power. In the past, the Company grappled with non-availability of power and high power-tariffs. The Company tried to overcome this by setting up a 32MW power plant for which the Company had raised Rs.150 crore as equity from the Transferee Company. However, high input costs of coal proved to be a deterrent for economical operations. This was compounded by fluctuations in availability of ores due to setbacks in the mining industry in Karnataka. All this coupled with lack of adequate working capital facilities continued to render Company's operation unviable

Since the Company has good facilities for manufacturing ferroalloys and generation of power, it was decided to temporarily lease its facilities to the Transferee Company which has adequate financial strength to overcome these disadvantages.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION**1. Total number of outstanding litigations against and by SMPPL and amount involved**

Nature of Cases	No. of Cases Outstanding	Amount Involved (In Rs. lakh)
Civil Matters	3	5,28,54,242
Criminal Matters	-	-
Indirect Tax Matters	1	2,26,94,560
Total	4	7,55,48,802

2. Brief details of top 5 material outstanding litigations against SMPPL and amount involved: Nil

There are no pending material litigations against the Company.

3. Regulatory Action if any – disciplinary actions taken by SEBI or Stock Exchanges against the Promoters/ Group companies in last 5 years including outstanding action, if any:

S. No.	Action taken by	Action taken on	Details
1	BSE Limited	The Sandur Manganese & Iron Ores Limited (Promoter/Group Company)	Imposed fine of Rs.2,17,120/- on account on non-compliance with Regulation 19(2) of SEBI (LODR) Regulations, 2015 w.r.t. constitution of Nomination and Remuneration Committee during quarter ended 30 September 2018.

4. Brief details of outstanding criminal proceedings against promoters of SMPPL: Nil

RATIONALE OF THE SCHEME

- a) The Transferee Company, is having Mining Leases No.2678 and No.2679 over an area of about 2,000 hectares for mining manganese and iron ores, which leases are due to expire on 31 December 2033. The Transferee Company seeks to have captive use of manganese ore in the existing ferroalloy plant of the Transferor Company and set up a 1 Million Tonne Per Year (MTPY) Integrated Steel Plant in the vicinity of the ferroalloy plant which will enable captive consumption of its iron ore also.
- b) In addition, on setting up the proposed integrated steel plant, Transferee Company will become eligible in terms of Rule 6(3) of the Mineral (Auction) Rules 2015, to participate in the auction of ‘mines specified for end-use’ by the Government of Karnataka.
- c) The amalgamation will result in administrative and operational rationalization, synergizing the existing expertise, greater efficiency and economical operations and promote organizational efficiencies.
- d) The amalgamation would result in greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
- e) The amalgamation will provide for pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company, which will help in increasing the competitiveness of the amalgamated Company.
- f) The amalgamation would result in greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently to fund growth opportunities, to maximize shareholder value.

ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER / SMIORE

Nil

DECLARATION

We, hereby declare that all the applicable provisions of the format of an abridged prospectus as set out in the SEBI circular and Part E of Schedule VI of the SEBI ICDR Regulations have been complied with. We further, certify that all statements with respect to us in this document are true and correct.

for **Star Metallics and Power Private Limited**

A. G. Suresh
Director (Projects)

Place : Bengaluru
Date : 09 August 2019

KISL/IB/TSMIOL/2019-20/069
August 17, 2019

The Board of Directors
THE SANDUR MANGANESE AND IRON ORES LIMITED
Registered Office: Satyalaya, Door No.80, Behind Taluk Office
Palace Road, Ward 1,
SANDUR 583119

Dear Sirs,

Sub: Certificate on adequacy and accuracy of disclosures of information pertaining to Star Metallics and Power Private Limited ("Transferor Company" or the "Company" / "SMPPL") in relation to proposed scheme of Arrangement between The Sandur Manganese and Iron Ores Limited ("Transferee Company" / "SMIORE") and Star Metallics and Power Private Limited and their respective shareholders and creditors.

We, Karvy Investor Services Limited, refer to our engagement letter dated August 16, 2019 entered with the Company for inter-alia certifying the accuracy and adequacy of disclosures pertaining to SMPPL made in the abridged prospectus, prepared by the Company and SMIORE, to be sent to the shareholders and creditors under section 230 to 232 read with section 66 of the Companies Act, 2013 and the rules made thereunder.

