

EXPLANATORY STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013, 102 OF THE COMPANIES ACT, 2013 AND RULES 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. This is a Statement accompanying the Notice convening the meetings of :-

- a. Unsecured Creditors of Zuari Cement Limited; and
- b. Unsecured Creditors of Sitapuram Power Limited.

The aforesaid separate meetings are being convened pursuant to the orders dated 20 June 2019 of the Hyderabad Bench of the National Company Law Tribunal (**Tribunal**) in CA (CAA) No. 147/230/HDB of 2019 and CA (CAA) No. 145/230/HDB of 2019 respectively, to consider the Scheme of Amalgamation between Sitapuram Power Limited and Zuari Cement Limited and their respective Shareholders (**Scheme**).

In pursuance of the aforesaid orders of the Tribunal, directing the calling, convening and conducting of the aforesaid meetings, the details of the said meetings are as under :-

Particulars of Meeting	Date and Time	Venue
Unsecured Creditors of Zuari Cement Limited	3 August 2019, 11 AM	Krishna Nagar Works, Administrative Building, P.O. Yerraguntla, Kadapa – 516311
Unsecured Creditors of Sitapuram Power Limited	3 August 2019, 11 AM	Sitapuram Works, Administrative Building, P.O. Dondapadu, Nalagonda – 508256

2. The Tribunal by Order dated 20 June 2019 in CA (CAA) No. 145/230/HDB of 2019 filed by Sitapuram Power Limited, the Transferor Company has directed the convening of the meeting of the Unsecured Creditors of the Transferor Company, to consider the Scheme. The Tribunal by Order dated 20 June 2019 in the CA (CAA) No. 147/230/HDB of 2019 filed by Zuari Cement Limited, the Transferee Company has directed the convening of the meeting of the Unsecured Creditors of the Transferee Company, to consider the Scheme.
3. In this statement, Sitapuram Power Limited shall herein after be referred to as the “**Transferor Company**” and Zuari Cement Limited shall hereinafter be referred to as the “**Transferee Company**”.
4. Sitapuram Power Limited, the Transferor Company, having CIN U40109TG2005PLC046893, was incorporated in the State of Andhra Pradesh under the Companies Act, 1956 in terms of Certificate of Incorporation dated 18 July 2005 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. The Registered Office of the Transferor Company is situated at Sitapuram, Dondapadu Village, Mallareddy Gudem

Mandal (Chinthala Palem), District Suryapet 508246, Telangana. The shares of the Transferor Company are, at present, not listed on any stock exchange, whether in India or in any other jurisdiction. The entire issued, subscribed and paid-up share capital of the Transferor Company is held by the Transferee Company and the Transferor Company is a wholly-owned subsidiary of the Transferee Company. The Transferor Company is primarily engaged in the business of inter alia establishing, setting up, operating and managing captive power plants for generating electricity primarily for the use of the shareholders of the Transferor Company as an association and supplying power to such shareholders either directly or through the transmission lines of any licensee by entering into appropriate arrangements. The Permanent Account Number of the Transferor Company is AAJCS2098E and its email address is splho@zcltd.com.

5. The authorized, issued, subscribed and paid-up share capital of the Transferor Company as on 31 December 2018 is as under:

Particulars	Amount in Rupees
Authorised Capital	
10,00,000 equity shares of Rs. 10 each	1,00,00,000
47,00,000 redeemable preference shares of Rs. 100 each	47,00,00,000
Total	48,00,00,000
Issued, Subscribed and Fully Paid-up	
10,00,000 fully paid-up equity shares of Rs. 10 each	1,00,00,000
27,49,000 fully paid-up redeemable preference shares of Rs. 100 each	27,49,00,000
Total	28,49,00,000

6. The main objects for which the Transferor Company has been incorporated are set out in its Memorandum of Association, as follows:

“To construct, establish, setup, operate and manage captive power plants for generating electricity primarily for the use of the members of the Company as an Association and supply power to such members either directly or through the transmission lines of any licensee by entering into appropriate arrangements”

