

REPORT ON EQUITY SHARE ENTITLEMENT RATIO TO BE CONSIDERED FOR SCHEME OF
ARRANGEMENT BETWEEN
STAR FERRO AND CEMENT LIMITED & SHYAM CENTURY FERROUS LIMITED AND THEIR
RESPECTIVE SHAREHOLDERS
FOR
DEMERGER OF FERRO ALLOYS DIVISION OF STAR FERRO AND CEMENT LIMITED TO SHYAM
CENTURY FERROUS LIMITED

By Singhi & Co.

Date: 25th August, 2014

Singhi & Co., Chartered Accountants

Page 1 of 18

Table of Contents

1.	INTRODUCTION.....	3
	1.1. BACKGROUND INFORMATION	3
	1.2. PURPOSE AND INTENDED USE OF REPORT	5
	1.3. RELEVANT DATES.....	5
	1.4. PREMISE OF VALUE AND STANDARD OF VALUE	6
	1.5. INFORMATION CONSIDERED FOR RECOMMENDATION OF SHARE ENTITLEMENT RATIO.....	6
2.	METHODOLOGIES/APPROACHES CONSIDERED FOR VALUATION.....	7
	2.1. ASSET BASED APPROACH.....	7
	2.2. INCOME BASED APPROACH	7
	2.3. MARKET BASED APPROACH	8
3.	STATEMENT OF LIMITING CONDITIONS	9
	3.1. CONDITIONS.....	9
	3.2. ASSUMPTIONS	10
	3.3. CAVEATS	11
	3.4. DISTRIBUTION OF REPORT.....	12
4.	VALUATION OF THE COMPANIES AND FAIR EQUITY ENTITLEMENT RATIO	13
	4.1. METHODOLOGY ADOPTED AND CONSIDERATIONS FOR RECOMMENDATION	13
	4.2. RECOMMENDATION ON ENTITLEMENT RATIO FOR THE RESTRUCTURING	15



1. INTRODUCTION

1.1. BACKGROUND INFORMATION

Star Ferro and Cement Limited (hereinafter referred to as "SFCL" or the "Company" or the "Demerged Company") requires our assistance to prepare a report to recommend the fair equity share entitlement ratio in the event of a restructuring exercise between SFCL and Shyam Century Ferrous Limited (hereinafter referred to as "SCFL" or the "Resulting Company"). The above mentioned existing companies and any companies that are newly formed / emerging and may or may not be mentioned and/or named in this Report but are directly or indirectly involved in this restructuring exercise (herein referred to as the "Transaction") shall be collectively referred to as the "Companies" for the above matter.

SFCL is a listed company incorporated in 2011, having interests in the business of Ferro Alloys, Cement and Power. It presently runs its Ferro Alloys business through its Ferro Alloys Unit known as Shyam Century Ferrous and has three 9 MVA furnaces with 13.80 MW captive power plant. In addition SFCL also has a subsidiary, namely Cement Manufacturing Company Limited (herein referred to as the "CMCL") which is manufacturing cement. SFCL holds 29,547,500 Equity Shares of Rs10/- each of CMCL constituting 70.48% of the total Issued, Subscribed and Paid up Share Capital of CMCL. SFCL also holds 48.80% shares of Meghalaya Power Limited (hereinafter referred to as "MPL"), a company engaged in the generation of power.

Its share capital structure is:

<u>Authorised Share Capital:</u>	
23,00,00,000 Equity Shares of Re.1/- each	(Rs.) 23,00,00,000/-
<u>Issued, Subscribed and Paid up Share Capital:</u>	
22,21,72,990 Equity Shares of Re.1/- each fully paid up	22,21,72,990/-

SCFL was incorporated on 12th April 2011. The company is having its registered office at 6th Lyons Range, 1st Floor, Kolkata - 700001. The company SCFL was promoted with the intent, inter-alia of carrying on and/or having interest in Ferro Alloys business.



