

Star Ferro and Cement Limited

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17th November, 2016

The Secretary
BSE Limited
Corporate Relationship Department, 1st Floor
New Trading Ring, Rotunda Building, P. J. Tower
Dalal Street, Fort
Mumbai - 400001
Scrip Code: 536666

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G, 5th Floor
Bandra-Kurla Complex
Bandra (E), Mumbai- 400051
Scrip Name: SFCL

Dear Sir,

Subject: Investor Presentation November 2016

An Investor Presentation for November 2016 has been prepared and the same has been disseminated in the Company's website www.starferrocement.co.in. We are enclosing herewith a copy of the Presentation for your information and record.

Yours faithfully,
For Star Ferro and Cement Limited



Debabrata Thakurta
Company Secretary

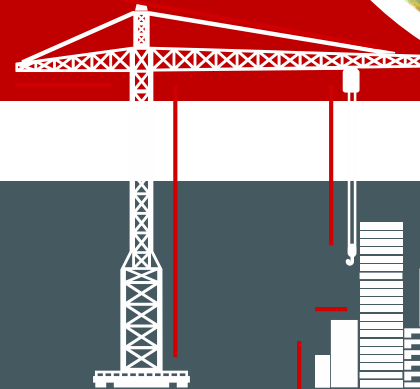




Star Ferro and Cement Limited (SFCL)

Investor Presentation

Cementing growth.
Branding success.



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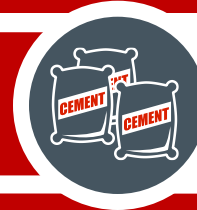
From North East to East



From Growth to Efficiencies



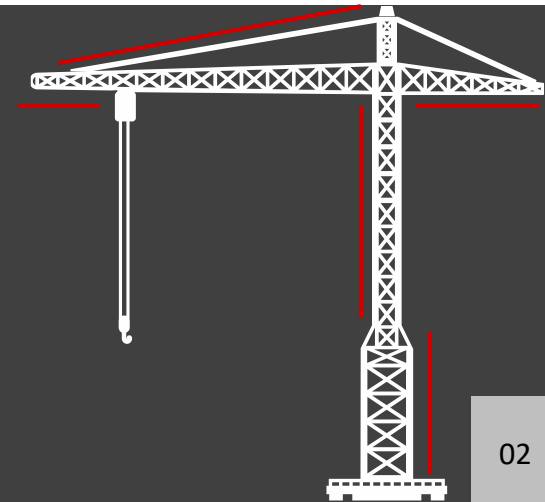
From Commodity to Brand



From Capacities to Capabilities



We are expanding the growth horizon and creating a differential.

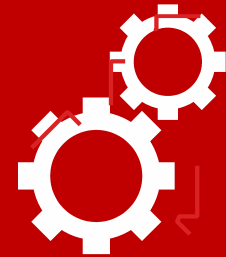


The Birth of a Star

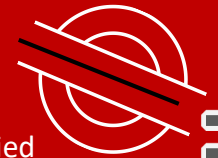
- ★ **2001** The Star was **born**
- ★ **2005** Operations commenced
- ★ **Largest** Cement manufacturer in **NER**



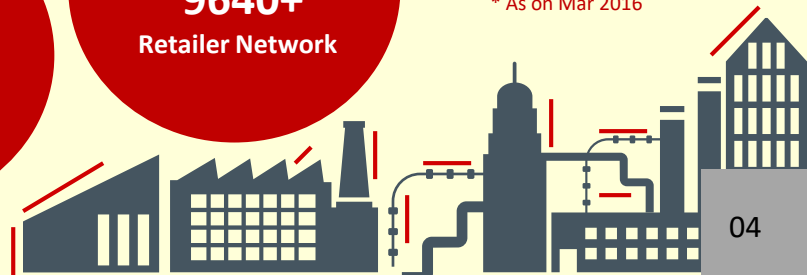
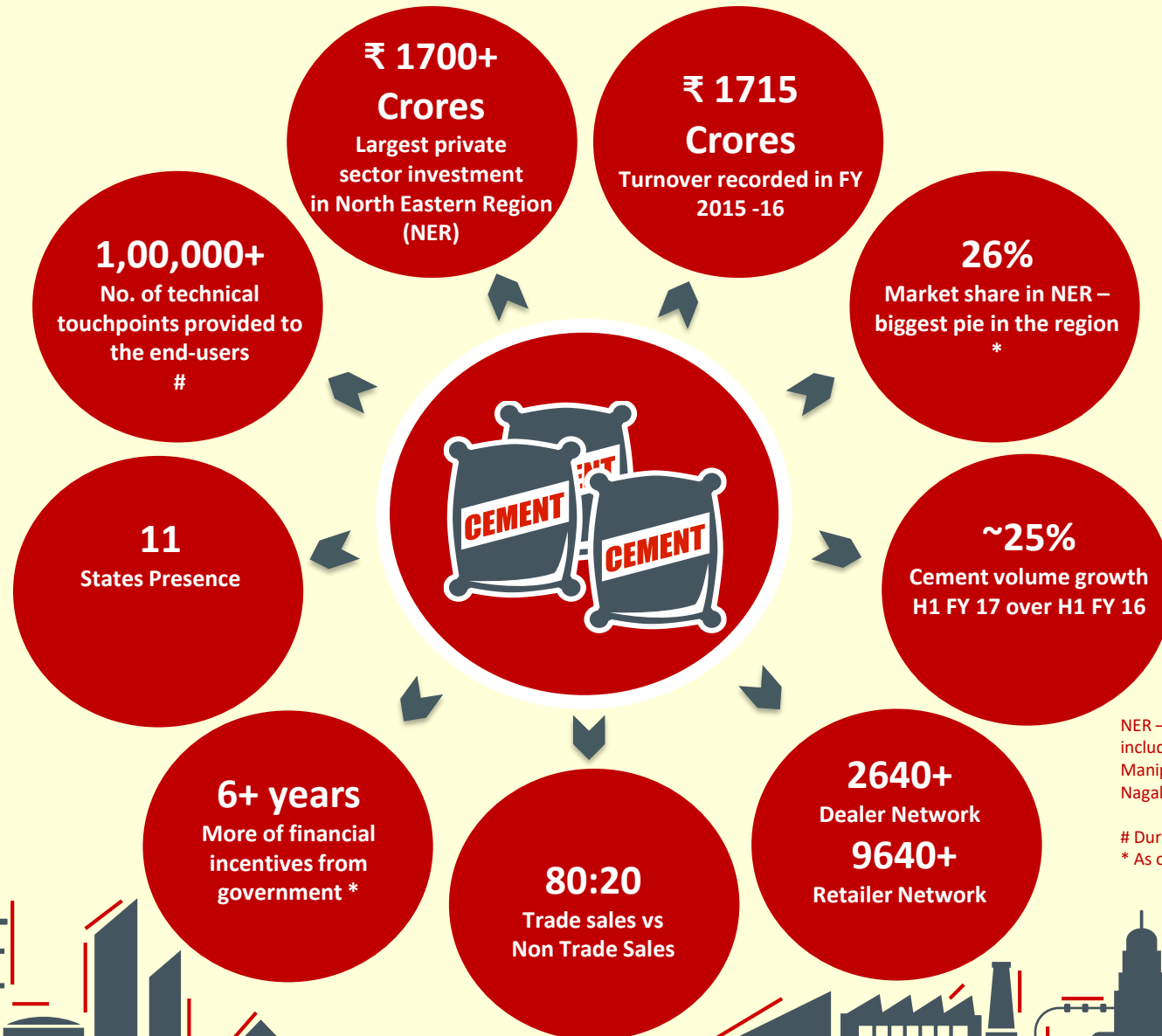
- ★ **Emerging market player** in **Eastern India** (WB, Bihar & Jharkhand)
- ★ **Star Ferro and Cement Limited** (listed on BSE & NSE)
- ★ **Strategically located Cement Manufacturing Facilities**
- ★ **Cement Business operates under SCL & its subsidiaries**



