

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

Annexure "3"

REPORT OF THE AUDIT COMMITTEE OF STAR FERRO AND CEMENT LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AT ITS METING HELD ON MONDAY, AUGUST 25, 2014

MEMBERS PRESENT:

Mr. MangiLal Jain	Chairman (Independent)
Mr. Santanu Ray	Member (Independent)
Mr. Manindra Nath Banerjee	Member (Independent)
Mr. Hari Prasad Agarwal	Member (Non Independent)

IN ATTENDANCE:

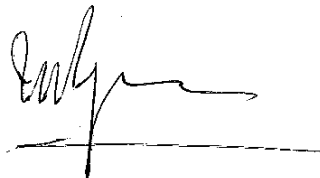
Mr. D. Thakurta	Company Secretary
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INVITEE:

Mr. Arun Kumar Sharma	M/s. Kailash B. Goel & Co., Statutory Auditors
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1. Draft of the Scheme of Arrangement between Star Ferro and Cement Limited ("the Demerged Company") and Shyam Century Ferrous Limited ("the Resulting Company") and their respective shareholders for demerger of the Ferro Alloys Division of the Demerged Company to the Resulting Company from April 1, 2014, was considered by the Audit Committee at its meeting held on August 25, 2014. The Scheme is subject to approval by the requisite majorities of the members of the Demerged Company and the Resulting Company and sanction by the Hon'ble High Court. Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which certified copies of the order of the Hon'ble High Court sanctioning the Scheme are filed with the Registrar of Companies.
2. The following documents were placed before the Audit Committee:
 - a) Draft of the Scheme of Arrangement for demerger prepared by Messrs. Khaitan & Co, Advocates.
 - b) Report dated August 25, 2014 of Singhi & Co, Chartered Accountants on the Entitlement Ratio for the demerger.
 - c) Fairness Opinion Report dated August 25, 2014 of Microsec Capital Limited, Merchant Bankers, on the Entitlement Ratio recommended by Singhi & Co, Chartered Accountants.

The Entitlement Ratio of shares to be issued and allotted to the shareholders of the Demerged Company in consideration of the demerger had been suggested as 1 (One) Equity Share of Re.1/- each credited as fully paid up in the Resulting Company for every 1 (One) Equity Share of Re.1/- each fully paid up held by the said shareholders in the Demerged Company.




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3. The Committee has reviewed the Report dated 25 August 2014 of independent Chartered Accountants, Messrs. Singhi & Co. on Entitlement Ratio. After appraisal of the methodology and basis followed by the said Chartered Accountants and going through the workings, the Committee is satisfied with the report and suggested Entitlement Ratio as being fair and reasonable. The Committee also finds the draft Scheme as placed before it to be in order.
4. The Committee hereby approves and recommends the draft Scheme.

Date: August 25, 2014
Place: Kolkata

By order of the Audit Committee


(MANGI LAL JAIN)
CHAIRMAN
AUDIT COMMITTEE