Report on Entitlement Ratio of equity shares

Its share capital structure is as given below:

<u>Authorised Share Capital:</u>	
10,00,000 Equity Shares of Re.1/- each	(Rs.) 10,00,000/-
<u>Issued, Subscribed and Paid up Share Capital:</u>	
5,00,000 Equity Shares of Re.1/- each fully paid up	5,00,000/-

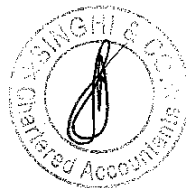
We have been given to understand by the management of SFCL and as per the Scheme of Arrangement between Star Ferro and Cement Limited and Shyam Century Ferrous Limited (hereinafter referred to as "scheme"), that within the aforementioned business restructuring exercise between SFCL and SCFL, it is proposed that SFCL would demerge its Ferro Alloys Division with all assets and liabilities pertaining to the said business and its investments in MPL into SCFL on a going concern basis through a scheme of arrangement under the provisions of Sections 391 and 394 of the Companies Act, 1956. Further, all existing 5,00,000 Equity Shares of SCFL acquired by SFCL would stand cancelled and new shares in SCFL would be issued and allotted to the shareholders of SFCL in terms of the Scheme in consideration of the demerger.

"Ferro Alloy Division" means the undertaking of SFCL constituted in the business and interests of SFCL in manufacture of ferro alloys, including captive power plants of 13.8 MW attached thereto and comprising of:

- i. Ferro alloys and power plant at Byrnihat in the State of Meghalaya,
- ii. 83,58,998 Equity Shares of `10/- each in MPL and shall mean and include all property, rights and powers and all debts, liabilities, duties and obligations of SFCL pertaining to the Ferro Alloys Division.

Further, in consideration of the demerger, SCFL will issue and allot shares in it to the shareholders of SFCL. SFCL's existing holding in SCFL shall stand cancelled as aforesaid. The remaining assets in the SFCL along with the entity itself shall hereinafter be referred to as "residual SFCL". The Appointed Date for the proposed demerger of Ferro Alloys Division of SFCL is 1st April 2014, and accordingly, SFCL has requested Singhi & Co. (hereinafter referred to as "SCO") to recommend the share entitlement ratio that would be fair to the shareholders of both the resulting and demerged company as at close of business hours of 31st March 2014 ("Valuation Date").

Singhi & Co., Chartered Accountants



Page 4 of 18

1.2. PURPOSE AND INTENDED USE OF REPORT

The de-merger outlined in Section 1.1 (above) is part of a corporate reorganization activity that the management of the companies intends to implement for the benefit of shareholders; achieve greater managerial and operational efficiency and better focus on the businesses across different verticals with better attention and specialization; enhance growth prospects and greater capacity for raising and accessing funds. The scheme will also facilitate the eventual scaling up of the power business in MPL.SCFCL shall issue equity shares to the shareholders of SFCL and the shares of SCFL would eventually be listed on the Stock Exchanges where the shares of SFCL are presently listed. Subject to necessary approvals, SFCL would be split into the two parts, with effect from the Appointed Date, 1st April 2014.

It is clarified that the purpose of the Report is to recommend the fair equity entitlement ratio(s) based on the relative valuation of the entities in accordance with the scheme of arrangement and not to arrive at the fair valuation of any individual or entity of the companies as a whole and our valuation approach is based on this premise.

This Report and the information contained herein are absolutely confidential. It is intended only for the sole use and information of the companies and only in connection with the Transaction including for the purpose of obtaining regulatory approvals for the Transaction. We are not responsible to any other person/ party for any decision of such person or party based on this Report. Any person/ party intending to provide finance / invest in the shares / business of the companies or its holding companies / subsidiaries / associates / joint ventures shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that reproduction, copying or otherwise quoting of this Report or any part thereof, other than for the aforementioned purpose, is not permitted.

1.3. RELEVANT DATES

The Valuation date considered for the above exercise is 31st March 2014. The Appointed Date for this transaction we understand is 1st April 2014.

Singhi & Co., Chartered Accountants



1.4. PREMISE OF VALUE AND STANDARD OF VALUE

The valuation of all the entities has been done using the Going Concern assumption. The standard of value applied for all the entity is the 'Book Value' approach.