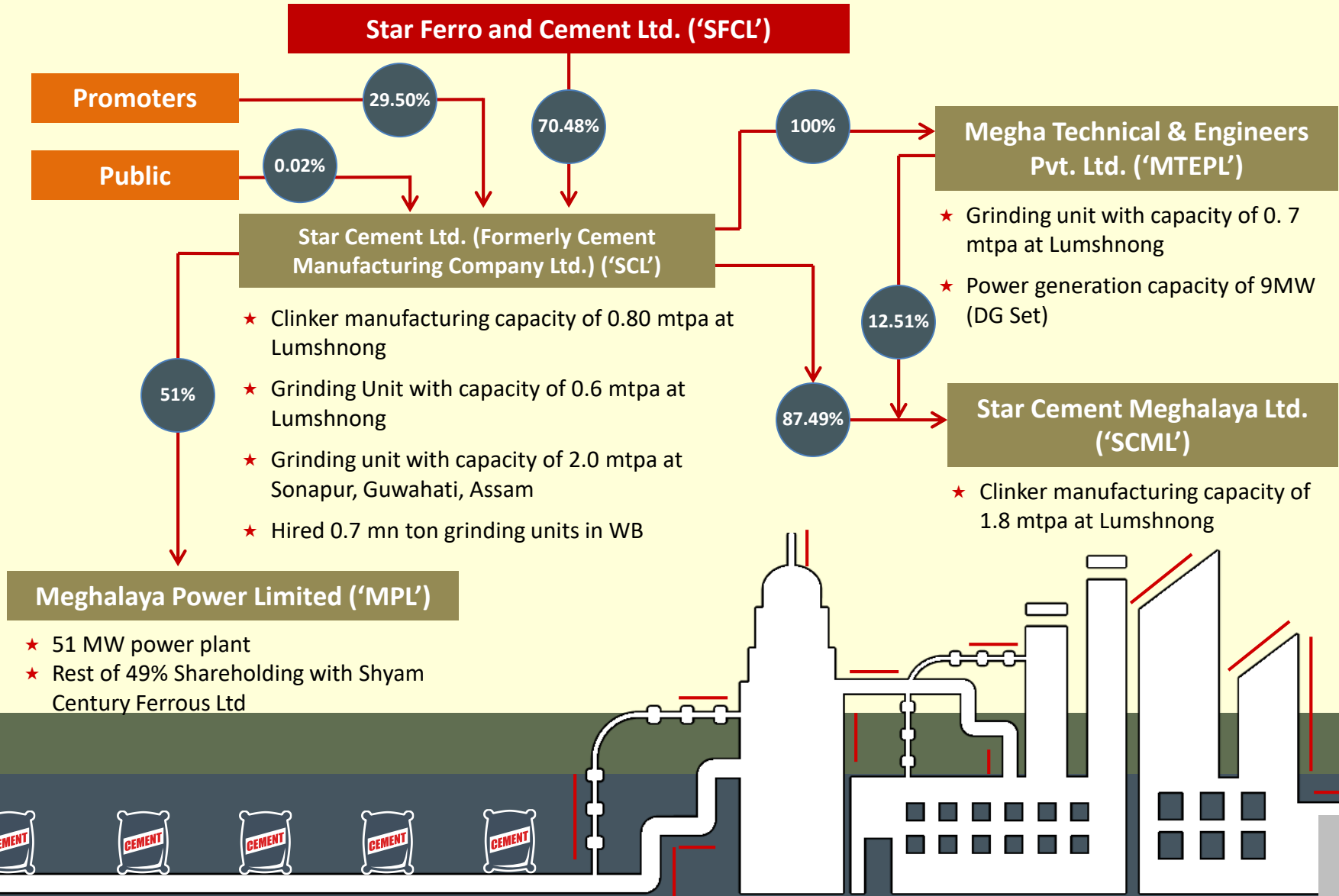
- ★ **Star Anti-Rust Cement** is a **marque product** in the value-added segment – sold in **NER, West Bengal & Bihar**
- ★ **Quality endorsement** ISO 9001:2008, ISO 14001:2004 and OHSAS 18001 certified
- ★ Selling different varieties of cement **OPC, PPC & PSC Cement**



Counting the Stars



The Star Bandwidth

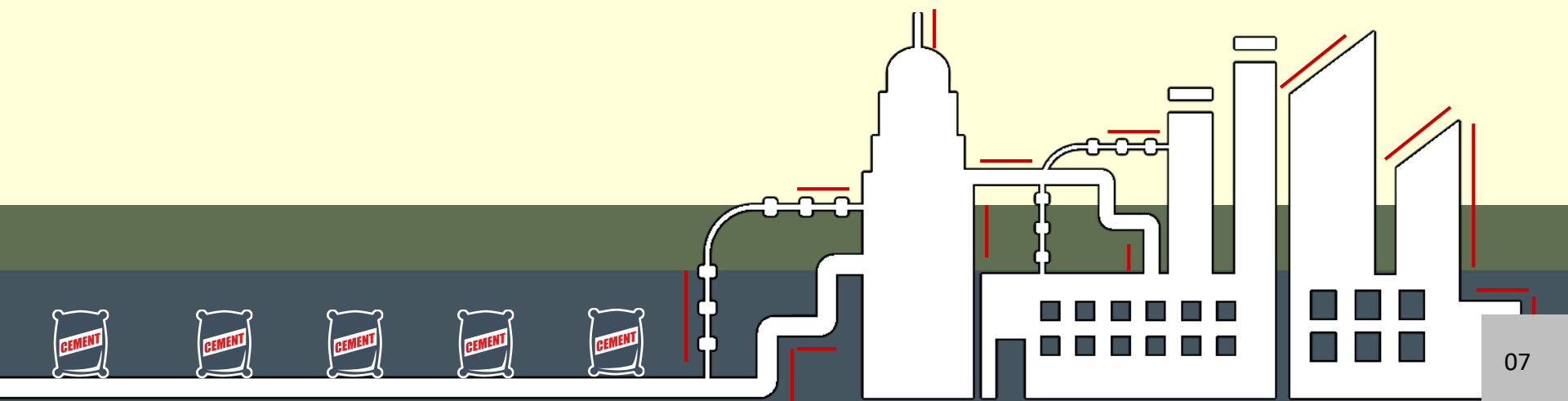
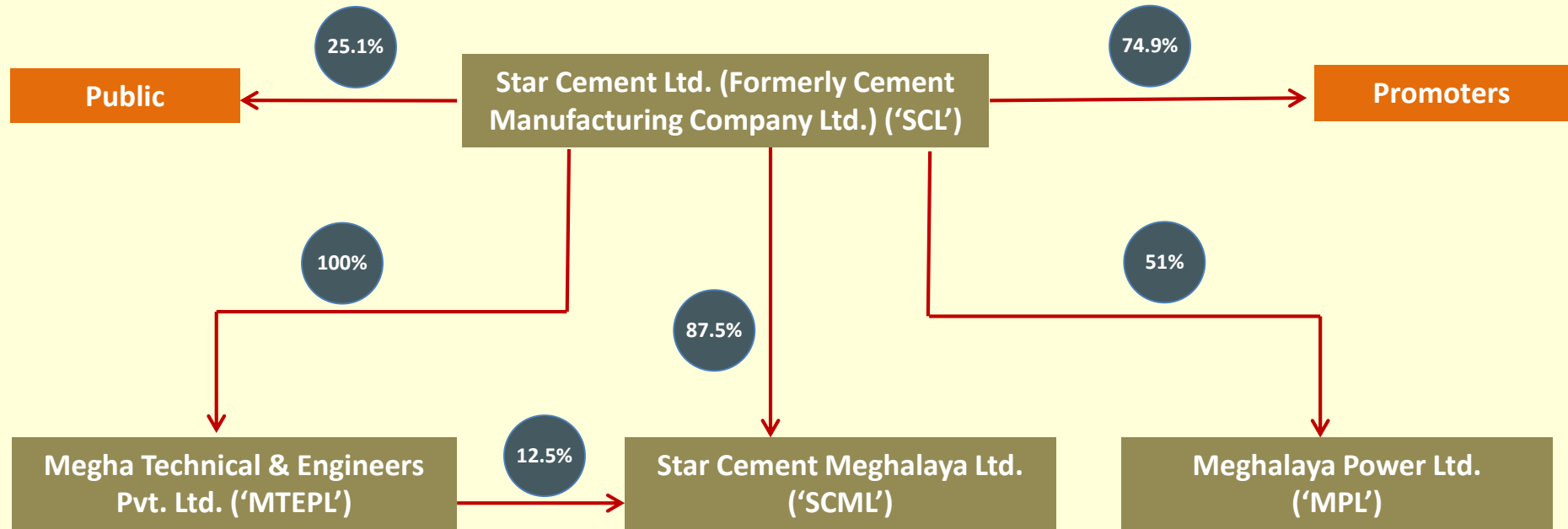


Scheme of Arrangement

Reverse merger of SFCL into SCL

- ★ The Company has obtained approval from NSE & BSE under Regulation 37 of SEBI (LODR) Regulations, 2015.
- ★ Upon filing of Company application before the Meghalaya High Court, the Hon'ble court has directed to convene meeting of the equity shareholders of the Company and creditors meetings of Secured and Unsecured Creditors of Star Cement Limited (the Transferee Company) on 5th December, 2016 at the Registered Office of the Company.
- ★ The consent of equity shareholders of the Company will also be obtained by way of postal ballot/evoting.
- ★ The meeting of equity shareholders of Star Cement Limited has been dispensed with.
- ★ SFCL will get delisted and SCL will get listed.
- ★ Shareholders of SFCL to get 1.33 SCL's share for each SFCL's share held by them i.e. exchange ratio of 1.33:1.
- ★ Existing Promoters holding in listed entity (SFCL) is 64.42%.
- ★ Revised Promoters holding in listed entity (SCL) to be 74.90%.
- ★ Value unlocking due to:
 - ★ Simplified structure: Merger to simplify existing structure with operating company SCL as listed parent company.
 - ★ Dividend Distribution: New structure to eliminate double tax incidence (one at SFCL level and another at SCL level) on distribution of dividend at SCL level.
 - ★ Shareholder will have shareholding directly in the operating company thereby eliminating market assigned discount for non-operating company.

