

Continuous outperformance

STAR CEMENT MEGHALAYA LIMITED | ANNUAL REPORT 2016-17





Contents

01

Corporate
Information

02

Directors'
Report

20

Auditors'
Report

26

Balance
Sheet

27

Statement of
Profit and Loss

28

Cash Flow
Statement

29

Notes to
Accounts

Corporate Information

Board of Directors:

Prem Kumar Bhajanka, Managing Director
Sajjan Bhajanka, Director
Sanjay Agarwal, Director
Rajendra Chamaria, Director
Pankaj Kejriwal, Director
Mangilal Jain, Director
Ibaridor K. War, Director
Santanu Ray, Director

Auditors:

Kailash B. Goel & Co.,
Chartered Accountants
70, Ganesh Chandra Avenue, 1st Floor
Kolkata – 700013

Company Secretary:

Koushik Ranjan Saha

Chief Financial Officer:

Dilip Kumar Agarwal

Registered Office and Works:

Vill.: Lumshnong, P.O: Khaliehriat
Dist: East Jaintia Hills
Meghalaya – 793 210

Corporate Office:

“Satyam Towers”, 1st Floor, Unit No. 9B,
3, Alipore Road, Kolkata – 700027

Delhi Office:

281, Deepali, Pitampura,
New Delhi – 110 034

Bankers/ Body Corporate:

Bank of Baroda
Corporation Bank
Allahabad Bank
State Bank of India
Tata Capital Financial Services Limited

Directors' Report

Dear members

Your Directors have pleasure in presenting Twelfth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2017 and the Statement of Profit & Loss for the year ended on that date.

FINANCIAL HIGHLIGHTS

The highlights of the financial performance of the Company for the financial year ended 31st March, 2017 as compared to the previous financial year are as under:

Particulars	2016-17	2015-16
Net Sales/Income	48,077.08	49,787.84
Profit/(Loss) before Interest, Depreciation and Tax	19,043.44	19,356.52
Interest and Finance Charges	(2,475.03)	(3,716.50)
Depreciation	(7,308.12)	(8,839.77)
Exceptional Items	(36.62)	1.94
Profit/(Loss) before Tax	9,223.67	6,802.19
-Current Tax	(1,982.21)	(1,461.19)
-Less: MAT Credit entitlement	1,982.21	1,461.19
-Net Current Tax	-	-
Profit/(Loss) after Tax	9,223.67	6,802.19

INDIAN ECONOMY – A RETROSPECT AND OUTLOOK

India as an economy remains one of the fastest growing economies across the globe. The Financial Year 2016-17 was a year of high performance for the Indian economy, comprising of major economic events like implementation of Goods and Service Tax (GST) and roll out of demonetization which was aimed at transparency in financial transaction. Several other pieces of legislation have been put in place to promote recovery and growth, the liquidity in the economy is also expected to revive early with the growth in several sectors.

On export front, India grew at faster pace in the recent years. The surge in Commodity price in the first half of the Fiscal year and revival of growth in Indian economy and other developed economies boosted the Indian shipment of export and import even though the rupee was low as against foreign currency.

Your Company engaged in production of Cement Clinkers is mainly dependent upon outlook of cement industry in the country in general and in North East and Eastern India in particular. Cement industry being core to infrastructural development has got an important role to play in nation

building. Amongst other important consumption segments, housing is one segment which consumes cement most and is the biggest demand driver. Infrastructure is another big cement consuming sector in our country. With the recent Government initiatives like '98 Smart cities', 'Housing for All', etc., initiatives in the areas of Development of Ports, Roads and Highways, dedicated Freight Corridors, Gauge conversion projects undertaken by Railways, development in the area of alternative source of energy viz. Hydro and Solar Power and other infrastructure projects is expected to boost cement demand in the region where your Company operates.

OPERATIONAL PERFORMANCE

In view of fall in demand of cement due to sharp effect of demonetization, during the year under review your Company produced 15,79,345 MT of Cement Clinker as against 16,29,025 MT in the previous year. On the capacity utilization front, your Company was able to utilize 90.2% of its installed capacity during the FY 2016-17 as against 93.1% during the FY 2015-16.

During the year under review, your Company has successfully exported 0.51 Lac MT of Cement Clinker to neighboring

countries of Nepal and Bhutan apart from having long term arrangement for sale of clinker with its holding Company M/s. Star Cement Limited and fellow subsidiary M/s. Megha Technical & Engineers Private Limited.

During the FY 2016-17, your Company has posted EBIDTA of ₹19,043.44 Lacs and profit after tax amounting to ₹9,223.67 Lacs. Your Company expects to maintain the operational efficiencies in years to come.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2017 was ₹2,981.78 Lacs. During the year under review, the Company has neither issued any shares with differential voting rights

nor granted stock options or sweat equity shares.

EXTRACT OF ANNUAL RETURN

In terms of requirement of Section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual return in form MGT-9 is annexed herewith and marked Annexure-1.

MEETINGS OF THE BOARD

During the year under review Six (6) Board Meetings were convened and held on 2nd May, 2016, 20th July, 2016, 9th September, 2016, 2nd November, 2016, 30th January, 2017 and 18th March, 2017. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The composition of the Board and the attendance details of the members are given below:

Sl. No.	Name of the Director	Category	No. of Meeting	
			Held	Attended
1.	Mr. Prem Kumar Bhajanka	Managing Director	6	2
2.	Mr. Sajjan Bhajanka	Director	6	5
3.	Mr. B. B. Agarwal*	Director	6	1
4.	Mr. Sanjay Agarwal	Director	6	5
5.	Mr. Rajendra Chamaria	Director	6	3
6.	Mr. Pankaj Kejriwal	Director	6	2
7.	Mrs. Ibaridor Katherine War	Director	6	1
8.	Mr. Mangilal Jain	Independent Director	6	5
9.	Mr. Santanu Ray	Independent Director	6	6

* Mr. B. B. Agarwal, Director of the Company resigned w.e.f 7th June, 2016.

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 18th March, 2017 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors at their meeting also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement of Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm and state that:

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year under review;

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on going concern basis;
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. Mr. Mangilal Jain and Mr. Santanu Ray are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

The Board has framed a Remuneration Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management employees. The remuneration policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and at other executive levels. The remuneration policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations

AUDITORS & AUDITORS' REPORT

M/s. Kailash B. Goel & Co., Chartered Accountants (Firm Registration no. 322460E), Statutory Auditors of the Company, have completed their tenure of two terms of five consecutive years and also an additional window period of 2 years as stipulated under Section 139 of the Companies Act, 2013. Therefore, the terms of office of the existing Statutory Auditors will conclude from the close of the forthcoming Annual General Meeting of the Company.

The Board of Directors places on record its appreciation for the services rendered by M/s Kailash B. Goel & Co. as the Statutory Auditors of the Company.

M/s. D. K. Chhajer & Co., Chartered Accountants (Firm Registration no. 304138E) have expressed their willingness to be appointed as Statutory Auditors of the Company and have confirmed that their appointment, if made, would be within the limits mentioned under Section 141(3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

Subject to the approval of shareholders, the Audit Committee and the Board of Directors of the Company have recommended the appointment of M/s. D. K. Chhajer & Co., Chartered Accountants (Firm Registration no. 304138E), as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 for a period of five years commencing from the conclusion of 12th Annual General Meeting till the conclusion of 17th Annual General Meeting, subject to the ratification of their appointment by the members at every Annual General Meeting.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors have, on the recommendation

of the Audit Committee, appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the Financial Year ended 31st March, 2017 in the Board Meeting held on 2nd May, 2016. The remuneration proposed to be paid to them for the Financial Year 2016-17, as recommended by audit committee, was ratified in the meeting of Shareholders held on 22nd August, 2016.

M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) have expressed their willingness and confirmed their eligibility to be appointed as Cost Auditors of the Company for ensuing Financial Year. The Board, on recommendation of the Audit Committee has appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the Financial Year 2017-18 subject to ratification of their remuneration by Shareholders in the General Meeting of the Company.

The cost audit report for the Financial Year 2015-16 was filed with the Ministry of Corporate Affairs on 19th September, 2016.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MKB & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and marked Annexure-2. The report is self-explanatory and do not call for any further comments.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not made any investment or provided guarantee or security in connection with a loan to any person falling under ambit of Section 186 of the Companies Act, 2013.

The loans given by your Company to its Fellow Subsidiary falling under ambit of Section 186 (2) of the Companies Act, 2013 were within the limits prescribed. Details of the loans covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTIONS

All related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a

potential conflict with the interest of the Company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with the Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

RESERVES

During the year under review no amount was transferred to reserves.