1.5. INFORMATION CONSIDERED FOR RECOMMENDATION OF SHARE ENTITLEMENT RATIO

The following information has been considered for the purpose of this exercise:

- i. The Draft of proposed Scheme of Arrangement between SFCL and SCFL under Sections 391 & 394 of the Companies Act, 1956
- ii. Audited Balance Sheets of SFCL and SCFL as on 31st March 2014
- iii. Division wise (SFCL and SCFL) allocable Profit & Loss Account as on 31st March 2014
- iv. Division wise (SFCL and SCFL) allocable Balance Sheet as on 31st March 2014 and 31st March 2013
- v. Limited Review Report of SFCL for the quarter ended 30th June 2014 to assess Going Concern assumption and other major business events
- vi. As per management's comments (as mentioned in the draft Scheme of Arrangement) and with regard to demerger of Ferro alloys division of SFCL, the assets and liabilities have been transferred at their values as appearing in the books of account of SFCL. A Statement of assets and liabilities of the Ferro Alloys Division as appearing in the books of account of the SFCL as on March 31, 2014 is set out in *Annexure I* hereto. The difference between the book value of the said assets and liabilities of the Ferro Alloys Division as reduced by the aggregate face value of the Equity Shares issued and allotted by SCFL in accordance with the scheme shall be adjusted in General Reserves in the books of account of SCFL. (*Refer Annexure II*)
- vii. An Inter Divisional Balance arises in the books of SCFL (Current Liability) and hence an equivalent adjustment is made in the books of Residual SFCL, a cash balance of Rs 112.97 lakhs appears along with an Inter Division balance of Rs 76.9 lakhs (Current Assets).



- viii. Information provided to us by the management of SFCL and/or the companies through emails, telephone, meetings and by way of the Management Representation Letter

2. METHODOLOGIES/APPROACHES CONSIDERED FOR VALUATION

The following methodologies and approaches are available for arriving at the value:

2.1. ASSET BASED APPROACH

The asset based valuation technique is based on the value of the underlying net assets such as business, business ownership interest, security, intangible assets, tangible assets, etc. of the either on a book value basis or realizable value basis or replacement cost basis. Realizable or replacement cost basis is used in limited situations such as in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria. A frequently used method under the asset approach is the adjusted net asset method.

2.2. INCOME BASED APPROACH

The income approach is a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods through which anticipated future benefits are converted into present value.

Anticipated benefits, as used in the income approach, are expressed in monetary terms. Anticipated benefits may be reasonably represented by such items as free cash flow to a business or company, dividends distributions, income from rent, income from royalty, and other forms of earnings or cash flow.

Two frequently used valuation methods under the income approach include the capitalization of benefits method and the discounted future benefits method.

Capitalization of earnings method is applied by discounting the anticipated earnings/cash flows at a required rate of return which could be compared with that applied by the industry; business type or asset type that is being valued.

The DCF method is considered the most theoretically sound approach and scientific and acceptable method for determination of the value of a business. Under this technique the projected free cash flows from business operations are discounted at



the weighted average cost of capital to the providers of capital to the business, and the sum of the present discounted value of such free cash flows is the value of the business.

The future free cash flows are derived considering, inter alia, the changes in the working capital and investments in capital expenditure. They are an aggregation of the free cash flows during the explicit forecast period, prepared based on the business plan and during the post explicit forecast period, estimated by computing the terminal value based on suitable assumptions, and are available to all providers of the company's capital - both debt and equity.

The discount rate i.e. weighted average cost of capital (WACC), which is applied to the free cash flows should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the business. Determining the WACC involves determining the Debt Equity ratio, Cost of Debt and the Cost of Equity.

2.3. MARKET BASED APPROACH

Market Price

The market price of an equity share 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 the case of a merger/demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

Comparable Companies Multiples Approach

Under this method, value of the shares of a company is arrived at by capitalizing its future maintainable earnings – Revenue, EBIDTA, EBIT or PAT- by an appropriate earnings multiple (either the Revenue, EBIDTA, EBIT or the PE Multiple). Future maintainable earnings are calculated based on the past working results of a company, usually for a period of 3-5 years after adjusting for non-recurring, unusual or abnormal items of income and expenditure. Generally value of a business is forward looking. Thus, what is more relevant is the future earnings potential of the business. In this context the projections of future working results and maintainable



earnings in future are also used for the purposes of determining the value of the equity shares of the company. In determining the capitalization factor i.e. Revenue, EBIDTA, EBIT or PE Multiple, one may consider share quotations in respect of companies engaged in the same business as the company whose shares are being valued. Dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued would need to be adjusted.