Revised Corporate Structure



Strong NER Roots

Promoters have strong links with NER - a crucial factor behind SFCL's success

Mr. Sajjan Bhajanka, *Chairman & MD*

Experience

- ★ Graduate with 45 years of industry experience in Plywood, Laminates, Ferro-Alloys, Tea and Cement Industry

Other Memberships

- ★ Chairman of Century Plyboards (I) Ltd
- ★ Considered as icon of Indian Plywood industry
- ★ President of Federation of Indian Plywood and Panel Industry & All India Veneer Manufacturers Association
- ★ President of 'Friends of Tribals Society'

Mr. Rajendra Chamaria, *VC & MD*

Experience

- ★ Rich experience of 30 years in cement and concrete sleepers industry with excellent project execution skill and production knowledge

Other accolades

- ★ Well conversant with all acts, bylaws and procedural matters relating to Environmental and Forest Act, Factories Act and Commercial & Labour Laws

Mr. Sanjay Agarwal, *Managing Director*

Experience

- ★ Graduate with 30 years of industry experience

Other memberships and accolades

- ★ Instrumental in successful marketing and branding of 'Century Ply' and 'Star Cement'
- ★ CEO & MD of Century Plyboards (I) Ltd.

Mr. Prem Kumar Bhajanka, *Director*

Experience

- ★ Graduate with 30 years of industry experience

Other accolades

- ★ Excellent site management and project execution skills
- ★ Instrumental in execution of SCL's projects

Professional Management

Key Management personnel running the organization in a very professional manner

Mr. Pankaj Kejriwal, *Executive Director*

Education

- ★ Chemical Engineer with experience of over 15 years

Responsibilities

- ★ Manufacturing operation
- ★ Responsible for erection & commissioning of new projects

Mr. Jyoti S. Agarwal, *President, Sales & Marketing*

Education & Experience

- ★ M. Com with varied experience of over 30 years in cement industry

Other experience

- ★ Worked at senior positions in Aditya Birla Group and Ambuja Cement Limited

Mr. Pradeep Purohit, *AVP, Supply Chain*

Education & Experience

- ★ B.Com, Graduate Dip. IIMM with varied experience of over 31 years in Cement & Engg Industry.

Responsibilities

- ★ Responsible for Overall Supply chain planning, Logistics, Materials and commercial functions.

Mr. Sanjay Kr. Gupta, *CEO*

Education & Experience

- ★ FCA with varied experience of over 22 years with 18 years in the cement industry

Responsibilities

- ★ Responsible for overall growth & profitability of the company and meeting company's operating & financial goals

Mr. Dilip Kr. Agarwal, *CFO*

Education & Experience

- ★ FCA with varied experience of over 25 years including 17 years in the Cement industry

Responsibilities

- ★ Responsible for F&A, Taxation, Statutory Compliance & Vendor Management

Mr. A.K. Sinha, *Senior Technical Person*

Experience

- ★ 44 years of rich experience in cement industry

Other experience

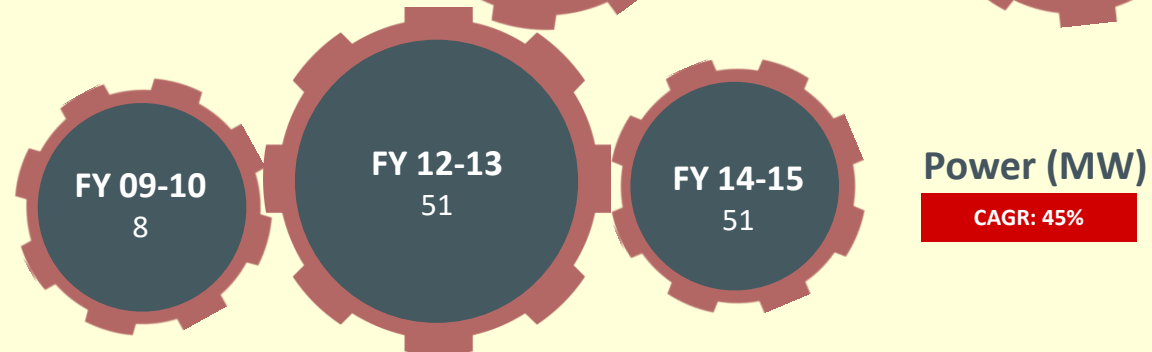
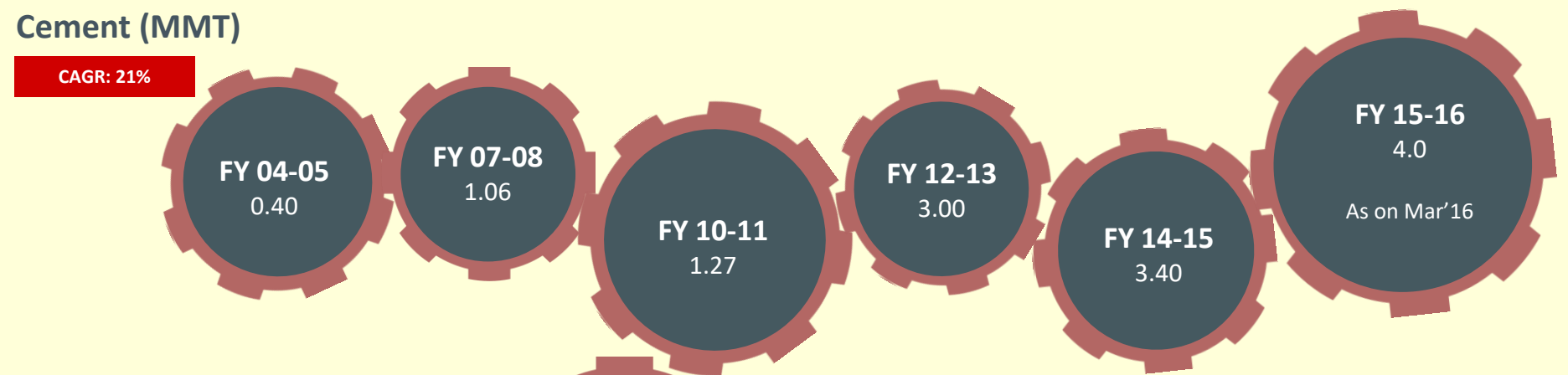
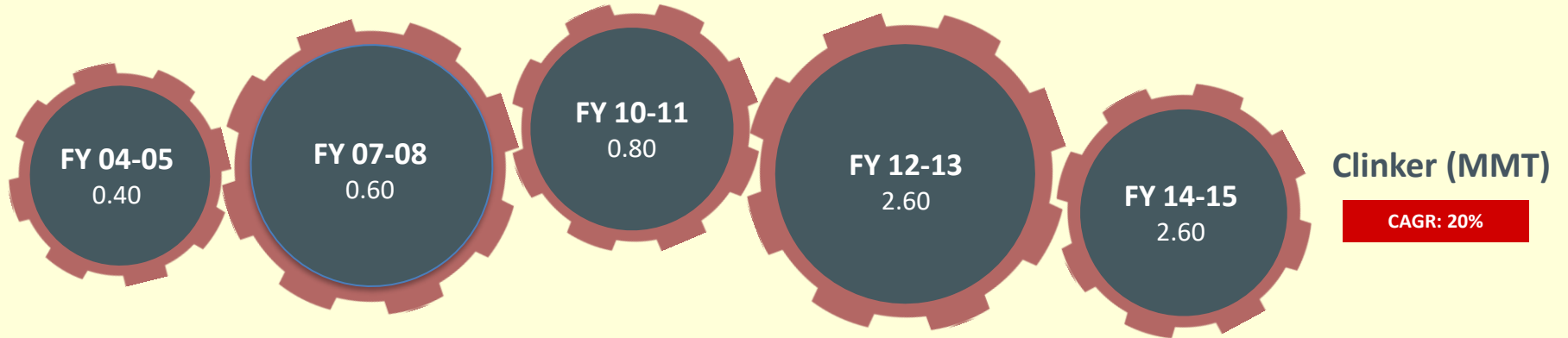
- ★ Worked for 17 years in Birla Corp. and 19 years in CCI

Responsibilities

- ★ Contribution in project planning, process and machinery, techno-economic evaluation etc.

