

INSULATING OUR PERFORMANCE

STAR CEMENT MEGHALAYA LIMITED | ANNUAL REPORT 2019-20



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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written or oral, that we periodically make, contain forward looking statements that set out anticipated results based on management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion relating to future performance of the Company. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

CIN: U63090ML2005PLC008011

Board of Directors

Prem Kumar Bhajanka, Managing Director
Sajjan Bhajanka, Director
Sanjay Agarwal, Director
Rajendra Chamaria, Director
Pankaj Kejriwal, Director
Mangilal Jain, Director (upto 31.03.2020)
Pramod Kumar Shah, Director (w.e.f 01.04.2020)
Clara Suja, Director
Santanu Ray, Director

Company Secretary

Bishwajit Singh (upto 08.04.2020)

Chief Financial Officer

Amit Kumar Singh

Auditors

D.K. Chhajer & Co.,
Chartered Accountants
Nilhat House
11, R.N. Mukherjee Road, Ground Floor
Kolkata - 700 001

Bankers

Allahabad Bank
State Bank of India
HDFC Bank Ltd.

Registered Office & Works

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

Corporate Office

"Century House", 2nd Floor,
P-15/1, Taratala Main Road, Kolkata – 700088

Delhi Office

281, Deepali, Pitampura,
New Delhi – 110 034

Directors' Report

Dear Members,

Your Directors have pleasure in presenting Fifteenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2020 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, 2020 as compared to the previous financial year are as under:-

Particulars	(₹ In Lakhs)	
	2019-20	2018-19
Total Income	61,739.28	58,919.37
Profit/(Loss) before Interest, Depreciation and Tax	9,796.94	11,039.60
Interest and Finance Charges	158.42	158.25
Depreciation	3,423.60	4,202.57
Profit/(Loss) before Tax	6,214.92	6,678.78
- Current Tax	867.96	1,169.21
- Income tax for earlier years	(4.85)	-
- Deferred Tax	(864.08)	(1,168.21)
Profit/(Loss) after Tax	6,215.89	6,677.78
Other comprehensive income for the year, net of tax	(7.23)	(2.70)
Total comprehensive income for the year	6,208.66	6,675.08

INDIAN ECONOMY – A RETROSPECT AND OUTLOOK

The Financial year 2019-20 was not favourable to the world as well as Indian economy. When the country was struggling for coming out of economic slowdown, outbreak of Covid-19 further disturbed the whole process of revival. GDP growth may remain in negative territory. Global economic slowdown and lockdown announced around all over the world is likely to impact the core sectors like infrastructure development. The Government has announced certain economic packages but its actual impact will be seen in period to come.

However, Government's ongoing initiatives like introduction of various policies like National Mineral Policy, National Policy on Software Products, National Electronics Policy, Agriculture Export Policy etc., will help all round development of the economy. It was expected that the country is likely to be the third largest consumer economy by 2025 due to change in consumer behaviour and expenditure pattern, however, impact of Covid-19 on the country's economy is yet to be ascertained though it is predicted that coming years will be very crucial for the country.

OPERATIONAL PERFORMANCE

During the year under review your Company produced 16,42,975 MT of Cement Clinker as against 14,36,600 MT in the previous year. There has been improvement in performance of your Company. On the capacity utilization front, your Company was able to utilize 87.39% of its installed capacity during the FY 2019-20 as against

82.14% during the FY 2018-19.

During the year your Company has sold 16,05,724 MT of clinker against 14,43,994 MT recorded in last year and the Company has successfully exported 0.58 Lakh MT of Cement Clinker to neighboring country Nepal 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. Low volume of export was mainly due to low prices of clinker in Nepal.

During the FY 2019-20, your Company has posted EBIDTA of ₹9,796.94 Lakhs and Profit after tax amounting to ₹6,215.89 Lakhs. Your Company expects to increase the operational efficiencies in years to come.

During the year under review your Holding Company M/s. Star Cement Limited has undertaken various marketing initiatives in order to make the brand "Star Cement" more visible and attain top of mind recall. A unique Brand Campaign around the Lok Sabha Elections of 2019 was launched. The punchline for the campaign was "Neta Ho Ya Cement, Sahi Chuno Solid Chuno". The campaign was launched across North East, Bengal & Bihar. Sponsorships were taken on TV News channels on elections to use the opportunity & garner more eyeballs for the TVC & the brand.

DIVIDEND

The Board of Directors of your company, after considering holistically the relevant circumstances has decided that it would be prudent,

not to recommend any Final Dividend for the Financial Year 2019-20 (Previous year NIL).

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2020 was ₹2,981.78 Lakhs. 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**.

CHANGES IN NATURE OF BUSINESS, IF ANY

There has not been any change in the nature of business.

MEETINGS OF THE BOARD

During the year under review Five (5) Board Meetings were convened and held on 7th May, 2019, 31st July, 2019, 27th September, 2019, 05th November, 2019 and 06th February, 2020. 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:

Name of the Director	Category	No. of Meeting	
		Held	Attended
Mr. Prem Kumar Bhajanka	Managing Director	5	3
Mr. Sajjan Bhajanka	Director	5	5
Mr. Sanjay Agarwal	Director	5	3
Mr. Rajendra Chamarla	Director	5	4
Mr. Pankaj Kejriwal	Director	5	3
Mr. Mangilal Jain #	Independent Director	5	5
Mr. Santanu Ray	Independent Director	5	5
Mrs. Clara Suja	Director	5	1
Mr. Pramod Kumar Shah ##	Independent Director	-	-

Mr. Mangilal Jain ceased to be an independent director and director of the Company w.e.f. 31.03.2020

Mr. Pramod Kumar Shah was appointed as an additional director in independent category w.e.f. 01.04.2020.

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 20th March, 2020 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.

COMPLIANCE WITH THE SECRETARIAL STANDARDS AND INDIAN ACCOUNTING STANDARDS

The Company has complied with the applicable Secretarial Standards as recommended by the Institute of Company Secretaries of India. The Company has also complied with all relevant Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.