DIVIDEND

In order to conserve resources to meet operational requirement, your Directors do not recommend any dividend for the year under review.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134 (3) (m) of the Act and rules framed there under is mentioned below:

(A) Steps taken toward Conservation of Energy:

- Replacement of blending silo bottom bag filter fan motor from 22 KW to 15 KW, resulted into lower power consumption.
- Increase in ESP inlet duct Dia from 3.8 meter to 4.2 meter to reduce the pressure drop with dust load resulted into optimization of ESP Chain Conveyor load.
- Replacement of PU connector with Thread Connector for arrest of leakages.
- Optimisation of inlet blaster timer to reduce excess false air resulted into reduction in fuel and power consumption.
- Replacement of 180KW motor of crusher bag filter fan with 75KW motor has resulted into lower power consumption.
- Additional 50KVAR Capacitor was added in RMH PCC circuit which resulted into improvement in power factor from 0.9 to 0.99.

(B) Steps taken toward Technical Absorption:

- Replacement of 120 MM height tip casting plate with

175 MM and introducing coating repellent refractory Castable resulted into consistent running of kiln and thereby reduction in specific power consumption;

- Provision of Interlock kiln tire cooling fan with tire temperature has resulted into optimization of fan running hours and thereby reduction in power consumption;
- Raw Mix Optimization to reduce additives is expected to reduce the cost of raw materials;
- The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with specific objective of development of advanced systems for the mills, Kiln optimization and alternate fuel for kiln and quality improvement. During the year under review, your Company incurred Revenue Expenditure of ₹12.47 lacs and there was Capital expenditure of ₹11.28 lacs in Research & Development.

(C) Foreign Exchange Earnings and Outgo

During the period under review, there was no Foreign Exchange Earning (Previous year Nil) and Foreign Exchange Outgo was ₹2,426.16 lacs (Previous year ₹3,669.97 lacs).

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, your Company had made substantial contribution towards rural development projects which signifies a steady transformation of rural society both at social and economic levels. Due importance was given by the Company by acknowledging the rural development agendas representing planned programs to improve the standard and quality of living.

Rural Development

Your Company addressed to the basic requirements of rural community at Lumshnong village like construction of bus stands, shops and outlet for enhancement of livelihood, drainage facility within the village habitation in a shared value mode. To encourage energetic youths, your Company constructed a playground at Tongseng village and actively supported rural sports and local Associations in organising games and competitions etc.

Your Company had responded to the community at the time of disaster. It had taken up post disaster management programs for rendering help to individual households for renovation of roofs/ housing facilities in a shared value mode.

Education

Your Company has contributed towards rural education infrastructure for ensuring quality education. Overall initiatives revolved around contributing towards effective learning by induction of teacher and quality education. Educational exposure trips were also organised for local students.

Annual Report on CSR as required to be annexed in terms of requirement of Section 135 of Companies Act, 2013 and rules framed thereunder is annexed herewith and marked Annexure- 3.

PERFORMANCE EVALUATION OF THE BOARD

In accordance with the requirements of the Companies Act 2013, the performance evaluation of the Board was carried out during the year under review. The Board follows a formal mechanism for the evaluation of the performance of the Board as well as Committee. The evaluation reflected the overall engagement of the Board and the Committee.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Nomination and Remuneration Committee at its meeting established the criteria based on which the Board evaluate the performance of the Directors.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Non-Independent Directors and Board as a whole was also carried out by the Independent Directors.

The Directors expressed their satisfaction over the evaluation process and results thereof.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. B. B. Agarwal and Mrs. Ibaridor Katherine War resigned as Director with effect from 7th June, 2016 and 5th April, 2017 respectively and Mr. Swarup Chand Kayal resigned as Chief Financial Officer and Key Managerial Personnel with effect from 28th February, 2017. The Board places on record its appreciation for the services rendered by Mr. B. B. Agarwal, Mrs. Ibaridor Katherine War and Mr. Swarup Chand Kayal during their tenure with the Company.

In accordance with the provisions of Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. Sanjay Agarwal, Director, will retire by rotation and being eligible offers himself for re-appointment. In view of his considerable experience, your Directors recommend his re-appointment as Director of the Company.

The tenure of Mr. Prem Kumar Bhajanka, the Managing Director of the Company was due to expire on 31st March, 2017. The Board at its meeting held on 30th January, 2017,

on the recommendations of Nomination and Remuneration Committee, re-appointed Mr. Prem Kumar Bhajanka as the Managing Director of your Company for another period of three years with effect from 1st April, 2017 subject to necessary approval of the shareholders at the ensuing Annual General Meeting.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 29th May, 2017 has appointed Mrs. Clara Suja as an Additional Director with effect from 29th May, 2017 subject to regularization/approval of the shareholders in the ensuing Annual General Meeting and Mr. Dilip Kumar Agarwal as Chief Financial Officer and Key Managerial Personnel of the Company with effect from 29th May, 2017.

The following are Key Managerial Personnel of the Company:

1. Mr. Prem Kumar Bhajanka - Managing Director
2. Mr. Koushik Ranjan Saha - Company Secretary
3. Mr. Dilip Kumar Agarwal - Chief Financial Officer

HOLDING COMPANY

Your Company continues to remain subsidiary of M/s Star Cement Limited (Formerly Cement Manufacturing Company Limited) which holds 87.49% equity in the Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The Company does not have any subsidiary, associate and joint venture.

DEPOSITS

During the year under report, the Company has not accepted any deposits from public or from any of the Directors of the Company or their relatives falling under ambit of Section 73 of the Companies Act, 2013.

CHANGES IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS

During the year under review, there have been no material orders passed by the Regulators/Courts impacting materially the going concern status or future operations of the Company.

There were no material changes and commitments affecting the financial position of the Company during the period under review.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in

the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company values the integrity and dignity of its employees. The Company has put in place a 'Policy on Prevention of

Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). We affirm that adequate access has been provided to any complainants who wish to register a complaint under the policy. No complaint was received during the year.

RISK MANAGEMENT

Risk management refers to the practice of identifying potential risks in advance, analyzing them and taking precautionary steps to reduce the risk. The Company has evolved a risk management framework to identify, assess and mitigate the key risk factors of the business. The Board of the Company is kept informed about the risk management of the Company.

COMMITTEES OF THE BOARD

The details of composition of the Committees of the Board of Directors are as under:-

• Audit Committee

Your Company has an Audit Committee at the Board level, which acts as a link between the management, the statutory and internal auditors and the Board of Directors to oversee the financial reporting process.

During the year under review, the Audit Committee met Five (5) times to deliberate on the various matters. The Meetings were held on 2nd May, 2016, 20th July, 2016, 2nd November, 2016, 30th January, 2017 and 18th March, 2017. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Santanu Ray	Independent	Chairman	5	5
Mr. Mangilal Jain	Independent	Member	5	5
Mr. Sajjan Bhajanka	Non- Independent	Member	5	4

A vigil mechanism (Whistle BLOWER) mechanism provides a formal mechanism to the Employees and Directors to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. Pursuant to the requirements of the Act, the Company has established vigil mechanism for its directors and employees under the supervision of Audit Committee. A whistle blower

policy setting out the vigil mechanism is already in place in your Company.

• Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee was constituted as per the requirements of Section 135 of the Companies Act, 2013 at the Board level. During the year, your Company has carried out various activities as part of its CSR initiative. The focus areas have been health care, education, sustainable livelihood, infrastructure and social reform.

During the year, the Committee met on 30th January, 2017. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Sanjay Agarwal	Non-Independent	Chairman	1	1
Mr. Sajjan Bhajanka	Non-Independent	Member	1	1
Mr. Mangilal Jain	Independent	Member	1	1

Mr. B. B. Agarwal, Member of the Committee has resigned from the directorship of the Company w.e.f. 7th June, 2016. Accordingly, the Board of Directors of the Company at its meeting held on 20th July, 2016 has reconstituted the Committee.

- **Nomination & Remuneration Committee**

The Committee identifies, screens and review individuals who are qualified to become Directors, Key Managerial Personnel and Senior Management staff. The Committee also makes recommendations to the Board for such appointment and removal and carries out evaluation of every Director's performance.

During the year, the Committee met on 2nd May, 2016 and 30th January, 2017. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Santanu Ray	Independent	Chairman	2	2
Mr. Sajjan Bhajanka	Non-Independent	Member	2	2
Mr. Mangilal Jain	Independent	Member	2	2

HUMAN AND INDUSTRIAL RELATIONS

Employee relationship with your Company continues to remain cordial and harmonious. Your Directors place on record their appreciation for the continued support rendered by the employees of the Company.

The Company is continuing its efforts in induction of local managerial and non-managerial employees and has conducted regular recruitment and training programs for development of required skills at the local level.

PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under Section 197 of Companies Act, 2013 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked Annexure - 4 and forms

part of this report. The Company has no employee whose remuneration exceeds the limit prescribed under Section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ACKNOWLEDGEMENT

The Directors would like to express their grateful appreciation for the assistance and cooperation received from the Banks, Financial Institutions, Government Authorities, Local authorities, customers, vendors, business partners/ associates and Holding Company for their continued guidance and support.