Journey of a Star

Cumulative capacities at the end of financial years



What Makes Star Cement Tick?

Strategic Location,
Proximity to Raw
Materials & Market

Adequate plant
capacities to cater
to the market

Dependable
raw material
source and easy
availability of
power

Beneficiaries of
fiscal incentives

Well-established
brand in NER with
strong consumer
focus

Superior Brand
mix and innovative
marketing
strategies

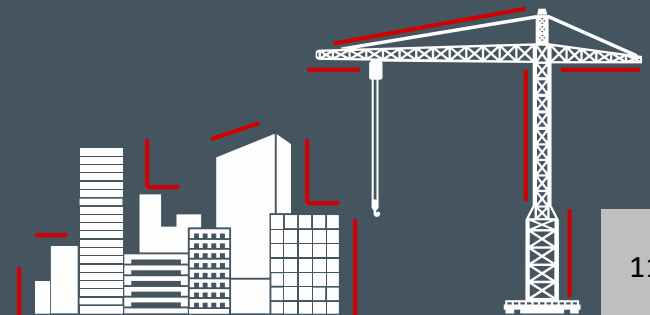
Market
dominance steered
by strong network
and retail-centric
business model

Strong NER roots

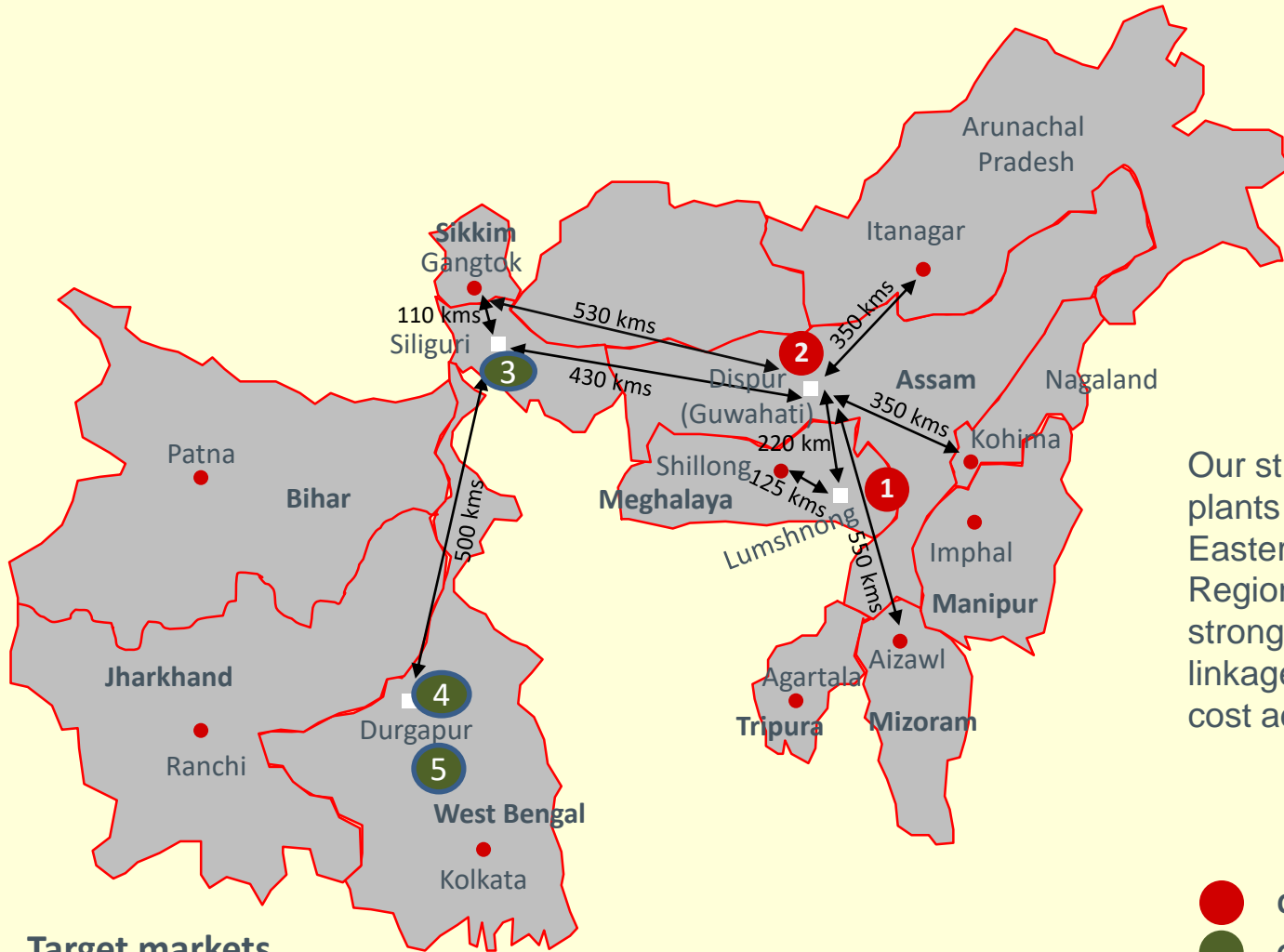
Successful
Financial Track
record - Highest
EBITDA margins in
the industry

Eyes on replicating
the success of NER
to Eastern India

A look at each of our trigger strengths.....



Location Advantage: The Game Changer



Our strategically located plants cater to the Eastern & North Eastern Regions, giving us strong customer linkages and competitive cost advantage

- Company's plants
- Grinding Arrangement
- ↔ Distance to markets

Target markets

Assam, Meghalaya, Arunachal Pradesh, Manipur, Tripura, Nagaland, Sikkim, Mizoram, West Bengal, Bihar, Jharkhand

The Star Logistics Edge

- ★ Limestone mines are located within 2-3 kms of our plants, providing strong raw material linkage, easy accessibility and uninterrupted supply of raw material
- ★ Coal is available in close proximity, ensuring cost and operational efficiencies
- ★ Availability of coal also provides strong back-up for the Company's 51 MW power plant
- ★ When compared to peers, our strategically located plants cater to the Eastern & North Eastern Regions, helping us optimise and rationalise costs.

Proximity to raw material leads to lower logistics costs, which otherwise constitute a significant component of the overall cost of production. This, coupled with the ability to supply at the doorstep of customers and end-users through a well-established dealer-distributor network, gives us a distinct advantage compared to our peers.

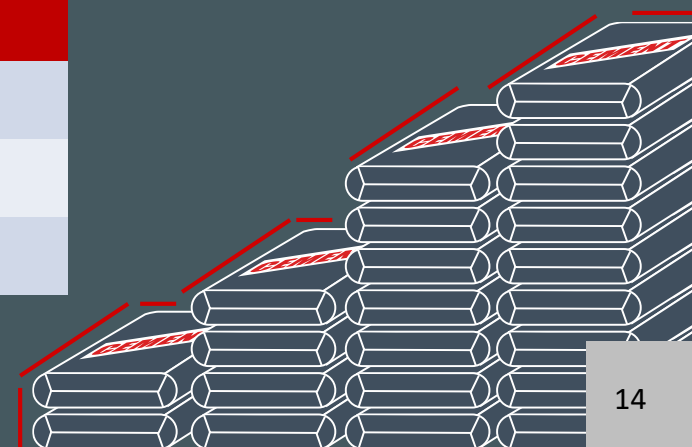


The Star Logistics Edge

- ★ Untapped NER and Eastern markets have strong potential for further growth
- ★ Over the last few years, cement arrivals in NER from mainland players has come down to 10% from 30% - owing to strong location advantage for the existing players in NER
- ★ Strong entry barriers for new players in these regions
- ★ No new significant capacities in pipeline in NER
- ★ Captive mines that are home to high quality limestone having calcium oxide content greater than 49% (higher than rest of India), having limestone reserves of more than 80 years
- ★ Availability of high quality coal in proximity
- ★ Star's established presence, extensive distribution network and high brand recall

Star enjoys the highest volume growth in NER and has adequate capacities for 25% growth target over the next two years, allowing it to serve the high potential market

Manufacturing	Units	Capacity	
Meghalaya	4	Cement (Mn Ton)	4.0
Assam - Guwahati	1	Clinker (Mn Ton)	2.6
WB (Hired Units)	3	Power (MW)	51