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, 2020 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 and they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. Mr. Mangilal Jain (till 31st March, 2020), Mr. Santanu Ray and Mr. Pramod Kumar Shah (appointed w.e.f. 01st April, 2020) are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfill the conditions specified in Section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

Your Board of Directors formed opinion that the Independent Directors of the Company are maintaining highest standard of integrity and possessing expertise, requisite qualifications and relevant experience in the fields of Administration, General management, Accounts & Finance, Audit, Internal Audit, Taxation, Risk, Board procedures, Governance etc., for performing their role as Independent Directors of the Company. Regarding proficiency, all Independent Directors have registered themselves in the Data Bank maintained with the Indian Institute of Corporate Affairs (IICA),

Manesar. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self- assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the data bank. Mr. Mangilal Jain (till 31st March, 2020) and Mr. Santanu Ray Independent Directors are exempted from qualifying 'online proficiency test' due to their relevant experience in listed companies and the Companies with Paid up equity Capital of ₹10 crores and more. However, Mr. Pramod Kumar Shah (appointed w.e.f. 01st April, 2020) will appear in 'online proficiency test' within the period of 1 (one) year from the date of inclusion of his name in the data bank.

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. D. K. Chhajer & Co., Chartered Accountants (Firm Registration no. 304138E) Statutory Auditors of the Company, have been appointed by the members at the Twelfth Annual General Meeting and shall hold office for a period of 5 years from the date of such meeting held on 11th September, 2017.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

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 Messrs Sanjib Das & Associates, Cost Accountants (Firm Registration Number 100751) as Cost Auditors of the Company for the financial year ended 31st March, 2020 in the Board Meeting held on 07th May, 2019. The remuneration proposed to be paid to them for the Financial year 2019-20, as recommended by audit committee, was ratified in the meeting of shareholders held on 16th September, 2019.

Messrs Sanjib Das & Associates, Cost Accountants (Firm Registration Number 100751) have expressed their willingness to be appointed as Cost Auditors of the Company for ensuing financial year. The Board, on recommendation of the audit committee has appointed Messrs Sanjib Das & Associates, Cost Accountants (Firm Registration Number 100751) as Cost Auditors of the Company for the Financial year 2020-21 subject to ratification of their remuneration by

shareholders in the General Meeting of the Company.

The cost audit report for the Financial Year 2018-19 was filed with the Ministry of Corporate Affairs on 26th December, 2019.

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 exceeding the limit specified in 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. In terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars of the material contract or arrangement entered into by the Company with related parties as referred to in section 188 in Form AOC-2 is attached as **Annexure-3** of this report. 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.

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:

- Heat resistant paint used in Kiln Hood to save radiation loss, resulting saving of 1.0 to 1.5 Kcal/Kg clinker energy.
- Hot Dust bin circuit extraction rate increased by removal of under capacity Rotary Air Lock resulting reduced ideal running hours, so that saving of 0.48 Lakhs Kwh energy per year.
- 4 Nos. of Air blasters installed at modified Cooler to TA duct and 2 Nos. of Air blasters installed at Hood to TA duct, to minimize fine clinker surging problems.
- An interlock provided to Cooler Third grate with Clinker breaker amps so that clinker breaker will not be overloaded because of material surging from modified duct.
- Cyclone -5 Dip Tube replaced towards silo side and partially towards coal mill side to increase cyclone efficiency.
- Kiln feed bin circuit optimized by Leakage arresting from Blower safety valves and reduction of Bin level, resulting saving of 0.34 Lakhs Kwh Per year.
- 187 Nos. of 400W HPSV flood Light fitting replaced with 100W LED flood light fittings resultant saving of 2.0 Lakhs Kwh Per year.
- 20 Nos. of 150 W HPSV street Light fitting replaced with 60 W LED street light fittings resultant saving of 0.12 Lakhs Kwh Per year.
- 424 Nos. of 70 W HPSV bulkhead Light fitting replaced with 30 W LED flood light fittings resultant saving of 0.7 Lakhs Kwh Per year.
- 100 Nos. of 72 W CFL Light fitting replaced with 12 W LED flood panel light fittings in office resultant saving of 0.26 Lakhs Kwh Per year.

(B) Steps taken toward Technical Absorption:

- Extended High Abrasion Resistant Brick Al-85 Lining from 0 to 4 meters in place of 0 to 3 meters to reduce radiation as well as to Enhance Refractory Life.
- During the year under review, your Company incurred Revenue Expenditure of ₹27.65 Lakhs (Previous year ₹15.32 Lakhs) and there was Capital expenditure of ₹19.01 Lakhs (Previous year ₹12.62 Lakhs) in Research & Development.

(C) Foreign Exchange Earnings And Outgo

- During the period under review, Foreign Exchange Earning was ₹2,577.04 Lakhs (Previous year ₹4,617.24 Lakhs) and Foreign Exchange Outgo was ₹1.31 Lakhs (Previous year ₹2,317.69 Lakhs).

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, your company continued to made substantial contribution towards educational and rural development projects which signifies a steady transformation of rural society both

at social and economic levels.

Your Company has taken few major initiatives that are benefitting a large number of people and communities in the remote location for their economic and cultural development.

EDUCATION

- Your company is successfully operating a school for migrant workers in Lumshnong village where additional classes were expanded considering the need of the migrant families.
- To sustain and endure the local culture, your company had supported to operate a music school in Lumshnong area.
- Your company had also made genuine effort to build up community institutions like Sahitya Sabha Bhawan, village level community institutions, public utility areas of social institutions for the use of general public.
- Notable contributions are reflected in bringing quality education where Teachers Training Program, Adult Literacy Program, Remedial Classes were initiated in Lumshnong area for HSCL appearing students.
- Scholarships had also been extended to those students who would like to pursue higher education after matriculation.
- To keep up the passion of learning and to bring holistic development in academic sector of East Jaintia Hills district particularly in Lumshnong area, your company had introduced School Bus Service to remote villages.
- Your company has provided continuous support to promote One Teacher School (OTS) also known as the Ekal Vidyalaya project run by the Friends of Tribal Society (FTS) has been successfully educating the rural and tribal people of remote areas .
- Your company had provided necessary financial support to Parvati Education & Health Society.

