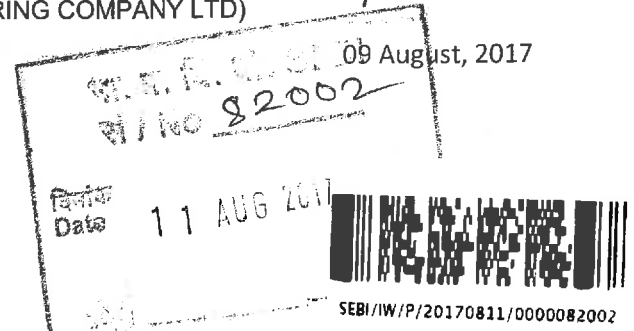


STAR CEMENT LIMITED
(Formerly CE) (Formerly CE) (Formerly CE)
STURING COMPANY LTD)

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11/8

Nagendra Kumar

To
The Corporate Finance Department
Division of Issues and Listing
Securities & Exchange Board of India,
'SEBI Bhavan', Plot C4-A, G Block,
Bandra Kurla Complex, Bandra (E)
Mumbai- 400 051



Sub : Request for interpretive letter under SEBI (Informal Guidance) Scheme 2003, as amended (the " SEBI Scheme ") in relation to Circular no CFD/DIL3/CIR/2017/21 dated March 10, 2017.

Dear Sir/Madam,

1. This is a request for an interpretative letter under clause 5(ii) of the SEBI Scheme on the basis of the factual background and details provided herein below in this letter.

2. Factual Background :

Star Cement Limited is a Company incorporated under the provision of Companies Act, 1956 having Registered Office at Lumshnong, P.O. Khaliehriat, Dist.: East Jaintia Hills, Meghalaya-793210 (herein after referred as "the Company")

- The Company is listed on NSE Limited (Symbol- STARCEMENT) and BSE Limited (Code – 540575).
- Star Ferro and Cement Limited (SFCL) was a company listed on the National Stock Exchange of India Limited and BSE Limited which used to hold 29,54,75,000 Equity Shares constituting 70.48% of the total Issued, Subscribed and Paid up Share Capital of Star Cement Limited, which was then an unlisted Company till 16th June, 2017.
- SFCL which was the holding company was merged with Star Cement Limited which was the operating company via a scheme of merger. The company Star Cement Limited got listed and traded with effect from 16th June, 2017 after the merger.
- The Post merger Shareholding pattern of the company is as follows:

Category of shareholder	No. of Shareholders	Total Number of shares held	Shareholding as a % of total no. of shares
(A) Promoter & Promoter Group	41	31,40,23,820	74.91
B) Public	11,912	10,52,05,177	25.09
Grand Total	11,953	41,92,28,997	100.00

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[Signature]
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Page no. 1
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(Formerly CEMENT MANUFACTURING COMPANY LTD)

- a. The Promoter and Promoters Group of the Company holds 74.91% of the total shares aggregating to 31,40,23,820 shares out of which 12,36,38,920 (Pre Merger Shares) shares aggregating to 29.50 % of the total shares are locked in the following manner :

Category of lock in period	No. of shares	Shareholding as %age of total no. of post merger shares of the company	Locked in From	Locked in To
3 Years	8,38,45,800	20.00	27 th April, 2017	19 th July, 2020
1 Year	3,97,93,120	9.50	27 th April, 2017	19 th July, 2018
Total	12,36,38,920			

- b. The Promoter and Promoters Group of the Company want to transfer their shares among each other subject to the condition that the shares will continue to be locked in for the remaining period in the hands of the transferee.

3. Legal Framework :

i) Regulation 36 of the SEBI (ICDR) Regulations, 2009 provides that:

In a public issue, the specified securities held by promoters shall be locked-in for the period stipulated hereunder:

- minimum promoters' contribution [including contribution made by alternative investment funds, referred to in proviso to clause (a) of sub-regulation (1) of regulation 32,] shall be locked-in for a period of three years from the date of commencement of commercial production or date of allotment in the public issue, whichever is later;
- promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of one year:

Provided that excess promoters' contribution as provided in proviso to clause (b) of regulation 34 shall not be subject to lock-in.

Explanation: For the purposes of this clause, the expression "date of commencement of commercial production" means the last date of the month in which commercial production in a manufacturing company is expected to commence as stated in the offer document.

ii) Regulation 40 of the SEBI (ICDR) Regulations, 2009 provides that :

Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the specified securities held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the specified securities held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the specified securities which are locked-in along with the securities proposed to be transferred:

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Provided that lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

iii) Regulation 79 of the SEBI (ICDR) Regulations, 2009 relating to Preferential Allotment provides that :

1. Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, specified securities held by promoters and locked-in in terms of sub-regulation (1) of regulation 78 may be transferred among promoters or promoter group or to a new promoter or persons in control of the issuer: Provided that lock-in on such specified securities shall continue for the remaining period with the transferee.
2. The specified securities allotted on preferential basis shall not be transferred by the allottee till trading approval is granted for such securities by all the recognised stock exchanges where the equity shares of the issuer are listed.]

iv) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 of the SEBI provides that :

In case of a scheme involving hiving-off of a division from a listed entity into an unlisted entity the entire pre-scheme share capital of the unlisted issuer seeking listing shall be locked in as follows:

- a) Shares held by Promoters up to the extent of twenty percent of the post merger paid-up capital of the unlisted issuer, shall be locked-in for a period of three years from the date of listing of the shares of the unlisted issuer;
- b) The remaining shares shall be locked-in for a period of one year from the date of listing of the shares of the unlisted issuer.
- c) No additional lock-in shall be applicable if the post scheme shareholding pattern of the unlisted entity is exactly similar to the shareholding pattern of the listed entity.

v) Regulation 3 of SEBI (SAST) Regulations, 2011 provides that :

- 1) No acquirer shall acquire shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, entitle them to exercise twenty-five per cent or more of the voting rights in such target company unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.
- 2) No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations.