The Star Fiscal Edge: Financial Incentives

SFCL's plants enjoy many fiscal benefits granted by Central / State Governments

	Exemption	Balance Exemption period**			
		SCML	SCL-GGU	SCL-LMS	MTEPL
Income Tax	100% under Section 80 IE, subject to MAT	6 years	6 years	-	1 years
Excise Duty on Clinker	75%	7 years	-	1 years	-
Excise Duty on Cement	75%/36%^	-	^7 years	1 Years	^1 years
Central Sales Tax	99%	4 years	-	-	-
VAT	99%^	4 years	₹ 208 Crs / 4 years	-	-
Freight Subsidy Inward					
Within NER*	90%	-	-	-	-
Outside NER	90%	-	-	-	-
Freight Subsidy Outward					
Within NER*	50%	2 years	2 years	-	-
Outside NER	90%	-	-	-	-
Capital Investment Subsidy	30% of Investment in Plant & Machinery	One time	One time	-	-

^^At GGU unit, VAT exemption is 99% up to 200% of FCI ^ 75% for integrated units and 36% for standalone grinding units

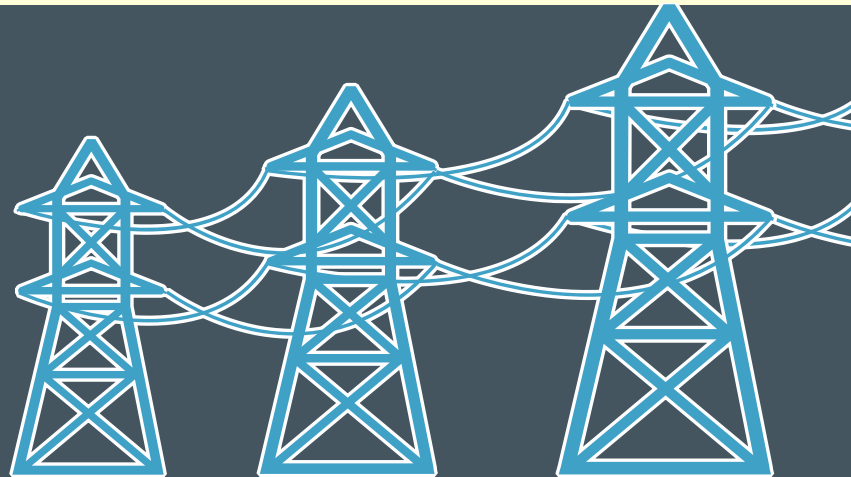
*Freight subsidies are not available for intra-state movements

** As on 31.03.2016

Powering Growth

Power

- ★ Availability of best quality low cost coal ensures increased benefits for power plant
- ★ Captive power ensures non-dependency on grid power
- ★ Fly ash generated from power plant is used in cement plants at almost nil cost

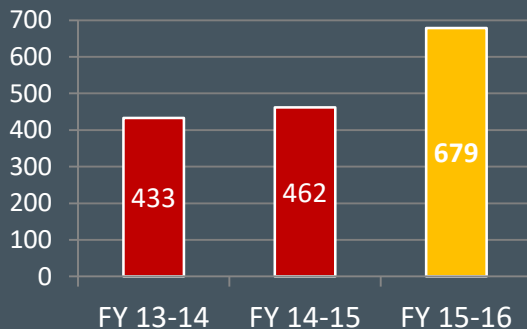


The Mark of a Star: Branding Success

- ★ For Star Cement, cement is not merely a commodity and therefore, we do not sell cement, rather we build and sell brands
- ★ Our Brands have a very high recall value, enabling repeat customers
- ★ STAR CEMENT is the most preferred brand in NER and growing by leaps and bounds in the markets of Bengal, Bihar & Jharkhand

Concentrated launches in select markets backed by strong budgets, innovative aggressive marketing and sufficient plant capacities

Advertising and Brand Promotion spends annually (₹ Mn)



Regular Brand Investment

- ★ Aggregate Brand investment of ~ ₹ 2,000 Mn in the last decade
- ★ Very aggressive campaign for Brand Launch in WB, BH & JHK

Celebrity endorsements

Debojit Saha, Saurabhee Debbarma, Lou Majaw, Mami Varte & Late Bhupen Hazarika

World's Biggest Durga Idol Campaign in H1 FY 15-16

- ★ Very aggressive and comprehensive 360^o campaign in NER, WB, BH & JHK involving masses in OOH, TVC, Radio & Press
- ★ Huge increase in brand awareness in outside North East, making Star Cement a household name even in markets where it is relatively new

Awards and Accolades

Gold award (Alternative Media – Any single execution on non-conventional OOH) and Silver award (Outdoor Media Plan of the Year - Local) at OAA 2016

Award for “Fastest Growing Company” above Rs. 1000 Crs at Economic Times Bengal Corporate Awards 2016

Award for “Best Practices in Employee Engagement”- National HRD Network (NHRDN) in 2016

Awarded first prize in the Thermal Power Station Sector - National Energy Conservation Award, 2015 & 2014

Award for ‘Most preferred Cement brand’ for 5 years consecutively at the North East Consumer Awards in 2015

Most preferred cement brand by AREIDA from 2010 to 2013

ICC Environment Excellence Award 2012 (Category: Large Business Organization)

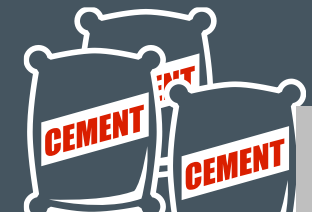
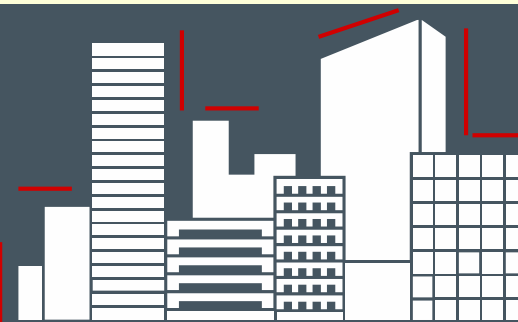
Greentech HR Silver Award 2012, for Outstanding Achievement in Best Strategy

Silver awards (Cement sector) at Greentech Environment Awards, 2010 & 2011

Silver award at The Economic Times India Manufacturing Excellence Awards 2011 (Manufacturing and Supply Chain excellence)

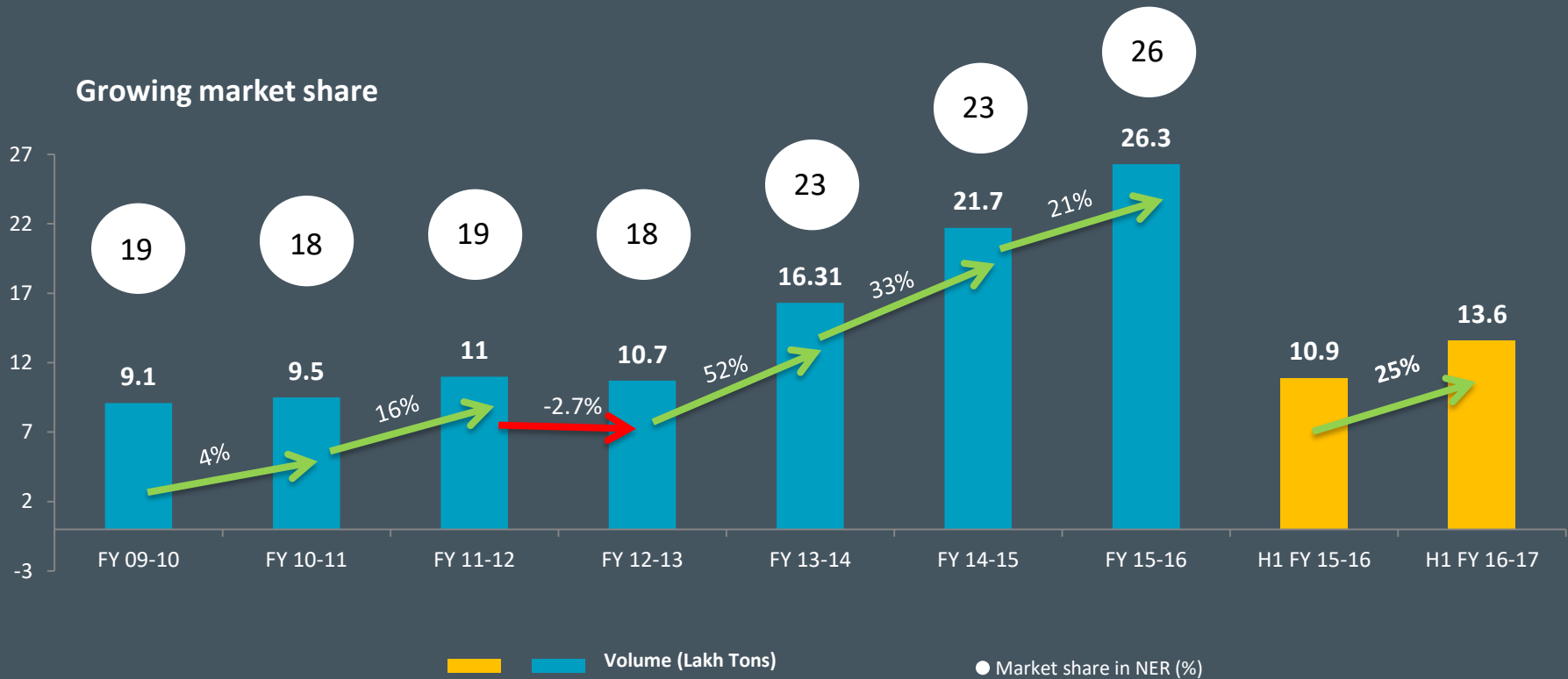
Limestone Mines in Khub stood ‘First’ in the category of Overall performance during North East Metalliferous Mines Safety Week in 2011-12