Regulatory Requirement

SEBI vide its Circular ho. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI circular") prescribed requirements to be fulfilled by the listed entities when they propose a Scheme of Arrangement. The SEBI Circular, amongst other things, provide that in the event a listed entity enters into a scheme of arrangement with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for abridged prospectus as provided in Part D of Schedule VIII of SEBI (ICDR) Regulations, 2009

Further, the adequacy and accuracy of such disclosure of information pertaining to unlisted entity is required to be certified by a SEBI Registered Merchant Banker.

Disclaimer and Limitations:

1. This Certificate is a specific purpose certificate issued in terms of and compliance with SEBI Circular and hence it should not be used for any other purpose or transaction.
2. This Certificate contains the certification on adequacy and accuracy of disclosure of information pertaining to the unlisted entity viz. **Star Metallics and Power Private Limited** and is not an opinion on the proposed Scheme of Arrangement or its success.



Karvy Investor Services Limited

Registered & Corporate Office: Hyderabad: Karvy Millennium, Plot No. 31/P, Nanakramguda, Financial District
Gachibowli, Hyderabad - 500 032. Tel: +91 40 2342 8774 | 2331 2454 | 33216840-44 | Fax: +91 2337 4714

Mumbai: 701, Hallmark Business Plaza, Sant Dhyaneswar Marg, Bandra (E), Mumbai - 400051 | Tel: +91 22 61491500 | Fax: +91 22 61491515

Email: cmg@karvy.com / igmbd@karvy.com | www.karvyinvestmentbanking.com

CIN No. U67120TG1997PLC026253 | SEBI Registration No. MB/INM000008365



:: 2 ::

3. This Certificate is issued on the basis of examination of information and documents provided by "SMIORE", explanations provided by the management of "SMIORE" and information which is available in the public domain and wherever required, the appropriate representations from "SMIORE".
4. We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this report.
5. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme of Arrangement with provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

Certification:

We state and confirm as follows:

1. We have examined various documents and other materials in connection with finalization of disclosure of information dated August 17, 2019 pertaining to "SMPPL" ("**Abridged Prospectus**") which will be circulated to the members of "SMPPL" at the time of seeking their consent to the proposed Scheme of Arrangement as a part of explanatory statement to the notice;
2. On the basis of such examination and the discussion with the management of "SMPPL", its directors, other officers and on independent verification of contents of Abridged Prospectus and other documents furnished to us, WE CONFIRM that:
 - a) The information contained in the Abridged Prospectus is in conformity with the relevant documents, materials and other papers related to SMPPL;
 - b) The Abridged Prospectus contains applicable information pertaining to SMPPL as required in terms of SEBI Circulars which, in our view are fair, adequate and accurate to enable the members to make a well informed decision on the proposed Scheme of Arrangement.