Your Directors would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Company and dedicates the credit for the Company's achievements to them.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 29th May, 2017

Prem Kumar Bhajanka
Managing Director
(DIN: 00591512)

Sajjan Bhajanka
Director
(DIN: 00246043)

Annexure - 1

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN
As on Financial Year ended on 31st March, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	U63090ML2005PLC008011
2	Registration Date	Incorporated on 22nd December, 2005
3	Name of the Company	Star Cement Meghalaya Limited
4	Category/Sub-category of the Company	Company limited by Shares/ Non - Govt. Company
5	Address of the Registered office & contact details	Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210 Phone No. : 03655 -278215/16/18
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company are stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Cement Clinker	23941	99.89

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Star Cement Limited (Formerly Cement Manufacturing Company Ltd.) Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	U26942ML2001PLC006663	Holding	87.49	2(46)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) *Individual/ HUF	-	6	6	0.00	-	6	6	0.00	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	2,98,17,812	2,98,17,812	100.00	-	2,98,17,812	2,98,17,812	100.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub -total (A) (1)	-	2,98,17,818	2,98,17,818	100.00	-	2,98,17,818	2,98,17,818	100.00	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A) (1) + (A) (2)	-	2,98,17,818	2,98,17,818	100.00	-	2,98,17,818	2,98,17,818	100.00	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public shareholding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2,98,17,818	2,98,17,818	100.00	-	2,98,17,818	2,98,17,818	100.00	-

*6 individuals holding one share each as nominees of Star Cement Limited (Formerly Cement Manufacturing Company Limited).

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2016]			Shareholding at the end of the year [As on 31-March-2017]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Star Cement Limited. *	2,60,88,656	87.49	-	2,60,88,656	87.49	-	-
2	Megha Technical & Engineers Private Ltd.	37,29,162	12.51	-	37,29,162	12.51	-	-
	Total	2,98,17,818	100.00	-	2,98,17,818	100.00	-	-

*Star Cement Limited alongwith its 6 nominees.

(iii) Change in Promoters' Shareholding (please specify if there is no change).

There are no changes in Promoters' shareholding during the financial year 2016-17.

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of Shares shares	No. of Shares	% of Shares shares
	At the beginning of the year						
	Changes during the year						
	At the end of the year						

Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1	Mr. Sajjan Bhajanka (Non-Executive Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
2	Mr. Sanjay Agarwal (Non-Executive Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
3	Mr. Rajendra Chamaria (Non-Executive Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
4	Mr. Prem Kumar Bhajanka (Managing Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
5	Mr. Pankaj Kejriwal (Non-Executive Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
6	Mr. B. B. Agarwal (Non-Executive Director upto 7th June, 2016)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	07.06.2016			-		-

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
7	Mr. Mangilal Jain (Independent Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
8	Mr. Santanu Ray (Independent Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
9	Mrs. Ibaridor Katherine War (Non-Executive Director)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-
10	Mr. Swarap Chand Kayal (Chief Financial Officer upto 28th February, 2017)						
	At the beginning of the year	01.04.2016			-		-
	Changes during the year						
	At the end of the year	28.02.2017			-		-
11	Mr. Koushik Ranjan Saha (Company Secretary - w.e.f. 2nd May, 2016)						
	At the beginning of the year	02.05.2016			-		-
	Changes during the year						
	At the end of the year	31.03.2017			-		-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount ₹ Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits**	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,667.16	4,850.00	-	34,517.16
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	137.80	-	-	137.80
Total (i+ii+iii)	29,804.96	4,850.00	-	34,654.96
Change in Indebtedness during the financial year#				
* Addition	1,594.62	-	-	1,594.62
* Reduction	(12,505.72)	(2,250.00)	-	(14,755.72)
Net Change	(10,911.10)	(2,250.00)	-	(13,161.10)
Indebtedness at the end of the financial year				
i) Principal Amount	18,756.06	2,600.00	-	21,356.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	23.03	-	-	23.03
Total (i+ii+iii)	18,779.09	2,600.00	-	21,379.09

** Trade Deposits have not been included.

Loss on account of Exchange Fluctuation in respect of Loans in Foreign Currency has been included in addition in indebtedness. Similarly, gain on account of Exchange Fluctuation has been included in Reduction in indebtedness.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount ₹ Lacs)

SL. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	Mr. Prem Kumar Bhajanka	
	Designation	Managing Director	
	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	60.00	60.00
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- Others, please specify	-	-
5	Others, please specify	-	-
	Total (A)	60.00	60.00
	Ceiling as per the Act	5% of the Net profit as calculated under Section 198 of the Companies Act, 2013	

B. Remuneration to other Directors

(Amount ₹ Lacs)

SL. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Santanu Ray	Mr. Mangilal Jain	Mrs. Ibaridor Katherine War	
1	Independent Directors				
	Fee for attending Board / Committee meetings	0.53	0.50	-	1.03
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	0.53	0.50	-	1.03
2	Other Non-Executive Directors				
	Fee for attending Board / Committee meetings	-	-	0.05	0.05
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	0.05	0.05
	Total (B)=(1+2)	0.53	0.50	0.05	1.08
	Total Managerial Remuneration				61.08
	Overall ceiling as per the Act	11% of Net profit as calculated under Section 198 of the Companies Act, 2013			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount ₹ Lacs)

SL. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Swarup Chand Kayal*	Mr. Koushik Ranjan Saha #	Total Amount
	Designation	Chief Financial Officer	Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	17.65	3.43	21.08
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	17.65	3.43	21.08

* Mr. Swarup Chandra Kayal resigned as Chief Financial Officer with effect from 28th February, 2017.

Mr. Koushik Ranjan Saha was appointed as Company Secretary with effect from 2nd May, 2016.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
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There were no Penalties/Punishments/Compounding of offences for breach of any provisions of the Companies Act, 2013 against the Company or its Directors or other Officer in default during the year.

Annexure - 2

FORM NO. MR -3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
STAR CEMENT MEGHALAYA LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by STAR CEMENT MEGHALAYA LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder [Not applicable to the Company during the audit period];

- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder [not applicable to the Company during the audit period];
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;
- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI were not applicable;
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies, the following laws/acts are also, inter alia, applicable to the Company:
 - a) The Mines And Minerals (Development And Regulation) Act, 1957
 - b) The Explosives Rules, 2008
 - c) The Meghalaya Clinker Cess Act, 2015
 - d) The Environment (Protection) Act, 1986
 - e) The Water(Prevention and Control of Pollution) Act, 1974
 - f) The Air (Prevention and Control of Pollution) Act, 1981

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *save and except that the*

Company has filed advance notice for keeping registers and annual returns at place other than the registered office of the Company under section 94 of the Companies Act, 2013 after passing the shareholder's resolution.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the Directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size

and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under audit, the Company has passed a special resolution for keeping registers and annual return at any place in India in which more than one-tenth of the total number of members reside under Section 94 of the Companies Act, 2013.

This report is to be read with our letter of even date which is annexed as Annexure – 1 which forms an integral part of this report.

For MKB & Associates
Company Secretaries

Raj Kumar Banthia
(Partner)

ACS no. 17190

COP no. 18428

FRN: P2010WB042700

Date: 29th May, 2017

Place: Kolkata

Annexure - 1

To
The Members,
STAR CEMENT MEGHALAYA LIMITED

Our report of even date is to be read along with this letter.

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. Our responsibility is to express an opinion on those records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries

Raj Kumar Banthia
(Partner)
ACS no. 17190
COP no. 18428
FRN: P2010WB042700

Date: 29th May, 2017
Place: Kolkata

Annexure - 3

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

1. A brief outline of the Company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes:

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013. The main objective of the Policy is to establish the basic principles and the general framework of action for management to undertake and fulfill its Corporate Social Responsibility.

2. The composition of the CSR Committee

- Mr. Sanjay Agarwal - Chairman
- Mr. Sajjan Bhajanka - Non-Executive Director
- Mr. Mangilal Jain - Independent Director

3. Average Net Profit of the Company for last 3 financial years: ₹4,110.87 Lacs

4. Prescribed CSR expenditure (2% of amount) : ₹82.22 Lacs

5. Details of CSR activities/projects undertaken during the year:

a) Total amount to be spent for the financial year: ₹82.22 Lacs

b) Amount un-spent, if any: Nil

c) Manner in which the amount spent during financial year is detailed below:

(₹ in Lacs)

1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/Programs 1.Local area or other 2.Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1.Direct expenditure on projects or programs, 2.Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct/ through implementing agency
1	Promoting education and providing non-formal primary education through cost effective One Teacher school (O.T.S.) i.e. Ekal Vidyalaya to rural and tribal people.	Education	In various parts of India	72.77	72.77	72.77	Through implementing agency and Direct
2	Development activities like Drainage Work at Village, Construction of Bus Stand, and construction of Toilets, Community Hall and Petty Shop.	Rural Development	Assam and Meghalaya	11.70	11.70	11.70	Through implementing agency and Direct
3	Promoting Rural Sports through various activities like playground renovation, financial support to West Khasi Hills Badminton Association.	Promote Rural Sports	Meghalaya	1.84	1.84	1.84	Through implementing agency and Direct
	Total			86.31	86.31	86.31	