Assam Udyog Bikash Award in 2009, in recognition of the Outstanding Contribution to Assam economy through the MSME sector



The Star Shines Bright and Strong

- ★ Enjoys a leadership position in the North East with 26% Market share as on Sep 2016
- ★ Gradually increasing share in the Eastern region through concerted efforts
- ★ Strong dealer and distributor network built over the years, steering year-on-year growth, enabling leadership position in market



Highest Volume in NER and adequate capacities for catering demand growth over next few years.

Marketing the Star Brand

Innovative strategy, large distribution network, pioneering initiatives

- ★ Pioneers in initiating distribution through direct network, i.e. Dealers rather than C&F agents in NER
- ★ Building the Brand aggressively and innovatively in the markets of West Bengal, Bihar & Jharkhand
- ★ Consumer-centric strategic approach - initiated attractive schemes like 'Kismat ki Bori' offer, 'Dhan Varsha', Gifts to dealers, masons, customers etc.
- ★ An out-of-the box marketing strategy to build highest recall and positive brand perception through innovation in communication and media - advertisements at important road crossings, 'Pan' Shops, local TV, in addition to the traditional billboard/hoarding advertisements
- ★ Increasing visibility through focus at Block level, Haats and village congregation points etc.

Launched Portland Slag Cement (PSC) in WB, BH & JHK



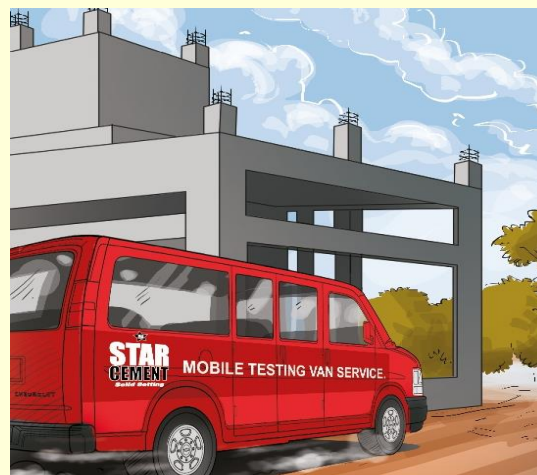
Marketing the Star Brand

Innovative strategy, large distribution network, pioneering initiatives

Technical assistance to retail consumers to ensure better connect - drives demand and builds brand confidence

- ★ Value-enhancing technical marketing for customers
- ★ On-site technical support to customers through unique concept of mobile vans manned by experts
- ★ 'SMS' helpline for customer education
- ★ Toll-free Customer care number
- ★ STARTECH - a unique forum to bring together architect, engineers, professors and experts for knowledge sharing & value enriching discussions
- ★ Star Technopedia : Monthly e-newsletter to informed influencers covering new initiatives & development in construction industry

Star Technopedia



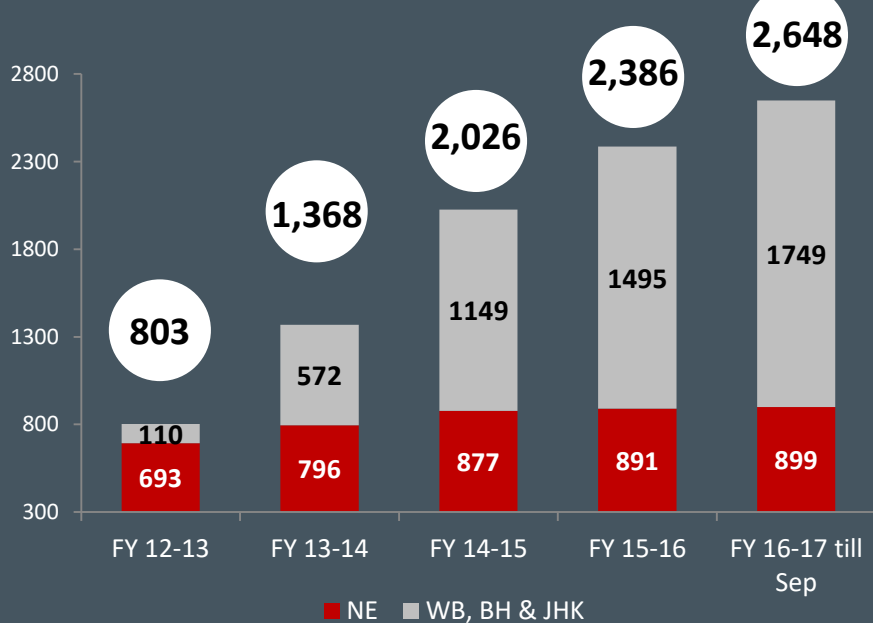
Retail-driven Marketing strategy

Distribution Network

Retailers	9,640+
Dealers	2,640+

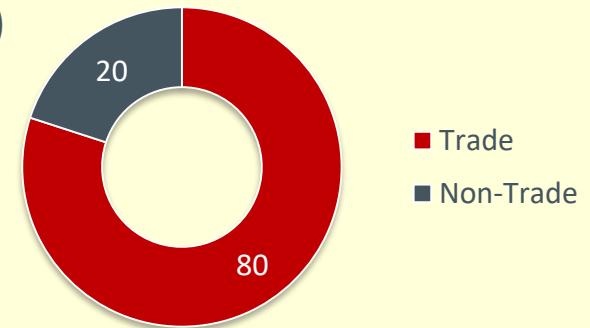
- ★ Distribution network spread across 11 states
- ★ While our peers adopted the wholesaler model, we have built on our strong network of partners over the last decade
- ★ The result – Deeper penetration, greater reach, higher market share

Robust Dealer network growth



Higher proportion of trade sales resulting into higher Cement realization per ton

Sales mix (%)