7. Zuari Cement Limited, the Transferee Company, having CIN U26942AP2000PLC050415, was incorporated under the Companies Act, 1956 in the State of Goa in terms of Certificate of Incorporation dated 16 February 2000 issued by the Registrar of Companies, Goa, Daman & Diu. The Registered Office of the Transferee Company was shifted from Goa to the State of Andhra Pradesh vide Certificate of Registration issued by the Deputy Registrar of Companies, Andhra Pradesh, Hyderabad dated 22 June 2006. The Registered Office of the Transferee Company is situated at Krishna Nagar, Yerraguntla, Andhra Pradesh, India –

516311. The equity shares of the Transferee Company are, at present, not listed on any stock exchange, whether in India or in any other country. The Transferee Company is primarily engaged in the business of inter alia (i) manufacturing, trading, marketing, dealing, importing, exporting, converting, chemical treating, synthesizing and processing different kinds of cements, including Portland cement, pozzolana cement, masonry cement, hydrophobic cement, white cement, etc., and all other items of allied nature and (ii) producing, manufacturing, purchasing, refining, preparing, processing, importing, exporting and dealing in all kinds of cement pipes, cement sheets and other building materials, made of cements. The Permanent Account Number of the Transferee Company is AAACZ1270E and its email address is zclho@zcltd.com.

8. The authorized, issued, subscribed and paid-up share capital of Transferee Company as on 31 December 2018 is as under:

Particulars	Amount in Rupees
Authorised Capital	
30,00,00,000 equity shares of Rs. 10 each	3,00,00,00,000
14,00,00,000 convertible preference shares of Rs. 10 each	1,40,00,00,000
Total	4,40,00,00,000
Issued, Subscribed and Paid-up	
27,49,61,400 fully paid-up equity shares of Rs. 10 each	2,74,96,14,000
Total	2,74,96,14,000

9. The main objects for which the Transferee Company has been incorporated are set out in its Memorandum of Association, as follows:

“1. To carry on the business of manufacturing, trading, marketing, dealing, importing, exporting, converting, chemically treating, synthesizing and processing of all kinds of Portland cement, pozzolana cement, Portland slag cement, masonry cement, rapid hardening cement, low heat cement, hydrophobic cement, white cement, sagol cement, high alluminia refractory cement, acid and alkali resisting cement, fire cement, asbestos and all other items of allied nature and all sorts of products and by-products made thereof, any and all building materials, products, chemicals and industrial preperations of any nature of whatsoever.

2. To produce, manufacture, purchase, refine, prepare, process, import, export, sell and deal in all kinds of cement pipes, cementsheets and other building materials, made of cement such as refractories, fire bricks, furnace lining bricks.”

10. Details of the promoters of the Transferor Company and the Transferee Company are as follows:

Transferor Company: Sitapuram Power Limited is a wholly owned subsidiary of Zuari Cement Limited.

Transferee Company: Zuari Cement Limited is a wholly owned subsidiary of Ciments Francais S.A. (a company incorporated under the laws of France), which is a step-down subsidiary of HeidelbergCement AG (a company incorporated under the laws of Germany).

11. The details of the directors of the Transferor Company and their shareholding in the Transferor Company and Transferee Company either singly or jointly as on 31 March 2019 are as under:

S. No.	Name of Director	Address	DIN	Equity Shares held in Transferor Company	Equity Shares held in Transferee Company
01.	Mr. Jamshed Naval Cooper	HeidelbergCement India Ltd 9th Floor, Infinity Tower C DLF Cyber City, Phase-II Gurgaon, Haryana 122 002	01527371	Nil	Nil
02.	Ms. Soek Peng Sim	HeidelbergCement Asia Pte Ltd 60 Anson Road #06-01 Mapletree Anson Singapore 079914	06958955	Nil	Nil
03.	Mr. S. Sundaram	No. 2E, Orchard Green, AmarJyoti Layout, West Wing, Domlur Bangalore 560 071	07103135	10 Jointly with Zuari Cement Ltd.	Nil

12. The details of the directors of the Transferee Company and their shareholding in the Transferor Company and Transferee Company either singly or jointly, as on 31 March 2019 are as under :