In such exercise/assignment, we consider and apply one or more of the above methods to value each entity, depending on the circumstances which in our opinion are most appropriate to the entity. The valuation methodology applied for each entity is elaborated in greater detail with the relevant company valuation provided subsequently.

3. STATEMENT OF LIMITING CONDITIONS

3.1. CONDITIONS

The historical financial information about the companies considered in this Report is included solely for the purpose to arrive at value conclusion presented in this Report, and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the Report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country.

This Report is only to be used in its entirety, and for the purpose stated in the Report. No third parties should rely on the information or data contained in this Report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the companies. Our fees for this assignment are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this Report for events and circumstances occurring subsequent to the date of this Report.

In the course of this exercise/assignment, we were provided with both written and verbal information including financial and operating data through telephone, emails and in-person interaction with the management and representatives of the



Company/ the companies. We have evaluated such information provided to us through broad inquiry and analysis (but have not carried out a due diligence or audit or review of the companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). Our work does not constitute an audit, due diligence or certification of the historical financial statements. We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate and/or share entitlement ratios included in this Report. The valuation analyst, by reason of performing this valuation exercise and preparing this Report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement and which, the analyst shall be at a liberty to accept or decline.

3.2. ASSUMPTIONS

The recommendation of entitlement ratio(s) given in this Report is based on information provided in part by the management of the Company/the companies and other sources as listed in the Report. This information is assumed to be accurate and complete.

We have relied upon the management certified and/or audited financial statements and projections (if any) as well as representations contained in the public and/or other documents in our possession concerning the value and useful condition of all investments in securities or partnership interests, and any other assets or liabilities except as specifically stated to the contrary in this Report.

We have not attempted to confirm whether or not all assets of the companies and their business unit(s) are free and clear of liens and encumbrances, or that the owner has good title to all the assets other than those disclosed in the Balance sheet or otherwise to us for the purpose of this engagement. We have further been made to understand that no adjustments to value of assets need to be made relating to above. We have also assumed that the business(es) will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business(es), the market(s), or the industry(ies). This Report presumes that the management of the Company/the companies will maintain the character and integrity of the Company/the companies through any sale, reorganization or reduction of any owner's/manager's participation in the



existing activities of the Company/the companies.

We have been informed by management(s) that there are no significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business(es), except as may be disclosed elsewhere in this Report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this Report.

3.3. CAVEATS

Provision of valuation or opinion on share entitlement ratio recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent forecasting, accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us. Our scope, as defined, includes a review of financials forecasts only if provided by the management for the purpose of this assignment.

We have assumed that the business(es) of the Companies continue(s) normally without any disruptions due to statutory or other external/internal occurrences.

An assignment of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. The scope of our work has been limited both in terms of the areas of the business(es) and operations which we have reviewed and the extent to which we have reviewed them. The entitlement ratio recommendation contained herein represents the value/recommendation only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Company/the Companies has/have drawn our attention to all matters of which they are aware, which may have an impact on our opinions and recommendations in this Report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report. The management(s) has/have represented that there are no significant changes in the financial position of the Company/Companies requiring major valuation adjustments subsequent to the valuation date. We have relied on the data as on 31st March 2014 in order to conduct the valuation and arrive at the share entitlement ratios thereof. We are made to understand that there are no other significant changes subsequent to the 31th March 2014 other than those that have



been considered in this valuation. We have no present or planned future interest in the Company/the Companies and the fee for this Report are not contingent upon the values reported herein.

Our Valuation Analysis and/or Entitlement Ratio recommendations should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

This Report does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the Companies regarding whether or not to proceed with the demerger shall rest solely with their managements and Board of Directors.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual Report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Transaction. In addition, we express no opinion or recommendation as to how the shareholders of any of the Companies should vote at any shareholders meeting(s) to be held in connection with the Transaction. Our Valuation Analysis and therecommendation on fair equity share entitlement ratio should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

3.4. DISTRIBUTION OF REPORT

This report and the information contained herein are intended for sole use of the Board of Directors of SFCL for and only in connection with the purpose of demerger as aforesaid including for the purpose of obtaining requisite approvals. Whereas this report may be shown and submitted to the shareholders of SFCL, regulatory authorities including stock exchanges and designated employees of SFCL who are involved in the process of demerger, we will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report, without our written consent.



