

## REPORT OF THE AUDIT COMMITTEE OF STAR FERRO AND CEMENT LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION AT ITS MEETING HELD ON MONDAY, 1<sup>st</sup> AUGUST, 2016

### MEMBERS PRESENT:

Mr. Mangilal Jain	Chairman (Independent)
Mr. Manindra Nath Banerjee	Member (Independent)
Mr. Sajjan Bhajanka	Member (Non Independent)

### IN ATTENDANCE:

Mr. Sanjay Kumar Gupta	Chief Executive Officer
Mr. Dilip Kumar Agarwal	Chief Financial Officer
Mr. Debabrata Thakurta	Company Secretary

### INVITEE:

Mr. Arun Kumar Sharma	M/s. Kailash B. Goel & Co., Statutory Auditors
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1. Draft of the Scheme of Amalgamation of Star Ferro and Cement Limited ("the Transferor Company") with Star Cement Limited ("the Transferee Company"), was considered by the Audit Committee at its meeting held on 1<sup>st</sup> August, 2016. The amalgamation is proposed from 1<sup>st</sup> April, 2016 ("Appointed Date"). The Scheme is subject to approval by the requisite majorities of the members of the Transferor Company and the Transferee Company in accordance with law 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 Amalgamation for amalgamation prepared by Messrs Khaitan & Co., Advocates.
  - b) Report dated 1<sup>st</sup> August, 2016 of Price Waterhouse & Co., LLP Chartered Accountants on the Share Exchange Entitlement Ratio for the amalgamation.
  - c) Fairness Opinion Report dated 1<sup>st</sup> August, 2016 of Microsec Capital Limited, Merchant Bankers, on the Share Exchange Entitlement Ratio recommended by Price Waterhouse & Co., LLP Chartered Accountants.
3. In consideration of the amalgamation, it is proposed that the Transferee Company will issue and allot to the members of the Transferor Company Equity Shares of Re.1/- each in the Transferee Company, credited as fully paid up, in the ratio of 1.33 Equity Shares of face value of Re.1. each in the Transferee Company for every 1 (One) Equity Share of the face value of Re.1 each held by the said members in the Transferor Company.



# Star Ferro and Cement Limited

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4. The Committee has reviewed the Report dated 1<sup>st</sup> August, 2016 of independent Chartered Accountants, Price Waterhouse & Co., LLP Chartered Accountants on the Share Exchange 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.
5. The Committee hereby approves and recommends the draft Scheme.

By order of the Audit Committee



(MANGILAL JAIN)  
(DIN - 00353075)  
CHAIRMAN  
AUDIT COMMITTEE



Date: 1<sup>st</sup> August, 2016  
Place: Kolkata