HEALTH & SANITATION

- Your company made strenuous effort for eye care support to the neighbouring communities by providing screening, clinical test, distribution of medicines and spectacles, cataract surgeries etc.
- The Company constructed public toilets and urinals.

ENVIRONMENT & BIO DIVERSITY

- Your company had joined hands with State Forest Department for Conservation of endangered species of flora and fauna.

SPORTS UPLIFTMENT

- During the year, as a part of CSR projects, your company made contributions for development of rural sports amongst the youths in the rural adjoining areas.

SUSTAINABLE LIVELIHOOD

- Under the Duckery projects, the farmers were provided training and distributed duck feed, and Ducklings to enable the farmers earn substantial income.

- To promote fishery, farmers were supported with training and free distribution of related materials for improving their livelihood.

RURAL DEVELOPMENT

- Your company had contributed towards development of rural infrastructure like construction of Internal roads, roof making, construction of concrete roads, drains and development of local markets in and around Lumshnong village for achievement of greater good as desired by the community. The prime objective of the initiative was to achieve smooth mobility and provide livelihood opportunities to the villagers.

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- 4**.

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

The tenure of Mr. Prem Kumar Bhajanka, Managing Director of the Company were due to expire on 31st March, 2020. The Board at its meeting held on 06th February, 2020, on the recommendations of Nomination and Remuneration Committee, re-appointed Mr. Prem Kumar Bhajanka as the Managing Director of your Company for further period of three years with effect from 1st April, 2020 subject to necessary approvals of the shareholders at the ensuing Annual General Meeting.

Mr. Mangilal Jain, Independent Director retired from the Board with effect from close of the business hours of 31st March, 2020

due to completion of his second and final terms of appointment as Independent Director. Your Board of Directors record their appreciation for the valuable services and guidances rendered/given by Mr. Mangilal Jain during his association with the Company as a member of the Board and various Committees.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors appointed Mr. Pramod Kumar Shah (DIN: 00343256) as an Independent Director for a period of 5 (five) years effective from 1st April, 2020 upto 31st March, 2025 subject to approval of the shareholders of the Company by way of Ordinary Resolution at the ensuing Annual General Meeting.

Mr. Pramod Kumar Shah is the fellow member of the Institute of Chartered Accountants of India and is possessing necessary expertise in finance, audit and internal audit. He is also in the Board of various Companies. Your Board of Directors feels that appointment of Mr. Pramod Kumar Shah as Independent Director will be beneficial for the Company.

Mr. Pramod Kumar Shah has given his consent for appointment and has confirmed that he retains his status as Independent Director and does not suffer from any disqualifications for appointment.

Mr. Bishwajit Singh resigned as Company Secretary and Key Managerial Personnel with effect from 8th April, 2020. The Board places on record its appreciation for the services rendered by Mr. Singh during his 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. Sajjan Bhajanka, Director will retire by rotation and being eligible offer himself for re-appointment. In view of his considerable experience, your Directors recommend his re-appointment.

The following are Key Managerial Personnel of the Company:

- Mr. Prem Kumar Bhajanka - Managing Director
- Mr. Amit Kumar Singh - Chief Financial Officer
- Mr. Bishwajit Singh * – Company Secretary

* Mr. Bishwajit Singh, Company Secretary resigned from the services of the Company w.e.f. close of the business hours of 08th April, 2020

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.

SIGNIFICANT MATERIAL ORDERS PASSED BY THE COURTS OR REGULATORS

- (i) The Director of Mineral resources, Meghalaya, Shillong vide its Demand notice dated 19th February, 2020 raised a demand against the Company for payment of royalty, MEPRF, VAT/GST for an amount of ₹123.47 crores in pursuance to the National Green Tribunal (NGT) order dated 17.01.2020 passed in O.A. No. 110(TCH)/2012 against the Company and other Cement and Power Companies in Meghalaya. By the said order NGT has accepted the recommendations of the 5th Interim Report of the Independent Committee set up by NGT for restoration of Environment and rehabilitation of victims, which has suggested imposition of penalty on Cement Companies and Thermal Power Plants in Meghalaya for alleged illegal coal procurement.

The NGT Committee had made recommendation of imposing penalty on the assumption that locally available alternate fuel cannot be used by the Cement Companies and thermal Power Plants hence plants have used illegally sourced coal. The Company have not purchased any illegal coal and has complied with all disclosure requirements of the various Government Departments. The Report of NGT Committee has been founded on the basis of assumptions and views of the Committee and not on hard facts. The views of Independent Committee cannot be a substitute of hard facts or evidences necessary to form a decision culminating in recommendations. Further to note that neither show-cause was issued nor opportunity of hearing was given to the Company before submitting the Interim reports by the Independent Committee to NGT. NGT has also not served any notice on the Company before passing the impugned order dated 17.01.2020 in clear violation of principles of natural justice.

The Company backed by the legal opinions, believes that it has a good case in the matter as the said order was issued on the basis of certain hypothetical assumptions and without giving any opportunity of being heard to the Company. Therefore, against the said Demand Notice the Company is preferring an appeal before the appropriate forum, and based on the legal opinions obtained by the Company there is every likelihood that the Demand Notice dated 19.02.2020 will be set aside and accordingly, no provisions has been made in the accounts and the same has been shown under contingent liability. (Refer Note no. 42a of Notes to Accounts).

