

## The Board of Directors

### Shyam Century Ferrous Limited

Village: Lumshnong, P.O. Khaliehriat

Dist. East Jaintia Hills

Meghalaya- 793 210

## Statutory Auditor's Report on proposed buyback of equity shares pursuant to the requirements of the Companies Act, 2013 (the "Act") and Clause (xi) of Schedule I to the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (as amended) ("Buyback Regulations").

1. This Report is issued in terms of our engagement dated August 11, 2022.
2. We have been engaged by **Shyam Century Ferrous Limited (the "Company")** to perform a reasonable assurance engagement on determination of the amount of permissible capital payment in connection with the proposed buy-back of the Company of its equity shares in pursuance of the provisions of Sections 68, 69 and 70 of the Act and the Buyback Regulations.
3. The Board of Directors of the Company have approved a proposal for buyback of 1,00,00,000 fully paid-up equity shares for an aggregate consideration of Rs. 28,00,00,000/- (Rupees Twenty-Eight Crores only) at its meeting held on August 11, 2022, subject to approval of the shareholders, in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013 (the "Act") and the Buyback Regulations. We have been requested by the Management of the Company to provide a report on the accompanying statement of permissible capital payment (including premium) ('Annexure A') as at March 31, 2022 (hereinafter referred to as the "Statement"). This Statement contains the amount of permissible capital payment towards buy-back of equity shares in accordance with the requirements of Section 68 (2) of the Act, Regulation 4(i) of the Buyback Regulations and based on the latest audited financial statements for the year ended March 31, 2022. This Statement has been prepared by the Management, which we have initialed for the purposes of identification only.

## Management's Responsibility for the Statement

4. The preparation of the Statement in accordance with Section 68(2)(c) of the Act and the compliance with the Buyback Regulations, is the responsibility of the Management of the Company, including the computation of the amount of the permissible capital payment, the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Board of Directors are responsible to make a full inquiry into the affairs and prospectus/ offer document of the Company and to form an opinion that the Company will be able to pay its debts from the date of board meeting and will not be rendered insolvent within a period of one year from the date of board meeting at which the proposal for buyback was approved by the Board of Directors of the Company and informing the opinion, it has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Act or the Insolvency and Bankruptcy Code 2016. Further, a declaration is required to be signed by at least two directors of the Company in this respect in accordance with the requirements of the section 68(6) of the Act and the Buyback Regulations.

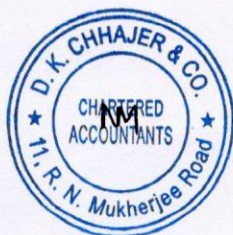


**Auditor's Responsibility:**

6. Pursuant to the requirements of the Buyback Regulations, it is our responsibility to provide a reasonable assurance on the following "Reporting Criteria" whether:
  - (i) we have inquired into the state of affairs of the Company in relation to the audited financial statements as at March 31, 2022;
  - (ii) the amount of permissible capital payment as stated in Annexure A, has been properly determined considering the audited financial statements as at March 31, 2022 in accordance with Section 68(2) of the Companies Act, 2013; and
  - (iii) the Board of Directors of the Company, in their meeting held on August 11, 2022 have formed the opinion as specified in Clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of declaration adopted by the Board of Directors.
7. The financial statements for the year ended March 31, 2022 have been audited by us on which we have issued unmodified audit opinion in our report dated May 17, 2022. We conducted our audit of the financial statements in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
8. We conducted our examination of the Statement in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India ("Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria mentioned in paragraph 6 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria.