S. No.	Name of Director	Address	DIN	Equity Shares held in Transferor Company	Equity Shares held in Transferee Company
01.	Mr. Kevin Gluskie	HeidelbergCement Asia Pte Ltd 60 Anson Road #06-01 Mapletree Anson Singapore 079914	07413549	Nil	Nil
02.	Mr. Juan-Francisco Defalque	HeidelbergCement Asia Pte Ltd 60 Anson Road #06-01 Mapletree Anson Singapore 079914	07318811	Nil	Nil
03.	Ms. Soek Peng Sim	HeidelbergCement Asia Pte Ltd 60 Anson Road #06-01 Mapletree Anson Singapore 079914	06958955	Nil	Nil
04.	Mr. Jamshed Naval Cooper	HeidelbergCement India Ltd 9th Floor, Infinity Tower C DLF Cyber City, Phase-II, Gurgaon, Haryana 122 002	01527371	Nil	Nil
05.	Mr. Sushil Kumar Tiwari	HeidelbergCement India Ltd 9th Floor, Infinity Tower C DLF Cyber City, Phase-II, Gurgaon, Haryana 122 002	03265246	Nil	Nil

13. The Transferor Company is a wholly owned subsidiary of the Transferee Company, with the Transferee Company holding 100% of the share capital of the Transferor Company.
14. The board of directors of the Transferor Company in their board meeting held on 26 July 2018, and the board of directors of the Transferee Company in their board meeting held on 26 July 2018, have approved and adopted the proposed Scheme of Amalgamation. The details of the Directors of the Transferor Company who voted in favour of the Resolution, against the Resolution and who did not participate or vote on such Resolution are as under:-

Sl. No.	Name of Director	Voted in Favour/Against/Did not Participate
1.	Mr. Jamshed Naval Cooper	Voted in favour
2.	Ms. Soek Peng Sim	Voted in favour
3.	Mr. S. Sundaram	Voted in favour

15. The details of the Directors of the Transferee Company who voted in favour of the Resolution, against the Resolution and who did not participate or vote on such Resolution are as under:-

Sl. No.	Name of Director	Voted in Favour/Against/Did not Participate
1.	Mr. Kevin Gluskie	Voted in favour
2.	Mr. R. Ramakrishnan	Voted in favour
3.	Mrs. Akila Krishnakumar	Voted in favour
4.	Mr. Juan-Francisco Defalque	Voted in favour
5.	Ms. Soek Peng Sim	Voted in favour
6.	Mr. Jamshed Naval Cooper	Voted in favour
7.	Mr. Sushil Kumar Tiwari	Voted in favour

16. Details of the Scheme of Amalgamation between the Transferor Company and the Transferee Company, and their respective shareholders (the “Scheme”)

(a) Parties involved in the Scheme of Amalgamation: Zuari Cement Limited and Sitapuram Power Limited.

(b) In case of amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any:

Appointed Date, as per the Scheme, shall mean 1 April 2019;

Effective Date, as per the Scheme, shall mean the date or last of the dates on which the certified / authenticated copy of the order of the NCLT, Hyderabad sanctioning the Scheme is filed with the Registrar of Companies, Hyderabad and the Registrar of Companies, Vijayawada respectively by the Transferor Company and the Transferee Company.

(c) Benefits of the Scheme of Amalgamation:

- (i) Consolidation of the businesses presently being carried on by the Transferor Company and the Transferee Company, which shall create greater synergies between the business operations of the Companies, as the Transferor Company is engaged in the business of operating and managing a captive power plant for generating electricity exclusively for the use by the Transferee Company, resulting in greater financial strength and flexibility and maximizing overall shareholder value;
- (ii) enhancement of cash flows and operational efficiencies through optimal utilisation of resources;
- (iii) better alignment, coordination and streamlining of day to day operations, leading to improvement in overall working culture and environment;
- (iv) formation of a stronger company with a larger capital and asset base and enable the combined business to be pursued in a manner that is more convenient and advantageous to all the stakeholders;
- (v) pooling of manufacturing and operational facilities, physical and financial resources in a single consolidated entity for improved productivity, efficient treasury function and centralized management to supplement future growth opportunities; and
- (vi) creation of value for various stakeholders and shareholders of the Companies as a result of all of the foregoing.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.