*Details of implementing Agency: Friends of Tribal Society and Lumshnong Village Area Local Welfare Trust

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Place: Kolkata

Date: 29th May, 2017

Prem Kumar Bhajanka

Managing Director

(DIN: 00591512)

Sajjan Agarwal

Chairman-CSR Committee

(DIN: 00246132)

Annexure - 4

**Statement of Particulars of Employees pursuant to the Section 197 of the Companies Act, 2013 read with
Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sl. No.	Name of the Employees	Designation	Remuneration Received (₹ in lacs)	Nature of Employment	Qualification	Experience (Years)	Date of commencement of employment	Age (Years)	Last Employment	% of Equity Share held in the Company	Relation with Director, if any
1	Mr. Arun Kumar Sinha	Technical Advisor	74.84	Permanent	BSc, B.E (Mech), FIE	51	01.09.2002	75	Cement Corporation of India	NIL	None
2	Mr. Alok Gupta	A.V.P. Civil	42.64	Permanent	B.E. Civil	28	14.04.2007	52	Shree Cement Ltd.	NIL	None
3	Mr. K Ramakrishna	Chief General Manager -Mechanical	36.10	Permanent	SSC, Diploma in Mech. Engineering	32	23.04.2010	62	Zuari Cement Ltd.	NIL	None
4	Mr. Sushil Kumar Kulshrestha	General Manager - Process	33.07	Permanent	M.Sc, PGDC, MBA (Operation)	24	16.10.2012	47	Loesche India Pvt. Ltd.	NIL	None
5	Mr. Ramesh Chand Pareek	General Manager - Accounts	31.98	Permanent	Commerce Graduate	35	01.07.2014	55	Barak Valley Cements Ltd.	NIL	None
6	Mr. Manoj Sovasaria	General Manager - Supply Chain Management	31.13	Permanent	B.Com (Hons), P.G.D.B.A.	25	01.10.2002	43	Barak Valley Cements Ltd.	NIL	None
7	Mr. Yugal Kishore Singh	General Manager - Quality Control	24.34	Permanent	MSC in Organic Chemistry	24	07.08.2014	52	ACC Limited	NIL	None
8	Mr. Jyoti Prakash Sinha	Deputy General Manager - Stores & Purchase	19.05	Permanent	Diploma in Materials Management	30	25.05.2011	51	Buckau Wolf India Ltd.	NIL	None
9	Mr. B. D. Asnani	Sr. Project Co-ordinator	18.57	Permanent	Diploma in Mechanical Engineering	47	07.08.2006	68	Cement Corporation of India	NIL	None
10	Mr. Arun Kumar Sharma	Sr. Manager - Purchase	18.10	Permanent	Commerce Graduate	22	03.09.2012	51	Heidelberg Cement India Ltd.	NIL	None

Independent Auditor's Report

To the Members of
Star Cement Meghalaya Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of Star Cement Meghalaya Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of its pending litigations on its financial position in its financial statements – Refer Note 2.29 to the financial statement.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company Refer to Note 2.36 to the financial statement.

For **KAILASH B. GOEL & CO.**
Firm Registration No. 322460E
Chartered Accountants

CA. Arun Kumar Sharma
Partner

Place : Kolkata
Date : 29th May, 2017

Membership No. 057329

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Financial Statements for the year ended 31st March, 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were observed.
- (iii) The Company has granted loan to a body corporate covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the body corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
- (b) In the case of the loans granted to the body corporate listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.
- (c) There are no overdue amounts in respect of the loan granted to the body corporate listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) On the basis of our examination of books and record of the Company, in our opinion and according to the information and explanation given to us, the Company has not accepted deposits during the year and therefore the directives issued by the Reserve Bank of India and the provision of Section 73 to 76 or any relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
- (vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess (except cement clinker cess) and other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable except as detailed below:
- | Nature of Due | Amount (₹ in lacs) |
|---------------------|--------------------|
| Cement Clinker Cess | 638.46 |
- (b) According to the information and explanations given to us, there are no material dues of duty of customs,

income tax, sales tax, service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of duty of excise and service tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	165.49	Feb-14 to March-15	Commissioner, Central Excise-Shillong
The Central Excise Act, 1944	Excise Duty	103.56	Jan-13 to Jan-14	Commissioner, Central Excise-Shillong
The Central Excise Act, 1944	Service Tax	9.01	2011-12	Additional Commissioner of Central Excise & Service Tax, Shillong

- (viii) Based on our audit procedures and as per the information & explanation given by the management, the Company has not defaulted in repayment of dues to financial Institution or Banks. The Company has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For **KAILASH B. GOEL & CO.**
Firm Registration No. 322460E
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 29th May, 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Star Cement Meghalaya Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally

accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **KAILASH B. GOEL & CO.**
Firm Registration No. 322460E
Chartered Accountants

CA. Arun Kumar Sharma
Partner

Place : Kolkata
Date : 29th May, 2017

Membership No. 057329

Balance Sheet as at 31st March, 2017

(₹ in lacs)

	Note	31.03.2017	31.03.2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	2,981.78	2,981.78
Reserves and Surplus	2.2	52,260.97	43,037.29
		55,242.75	46,019.08
Non-current liabilities			
Long Term Borrowings	2.3	8,441.15	15,102.47
Other Long Term Liabilities	2.4	32.05	38.52
Long Term Provisions	2.5	42.48	44.30
		8,515.68	15,185.29
Current liabilities			
Short Term Borrowings	2.6	7,609.44	9,890.34
Trade Payables		3,028.45	1,462.55
Other Current Liabilities	2.7	7,537.19	12,210.23
Short Term Provisions	2.8	35.25	22.45
		18,210.33	23,585.58
Total		81,968.75	84,789.95
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.9	34,827.29	40,716.98
Intangible Assets	2.10	3.12	3.48
Capital Work in Progress		228.00	180.53
		35,058.41	40,901.00
Long Term Loans and Advances	2.11	24,437.73	20,227.95
Other Non Current Assets	2.12	2.39	4.84
		59,498.52	61,133.78
Current Assets			
Inventories	2.13	4,989.85	7,975.16
Trade Receivables	2.14	12,846.91	12,562.46
Cash and Cash Equivalents	2.15	385.86	934.59
Short Term Loans and Advances	2.16	4,247.60	2,183.96
		22,470.23	23,656.16
Total		81,968.75	84,789.95
Significant Accounting Policies & Notes on Accounts	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For **Kailash B. Goel & Co.**

Firm Registration No. 322460E

Chartered Accountants

CA. Arun Kumar Sharma

Partner

Membership No. 057329

Place: Kolkata

Date: 29th May, 2017

For and on behalf of the Board of Directors

Sajjan Bhajanka

Director

DIN: 00246043

Dilip Kr. Agarwal

Chief Financial Officer

Prem Kumar Bhajanka

Managing Director

DIN: 00591512

Koushik Ranjan Saha

Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in lacs)

	Note	2016-17	2015-16
Income			
Revenue from Operations (Gross)	2.17	46,858.38	51,112.32
Less: Excise Duty (Refer Note no.2.29)		(1,070.87)	1,339.96
Revenue from Operations (Net)		47,929.25	49,772.36
Other Income	2.18	147.83	15.47
Total Revenue		48,077.08	49,787.84
Expenses			
Cost of Materials consumed	2.19	7,623.25	6,255.44
(Increase)/Decrease in Inventories	2.20	(408.82)	135.32
Employees Benefit Expenses	2.21	2,478.52	2,092.26
Finance Costs	2.22	2,475.03	3,716.50
Depreciation and Amortization Expenses		7,308.12	8,839.77
Other Expenses	2.23	19,340.69	21,948.29
Total Expenses		38,816.79	42,987.58
Profit/(Loss) before exceptional and extraordinary items and tax		9,260.29	6,800.25
Exceptional items		(36.62)	1.94
Profit/(Loss) before tax		9,223.67	6,802.19
Tax Expenses			
-Current Tax		1,982.21	1,461.19
Less: MAT Credit entitlement		(1,982.21)	(1,461.19)
-Net Current Tax		-	-
-Deferred Tax		-	-
Profit/(Loss) for the year		9,223.67	6,802.19
Earnings Per Equity Share (face Value of ₹10/-each) (refer note-2.33)			
Basic Earning Per Share		30.93	22.81
Diluted Earning Per Share		30.93	22.81
Significant Accounting Policies & Notes on Accounts	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place: Kolkata
Date: 29th May, 2017

For and on behalf of the Board of Directors

Sajjan Bhajanka
Director
DIN: 00246043

Dilip Kr. Agarwal
Chief Financial Officer

Prem Kumar Bhajanka
Managing Director
DIN: 00591512

Koushik Ranjan Saha
Company Secretary

Cash Flow Statement for the year ended 31st March, 2017

(₹ in lacs)