4. VALUATION OF THE COMPANIES AND FAIR EQUITY ENTITLEMENT RATIO

4.1. METHODOLOGY ADOPTED AND CONSIDERATIONS FOR RECOMMENDATION

The scheme envisages that all assets and liabilities of the Ferro alloys division shall be transferred to the Resulting Company and incorporated in the books of account of the Resulting Company at their values as appearing in the books of account of the Demerged Company. We have therefore considered the Book Value methodology to be most appropriate for the purpose of computation of share entitlement ratio in the proposed demerger.

As per the information shared with us by the management and as mentioned in the draft Scheme of Arrangement, SCFL is a 100% subsidiary of Star Ferro and Cement Limited. Additionally, as per the scheme, SFCL's existing shareholding in SCFL shall stand cancelled post demerger, i.e., all existing shares held by the SFCL (5,00,000 Equity Shares of Re.1/- each) shall be cancelled and fresh equity shares of SCFL shall be issued to shareholders of demerging company SFCL.

Balance sheet of SFCL as at 31 March 2014 shows contingent liabilities amounting to **Rs 2493.59 lakhs** (Bills discounted with banks Rs 2088.71 lakhs and Solvent surety given to Excise Department against differential excise duty refund Rs 404.88 lakhs) pertaining to Ferro Alloys Division of SFCL. With respect to the Bill Discounted with Banks of Rs. 2088.71 lakhs, management has ensured us that all the Bills are realised by the respective Banks (after the Balance Sheet date) and as on date there is no contingent liability relating to Bills discounted with Banks as on 31.03.2014. Regarding the company's claim for refund of differential excise duty, Hon'ble High Court at Guwahati (Shillong Bench) vide its order dated 12th September, 2012, has directed the Excise Department to release 50% of the differential amount against furnishing of solvent surety in line with the Interim Order dated 13th January, 2012 passed by Hon'ble Supreme Court in case of "VVF Ltd and others". Based on the said judgment of Hon'ble High Court in favour of the company and legal opinion obtained by the company, the differential excise duty refund of Rs. 901.02 lakhs has been recognized as revenue in the books of account. Out of Rs. 901.02, Rs. 404.88 lakhs had been received and therefore shown in Contingent Liabilities. These liabilities have arisen in the normal course of business and the auditors have not provided a qualified opinion in their report on this. Hence we are not adjusting for it in our calculation of Net Worth.

Singhi & Co., Chartered Accountants



Page 13 of 18

Report on Entitlement Ratio of equity shares

As per the MRL, Deferred Tax and Provision for tax (net of advance tax) has also been transferred to SCFL. Investment in CMCL is not being transferred along with certain portion of Non Current Assets and Current Assets. *The workings and details of remaining assets and liabilities of residual SFCL post demerger are given in Annexure III & IV.*

As per our Valuation based on the above methodology, the post-demerger net worth of the resulting company is ***Rs 8304.49 lakhs.***(Refer Annexure II)

The Report should be read in conjunction with other relevant of this Report.



4.2. RECOMMENDATION ON ENTITLEMENT RATIO FOR THE RESTRUCTURING

SCFL is a wholly owned subsidiary of SFCL and hence the value of SCFL fully attributes to SFCL, in the same share holding proportion as they hold in SFCL. Additionally, as per the scheme, SFCL's existing shareholding in SCFL shall stand cancelled, i.e., all existing shares held by SFCL in SCFL (5,00,000 Equity Shares of Re.1/- each) shall be cancelled and fresh equity shares of SCFL shall be issued to shareholders of demerging company SFCL.

The post-demerger net worth of the SCFL as mentioned above is Rs 8304.49 lakhs.

We have considered the relevant factors and circumstances as discussed and the valuation arrived at using the valuation methodology described hereinabove and referred to earlier in this Report which have formed the basis of our recommendation. Moreover in this specific case of a demerger, the share entitlement ratio shall not adversely affect the proportion of ownership or intrinsic value for any shareholders as the shares shall be issued to the shareholders of the erstwhile SFCL (pre demerger).