(d) Benefits of the compromise or arrangement as perceived by the Board of directors to the company, members, creditors and others (as applicable): *Please refer to Paragraph 16 (c) above.*

(e) Amount due to unsecured creditors:

Amount due to the Unsecured Creditors of the Transferor Company: INR 23,07,02,431/-

Amount due to the Unsecured Creditors of the Transferee Company: INR 7,74,17,52,194

(f) The Board of the Transferor Company in its meeting held on July 26, 2018 took on record the following impact of the Scheme on equity shareholders, employees (including KMPs), and the nominee shareholders in the Transferor Company, subject to the approval of the Scheme by the Tribunal as follows: No adverse impact.

(g) Disclosure about the effect of the Scheme of Amalgamation on:

The Board of the Transferee Company in its meeting held on July 26, 2018 took on record the impact of the proposed Scheme on the various stakeholders of the Transferee Company as follows:

S. No.	Stakeholder in the Transferee Company	Impact
1.	Equity shareholders	No adverse impact
2.	Debenture holders	No adverse impact
3.	Preference shareholders	No adverse impact
4.	Employees (including KMPs)	No adverse impact
5.	Nominee shareholder	No adverse impact
6.	Directors	No adverse impact
7.	Depositors	Not applicable
8.	Creditors	No adverse impact
9.	Deposit trustee and debenture trustee	Not applicable

In addition to the above, the impact, if any, of the proposed Scheme on the various stakeholders of the Transferor Company will be as follows:

S. No.	Stakeholder in the Transferor Company	Impact
1.	Equity shareholders	No adverse impact
2.	Employees (including KMPs)	No adverse impact
3.	Nominee shareholders	No adverse impact
4.	Directors	No adverse impact
5.	Depositors	Not applicable
6.	Creditors	No adverse impact
7.	Debenture holders	Not applicable
8.	Deposit trustee and debenture trustee	Not applicable

(h) Investigation or proceedings, if any, pending against the company under the 1956 Act or 2013 Act: There are no investigation or proceedings pending against either the Transferor Company or the Transferee Company. There are also no such proceedings pending against either the Transferor Company or the Transferee Company which shall have a material impact on the sanction of the Scheme by the Tribunal.

17. The current shareholding pattern of the Transferee Company is as under :-

Name of Equity Shareholder	No. of Share Held
CIMENTS FRANCAIS S.A, FRANCE	26,64,61,350
INVESTCIM S.A.S	10
SAX S.A.S	10
COFIPAR S.A.S	10
TERCIM S.A.S	10
MENAF S.A.S	10
COMPAGNIE POUR L'INVESTISSEMENT FINANCIER EN INDE	85,00,000

18. There shall be no change in the shareholding pattern of the Transferee Company upon the Scheme being made effective.
19. The Scheme does not propose any corporate debt restructuring of either the Transferor Company or the Transferee Company.
20. **Details of the availability of the following documents for obtaining extract from or for making/ obtaining copies of or for inspection by the members and creditors:**

The following documents will be open for inspection to the Unsecured Creditors of the Transferor Company and Transferee Company at the registered office of the Transferor and Transferee Company respectively between 11 AM and 1:00 PM on all working days up to the date of the meeting.

- A. Copy of the Company Application bearing no. CAA No. 145/230/HBD of 2019 filed by the Transferor Company with the National Company Law Tribunal, Hyderabad Bench.
- B. Copy of the Company Application bearing no. CAA No. 147/230/HBD of 2019 filed by the Transferee Company with the National Company Law Tribunal, Hyderabad Bench.
- C. Copy of the Order dated 20 June 2019 of the Tribunal on the Company Application filed by the Transferor Company ;
- D. Copy of the Order dated 20 June 2019 of the Tribunal on the Company Application filed by the Transferee Company.
- E. Copy of the audited financial statements of the Transferor Company and the Transferee Company for the financial year ending 31 December 2018;
- F. Copy of the unaudited Financial Statements of the Transferor Company and the Transferee Company as on 31 March 2019.
- G. Copy of the Scheme and the charter documents of the Transferor Company and the Transferee Company;
- H. Report under Section 232 (2) (c) of the Companies Act, 2013 adopted by the Board of Directors of the Transferor Company;
- I. Report under Section 232 (2) (c) of the Companies Act, 2013 adopted by the Board of Directors of the Transferee Company;
- J. Copy of the accounting treatment certificate in relation to the Scheme;

K. Copy of the extracts of the board resolutions of the Transferor Company and the Transferee Company approving the Scheme.

For Zuari Cement Limited



Authorized Signatory