	2016-17	2015-16
A Cash flow from operating activities		
Net Profit/(Loss) before Tax and Exceptional Items	9,260.29	6,800.25
Adjustments for:		
Depreciation	7,308.12	8,839.77
Interest Income	(136.10)	(9.03)
Interest Expenses	2,475.03	3,716.50
Provision for Leave Encashment	37.07	34.80
Provision for Gratuity	40.66	31.96
Provision for Bad and Doubtful Debts (Net of adjustments)	-	6.53
Operating Profit before Working Capital changes	18,985.07	19,420.78
Adjustments for :		
Inventories	2,985.31	(4,037.07)
Trade receivables	(284.46)	(2,581.16)
Other Receivables	(4,423.43)	(1,693.49)
Trade/Other Payables	1,038.52	368.79
Cash Generated form Operations	18,301.01	11,477.85
Direct Taxes Paid	(1,850.00)	(1,425.00)
Net Cashflow from Operating Activities	16,451.01	10,052.85
B Cash flow from Investing Activities		
(Purchase)/sale of Fixed Assets (including WIP)- Net*	(1,502.14)	(2,160.90)
Fixed Deposit / Margin money (given)/ refund	2.45	(2.09)
Interest Received	136.10	9.03
Net Cash used in Investing Activities	(1,363.60)	(2,153.96)
C Cash Flow from Financing Activities		
Loans from Companies and Public Bodies	-	(2,340.00)
Proceeds from /(Repayment of) Long Term Borrowings*	(10,880.21)	(9,985.98)
Proceeds from /(Repayment of) Short Term Borrowings	(2,280.90)	8,959.50
Interest paid	(2,475.03)	(3,716.50)
Net Cash used in Financing Activities	(15,636.14)	(7,082.98)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(548.73)	815.92
Cash and Cash Equivalents		
Opening Balance	934.59	118.67
Closing Balance	385.86	934.59

* Excluding notional foreign exchange Profit of ₹60.67 lacs (Previous Year Loss ₹348.98 lacs) capitalised/reduced in accordance with para 46A of AS-11

As per our report of even date

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place: Kolkata
Date: 29th May, 2017

For and on behalf of the Board of Directors

Sajjan Bhajanka
Director
DIN: 00246043

Dilip Kr. Agarwal
Chief Financial Officer

Prem Kumar Bhajanka
Managing Director
DIN: 00591512

Koushik Ranjan Saha
Company Secretary

Notes to Financial Statements

Significant Accounting Policies and Notes to financial statements for the year ended 31st March, 2017

Corporate Information

Star Cement Meghalaya Limited (the Company) is a Public Limited Company domiciled in India and incorporated on 22nd December, 2005 under the provisions of Companies Act, 1956. The Company is engaged in manufacturing of Cement Clinker. The manufacturing unit of the Company is located at Lumshnong, Meghalaya. The Company is selling its product across North Eastern and Eastern states of India and also exporting to Bhutan and Nepal.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent notified. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

The accounting policies are consistently followed by the Company and changes in accounting policy are separately disclosed.

1.2 Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Fixed Assets

Fixed Assets are stated at their cost of acquisition, installation or construction (net of Cenvat credit and other recoverable, wherever applicable) less accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost. Cost comprises the purchase price, installation and other attributable cost of bringing the asset to working condition for its intended use. The Company has adopted the provisions of para 46A of Accounting Standard -11 'The Effects of Changes in Foreign Exchange Rates' and accordingly exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

1.4 Capital Work in Progress

Capital work in progress is carried at cost comprising direct cost and pre-operative project expenses during construction period to be allocated to the fixed assets on completion of construction.

1.5 Expenditure during construction period

In case of new projects and substantial expansion of existing units, expenditure incurred including trial production expenses net of revenue earned, and attributable interest and financing costs, prior to commencement of commercial production/completion of project are capitalized.

1.6 Depreciation

Depreciation on fixed assets is provided on written down value method in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C', thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV method so as to depreciate the initial cost down to the residual value over the estimated useful lives. Useful lives, components and residual amounts are reviewed annually.

In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.7 Investments

Current Investments are stated at lower of cost and market value. Long-term investments are stated at cost after deducting provisions for permanent diminution in the value, if any.

Notes to Financial Statements (contd.)

1.8 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Work in progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials & labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Cost of Inventories is computed on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.9 Retirement Benefits

(i) Defined Contribution Plan

Employees benefits in the form of provident fund, ESIC and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of gratuity is considered as defined benefits obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other Long-term benefits

Long-term compensated absences are provided for on the actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are recognized in the Statement of Profit & Loss.

1.10 Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time for its intended use to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing cost includes exchange differences arising from relevant foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost.

1.11 Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

1.12 Foreign Currency Transactions

Foreign Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transactions. Exchange differences arising on settlement /restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expenses in the Statement of Profit and Loss. All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the Balance Sheet date. The exchange difference arising as a result is added to or deducted from the cost of the assets in accordance with para 46A of Accounting Standard - 11 'The Effects of Changes in Foreign Exchange Rates'. Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

1.13 Taxes on Income

Tax expense comprises current and deferred tax. Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Notes to Financial Statements (contd.)

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized and carried forward for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The deferred tax in respect of timing differences which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961. Deferred tax assets / liabilities are reviewed at each Balance Sheet date based on developments during the year to reassess realization / liabilities.

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The company reviews the carrying amount of MAT at each reporting date and writes down MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.14 Intangible Asset

An Intangible Asset is recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. The depreciable amount of an intangible asset is allocated over its estimated useful life. Expenditure on purchased software and IT related expenditure are written off over a period of three years.

1.15 Research and Development Expenditure

Revenue expenditure is charged to the Statement of Profit & Loss and capital expenditure is added to the cost of fixed assets in the year in which they are incurred.

1.16 Provisions and Contingencies

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimates of the amount required to settle the obligation at the Balance Sheet date. Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

1.17 Cash & Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash in hand, demand deposits with banks and other short-term highly liquid investments / deposits with an original maturity of three months or less.

1.18 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.19 Revenue Recognition

Items of Income and expenditure are recognized on accrual basis except stated otherwise. Sales are recorded on dispatch of goods to the customer. Sales include Excise Duty and are net of trade discounts, rebates, and returns. Interest income is recognized on time proportion basis.

1.20 Government Grants and Subsidies

Government grants / subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants in the nature of recoupment / reimbursement of any particular item of expenses are recognized in the Statement of Profit and Loss as deduction from related item of expenditure. Capital grants / subsidies are reduced from cost of respective fixed assets where it relates to specific fixed assets. Other grants / subsidies are credited to the capital reserve.

Notes to Financial Statements (contd.)

2.1 - Share Capital

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Authorised Capital	3,000.00	3,000.00
Equity Shares of ₹10/- par value		
3,00,00,000 (3,00,00,000 as at 31 st March, 2017) Equity Shares fully paid up		
Issued, Subscribed & Paid up		
Equity Shares of ₹10/- par value	2,981.78	2,981.78
2,98,17,818 (2,98,17,818 as at 31 st March, 2017) Equity Shares fully paid up		
	2,981.78	2,981.78

a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31.03.2017	31.03.2016
	No. of Shares	No. of Shares
Equity Share Capital		
At the beginning of the year	29,817,818	29,817,818
Issue of shares during the year	-	-
Outstanding at the end of the year	29,817,818	29,817,818

c) Shares held by holding company

Particulars	31.03.2017	31.03.2016
	No. of Shares	No. of Shares
Star Cement Limited		
Equity shares of ₹10/- each fully paid	26,088,656	26,088,656
(All the shares are held by M/s Star Cement Limited, the Holding Company and its nominees)		

d) Details of shareholders holding more than 5% of Equity Shares in the Company

Particulars	31.03.2017		31.03.2016	
	No. of Shares	%	No. of Shares	%
Equity shares of ₹10/- each fully paid				
Star Cement Limited, holding company	2,60,88,656	(87.49%)	2,60,88,656	(87.49%)
Megha Technical & Engineers Private Limited, subsidiary of Holding Company	37,29,162	(12.51%)	37,29,162	(12.51%)
	2,98,17,818	(100%)	2,98,17,818	(100%)

As per records of the Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Notes to Financial Statements (contd.)