- (ii) Company has received differential excise duty amounting to ₹11.28 crores in previous years on the basis of Order passed by the Shillong Bench and Guwahati Bench of Hon'ble High Court of Guwahati and the said order was on the basis of judgement of Hon'ble Supreme Court in the matter of M/s V.V.F Limited & others etc. Versus the Union of India allowing refund of 50% of differential excise duty as immediate relief. However on 22.04.2020, The Hon'ble Supreme court has reversed the judgement and allowed the subsequent and amended notifications issued by revenue authority which replaced the 100% excise benefit as envisaged in original notification no. 20/2007, with refund equivalent to specified percentage of Excise Duty Payable based on value addition and held that the amended notifications was clarificatory in nature and

is not hit by doctrine of promissory estoppel. The objective of the amended notifications was to prevent tax evasion by some of the unscrupulous assesses by misusing the benefit granted vide the original notification and therefore doctrine of promissory estoppel cannot be invoked when the public interest warrants. The Company is preferring to Appeal before the appropriate Forum against the above judgement as the act of some unscrupulous assessee cannot be considered as basis to implement a judgement that has an adverse impact on the genuine Manufacturers and the said act of the revenue authority cannot be said to be in public interest. Based on the Company's assessment on the outcome of the Appeal, supported by the advice of external legal counsel, the company is of the view that reversal of income previously booked in the accounts amounting to ₹22.62 crores not warranted. (Refer Note no. 42b of Notes to Accounts).

Other than the aforesaid, there have been no significant and material orders passed by the Courts/ Regulators impacting the going concern status and future operations of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes or commitments have occurred between the end of the financial year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

CREDIT RATINGS

Your Company enjoys a sound reputation for its prudent financial management and its ability to meet financial obligations. ICRA Limited, has reaffirmed the Company's short term rating to [ICRA] A1+ (pronounced ICRA A one plus) and the long term rating to [ICRA]AA- (pronounced as ICRA double A minus).

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:-

a. 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 Four (4) times to deliberate on the various matters. The Meetings were held on 07th May, 2019; 31st July, 2019; 05th November, 2019 and 06th February, 2020. 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	4	4
Mr. Mangilal Jain #	Independent	Member	4	4
Mr. Sajjan Bhajanka	Non- Independent	Member	4	4
Mr. Pramod Kumar Shah ##	Independent	Member	-	-

Mr. Mangilal Jain ceased to be an independent director and director of the Company w.e.f. 31.03.2020.

Mr. Pramod Kumar Shah was appointed as an additional director in independent category and the member of the said committee w.e.f. 01.04.2020.

A Vigil (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.

b. 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 under review, the Committee met Two (2) times to deliberate on the various matters. The Meetings were held on 07th May, 2019 and 06th February, 2020. 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
Mr. Pramod Kumar Shah ##	Independent	Member	-	-

Mr. Mangilal Jain ceased to be an independent director and director of the Company w.e.f. 31.03.2020

Mr. Pramod Kumar Shah was appointed as an additional director in independent category and the member of the said committee w.e.f. 01.04.2020.

c. 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 7th May, 2019. 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. Pramod Kumar Shah ##	Independent	Member	-	-

Mr. Mangilal Jain ceased to be an Independent Director and Director of the Company w.e.f. 31.03.2020

Mr. Pramod Kumar Shah was appointed as an additional director in independent category and the member of the said committee w.e.f. 01.04.2020.

d. Finance Committee

The Finance Committee deals within the terms of reference defined by the Board and ensures their expeditious implementation.

(9) times to deliberate on the various matters. The Meetings were held on 22nd May, 2019; 31st May, 2019; 31st July, 2019; 23rd September, 2019; 14th October, 2019; 29th November, 2019; 20th January, 2020; 05th March, 2020 and 20th March, 2020. The composition of the Committee and the attendance details of the members are given below:

During the year under review, the Finance Committee met Nine

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Sajjan Bhajanka	Non-Independent	Chairman	9	9
Mr. Sanjay Agarwal	Non-Independent	Member	9	9
Mr. Rajendra Chamarla	Non-Independent	Member	9	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 - 5** 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. The Directors regret the loss of life due to Covid-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

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: 25th June, 2020

Prem Kumar Bhajanka
Managing Director
(DIN: 00591512)

Sajjan Bhajanka
Director
(DIN: 00246043)

Annexure - 1

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[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, PO: 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	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road, 5th floor, Kolkata, West Bengal - 700001 Phone: 033-2248 2248; 033-22435029 Email: mdpldc@yahoo.com

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	99.85

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, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	L26942ML2001PLC006663	Holding	87.49	2(46)

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

(i) Category-wise Share Holding

Particulars	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% 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-2019]			Shareholding at the end of the year [As on 31-March-2020]			% 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 Pvt. 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)

Sl. No.	Particulars	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
	At the beginning of the year						
	Changes during the year						
	At the end of the year						

No changes during the year

(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 total shares	No. of shares	% of total 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	01.04.2019		-	-	-	-
	Changes during the year						
	At the end of the year	31.03.2020		-	-	-	-
2	Mr. Sanjay Agarwal (Non-Executive Director)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year						
	At the end of the year	31.03.2020		-	-	-	-

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
3	Mr. Rajendra Chamaria (Non-Executive Director)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-
4	Mr. Prem Kumar Bhajanka (Managing Director)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-
5	Mr. Pankaj Kejriwal (Non-Executive Director)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-
6	Mrs. Clara Suja (Non-Executive Director)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-
7	Mr. Mangilal Jain (Independent Director)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-
8	Mr. Santanu Ray (Independent Director)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-
9	Mr. Bishwajit Singh (Company Secretary upto 08.04.2020)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-
10	Mr. Amit Kumar Singh (Chief Financial Officer)	At the beginning of the year	01.04.2019	-	-	-	-
		Changes during the year			No changes during the year		
		At the end of the year	31.03.2020	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits**	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,396.96	-	-	2,396.96
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.02	-	-	2.02
Total (i+ii+iii)	2,398.98	-	-	2,398.98
Change in Indebtedness during the financial year #				
Addition	153.97	-	-	153.97
Reduction	(2,153.72)	-	-	(2,153.72)
Net Change	(1,999.75)	-	-	(1,999.75)
Indebtedness at the end of the financial year				
i) Principal Amount	397.21	-	-	397.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.65	-	-	6.65
Total (i+ii+iii)	403.86	-	-	403.86