Thanking you,

Yours faithfully,

For Karvy Investor Services Limited

M. P. Naidu

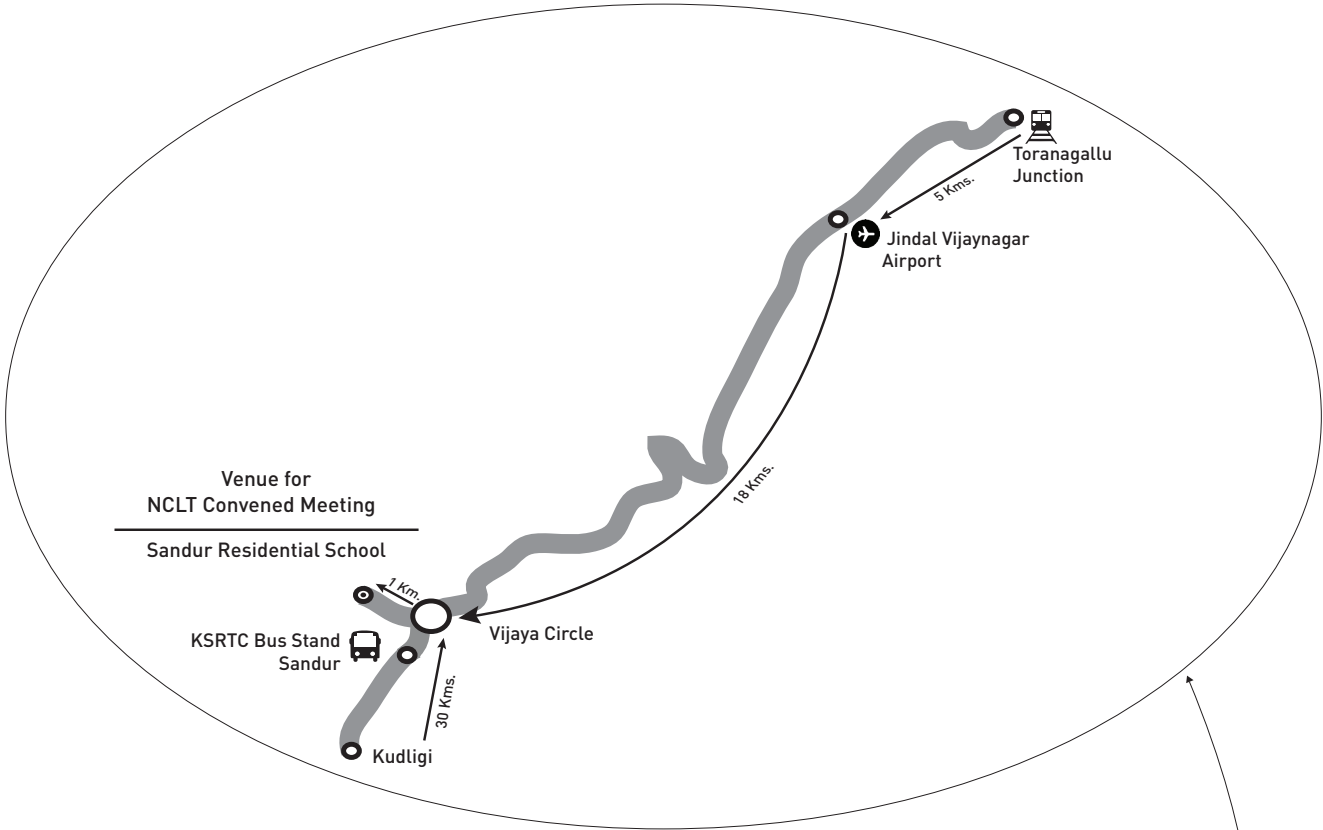
M P Naidu

Assistant General Manager & Compliance Officer



ROUTE MAP - Venue for NCLT Convened Meeting

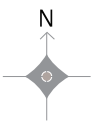
Ph: 08395 260301



Distances

Bengaluru	312 Kms
Hubballi	176 Kms
Ballari	53 Kms
Hosapete	29 Kms

- Nearby Bus Stand : Sandur
- Nearby Railway Stations : Toranagallu, Hosapete, Ballari
- Nearby Airports : Vidyanagar, Hubballi, Bengaluru



MAP NOT TO SCALE

Star Metallics and Power Private Limited

(A SUBSIDIARY OF THE SANDUR MANGANESE & IRON ORES LTD)

CIN:U40102KA2007PTC043446

Registered Office: Metal & Ferroalloys Plant, Vyasankere,
Mariyammanahalli - 583 222, Hospet Taluk, Bellary Dist., Karnataka

Telephone: +91 8394 244450, 244335

ATTENDANCE SLIP

In the matter of Scheme of Amalgamation between Star Metallics and Power Private Limited with The Sandur Manganese and Iron Ores Limited and their respective Shareholders and Creditors.

ONLY UNSECURED CREDITORS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

NAME OF THE UNSECURED CREDITORS

(IN BLOCK LETTERS)

ADDRESS OF THE UNSECURED CREDITOR

NAME OF THE PROXY

(IN BLOCK LETTERS)

I hereby record my presence at the meeting of the Unsecured Creditors of the Company convened pursuant to the Order of the Hon'ble Tribunal dated 9th day of August 2019 at Golden Jubilee Hall, Sandur Residential School, Palace Road, Shivapur, Sandur -583 119 on Monday, 23rd day of September 2019 at 2.00 PM

Signature of the Unsecured Creditors or Proxy:

Note : Creditor /Proxy holder, as the case may be, is requested to sign and hand over this slip at the entrance of the meeting venue.