We have performed the following procedures in relation to the Statement:

- (i) We have inquired into the state of affairs of the Company in relation to its audited financial statements for the year ended March 31, 2022;
- (ii) Examined authorization for buy back from the Articles of Association of the Company, approved by Board of Directors in its meeting held on August 11, 2022, which is subject to approval of the shareholder of the Company;
- (iii) Examined that the amount of capital payment for the buy-back as detailed in Annexure A is within permissible limit computed in accordance with section 68 (2) of the Act and Regulation 4(i) of the Buyback Regulations;



- (iv) Examined that the ratio of debt owned by the Company, is not more than twice the capital and its free reserve after such buy-back, based on the audited financial statements for the year ended March 31, 2022;
- (v) Examined that all shares for buy-back are fully paid-up;
- (vi) Read the resolutions passed in the meetings of the Board of Directors. We have done no procedures as regard the projections as approved by the Board of Directors and accordingly do not certify the same;
- (vii) Read the Director's declarations for the purpose of buy back and solvency of the Company;
- (viii) Obtained necessary representations from the management of the Company.

### Opinion

11. Based on our examination as above, and the information and explanations given to us, in our opinion:

- (i) The Statement of permissible capital payment (including premium) towards the proposed buyback of equity shares as stated in Annexure A, is in our view properly determined in accordance with Section 68(2)(c) of the Act.
- (ii) The Board of Directors of the Company, in their meeting held on August 11, 2022 have formed their opinion as specified in clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds and that the Company, will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of Board meeting dated August 11, 2022. Based on the above declaration of the Board of Directors and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in circumstances as at the date of the declaration.

### Restriction on Use

12. This report has been issued at the request of the Company solely for use of the Company:

- (i) in connection with the proposed buyback of equity shares of the Company in pursuance to the provisions of Sections 68 and other applicable provisions of the Companies Act, 2013 and the Buyback Regulations;
- (ii) to enable the Board of Directors of the Company to include in the public announcement, draft letter of offer, letter of offer and other documents pertaining to Buyback to be sent to the shareholders of the Company or filed with (a) the Registrar of Companies, Securities and Exchange Board of India, Stock Exchanges, shareholders and any other regulatory authority as per applicable law and (b) the Central Depository Services (India) Limited, National Securities Depository Limited; and
- (iii) for providing to the Manager to the Buyback offer and should not be used by any other person for any other purpose.



13. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

*For D.K. Chhajjer & Co.*  
Chartered Accountants  
Firm's Registration No.: 304138E

*N. Maheshwari*

**Neha Maheshwari**  
Partner  
Membership No.: 308616  
UDIN: 22308616AOUSAQ9049

Date: August 11, 2022  
Place: Kolkata



### Annexure A - Statement of permissible capital payment




Computation of amount of permissible capital payment towards Buyback of equity shares in accordance with section 68(2) (c) of the Companies Act 2013 ("the Act") based on the audited financial statements as at and for the year ended March 31, 2022.

(Rs. In Lakhs)

Particulars	As at March 31, 2022
Issued, Subscribed and fully paid up Equity Shares 22,21,72,990 Equity Shares of Re. 1/- each, fully paid up(A)	2,221.73
Free Reserves- (Refer Note 1)	
- General Reserve	-
- Surplus (Retained Earnings)(Refer Note 2)	9,179.76
<b>(B)</b>	9,179.76
<b>Total (A+B)</b>	<b>11,401.49</b>
Maximum amount permissible for buyback under Section 68 of the Companies Act, 2013 and Regulation 4 of the Buyback Regulations (i.e. upto 25% of the total paid up capital and free reserves)	<b>2,850.37</b>
Amount proposed by Board Resolution dated August 11, 2022 approving the Buyback, subject to shareholders' approval by special resolution, based on the Audited Financial Statements as at and for the year ended March 31, 2022	2,800.00

Note:

- 1) Free Reserves are as per Clause 43 of section 2 and explanation II to Section 68 of the Companies Act, 2013.
- 2) Net of re-measurement loss on defined benefit plan of Rs. 1.68 Lakhs as at March 31, 2022.

<p>For <b>D.K. Chhajer &amp; Co.</b> Chartered Accountants (Firm's Registration No. 304138E)</p> <p style="text-align: center;"></p> <p><b>Neha Maheshwari</b> Partner (Membership No. 308616)</p>	<p>For <b>Shyam Century Ferrous Limited</b></p> <p style="text-align: center;"> <b>Uday Bahadur Chetri</b> Chief Financial Officer</p> <p style="text-align: center;"></p>
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