** 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:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	Mr. Prem Kumar Bhajanka	
	Designation	Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	198.00	198.00
	(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, specify	-	-
5	Others, please specify	-	-
	Total (A)	198.00	198.00
	Ceiling as per the Act	5% of the Net profit as calculated under Section 198 of the Companies Act, 2013 i.e. ₹310.80 Lakhs	

B. Remuneration to other Directors

				(₹ in Lakhs)	
Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Santanu Ray	Mr. Mangilal Jain	Mrs. Clara Suja	
1	Independent Directors				
	Fee for attending Board/ Committee meetings	0.45	0.48	-	0.93
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	0.45	0.48	-	0.93
2	Other Non-Executive Directors				
	Fee for attending Board/ Committee meetings	-	-	0.05	0.05
	Commission	-	-	-	-
	Others (Remuneration paid for availing professional services)	-	-	-	-
	Total (2)	-	-	0.05	0.05
	Total (B)=(1+2)	0.45	0.48	0.05	0.98
	Total Managerial Remuneration				198.98
	Overall ceiling as per the Act	11% of Net profit as calculated under Section 198 of the Companies Act, 2013 i.e. ₹683.76 Lakhs			

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

				(₹ in Lakhs)
Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Amit Kumar Singh	Mr. Bishwajit Singh	
	Name	Chief Financial Officer	Company Secretary#	
	Designation			
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9.82	4.86	14.68
	(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, specify	-	-	-
5	Others, please specify	-	-	-
	Total (C)	9.82	4.86	14.68

Resigned as Company Secretary with effect from 08th April, 2020.

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, 2020

[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, 2020 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, 2020, 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 Environment (Protection) Act, 1986
 - b) The Water (Prevention and Control of Pollution) Act, 1974
 - c) The Air (Prevention and Control of Pollution) Act, 1981
 - d) The Legal Metrology Act, 2009
 - e) The Petroleum Act, 1934
 - f) The Mines And Minerals (Development And Regulation) Act, 1957

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.

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:

- a) Mr. Prem Kumar Bhajanka has been re-appointed as the Managing Director and Key Managerial Personnel of the Company for a further period of three years with effect from 1st April, 2020 to 31st March, 2023;
- b) Mr. Pramod Kumar Shah has been appointed as an Additional Director in Independent category of the Company by the Board of Directors on 06th February, 2020 for a period of five

years with effect from 1st April, 2020, to hold office upto 31st March, 2025.

This report is to be read with our letter of even date which is annexed as **Annexure – I** 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

UDIN: A017190B000380190

Date: 25.06.2020

Place: Kolkata

Annexure – I

To
The Members,
STAR CEMENT MEGHALAYA LIMITED

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

- 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.
- We have followed the audit practices and processes 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 processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Wherever required, we have obtained the Management representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening of events, etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility

of management. Our examination was limited to the verification of procedures on test basis.

- 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.

Note: There was lockdown declared by the Central Government in the country due to COVID-19 pandemic since 24th March 2020. During the Lockdown, for carrying on and completion of the Audit, documents /details have been provided by the Company through electronic mode and the same have been verified by us.

For MKB & Associates
Company Secretaries

Raj Kumar Banthia
(Partner)

ACS no. 17190

COP no. 18428

FRN: P2010WB042700

UDIN: A017190B000380190

Date: 25.06.2020

Place: Kolkata

Annexure - 3

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis – NIL

All transactions entered into by the Company during the year with related parties were on arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship –
Star Cement Limited, Holding Company

(b) Nature of contracts/arrangements/transactions –

(i) Sale, purchase or supply of any goods or materials [Section 188(1)(a) of Companies Act, 2013]

(ii) Availing and Rendering of Services [Section 188(1)(d) of Companies Act, 2013]

(c) Duration of the contracts/arrangements/transactions –
On-going transaction (Continuous)

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The transaction with Star Cement Limited includes:

(i) Sale of Clinker

(ii) Purchase of Cement and Limestone

(iii) Services Rendered

The transaction value for the financial year 2019-20 with SCL was ₹66,112.02 Lakhs.

(e) Date(s) of approval by the Board, if any:

Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.

(f) Amount paid as advances, if any: NIL

For and on behalf of the Board of Directors

Place: Kolkata
Date: 25th June, 2020

Prem Kumar Bhajanka
Managing Director
(DIN: 00591512)

Sajjan Bhajanka
Director
(DIN: 00246043)

Annexure - 4

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 (till 31st March, 2020)
- Mr. Pramod Kumar Shah - Independent Director (w.e.f. 1st April, 2020)

3. Average Net Profit of the Company for last 3 financial years ₹9,612.56 Lakhs

4. Prescribed CSR expenditure (2% of amount) : ₹192.25 Lakhs

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

- a) Total amount to be spent for the financial year: ₹192.25 Lakhs
- b) Amount un-spent, if any: Nil
- c) Manner in which the amount spent during financial year is detailed below:

(₹ in Lakhs)							
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 and providing various support towards educational upliftment	Education	In various parts of India	107.01	107.01	107.01	Through implementing agency, Direct and through registered trust
2.	Development activities like Drainage Work at Village, Construction of foot bridge, foot path, road and drainage etc.	Rural Development	Meghalaya	64.44	64.44	64.44	Through registered trust

(₹ in Lakhs)

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
3.	Promoting health care including preventive health care, sanitation programs and organizing medical camps	Health and sanitation	Assam and Meghalaya	2.73	2.73	2.73	Through registered trust and Direct
4	Enhancing vocational skills	Livelihood enhancement	Assam	4.38	4.38	4.38	Through registered trust
5	Sports upliftment	Sports upliftment	Meghalaya	11.85	11.85	11.85	Through registered trust
6	Ensuring Environmental Sustainability	Protection of Flora and Fauna	Meghalaya	14.95	14.95	14.95	Through registered trust
Total				205.36	205.36	205.36	

*Details of implementing Agency/ Trust: 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.