Star Metallics and Power Private Limited

(A SUBSIDIARY OF THE SANDUR MANGANESE & IRON ORES LTD)

CIN:U40102KA2007PTC043446

Registered Office: Metal & Ferroalloys Plant, Vyasankere,
Mariyammanahalli - 583 222, Hospet Taluk, Bellary Dist., Karnataka
Telephone: +91 8394 244450, 244335

PROXY FORM

Form MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and
rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Unsecured Creditor _____
Address _____
E-mail Id _____
Amount (In Rs.) _____

I / We, being the Unsecured Creditor for an amount of Rs. _____ of the above-named Company, hereby appoint

1. Mr./Ms. _____ , _____
(name of the proxy) (signature of proxy)

Address _____
Email _____
or failing him/her

2. Mr./Ms. _____ , _____
(name of the proxy) (signature of proxy)

Address _____
Email _____
or failing him/her

3. Mr./Ms. _____ , _____
(name of the proxy) (signature of proxy)

Address _____
Email _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the NCLT Convened Meeting of the Unsecured Creditors, to be held on 23rd day of September 2019 at Golden Jubilee Hall, Sandur Residential School, Palace Road, Shivapur, Sandur - 583 119 at 2.00 PM and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTION	FOR	AGAINST
Resolution approving the Scheme of amalgamation of Star Metallics and Power Private Limited (Transferor Company) with The Sandur Manganese & Iron Ores Limited (Transferee Company) and their respective shareholders and creditors pursuant to the provisions of Sections 230 and 232 of the Companies Act, 2013 with the suggested modification in the Appointed date from 1 April 2018 to 1 April 2019		

Signed this _____ day of _____ 2019

Signature of Unsecured Creditors

Signature of Proxy holders (s)

Affix
Revenue
Stamp of
Re.1

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Star Metallics and Power Private Limited

(A SUBSIDIARY OF THE SANDUR MANGANESE & IRON ORES LTD)

CIN:U40102KA2007PTC043446

Registered Office: Metal & Ferroalloys Plant, Vyasankere,
Mariyammanahalli - 583 222, Hospet Taluk, Bellary Dist., Karnataka
Telephone: +91 8394 244450, 244335

POSTAL BALLOT FORM

Sl. No.

1.	Name of Unsecured Creditor (in BLOCK LETTERS)	
2.	Address	
3.	PAN	
4.	Principal Amount due as on 31 March 2019 (in Rs.) as per the books of accounts of the Company	

I/We hereby exercise my/our vote in respect of resolutions stated in the accompanying Notice of NCLT convened meeting of the unsecured creditors by sending my/our assent or dissent to the said resolution by placing the tick (✓) mark at the appropriate box below.

No.	ITEM	I / We "ASSENT" to the resolution (FOR)	I / We "DISSENT" to the resolution (AGAINST)
1	Resolution approving the Scheme of amalgamation of Star Metallics and Power Private Limited (Transferor Company) with The Sandur Manganese & Iron Ores Limited (Transferee Company) and their respective shareholders and creditors pursuant to the provisions of Sections 230 and 232 of the Companies Act, 2013 with the suggested modification in the Appointed date from 1 April 2018 to 1 April 2019		

Place :

Date :

Signature of the Unsecured Creditor

Note: Please see the instructions overleaf

INSTRUCTIONS:

1. The Company is providing its unsecured creditors the option to vote on the resolution approving the Scheme of Amalgamation of Star Metallics and Power Private Limited with The Sandur Manganese & Iron Ores Limited with their respective Shareholders and Creditors by way of postal ballot.
2. Unsecured Creditors of Transferor Company whose names appear in the Books of Accounts as on 31 March 2019 shall be eligible to attend and vote at the meeting convened by the NCLT on 23 September 2019 or cast their votes by postal ballot during the voting period commencing on Saturday, 24 August 2019 at 10:00 a.m. and ending on 22 September 2019 at 5:00 p.m.
3. An unsecured creditor entitled to vote, is entitled to fill in the Postal Ballot Form and send it to the Scrutinizer. Unsigned Postal Ballot Forms will be rejected. Any recipient of this Notice who has no voting rights should treat the Notice as intimation only. The postal ballot form together with self-addressed envelope is enclosed.
4. The Assent (FOR) or Dissent (AGAINST) relating to item mentioned in the notice, should reach the address specified on the envelope not later than the closure of working hours on 22 September 2019. Envelopes reaching after the date referred to above will be strictly disregarded.
5. In case of companies, trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the board resolution / authority letter, with signatures of authorised signatory(ies), duly attested.
6. Incomplete, unsigned or incorrectly filled Postal Ballot Forms will be subject to rejection by the Scrutinizer. You are requested to fill the Postal Ballot Form in indelible ink and not in any erasable writing mode.
7. Postal Ballot Form can also be obtained from the registered office of the Company. However, the duly completed duplicate Postal Ballot Form should reach the Scrutinizer not later than the date and time specified above.