2.2 - Reserves & Surplus

Particulars	(₹ in lacs)	
	31.03.2017	31.03.2016
Capital Reserves		
Balance as per last Account	15,352.77	15,352.77
Addition/(Deduction) during the year	-	-
Closing Balance	15,352.77	15,352.77
Securities Premium		
Balance as per last account	17,416.22	17,416.22
Addition/(Deduction) during the year	-	-
Closing Balance	17,416.22	17,416.22
Surplus as per statement of Profit & Loss		
Balance as per the last financial statements	10,268.31	3,466.12
Profit / (Loss) for the year	9,223.67	6,802.19
Net Surplus (Deficit) in the statement of Profit and Loss	19,491.98	10,268.31
	52,260.97	43,037.29

2.3 - Long Term Borrowings

Particulars	(₹ in lacs)	
	31.03.2017	31.03.2016
Term Loans		
- Rupee Loans from Banks (Secured)	7,567.06	14,714.06
- Rupee Loan from a Body Corporate (Secured)	1,507.02	2,895.02
- Foreign Currency Loans from Banks (Secured)	3,951.57	6,186.10
Loans and Advances from a Related Party (Unsecured)	600.00	600.00
Other Loans & Advances		
- Hire Purchase Finance from Banks (Secured)	120.96	231.64
	13,746.61	24,626.82
Less:- Current maturities of long term borrowings	5,305.46	9,524.35
	8,441.15	15,102.47

Notes:-

- Rupee Term Loans of ₹7,567.06 lacs from Banks and ₹1,507.02 lacs from a Body Corporate are repayable in further 10 unequal quarterly instalments ending on December 2019. Foreign Currency Loan of ₹3,951.57 lacs are repayable in further 11 unequal quarterly instalments ending on December 2019. The loans are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the Company's cement clinker plant at Lumshnong, Meghalaya.
- Hire Purchase Finance is secured by hypothecation of respective vehicles / equipments and are repayable within three years having varying date of payment.
- The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

2.4 - Other Long Term Liabilities

Particulars	(₹ in lacs)	
	31.03.2017	31.03.2016
Security Deposits	22.06	26.47
Retention Money	9.99	12.04
	32.05	38.52

2.5 - Long Term Provisions

Particulars	(₹ in lacs)	
	31.03.2017	31.03.2016
Provision for Employees Benefits		
- Gratuity	15.65	19.54
- Leave Encashment	26.83	24.77
	42.48	44.30

Notes to Financial Statements (contd.)

2.6 - Short Term Borrowings

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Working Capital facilities from Banks		
Cash Credit (Secured)	5,609.44	5,640.34
Short Term Loan		
From a Bank (Unsecured)	2,000.00	2,000.00
From a Body Corporate (Unsecured)	-	2,250.00
	7,609.44	9,890.34

Note:

- a. The above amount includes :

	31.03.2017	31.03.2016
Secured borrowings	5,609.44	5,640.34
Unsecured borrowings	2,000.00	4,250.00

- b. Working Capital facilities from banks are secured by pari passu first charge on current assets and pari passu second charge on fixed assets of the Company's cement clinker unit at Lumshnong, Meghalaya.
- c. Short Term loan from a bank is due for repayment on June, 2017.

2.7 - Other Current Liabilities

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Current Maturities of long term borrowings	5,305.46	9,524.35
Interest accrued but not due on borrowings	23.03	137.80
Other Payables		
Statutory Liabilities (Including excise duty on finished goods ₹52.33 lacs, Previous year ₹12.55 lacs)	750.47	437.94
Advances from Customers	293.14	72.80
Salary and Bonus to Employees	50.02	45.92
Other Liabilities	1,115.06	1,991.44
	7,537.19	12,210.23

2.8 - Short Term Provisions

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Provisions for Employees Benefits		
- Gratuity	25.01	12.42
- Leave Encashment	10.24	10.03
	35.25	22.45

Notes to Financial Statements (contd.)

2.9 - TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Deduction / Adjustment	As at 31.03.2017	upto 01.04.2016	For the Year	Deduction / Adjustment	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land & Site Development	2,271.91	681.23	-	2,953.14	-	-	-	-	2,953.14	2,271.91
Factory Building	8,765.02	32.18	8.33	8,788.86	1,787.53	663.56	-	2,451.09	6,337.78	6,977.49
Non Factory Building	2,673.37	113.59	1.21	2,785.75	1,031.46	350.15	-	1,381.61	1,404.14	1,641.91
Plant & Machinery	54,219.68	540.36	128.74	54,631.31	25,385.82	5,949.30	34.22	31,300.90	23,330.41	28,833.86
Furniture & Fixtures	113.73	8.82	-	122.55	62.11	15.22	-	77.33	45.22	51.62
Office Equipments	38.51	3.64	-	42.14	28.71	5.25	-	33.97	8.18	9.79
Computers	107.18	14.32	-	121.50	81.55	20.10	-	101.64	19.86	25.64
Heavy Vehicles & Equipments	2,230.03	77.94	-	2,307.97	1,508.81	240.25	-	1,749.06	558.91	721.22
Vehicles	163.66	35.63	16.52	182.77	90.58	29.29	14.39	105.48	77.29	73.08
Tools & Tackles	524.86	15.18	-	540.04	414.40	33.28	-	447.68	92.36	110.46
Total	71,107.94	1,522.90	154.79	72,476.05	30,390.96	7,306.40	48.61	37,648.75	34,827.29	40,716.98
Previous Year	67,564.85	3,653.07	109.98	71,107.94	21,592.32	8,837.15	38.51	30,390.96	40,716.98	45,972.53

2.10 - INTANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Deduction / Adjustment	As at 31.03.2017	upto 01.04.2016	For the Year	Deduction / Adjustment	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Computer Software	21.07	1.35	-	22.42	17.59	1.72	-	19.30	3.12	3.48
Total	21.07	1.35	-	22.42	17.59	1.72	-	19.30	3.12	3.48
Previous Year	16.75	4.32	-	21.07	14.96	2.62	-	17.59	3.48	1.79
Total (Note 2.9 + 2.10)	71,129.01	1,524.25	154.79	72,498.47	30,408.55	7,308.12	48.61	37,668.06	34,830.41	40,720.47
Previous Year	67,581.60	3,657.39	109.98	71,129.01	21,607.29	8,839.77	38.51	30,408.55	40,720.47	45,974.31

Note:

- During the year company has discarded fixed assets amounting to ₹76.29 lacs (Previous year ₹108.20 lacs) and sold fixed assets amounting to ₹17.84 lacs (previous year ₹1.77 lacs).
- During the year foreign exchange gain of ₹60.67 lacs is reduced from assets in accordance with para 46A of AS-11.

Notes to Financial Statements (contd.)

2.11 - Long Term Loans and Advances

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Capital Advances		
- Unsecured, Considered Good	1,653.24	1,626.85
Security Deposits (Unsecured-Considered Good)	30.09	26.91
Other Loans and advances (Unsecured-Considered Good)		
-Subsidies/Incentives Receivable from Central/State Governments	15,363.29	15,363.29
- Advance Income Tax (net of provision for Taxation) including MAT Credit Entitlement	4,291.11	2,410.90
- Loan & Advance to Related Party	3,100.00	800.00
	24,437.73	20,227.95

2.12 - Other Non-Current Assets

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Other Bank Balances		
Balances with Banks held as		
- Margin Money deposits with original maturity of more than 12 months	2.39	4.84
	2.39	4.84

2.13 - Inventories

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Raw Materials	1,929.83	990.33
Work - in - Process	159.94	199.30
Finished Goods (including in transit ₹99.27 lacs, PY ₹8.97 lacs)	570.26	122.07
Fuels & Lubricants	832.07	4,914.23
Store & Spare Parts	1,497.75	1,749.23
	4,989.85	7,975.16

2.14 - Trade Receivables

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Unsecured, Considered Good		
Over Six months		
I. Claims due from Central Government	7,603.75	5,297.29
	7,603.75	5,297.29
Other Debts		
I. Claims due from Central Government	1,986.01	2,393.99
II. Others	3,257.16	4,871.19
	5,243.17	7,265.17
	12,846.91	12,562.46

2.15 - Cash and Cash Equivalents

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Cash on hand	14.46	7.08
Cheques in hand	171.43	680.33
Balances With Banks:		
- On Current Accounts (₹1.52 lacs kept with SBI-Bangladesh, repatriation of which is restricted, previous year ₹30.19 lacs)	197.38	247.18
- Fixed Deposit with Banks	2.59	-
	385.86	934.59

Notes to Financial Statements (contd.)

2.16 - Short Term Loans and Advances

	(₹ in lacs)	
Particulars	31.03.2017	31.03.2016
Others		
Unsecured, Considered Doubtful		
Advance to Supplier	4.35	4.35
Less: Provision for Bad & Doubtful advances	(4.35)	(4.35)
	-	-
Unsecured, Considered Good		
- Advances to Suppliers for goods	856.62	418.38
- Advances against services & Expenses	385.96	13.30
- Loans & Advances to Employees	8.91	5.96
- Balances with statutory/Government Authorities	1,609.70	522.41
- Subsidies/Incentives Receivable from Central/State Governments	1,281.64	1,141.16
- Prepaid Expenses	104.78	82.75
	4,247.60	2,183.96

2.17 - Revenue from Operations

	(₹ in lacs)	
Particulars	2016-17	2015-16
Sale of Products		
Finished Goods Sold		
Cement Clinker		
Domestic	44,766.73	47,877.17
Export	2,038.26	3,198.81
	46,804.99	51,075.98
Other Operating Income	53.40	36.34
Revenue from Operations (Gross)	46,858.38	51,112.32

2.18 - Other Income

	(₹ in lacs)	
Particulars	2016-17	2015-16
Interest Income on		
-Bank deposits	0.35	0.32
-Other	135.75	8.70
Other Non Operating Income	11.73	6.45
	147.83	15.47

2.19 - Cost of Raw Materials Consumed

	(₹ in lacs)	
Particulars	2016-17	2015-16
Inventory at the beginning of the year	990.33	799.89
Add: Purchases	8,562.76	6,445.88
	9,553.08	7,245.76
Less : Inventory at the end of the year	1,929.83	990.33
Cost of Raw Materials Consumed	7,623.25	6,255.44
Details of Raw Material Consumed		
Clay	12.12	152.82
Lime Stone	6,399.73	5,098.81
Shale	238.26	320.82
Iron Mill Scale	114.58	168.95
Iron Ore	566.74	22.08
Latrite	291.81	491.95
	7,623.25	6,255.43

Notes to Financial Statements (contd.)