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Provided that such acquirer shall not be entitled to acquire or enter into any agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.

Explanation.—For purposes of determining the quantum of acquisition of additional voting rights under this sub-regulation,—

(i) gross acquisitions alone shall be taken into account regardless of any intermittent fall in shareholding or voting rights whether owing to disposal of shares held or dilution of voting rights owing to fresh issue of shares by the target company.

(ii) in the case of acquisition of shares by way of issue of new shares by the target company or where the target company has made an issue of new shares in any given financial year, the difference between the pre-allotment and the post-allotment percentage voting rights shall be regarded as the quantum of additional acquisition .

- 3) For the purposes of sub-regulation (1) and sub-regulation (2), acquisition of shares by any person, such that the individual shareholding of such person acquiring shares exceeds the stipulated thresholds, shall also be attracting the obligation to make an open offer for acquiring shares of the target company irrespective of whether there is a change in the aggregate shareholding with persons acting in concert.
- 4) Nothing contained in this regulation shall apply to acquisition of shares or voting rights of a company by the promoters or shareholders in control, in terms of the provisions of Chapter VI-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.]

vi) Application under the SEBI Scheme

The paragraph 4 of SEBI Scheme permits the following persons to make a request for informal guidance :

- (i) any intermediary registered with the Board under section 12 of the Act;
- (ii) any listed company ;
- (iii) any company which intends to get any of its securities listed and which has filed either a listing application with any stock exchange or a draft offer document with the board or the Central Listing Authority;
- (iv) any mutual fund trustee company or asset management company;
- (v) any acquirer or prospective acquirer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Star Cement Limited, being a listed company is eligible to apply for informal guidance under the SEBI Scheme.

4. Interpretive Letter sought on :

In reference to the factual background as explained in Point no. 2 , the following relevant facts may please be reiterated :

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Page no. 4

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- 1) It can be seen from the above that over the years SEBI has issued circulars to align the regulations applicable on listing through scheme of arrangement with the ICDR Regulations.
- 2) As per regulation 40 of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, the locked-in shares of the promoters are transferable amongst the promoters subject to confirmation with SEBI SAST and continuation of the lock-in in the hands of the transferee.
- 3) As per regulation 79 again, the specified securities held by promoters and locked-in in terms of sub-regulation (1) of regulation 78 may be transferred among promoters or promoter group or to a new promoter or persons in control of the issuer: Provided that lock-in on such specified securities shall continue for the remaining period with the transferee.
- 4) We also understand that wherever specific exemptions have been provided the same may be used in that situation and context only.
- 5) The circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 of SEBI does not specifically mention about the transferability of locked in shares among the promoters unlike the ICDR Regulations post public issue and post preferential allotment.
- 6) The current holding of the promoter's is 74.91%. The promoters wish to transfer approximately 4 % of the shareholding of the Company amongst the promoters. As per the Regulation 3 (2) (1) of SAST Regulations , 2011, gross holding alone shall be taken into account regardless of intermittent fall in shareholding or voting rights.

Considering the facts as explained above,

- a) Based on the same, we would like to take a specific opinion whether the Promoters of Star Cement Limited can transfer shares amongst themselves subject to applicability of SEBI SAST Regulations and subject to the condition of continuation of lock- in in the hands of the transferee.
- b) Though the minimum public shareholding provisions shall not be breached as required under Regulation 3(2)(i) of the SEBI SAST regulations when transferring inter se within promoters, we would like to take a specific opinion on whether the gross holding provisions shall be triggered if there is a transfer among the promoters, as the promoters holding are standing at the threshold limit of 74.91 % even though technically the buying and selling will take place simultaneously and the pre and post transfer shareholding of the Public will remain unchanged at 25.09%.
- c) We would also like to understand whether these locked in shares can be pledged?

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Page No. 5

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5. Compliance with Paragraph 6 of the SEBI Scheme :

In accordance with paragraph 6 of the SEBI Scheme, this request for an interpretative letter is addressed to the Corporate Finance Department and is accompanied with a Demand Draft bearing No. 979092 dated 09th August, 2017 for Rs.25,000/- (Rupees Twenty Five Thousand only) drawn on State Bank of India, Commercial branch, Kolkata and issued in favour of 'Securities and Exchange Board of India' payable at Mumbai. Further all material facts, circumstances and legal provisions which in our opinion are relevant for the purpose of determination of this request, are stated herein.

6. Request for Confidentiality:

Given the sensitivities involved in a transaction of this nature, we request you to keep this request and your response confidential in accordance with the applicable SEBI regulations including the Right to Information Act, 2005.

We would appreciate receiving the Interpretive letter sought at your earliest convenience. For any assistance / clarification, we request you to kindly contact the person named below:

For Star Cement Limited



Name : D.Thakurta

Designation : Company Secretary



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Page no. 6

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