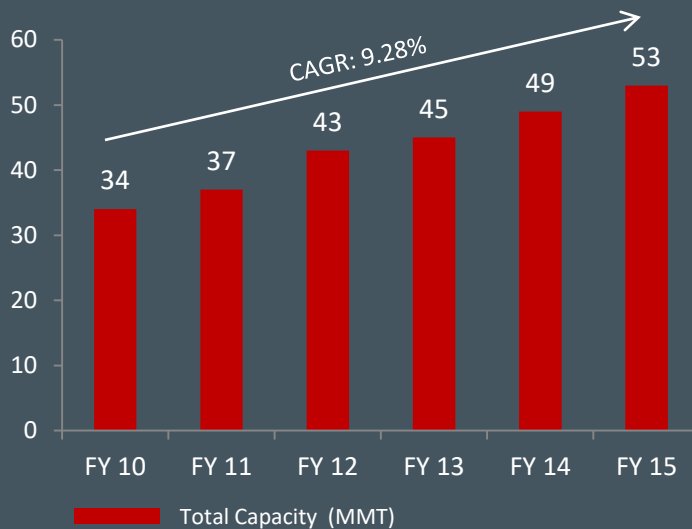


Opportunities Beckon... and Star's Journey Continues

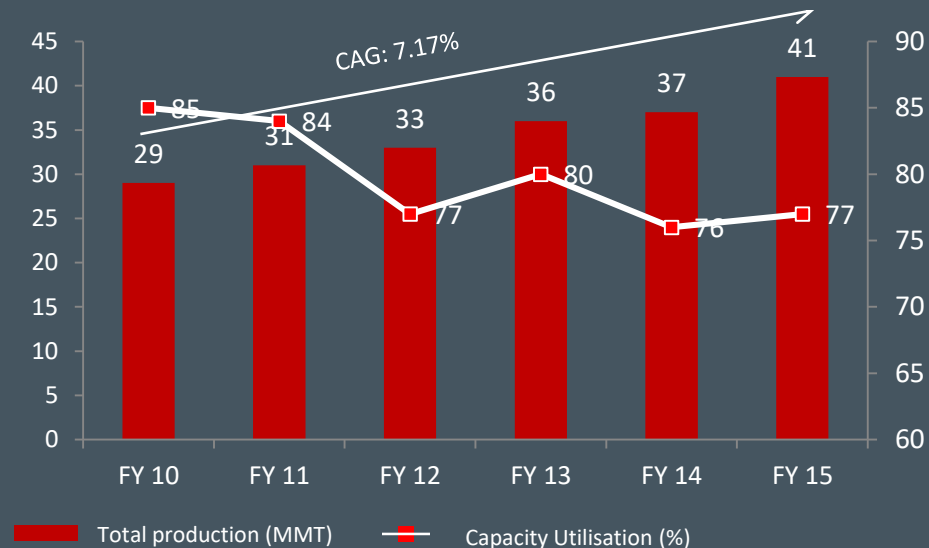


East India: Huge Untapped Potential

Total Capacity (MMT)

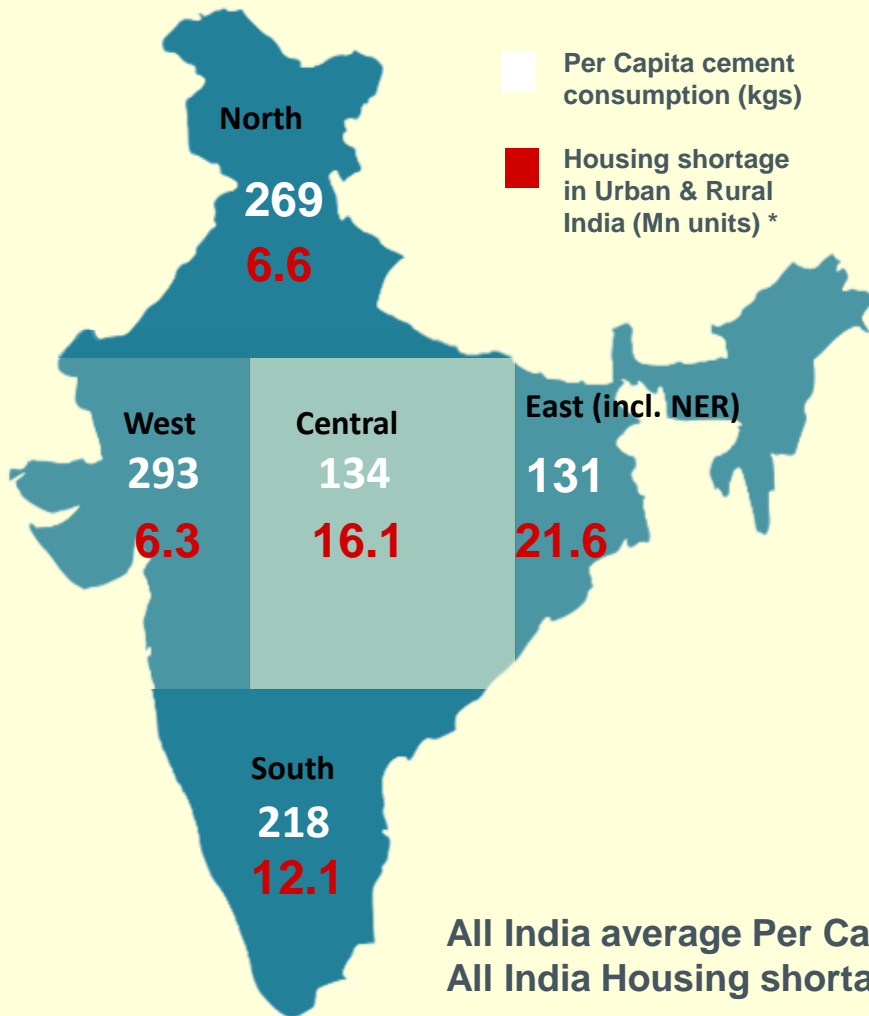


Total Capacity (MMT) and capacity utilization (%)



- ★ Cement production in the Eastern regions has grown at a CAGR of 7.1% and is expected to grow at a CAGR of 9-10% in the next 5 years
- ★ Demand is expected to grow at a steady pace through increased allocation
- ★ Government focus on infrastructure to boost growth through increased allocation in housing, infrastructure and commercial real estate segments will drive the cement demand
- ★ Special focus on rural and semi-urban areas through large infrastructure and housing development projects

East India: Huge Untapped Potential



Per capita cement consumption in East is the lowest, thus underlining huge potential for growth

Housing shortage in Urban India - Of the total housing shortages in urban India, East alone contributes to 35%. East and Central put together contributes ~60% of all India urban & rural housing shortages

At 131 kg, per capita consumption is among the lowest in East (national average – 210 kg per year)

Eastern India (including NER) account for urban housing shortage of 4.3 million units & 17 million units for rural housing shortage

Demand for cement is expected to grow in high single digits in East India

A pick-up in infrastructure development will trigger cement consumption demand in these states

All India average Per Capita cement consumption - 210 kg
All India Housing shortage in Urban + Rural India - 63 million units

North East Region: An Expanding Opportunity Landscape

8 states with abundant **Natural Resources**
Limestone, Coal, Dolomite, Quartz, Granite, Sandstone, Shale

Special Category **States** with **NEIIPP**, 2007 & State Policies supporting Industrial Investments

Separate **Ministry for the Region** – Doner (Development of North Eastern Region) to **boost development**

Central government's infrastructure development thrust

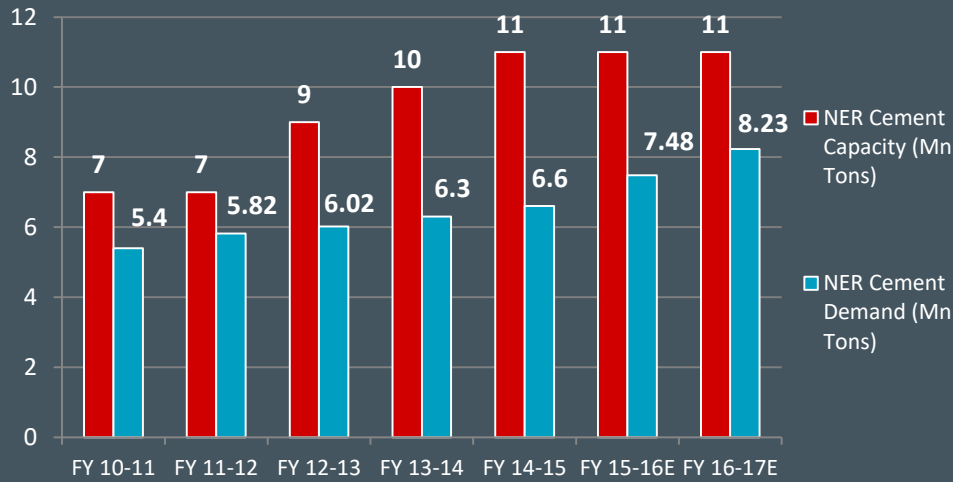
- Roads** - Special Accelerated Road Development for North East (SARDP-NE) and National Highway Development Programmes (NHDP) in NER for 10,141 kms at est. Cost ₹ 33,500 Crores.* Out of this, approval for 5532 kms (Rs. 24524 crore) has already been executed.
- Airports** - 5 sanctioned, 8 in pipeline, ₹ 5,000 Crores Investment is expected during next 10 years
- Railways** - 20 ongoing new line, gauge conversion & double line projects in NER being executed at an estimated cost of ₹ 38,360 Crores
- Hydro Power** - Largest Hydro power potential in India is in NER with 98% still untapped, 63000 MW of Hydro Power capacity identified; 14000 MW already allotted to Pvt. Players which will result in ~14 Mn Tons of Cement Demand
- Smart Cities** – One city from each of the 7 states in NE named in the projected smart cities list.