Place: Kolkata
Date: 25th June, 2020

Prem Kumar Bhajanka
Managing Director
(DIN: 00591512)

Sanjay Agarwal
Chairman - CSR Committee
(DIN: 00246132)

Annexure - 5

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 Lakhs)	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. Alok Gupta	AVP Civil	63.15	Permanent	BE Civil	31	14.04.2007	55	Shree Cement Ltd.	NIL	None
2	Mr. Ramesh Chand Pareek	General Manager - Accounts	46.00	Permanent	Commerce Graduate	38	01.07.2014	58	Barak Valley Cements Ltd.	NIL	None
3	Mr. Manoj Sovasaria	General Manager - Supply Chain Management	44.92	Permanent	B.Com (Hons), PG.DBA.	28	01.10.2002	46	Barak Valley Cements Ltd.	NIL	None
4	Mr. Sushil Kumar Kulshrestha	General Manager - Process	42.93	Permanent	M.Sc, PGDC, MBA (Operation)	27	16.10.2012	50	Loesche India Pvt. Ltd.	NIL	None
5	Mr. Yugal Kishore Singh	Senior General Manager - Quality Control	32.19	Permanent	M. Sc (In-Organic Chemistry) PG Diploma in Mkt. & Sales	27	14.11.2017	55	-	NIL	None
6	Mr. Jyoti Prakash Sinha	Deputy General Manager - Stores & Purchase	26.31	Permanent	Diploma in Materials Management	33	25.05.2011	54	Buckau Wolf India Ltd.	NIL	None
7	Mr. Arun Kumar Sharma	Senior Manager - Purchase	25.27	Permanent	Commerce Graduate	25	03.09.2012	54	Heidelberg Cement India Ltd.	NIL	None
8	Mr. Sandeep Jalan	General Manager - Supply Chain Management	21.99	Permanent	Graduate	22	01.11.2009	52	-	NIL	Brother-in-law of Shri Rajendra Chamarla
9	Mr. Pallab Sarkar	Assistant General Manager-IT	20.71	Permanent	M.Sc.	17	15.12.2014	43	BMM Ispat Ltd.	NIL	None
10	Mr. Rakesh Kumar	Assistant General Manager - HR	19.66	Permanent	MBA, B.Sc (H)	19	26.12.2013	46	Electrical Manufacturing Limited	NIL	None

Independent Auditors' Report

To the Members of
Star Cement Meghalaya Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Star Cement Meghalaya Limited** (the "Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, the profit and other comprehensive income, changes in equity and the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the

ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to Note no. 49 to the Financial Statements which explain the uncertainties and the management's assessment of the financial impact due to the lock-down and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances / developments as they evolve in the subsequent periods.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl. No.	Key Audit Matter	Auditor's Response
1.	<p>Related Party Transactions</p> <p>Refer Note No. 41 to the Financial Statements.</p> <p>We identified the accuracy and completeness of disclosure of related party transactions as set out in respective notes to the Financial Statements as a key audit matter due to:</p> <ul style="list-style-type: none">• the significance of transactions with related parties during the year ended 31 March, 2020.• the fact that the Related party transactions are subject to the compliance requirement under the Companies Act 2013 and SEBI (LODR) 2015.	<p>Our audit procedures in relation to the evaluation and disclosure of related party transactions included:</p> <ul style="list-style-type: none">- Obtaining an understanding of the Company's policies and procedures in respect of the capturing of related party transactions and how management ensures all transactions and balances with related parties have been disclosed in the Financial Statements.- Obtaining an understanding of the Company's policies and procedures in respect of evaluating arms-length pricing and approval process by the audit committee and the board of directors. We have also reviewed the Transfer Pricing Report of the Company in this regard- Assessing management evaluation of compliance with the provisions of Section 177 and Section 188 of the Act and SEBI (LODR) 2015.- Evaluating the disclosures through reading of statutory information, books and records and other documents obtained during the course of our audit. <p>Our examination has showed that the Related Party Transactions have been evaluated and disclosed appropriately.</p>

Information other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report and Shareholder's Information, but does not include the Financial Statement and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material

misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit

and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

Due to COVID-19 pandemic and the consequential nationwide lockdown announced by the Central and State Government including travel restrictions, maintenance of social distancing etc., the audit team has performed the audit from remote location, on the basis of data, scanned copies, documents, management estimates, assumptions, certificates and other information supplied electronically by the management on online platform. We have relied on Management assurance of the authenticity, completeness and accuracy of these records electronically submitted to us. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lock-down restrictions imposed by the government and we have therefore, relied on the related alternative audit procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Consideration for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the Financial Statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016', 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 paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) Without prejudice to the issues described under "Other matter" section, 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 including Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts;
- (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors as on 31 March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 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"
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditors 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 pending litigations on its financial position in its Financial Statements – Refer Note no. 42 to the Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March, 2020

For **D.K. Chhajer & Co.**
Chartered Accountants
Firm Registration No.: 304138E

Niraj K Jhunjhunwala
Partner

Place: Kolkata
Date : 25 June, 2020

Membership No.: 057170
UDIN : 20057170AAAADC8286

Annexure A to the Independent Auditor's Report

(Referred to under the heading "Report on Other Legal and Regulatory Requirements" in Paragraph 1 of our Independent Auditor's Report of even date)

