

STAR FERRO AND CEMENT LIMITED

Corporate Identification Number (CIN) - L27310ML2011PLC008564

Registered Office : Village : Lumshnong, Post Office : Khaliehriat, District : East Jaintia Hills, Meghalaya 793 210

Email : investors@starferrocement.co.in; Website : www.starferrocement.co.in

FOR THE ATTENTION OF COMPANY'S SHAREHOLDERS

Pursuant to the Scheme of Arrangement ("Scheme") between Star Ferro and Cement Limited ("SFCL"), Shyam Century Ferrous Limited ("SCFL") and their respective shareholders, the Board of Directors of SFCL had fixed 24th April, 2015 as the ("Record Date") for determining your share entitlements in terms of the Scheme of Arrangement. Accordingly, against your holding in SFCL, new shares of SCFL have been allotted on 28th April, 2015 in the following manner:

"1 (one) Equity Share of Re.1/- each in the SCFL (i.e., Resulting Company) credited as fully paid up for every 1 (one) Equity Share of Re.1/- each fully paid up held by them in the capital of the SFCL (i.e., Demerged Company)."

In this regard, please note the followings :

SPLIT OF COST OF ACQUISITION OF SHARES IN SFCL

1. There would be no capital gains implications on the shareholders of SFCL in view of the exemption granted under Section 47(vii) of the Income Tax, 1961 ("Act").
2. In respect of the New Shares, the date of acquisition for the purpose of capital gains in case of a shareholder will be the date of acquisition of the original shares of SFCL for each shareholder as per Clause (g) in Explanation 1 to Section 2(42A) of the Income Tax Act.
3. With regard to the cost of acquisition of New Shares in SCFL, Section 49(2C) of the Act provides the formula for splitting the original cost of acquisition of shares of SFCL between itself and the New Shares allotted in SCFL. An extract of the provisions of Section 49(2C) is reproduced below for your reference:

"..... the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger....."

"Explanation- For the purposes of this section, "net worth" shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of account of the demerged company immediately before the demerger...."

4. With regard to the cost of acquisition of original shares in SFCL, Section 49(2D) of the Act provides the formula for splitting the original cost of acquisition of shares in SFCL between New Shares allotted in SCFL and original shares in SFCL. An extract of the provisions of Section 49(2D) is reproduced below for your reference :

"..... the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount so arrived at under sub section (2C)...."

The information in Para 3 above should be preserved carefully, as it will be relevant for calculating taxable capital gains under the Act on any transfer of shares in future.

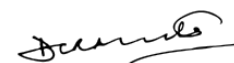
For the purpose of determining the post demerger cost of acquisition of Equity Shares of SFCL and the Resulting Company i.e., SCFL under the Act, the shareholders are advised to apportion their pre-demerger cost of acquisition of shares of SFCL in the following manner :

Name of the Company	% of Cost of SFCL
Star Ferro and Cement Limited	27.48
Shyam Century Ferrous Limited	72.52
Total	100.00

This communication is for the benefit of the shareholders only and SFCL takes no express or implied liabilities, responsibilities in providing the guidance.

Kindly consult your tax advisors, having regard to the facts of your case.

For Star Ferro and Cement Limited



Debabrata Thakurta
Company Secretary

Place : Kolkata
Date : 28.04.2015