Considering the same, we recommend that if share entitlement ratio of 1:1 is adopted it would be fair and shall be shareholder value neutral on the date of valuation since each shareholder is allotted shares in the same proportion as they were holding in the demerged company prior to the demerger taking effect. This ratio will also avoid any fractions and ensure that each shareholders of SFCL becomes a shareholder of SCFL in the same proportion.

For and on behalf of Singhi & Co.

For SINGHI & CO.

Chartered Accountants

NAME: Firm Registration No: 302049E

(Authorized Signatory)

ANURAG SINGHI

Partner

SIGNATURE: Membership No: 66274

DATE: 25th August, 2014

Singhi & Co., Chartered Accountants



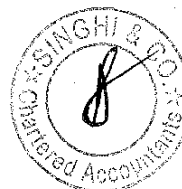
Page 15 of 18

Annexure I

Schedule 1

Statement of Assets and Liabilities of Ferro Alloys Division as on March 31, 2014

PARTICULARS	Rs. in Lakhs	Rs. in Lakhs
<u>Non Current Assets</u>		
Fixed Assets	2,960.23	
Capital Work in Progress	28.57	
Deferred tax Assets	-	
Long term Loans & Advances	837.30	
Other Non - Current Assets	1.29	
Investments	3,373.50	
		7,200.89
<u>Current Asset</u>		
Inventories	2,001.64	
Sundry Debtors	1,656.20	
Cash and Bank Balances	3.90	
Short term Loans & Advances	1,213.94	
Other Current Assets	396.55	
		5,272.23
Total Assets (A)		12,473.12
<u>Current Liabilities & Short term</u>		
<u>Provisions</u>		
Short term Borrowings	1,733.72	
Trade Payables	1,058.40	
Other Current Liabilities	252.45	
Short term Provisions	105.38	
Inter Division Balance	76.90	
		3,226.85
<u>Non Current Liabilities</u>		
Long term Borrowings	835.98	
Long term Provisions	27.70	
Deferred Tax Liabilities	78.10	
Other Long term Liabilities	-	
		941.78
Total Liabilities		4,168.63
NET ASSETS		8,304.49



Annexure II Calculation for amount transferable to General Reserves

	Rs in lakhs
Share Capital to be issued	2221.73
Net Worth/Assets	8304.49
General Reserves (balancing figure)	6082.76

Annexure III

Net Asset Value - Star Ferro & Cement Limited, 31st March, 2014 (Rs. in Lakhs)

Particulars	2014	2014
ASSETS		
Non Current Assets		
Fixed Assets (Net Block)	2,960.23	
Capital WIP	28.57	
Investments	6,328.25	
Long term Loans & Advances	837.30	
Other Non – Current assets	3.14	10,157.49
Net Current Assets, Loans & Advances		
Current Assets	5,385.20	
Less: Current Liabilities & Provisions	3,149.95	2,235.25
TOTAL ASSETS (A)		12,392.74
LESS: Non Current Liabilities		
Long term Borrowings	835.98	
Long term Provisions	27.70	863.68
TOTAL LIABILITIES (B)		863.68
NET ASSETS VALUE (A-B)		11,529.06
Less: Deferred Tax Liability		(78.10)
Net Assets available with SFCL (Pre Demerger)		11,450.96
Less: Value of assets demerged in to SCFL		(8,304.49)
Net Assets available with SFCL (Post Demerger)		3,146.47



Annexure IV

Net Assets Remaining with SFCL post demerger ("Residual SFCL")(Rs. in Lakhs)

A. EQUITY AND LIABILITIES	
Shareholder's Funds	
Share Capital	2,221.73
Reserves & Surplus	924.74
	3,146.47
Non Current Liabilities	-
Current Liabilities	-
TOTAL	3,146.47
B. ASSETS	
Non Current Assets	
Fixed Assets	-
Deferred Tax Assets	-
Non Current Investments	2,954.75
Other Non Current Assets	1.85
	2,956.60
Current Assets	
Inventories	-
Trade Receivables	-
Cash and Bank Balances	112.97
Inter Division Balance	76.90
	189.87
TOTAL	3,146.47

