



Auditors' Certificate

- 1) This certificate is issued in accordance with the terms of our agreement dated 25th August, 2014.
- 2) The accompanying undertaking approved by the Board in its meeting held on 25th August, 2014 (the "Undertaking") stating the reasons for non-applicability of Paragraph 5.16 (a) of circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities Exchange Board of India ("SEBI") (hereinafter referred to as the "Circular") has been prepared by the Management of Star Ferro and Cement Limited (the 'Company') pursuant to the requirements of paragraph 5.16(b) of the Circular in connection with its proposed Scheme of Arrangement between the Company and Shyam Century Ferrous Limited and their Respective Shareholders (hereinafter referred to as the "Proposed Scheme"). We have initialled the Undertaking for identification purpose only.

Management's Responsibility for the Undertaking

- 3) The preparation of the Undertaking is the responsibility of the Management of the Company including the creation and maintenance of all accounting and other records supporting the contents of the proposed scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the undertaking.
- 4) The Management is also responsible for ensuring that the Company complies with the requirements of the Circular and the Companies Act, 1956 in relation the proposed scheme and for providing all the information to the BSE Limited and National Stock Exchange of India Ltd (together referred to as "Stock Exchanges").

Auditors' Responsibility

- 5) Pursuant to the Circular, it is our responsibility to examine the Proposed Scheme and certify whether the requirements in Paragraph 5.16 (a) as set out in the undertaking are applicable to the proposed scheme.
- 6) We conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India.

Conclusion

- 7) Based on our examination as above, and the information and explanations furnished to us, we certify that, to the best of our knowledge, the requirements in Paragraph 5.16(a) of the Circular as set out in the Undertaking are not applicable to the Proposed Scheme.



KAILASH B. GOEL & CO.
CHARTERED ACCOUNTANTS



70 Ganesh Chandra Avenue, 1st Floor, Kolkata 700 013. Tele-Fax 22151938 Email kbgco@yahoo.co.in

Restrictions on Use

- 8) Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Circular. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this certificate nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as auditors of the Company.
- 9) This certificate has been issued for the sole use of the Board of Directors of the Company, to whom it is addressed, to enable the Company to make its application to the Stock Exchanges and should not be used by any other person or for any other purpose. Kailash B. Goel & Co. neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our certificate is shown or into whose hands it may come without our prior consent in writing.

For Kailash B. Goel & Co.
Firm Registration No.:- 322460E
Chartered Accountants

Place: Kolkata
Date: 25th August, 2014



A. K. Sharma
Arun Kumar Sharma
(Partner)
Membership No: 057329

Star Ferro and Cement Limited

Regd. Office : Vill : Lumshnong, P.O. : Khaliehriat, Meghalaya - 793210, Phone : 03655-278215/16/18, Fax : 03655-278217
E-mail : info@starferrocement.com, Website : www.starferrocement.com, CIN : L27310ML2011PLC008564

Undertaking in relation to non-applicability of requirements prescribed in Para 5.16(a) of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 ("Original SEBI Circular") read with SEBI Circular NO. CIR/CFD/DIL/8/2013 dated May 21, 2013 ("Revised SEBI Circular") in respect of Scheme of Arrangement:

This is in connection with the Scheme of Arrangement between Star Ferro and Cement Limited and Shyam Century Ferrous Limited and their respective shareholders.

The Scheme provides for demerger of the Ferro Alloy Division of Star Ferro and Cement Limited to Shyam Century Ferrous Limited.

Star Ferro and Cement Limited hereby undertakes that the requirement of Para 5.16(a) of Securities and Exchange Board of India (SEBI) Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 as modified by SEBI Circular NO. CIR/CFD/DIL/8/2013 dated May 21, 2013 ("SEBI Circular") pertaining to voting by Public Shareholders through postal ballot and e-voting is not applicable to the Company for the following reasons:

1. **Para 5.16(a)(i)**

Where additional shares have been allotted to Promoter/promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the listed Company.

Reason for non-applicability

This clause is not applicable in our case as the consideration for the demerger in terms of the Scheme is as follows:

Consideration for Demerger: Issue of shares by the Shyam Century Ferrous Limited to the existing shareholders of Star Ferro and Cement Limited to Shyam Century Ferrous Limited in the following proportion:

1 (one) equity share of Re. 1/- each of Shyam Century Ferrous Limited for every 1 (one) equity shares of Re. 1/- each held by the shareholders in Star Ferro and Cement Limited.

In terms of the scheme all the existing Equity Shares in the Share Capital of Shyam Century Ferrous Limited will be cancelled. The shareholding Pattern of Shyam Century Ferrous Limited would be a virtual mirror image of the shareholding Pattern of Star Ferro and Cement Limited.

Accordingly, all the shareholders of Star Ferro and Cement Limited would get shares in Shyam Century Ferrous Limited in proportion to their entitlement and there would be no allotment of additional shares to Promoter/Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter/Promoter Group, Subsidiary(s) of Promoter / Promoter Group of the listed company.



Star Ferro and Cement Limited

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2. Para 5.16(a)(ii)

Where the Scheme of Arrangement involves the listed company and any other entity involving Promoter / Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group.

Reason for non-applicability

This clause is not applicable in our case as the Scheme of Arrangement is envisaged between Star Ferro and Cement Limited and its wholly owned subsidiary i.e. Shyam Century Ferrous Limited and thus it does not involve any arrangement between Star Ferro and Cement Limited and Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group.

3. Para 5.16(a)(iii)

Where the parent listed company has acquired the equity shares of the subsidiary, by paying consideration in cash or in kind in the past to any of the shareholders of the subsidiary who may be Promoter/Promoter Group, Related parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the parent listed company, and if that subsidiary is being merged with the parent listed company under the Scheme.

Reason for non-applicability

This clause is not applicable as the Scheme of Arrangement under consideration is for demerger of the Ferro Alloy division of Star Ferro and Cement Limited to Shyam Century Ferrous Limited. Wherein Shyam Century Ferrous Limited, its wholly owned subsidiary and there is no case of subsidiary being merged with the parent listed company under the Scheme.

In light of the above, Star Ferro and Cement Limited is not required to seek approval of the public shareholders through postal ballot and e-voting in relation to the Scheme of Arrangement between Star Ferro and Cement Limited (Demerged Company) and Shyam Century Ferrous Limited (the Resulting Companies) and their respective shareholders. This undertaking of non-applicability of paragraph 5.16(a) of the said SEBI Circular is given accordingly.

For Star Ferro and Cement Limited



Company Secretary

Date: August 25, 2014
Place: Kolkata



Star Ferro and Cement Limited

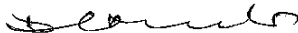
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EXTRACT FROM THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON AUGUST 25, 2014

“RESOLVED THAT the Certificate issued by Kailash B. Goel & Co., Chartered Accountants, dated August 25, 2014, certifying the non-applicability of Paragraph 5.16 (a) of circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities Exchange Board of India (“SEBI”) pursuant to the requirements of paragraph 5.16(b) of the said Circular in connection with the proposed Scheme of Arrangement between the Company and Shyam Century Ferrous Limited and their respective shareholders for demerger of Ferro Alloys Division of the Company to the Shyam Century Ferrous Limited with effect from 1 April 2014, as placed before the meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved.”

Certified to be true copy

For Star Ferro and Cement Limited



Company Secretary