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, 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 all the immovable properties are held in the name of the Company.
- ii. The inventory, except goods in transit and materials lying with third parties, has been physically verified during the year by the Management. However, the in transit materials were duly received at the respective destination after the balance sheet date. In our opinion, the frequency of verification is reasonable and no material discrepancies were observed.
- iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured, to companies, limited liability partnership firm, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)[(a), (b) and (c)] of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans or provided any guarantees or security to the parties cover under section 185 of the Act. In respect of loans and investments made by the Company, the provisions of section 186 of the Act have been complied with.
- v. The Company has not accepted any deposits from the public during the year within the meaning of Sections 73 to 76 of the Act and the rules framed there under. Therefore, the provision of clause 3(v) of the order is not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain Cost Records as specified under Sec 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) The Company is generally regular in depositing the undisputed statutory dues, including provident fund, Employees' State Insurance, Income tax, Goods and Service tax, Customs Duty, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March 2020 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, the details of disputed amount of Excise Duty, Cess and Royalty VAT/GST/MEPRF on Coal not deposited by the Company are given below:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act'1994	Service Tax	2.40	2014-15 to 2016-17	Asst. Commissioner (Audit-Circle Shillong)
MMDR, GST & VAT ACT	Royalty, MEPRF, GST/VAT	12,346.64	2014-15 to 2018-19	Director of Mineral Resources, Meghalaya

-
- viii. The Company has not defaulted in repayment of loans or borrowings to banks. The Company has not taken any loan from financial institutions or Government and has not issued any debentures.
- ix. The Company has not raised any money by way of initial public offer/further public offer (including debt instruments)/term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. In our opinion and 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 year.
- xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and 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 section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Financial Statements, as required by the applicable Indian accounting standards.
- xiv. During the year the Company has not made any preferential allotment/private placements of shares/fully/partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information & explanation given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with its directors or person connected with them. Accordingly, clause 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provision of clause 3(xvi) is not applicable to the Company.

For **D.K. Chhajer & Co.**
Chartered Accountants
Firm Registration No.: 304138E

Niraj K Jhunjunwala
Partner

Place: Kolkata
Date : 25 June, 2020

Membership No.: 057170
UDIN: 20057170AAAADC8286

Annexure B to the Independent Auditor's Report

(Referred to under the heading "Report on Other Legal and Regulatory Requirements" in Paragraph 2(f) of our Interdependent Auditors' report of even date)

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

We have audited the internal financial controls over financial reporting of Star Cement Meghalaya Limited ("the Company") as of 31 March, 2020 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 ("the Act").

Auditors' 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 the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. 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, read with impact of COVID- 19 stated in Emphasis of Matter paragraph in Independent Auditor's Report, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, 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 ICAI.

For **D.K. Chhajer & Co.**
Chartered Accountants
Firm Registration No.: 304138E

Niraj K Jhunjhunwala
Partner

Place: Kolkata
Date : 25 June, 2020

Membership No.: 057170
UDIN: 20057170AAAADC8286

Balance sheet as at 31 March 2020

(₹ in Lakhs)

Particulars	Notes	31-Mar-20	31-Mar-19
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	23,391.19	26,062.99
(b) Capital work-in-progress		1,356.07	1,443.42
(c) Right-of-use assets		1.30	-
(d) Intangible assets	3.1	2.25	1.18
(e) Financial assets			
(i) Loans	4	6,424.25	5,002.74
(ii) Other financial assets	5	185.87	175.65
(f) Deferred tax assets (net)	6	8,642.51	7,776.29
(g) Non current tax asset (net)	7	85.25	13.25
(h) Other non-current assets	8	1,701.81	1,696.81
Total non-current assets		41,790.50	42,172.33
(2) Current assets			
(a) Inventories	9	13,256.85	14,519.27
(b) Financial assets			
(i) Trade receivables	10	4,821.31	4,465.36
(ii) Cash and cash equivalents	11	213.68	1,405.05
(iii) Loans	12	2,621.20	1,569.20
(c) Other current assets	13	14,704.96	11,367.17
Total current assets		35,618.00	33,326.05
Total assets		77,408.50	75,498.38
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	2,981.78	2,981.78
(b) Other equity	15	65,113.53	58,904.87
Total equity		68,095.31	61,886.65
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	73.11	146.87
(ii) Other financial liabilities (Incl. Lease Liabilities)	17	13.66	21.03
(b) Employee benefit obligations	18	98.24	74.63
(c) Other non-current liabilities	19	1,142.93	1,381.84
Total non-current liabilities		1,327.94	1,624.37
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	128.57	2,084.18
(ii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises		2.69	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,670.02	6,054.79
(iii) Other financial liabilities (Incl. Lease Liabilities)	21	2,383.92	1,986.17
(b) Employee benefit obligation	22	67.23	49.91
(c) Current tax liabilities (net)	23	-	59.12
(d) Other current liabilities	24	1,732.82	1,753.19
Total current liabilities		7,985.25	11,987.36
Total liabilities		9,313.19	13,611.73
Total equity and liabilities		77,408.50	75,498.38
Significant accounting policies	1 & 2		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For D. K Chhajer & Co.

Chartered Accountants

Firm Registration No.: 304138E

Niraj K Jhunjhunwala

Partner

Membership No: 057170

Place: Kolkata

Date : 25 June, 2020

For & On Behalf of Board of Directors

Amit Kumar Singh

Chief Financial Officer

Prem Kumar Bhajanka

Managing Director

DIN: 00591512

Sajjan Bhajanka

Director

DIN: 00246043

Statement of Profit and Loss for the year ended 31 March 2020

(₹ in Lakhs)