2.20 - (Increase)/Decrease in Inventories

(₹ in lacs)

Particulars	2016-17	2015-16
Work in Process		
Opening Stock	199.30	182.08
Closing Stock	159.94	199.30
	39.37	(17.22)
Finished Goods		
Opening Stock	122.07	274.62
Closing Stock	570.26	122.07
	(448.19)	152.55
(Increase)/Decrease	(408.82)	135.32
Finished Goods		
Cement Clinker	570.26	122.07
	570.26	122.07

2.21 - Employees Benefit Expenses

(₹ in lacs)

Particulars	2016-17	2015-16
Salaries & Wages	2,308.57	1,962.24
Contribution to Provident Fund and other Funds	46.27	40.56
Welfare Expenses	123.68	89.47
	2,478.52	2,092.26

2.22 - Finance Costs

(₹ in lacs)

Particulars	2016-17	2015-16
Interest Expense		
- On Fixed Loans	1,758.21	2,947.87
- On Others	629.65	705.51
Other Borrowing Costs	87.16	63.12
	2,475.03	3,716.50

2.23 - Other Expenses

(₹ in lacs)

Particulars	2016-17	2015-16
Consumption of Stores & Spares	185.29	266.06
Power & Fuel	13,736.76	16,375.54
Repairs & Maintenance		
- Buildings	135.76	201.57
- Plant & Machinery	922.51	1,057.26
- Others	65.90	78.06
Heavy Vehicle / Equipment Running Expenses	509.41	525.74
Excise duty variation on opening/closing stock	44.95	2.27
Travelling and Conveyance	133.54	123.62
Insurance	58.94	58.16
Rent, Rates & Taxes	544.77	372.51
Research & Development Expenses	12.47	23.60
Charity & Donation	437.15	91.32
CSR Expenses	86.31	66.51
Miscellaneous Expenses	403.77	433.51
Advertisement & Publicity	0.51	13.53
Carriage Outward	2,004.31	2,176.27

Notes to Financial Statements (contd.)

2.23 - Other Expenses (contd.)

Particulars	(₹ in lacs)	
	2016-17	2015-16
Sales Promotion Expenses	36.23	42.74
Commission/ Incentives	22.12	38.26
Claims	-	1.75
	19,340.69	21,948.29

2.24 In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

2.25 Based on the information/documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

Particulars	(₹ in lacs)	
	2016-17	2015-16
(I) Principal amount remaining unpaid to any supplier at the end of the accounting year (including retention money against performance)	-	-
(II) Interest due on above	-	-
Total of (i) & (ii)	-	-
(III) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.06	0.02
(IV) Amount paid to the suppliers beyond the respective appointed date.	6.91	1.77
(V) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
(VI) Amount of interest accrued and remaining unpaid at the end of accounting year.	-	-
(VII) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	-	-

2.26 The Company has only one business segment 'Cement Clinker' as its primary segment. The secondary segment is geographical. The Company is exporting its product to Bhutan and Nepal. However, segment revenue from exports and segment assets by geographical locations is less than 10% of total revenue and total assets of the Company respectively. Hence, there is no separate reportable segment as required by Accounting Standard 17- 'Segment Reporting'.

2.27 The Company has exercised the option in accordance to paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company has depreciated the foreign exchange (gain)/ loss arising on revaluation on long term foreign Currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance useful life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the year ended 31st March, 2017 is ₹441.41 lac (PY ₹432.01 lac). The unamortized portion carried forward as at 31st March, 2017 is ₹1,404.59 lac, (as at 31.03.16 ₹1,901.95 lac).

Notes to Financial Statements (contd.)

2.28 Related Party Disclosures

Names of the related parties where control exists		Nature of relationship
A	Star Cement Limited (Formerly Cement Manufacturing Company Limited)	Holding Company
	Megha Technical & Engineers Private Limited (MTEPL)	Fellow Subsidiary
	Meghalaya Power Limited (MPL)	Fellow Subsidiary
	NE Hills Hydro Limited (NEHL)	Fellow Subsidiary
B	Others-with whom transactions have taken place during the period	
	1. Name of other related party	
	Century Plyboards (India) Limited (CPIL)	Enterprise influenced by KMP
	2. Key Management Personnel	
	Mr. Prem Kumar Bhajanka	Managing Director
	Mr. Swarup Chand Kayal	CFO (Continued upto 28.02.2017)
	Mr. Koushik Ranjan Saha	Company Secretary (w.e.f. from 02.05.2016)
	3. Relative of Key Management Personnel	
	Mrs. Renu Chamaria	Wife of Mr. Rajendra Chamaria (w.e.f. from 02.11.2016)
	Mrs. Vrinda Kedia Chamaria	Daughter In Law of Mr. Rajendra Chamaria (w.e.f. from 02.11.2016)

Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2017
(₹ in lacs)

Sl. No.	Type of Transactions	Holding Company		Fellow Subsidiary		Enterprises influenced by KMP		Key Management Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1	Purchase Transactions								
	SCL	70.96	8.21	-	-	-	-	-	-
	MTEPL	-	-	-	129.49	-	-	-	-
	MPL	-	-	5,770.30	6,256.94	-	-	-	-
2	Sales Transactions								
	SCL	27,625.06	32,701.66	-	-	-	-	-	-
	CPIL	-	-	-	-	0.57	-	-	-
	MTEPL	-	-	8,965.65	5,298.76	-	-	-	-
3	Services Rendered								
	SCL	63.01	13.77	-	-	-	-	-	-
	MPL	-	-	3.40	12.50	-	-	-	-
	MTEPL	-	-	8.49	-	-	-	-	-
4	Loan & Advances Given								
	MPL	-	-	2,300.00	800.00	-	-	-	-
5	Loan & Advances Taken								
	MTEPL	-	-	-	600.00	-	-	-	-
6	Loan & advances Repaid								
	MTEPL	-	-	-	2,940.00	-	-	-	-
7	Remuneration Paid								
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	60.00	60.00
	Mr. Koushik Ranjan Saha	-	-	-	-	-	-	3.43	-
	Mr. Swarup Chand Kayal	-	-	-	-	-	-	17.65	9.61
	Ms. Nupur Burman	-	-	-	-	-	-	-	3.63
	Mr. Kamal Kishor Sewoda	-	-	-	-	-	-	-	0.46
	Mrs. Renu Chamaria	-	-	-	-	-	-	12.50	-

Notes to Financial Statements (contd.)

Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2017
(₹ in lacs)

Sl. No.	Type of Transactions	Holding Company		Fellow Subsidiary		Enterprises influenced by KMP		Key Management Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	Mrs. Vrinda Kedia Chamaria	-	-	-	-	-	-	11.75	-
8	Interest Paid								
	MTEPL	-	-	62.05	312.60	-	-	-	-
9	Interest Received								
	MPL	-	-	135.74	8.69	-	-	-	-
10	Balance outstanding as on 31.03.2017								
A.	Advances/Loan Received								
	MTEPL	-	-	600.00	600.00	-	-	-	-
B.	Advance from Customers								
	MTEPL	-	-	-	53.70	-	-	-	-
C.	Advances/Loan Given								
	MPL	-	-	3,100.00	800.00	-	-	-	-
D.	Creditors								
	MPL	-	-	550.30	-	-	-	-	-
E.	Debtors								
	CPIL	-	-	-	-	0.57	-	-	-
	SCL	746.06	1,537.99	-	-	-	-	-	-
	MTEPL	-	-	256.95	-	-	-	-	-
F.	Guarantees obtained								
	SCL	-	8,654.77	-	-	-	-	-	-
G.	Share Capital (Including Securities Premium)								
	SCL	17,414.67	17,414.67	-	-	-	-	-	-

2.29 - Contingent liabilities and commitments (to the extent not provided for)

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
a. Export obligation under EPCG scheme	1,152.12	1,152.12
b. Claims against the Company not acknowledged as debts – Excise	278.06	165.49
c. Solvent surety furnished to Excise Department against differential excise duty refund (Refer note no 2.30)	1,009.18	-

Note: Based on legal opinion / decisions in similar cases, the Management believes that the Company has a fair chance of favourable decisions in cases mentioned here-in-above and hence no provision is considered necessary.