Non-Lapsing Central Pool of Resources – Unspent amount of **10%** Budgetary allocation for **NER Infrastructural Development**

Vision 2020 & Look East Policy – Focused on boosting trade investments and relationships with **neighboring countries**, thereby opening up greater infra development opportunities

*Four-lane concrete roads are expected to shore up cement demand– 2,000 tonnes of building material goes into creating every 1 km of road (Source: The Hindu Business Line, January 27, 2015)

North East Region: Opportunities Galore

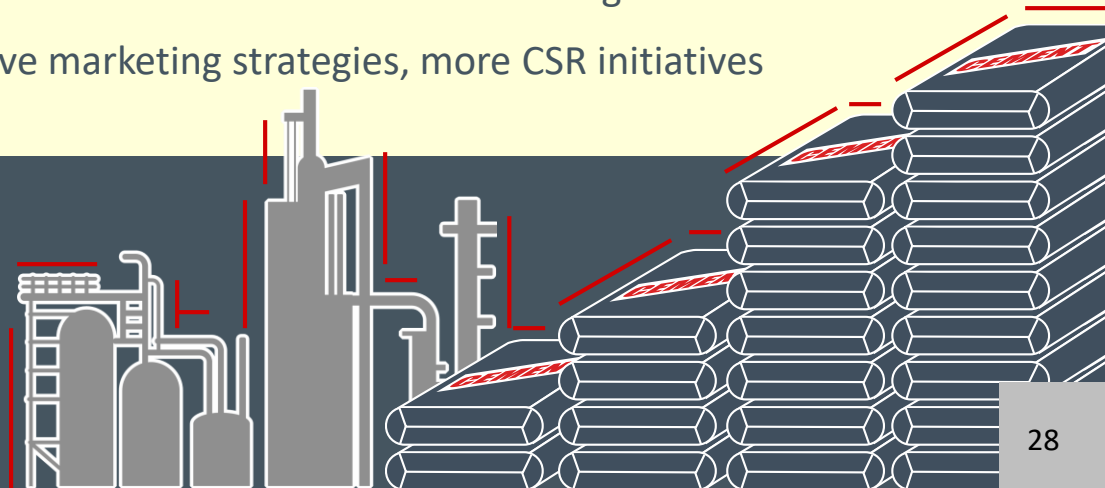


Five-year Plans	2007-2012	2012-2017	2017-2022
NER GDP Growth	10%	13.7%	16.4%
NER Per Capita growth	8.6%	12.4%	15.2%

- ★ 10% p.a projected growth of cement industry (CAGR of 7% in last 5 years)
- ★ Potential for growth - current per capita cement consumption is 142 kg
- ★ Major players - Star Cement and two others - catering to 55-60% of cement demand and deriving benefit of economies of scale
- ★ Consolidation on the cards as small players expected to be edged out eventually
- ★ No new major capacities in pipeline in the region
- ★ Cement arrivals in NER from mainland players have come down from 30% to 10% - gives advantage to players in NER

The Star is Set to Shine Brighter: More Frontiers of Growth

- ★ Further growth in high potential areas by leveraging operational and financial efficiencies
- ★ Seize the growth opportunities in NER, Eastern Region – partner the government's initiatives to boost infrastructure
- ★ Strengthen and expand dealer/distribution network to capture Eastern markets and deepen penetration into NER
- ★ Explore and tap new markets to boost margins
- ★ Grow product portfolio with new, niche and quality brands
- ★ Set-up capacities to cater to incremental demands of the region
- ★ Focus on retail services
- ★ Expand technical services to enhance customer service and brand building
- ★ Enhance brand recall through innovative marketing strategies, more CSR initiatives



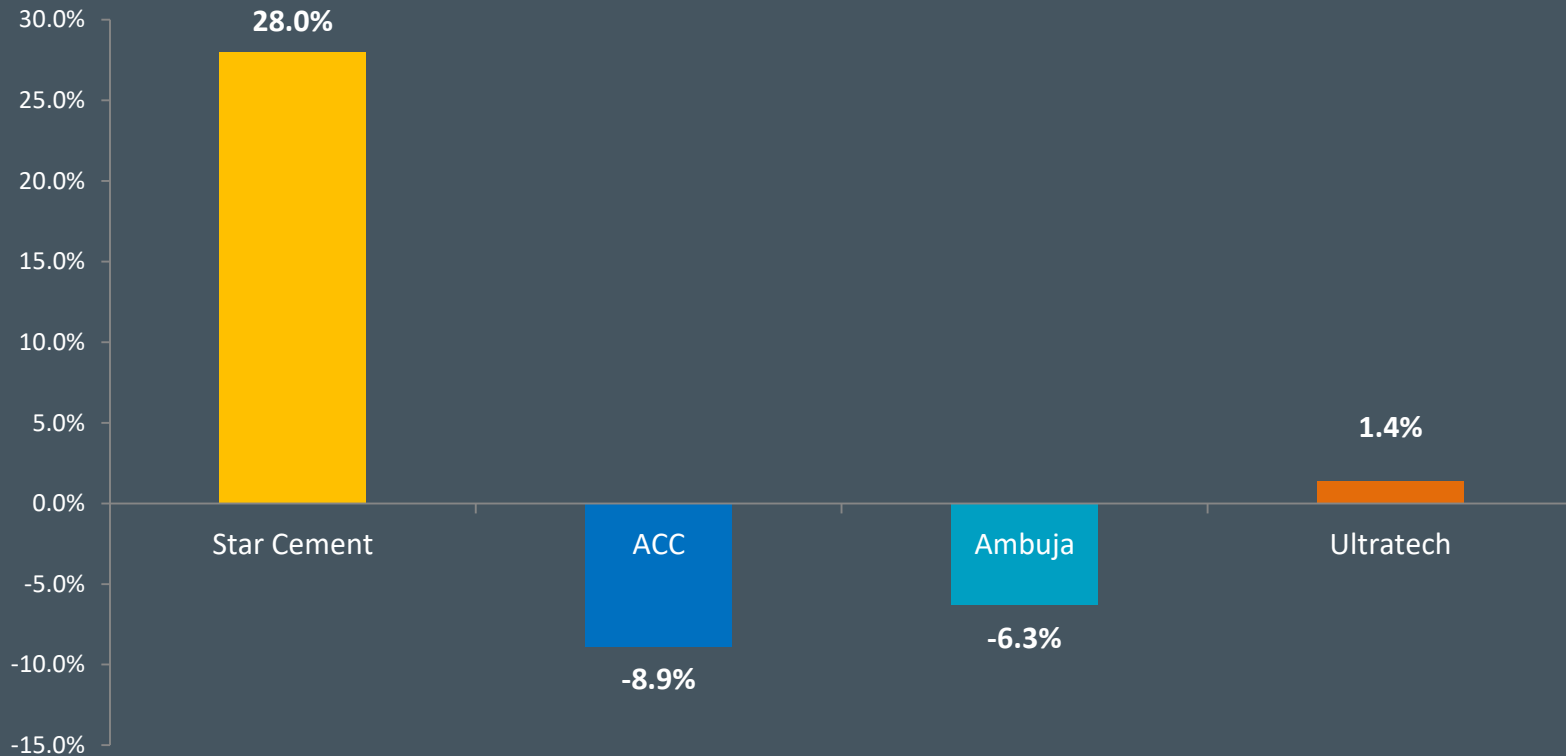
The Numbers Speak: Successful Financial Track Record

CONSOLIDATED FINANCIALS
Star Ferro & Cement Ltd

In ₹ Crores	2013-14	2014-15	2015-16	Q2 FY 17	Q2 FY 16	H1 FY 17	H1 FY 16
Gross Sales	1,171	1,473	1,763	377	321	841	742
Net Sales	1,173	1,430	1,715	366	311	815	720
EBIDTA	257	436	399	59	56	151	179
EBIDTA Margin (%)	22%	30%	23%	16%	18%	19%	25%
Cash Profit	167	344	310	38	33	109	136
EBIT	96	212	228	24	14	81	95
PBT	8	125	144	4	(8)	41	53
PAT	6	83	92	1	(8)	24	34
PAT Margin (%)	1%	6%	5%	0%	-3%	3%	5%
Net Fixed Asset	1,272	1,069	968	925	1,013	925	1,013
Total Capital Employed	1858	1969	2145	2,124	2,022	2,124	2,022
Long Term Debt	657	691	575	546	605	546	605
Share Capital	22	22	22	22	22	22	22
Net Worth	686	680	750	774	691	774	691
ROE (%)	1%	12%	12%	0.4%	-4.5%	12.5%	19.5%
ROCE (%)	5%	11%	11%	4.4%	2.7%	15.3%	18.8%
Debt Equity Ratio	0.96	1.02	0.77	0.71	0.88	0.71	0.88
EPS	0.28	3.76	4.13	0.03	(0.35)	1.09	1.52

Growth viz'-a-viz' Industry

Volume Growth % (Cement) Q2 FY 17 over Q2 FY 16 (Y-o-Y)



Poised to meet growing demand potential in NER with available spare capacity

Thank You

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