2.30 Against company's claim for refund of differential excise duty, Hon'ble High Court at Guwahati vide its order dated 1st December, 2016, in the matter of Raj Coke Industries & others Versus the Union of India has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety. Based on the said judgment of the Hon'ble High Court and legal opinion obtained by the Company and the differential excise duty refund of ₹2,255.19 lac (PY ₹ Nil) have been recognized as revenue in the book of accounts.

2.31 Employee Defined Benefits:

a) Defined Contribution Plans

The Company has recognized an expense of ₹ 46.27 lac (Previous year ₹ 40.56 lac) towards the defined contribution plans.

b) The Company has a defined benefit gratuity plan. Every employee who has completed five years or more service is entitled to Gratuity on terms not less than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with an insurance company. The following tables summaries the components of net benefit expenses recognized in the Statement of Profit & Loss and the funded status and amounts recognized in the balance Sheet for the Gratuity.

Notes to Financial Statements (contd.)

2.31 - Employee Defined Benefits: (contd.)

(₹ in lacs)

Sl. No.	Type of Transactions	2016-17		2015-16	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	Expense recognized in the Statement of Profit and Loss for the year ended 31 st March, 2017				
	1. Current Service Cost	12.44	10.73	12.42	7.78
	2. Interest Cost	6.22	2.69	5.31	2.43
	3. Employee Contribution	-	-	-	-
	4. Expected Return on Plan Assets	(3.50)	-	(3.23)	-
	5. Actuarial (Gains) / Losses	(1.84)	(0.42)	5.09	8.40
	6. Past Service Cost	-	-	-	-
	7. Settlement Cost	-	-	-	-
	8. Losses/(Gains) on Acquisition Divesture	-	-	-	-
	9. Total expenses	13.32	13.00	19.59	18.61
II	Net Asset/(Liability) recognized in the Balance Sheet as at 31 st March, 2017				
	1. Present Value of Defined Benefit Obligation	90.27	37.07	75.68	34.80
	2. Fair Value of Plan Assets	49.61	-	43.72	-
	3. Funded Status [Surplus/(Deficit)]	(40.66)	(37.07)	(31.96)	(34.80)
	4. Net Asset/(Liability) as at 31 st March, 2017	(40.66)	(37.07)	(31.96)	(34.80)
III	Change in Obligation during the Year ended 31 st March, 2017				
	1. Present value of Defined Benefit Obligation at the beginning of the year	75.67	34.80	56.67	25.83
	2. Current Service Cost	12.44	10.73	12.42	7.78
	3. Interest Cost	6.22	2.69	5.31	2.43
	4. Settlement Cost	-	-	-	-
	5. Past Service Cost	-	-	-	-
	6. Employee Contribution	-	-	-	-
	7. Liabilities assumed on acquisition/(settled On divesture)	-	-	-	-
	8. Actuarial (Gains)/Losses	(1.90)	(0.42)	4.71	8.40
	9. Benefits Payments	(2.16)	(10.73)	(3.44)	(9.65)
	10. Present Value of Defined Benefit Obligation at the end of the year	90.27	37.07	75.68	34.80
IV	Change in assets during the Year ended 31 st March, 2017				
	1. Plan Assets at the beginning of the year	43.71	-	37.01	-
	2. Assets acquired on amalgamation in previous year	-	-	-	-
	3. Settlements	-	-	-	-
	4. Expected return on plan assets	3.50	-	3.23	-
	5. Contributions by employer	4.62	10.73	7.29	9.65
	6. Actual Benefit Paid	(2.16)	(10.73)	(3.44)	(9.65)
	7. Actuarial Gains/(Losses)	(0.06)	-	(0.38)	-
	8. Plan Assets at the end of the year	49.61	-	43.72	-
	9. Actual Return on plan assets	3.44	-	2.85	-
V	The major categories of plan assets as a percentage of the fair value of total plan assets				
	1. Funded with insurer	100%	-	100%	-
	2. The overall expected rate of return on assets is determined based on market process prevailing on that date, applicable to the period over which the obligations is to be settled	7.50%	-	9.00%	-

Notes to Financial Statements (contd.)

2.31 - Employee Defined Benefits: (contd.)

(₹ in lacs)

Sl. No.	Type of Transactions	2016-17		2015-16	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
3.	Discount Rate (per annum)	7.50%	7.50%	-	-
4.	Salary growth rate (per annum)	6.00%	6.00%	-	-

2.32 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural developments projects. A CSR Committee has been formed by Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross Amount required to be spent by the Company during the year is ₹82.22 lac (P.Y. ₹23.11 lac)

b) Amount spent during the year on:

(₹ in lacs)

Nature of Expenditure	2016-17	2015-16
Education	72.77	44.00
Health Care, Poverty and Malnutrition	-	7.00
Promoting Rural Sports	1.84	-
Protection of Flora & Fauna	-	15.11
Rural Development	11.70	-
Total	86.31	66.51

2.33 - Earning Per Share (EPS)

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Profit/(Loss) Attributable to Equity Shareholders	9,223.67	6,802.19
Equity Share Capital	2,981.78	2,981.78
Weighted average number of equity shares outstanding for basic EPS (Face value of ₹10/-per share)	2,98,17,818	2,98,17,818
Weighted average number of equity shares outstanding for diluted EPS (Face value of ₹10/-per share)	2,98,17,818	2,98,17,818
Basic Earnings Per Share (₹)	30.93	22.81
Diluted Earnings Per Share (₹)	30.93	22.81

2.34 a) Value of imported and indigenous stores & spare parts consumed and their percentage to total consumption:

(₹ in lacs)

Particulars	2016-17		2015-16	
	(₹ in lacs)	(%)	(₹ in lacs)	(%)
Stores & Spares				
Imported	10.64	5.74	46.31	17.40
Indigenous	174.65	94.26	219.75	82.60
	185.29	100.00	266.06	100.00

b) Value of imports calculated of CIF basis:

(₹ in lacs)

Particulars	2016-17	2015-16
Components and spares parts	12.68	42.42
	12.68	42.42

Notes to Financial Statements (contd.)

c) Expenditure incurred in foreign currency:

Particulars	(₹ in lacs)	
	2016-17	2015-16
Travelling Expenses	4.87	0.02
Interest & Finance Charges	252.26	329.80
Others	34.69	0.45

d) Unhedged Foreign Currency Exposure:

Nature of Item	As At 31.03.2017		As at 31.03.2016	
	Foreign Currency (In USD Mn)	Indian Rupees (lacs)	Foreign Currency (In USD Mn)	Indian Rupees (lacs)
ECB	6.09	3,951.57	9.33	6,186.10

2.35 - Donation to Political Parties

Name of the Party	(₹ in lacs)	
	2016-17	2015-16
Bharatiya Janta Party	320.00	-

2.36 Disclosure on Specified Bank Notes

During the year, the Company had Specified Bank Notes (SBNs) and other denomination notes (ODNs) as defined in the MCA notification No. G.S.R. 308(E) dated 31st March, 2017. The SBNs and ODNs held and transacted during the period from 8th November, 2016 to 30th December, 2016 as per the notification are as under:

Particulars	(₹ in lacs)		
	SBNs*	ODNs	Total
Closing Cash in Hand as on 8 th November, 2016	5.19	1.56	6.75
Add : Permitted Receipts	-	11.04	11.04
Less : Permitted Payments	-	8.95	8.95
Less : Amount Deposited in bank	5.19	-	5.19
Closing Cash in Hand as on 30 th December, 2016	-	3.65	3.65

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated 8th November, 2016.

2.37 Deferred Tax Assets is not recognized in respect of timing difference of depreciation and expenditures allowable on payment basis for tax purpose, considering the principle of prudence. However, the position will be reviewed every year.

2.38 The Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) would be applicable to the Company from financial year commencing on and after 1st April, 2017. Accordingly, the financial Statements have been prepared in compliance with Companies (Accounting Standards) Rules, 2006.

2.39 Tax expense for earlier years represents write back upon completion of assessments and change in estimate of allowability of certain deductions.

2.40 Figures have been rounded off to the nearest Rupee in lac.

2.41 Previous year figures have been regrouped/rearranged/reclassified to confirm to this year's classification.

For **Kailash B. Goel & Co.**

Firm Registration No. 322460E

Chartered Accountants

CA. Arun Kumar Sharma

Partner

Membership No. 057329

Place: Kolkata

Date: 29th May, 2017

For and on behalf of the Board of Directors

Sajjan Bhajanka

Director

DIN: 00246043

Dilip Kr. Agarwal

Chief Financial Officer

Prem Kumar Bhajanka

Managing Director

DIN: 00591512

Koushik Ranjan Saha

Company Secretary



STAR CEMENT MEGHALAYA LIMITED

Regd. Office & Works:

Vill: Lumshnong, PO: Khaliehriat,

District-East Jaintia Hills

Meghalaya - 793210

CIN No.: U63090ML2005PLC008011