Particulars	Notes	31-Mar-20	31-Mar-19
INCOME			
Revenue from operations	25	60,959.68	58,403.72
Other income	26	779.60	515.65
Total income		61,739.28	58,919.37
EXPENSES			
Cost of materials consumed	27	6,489.62	5,713.23
(Increase)/ decrease in inventories	28	(1,069.51)	37.67
Employee benefit expenses	29	3,204.25	3,126.63
Finance costs	30	158.42	158.25
Depreciation and amortization expenses	31	3,423.60	4,202.57
Other expenses	32	43,317.98	39,002.24
Total expenses		55,524.36	52,240.59
Profit before tax		6,214.92	6,678.78
- Current tax	34	867.96	1,169.21
- Income Tax for Earlier years		(4.85)	-
- Deferred tax		(864.08)	(1,168.21)
Total tax expense		(0.97)	1.00
Profit for the year		6,215.89	6,677.78
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	36	(11.12)	(4.16)
Deferred tax relating to this items		3.89	1.45
Other comprehensive income for the year (net of tax)		(7.23)	(2.70)
Total comprehensive income for the year		6,208.66	6,675.08
Earnings per equity share (face value of ₹10/- each)			
Basic earning per share (In ₹)	35	20.85	22.40
Diluted earning per share (In ₹)	35	20.85	22.40
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 D. K Chhajer & Co.
Chartered Accountants
Firm Registration No.: 304138E

For & On Behalf of Board of Directors

Niraj K Jhunjhunwala
Partner
Membership No: 057170

Amit Kumar Singh
Chief Financial Officer

Prem Kumar Bhajanka
Managing Director
DIN: 00591512

Place: Kolkata
Date : 25 June, 2020

Sajjan Bhajanka
Director
DIN: 00246043

Statement of changes in equity for the year ended 31 March 2020

A. Equity share capital

		(₹ in Lakhs)
Particulars		Amount
As at 1 April, 2018		2,981.78
Changes in equity share capital		-
As at 31 March, 2019		2,981.78
Changes in equity share capital		-
As at 31 March, 2020		2,981.78

B. Other equity

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 01 April, 2018	17,416.22	39,846.15	57,262.37
Profit for the year (a)	-	6,677.78	6,677.78
Other comprehensive income /(loss) (net of tax) for the year (b)	-	(2.70)	(2.70)
Total comprehensive income for the year (a + b)	-	6,675.08	6,675.08
Dividends paid		4,174.49	4,174.49
Dividend Distribution Tax		858.08	858.08
Balance as at 31 March, 2019	17,416.22	41,488.65	58,904.86

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 01 April, 2019	17,416.22	41,488.65	58,904.87
Profit for the year (a)	-	6,215.89	6,215.89
Other comprehensive income /(loss) (net of tax) for the year (b)	-	(7.23)	(7.23)
Total comprehensive income for the year (a + b)	-	6,208.66	6,208.66
Balance as at 31 March, 2020	17,416.22	47,697.30	65,113.53

The accompanying notes are an integral part of the financial statements
As per our report of even date

For D. K Chhajer & Co.
Chartered Accountants
Firm Registration No.: 304138E

For & On Behalf of Board of Directors

Niraj K Jhunjhunwala
Partner
Membership No: 057170

Amit Kumar Singh
Chief Financial Officer

Prem Kumar Bhajanka
Managing Director
DIN: 00591512

Place: Kolkata
Date : 25 June, 2020

Sajjan Bhajanka
Director
DIN: 00246043

Cash Flow Statement for the year ended 31 March 2020

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
A Cash flow from operating activities		
Net Profit before tax	6,214.92	6,678.78
Adjustments for :		
Depreciation [refer note 31]	3,423.60	4,202.57
Unrealised Foreign Exchange (Gain) / Loss- on export receivable	(29.22)	(3.15)
Profit/Loss on Sale / Discard of Fixed Assets	1.10	(6.39)
Interest Income [refer note 26]	(766.93)	(491.95)
Interest Expenses [refer note 30]	158.42	158.25
Provision for Leave Encashment	49.49	42.01
Provision for Gratuity	115.98	82.53
Operating Profit before working Capital changes	9,167.36	10,662.65
Adjustments for :		
(Increase)/Decrease in Inventories	1,262.42	(1,824.65)
(Increase)/Decrease in Trade receivables	(326.73)	5,884.31
(Increase)/Decrease in Other receivables	(2,473.50)	(3,976.09)
(Increase)/Decrease in Other assets	(3,357.83)	8,175.99
Increase/(Decrease) in Trade/Other payables	(1,991.70)	(6,584.54)
Increase/(Decrease) in Other liabilities	(147.16)	(1,490.74)
Cash Generated form Operations	2,132.86	10,846.93
Income Tax Paid	(850.00)	(1,166.81)
Net Cashflow from Operating Activities	1,282.86	9,680.12
B Cash flow from Investing Activities		
(Purchase)/sale of Property, plant and equipment (including WIP)- net	(968.04)	(1,905.77)
Fixed Deposit / Margin money (given)/ refund	(10.22)	(173.12)
Interest Received	690.70	329.28
Net Cash used in Investing Activities	(287.56)	(1,749.61)
C Cash Flow from Financing Activities		
Proceeds from /(Repayment of) Long term borrowings	(73.76)	(2,686.29)
Proceeds from /(Repayment of) Short Term Borrowings	(1,955.60)	481.68
Interest paid	(158.42)	(158.25)
Payment for Lease Liability	1.11	-
Dividend Paid	-	(4,174.49)
Corporate Dividend Tax Paid	-	(858.08)
Net Cash used in Financing Activities	(2,186.67)	(7,395.45)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(1,191.37)	535.06
Cash and Cash Equivalents [refer note 11]		
Opening Balance	1,405.05	869.99
Closing Balance	213.68	1,405.05

Note-

Significant non-cash movement in borrowings during the year include:

- foreign exchange loss of ₹ Nil (31 March 2019: ₹75.94 Lakhs)
- recognition of finance leases ₹153.97 Lakhs (31 March 2019: ₹ Nil)

The accompanying notes are an intergral part of the financial statements

As per our report of even date

For D. K Chhajer & Co.

Chartered Accountants

Firm Registration No.: 304138E

Niraj K Jhunjhunwala

Partner

Membership No: 057170

Place: Kolkata

Date : 25 June, 2020

For & On Behalf of Board of Directors

Amit Kumar Singh

Chief Financial Officer

Prem Kumar Bhajanka

Managing Director

DIN: 00591512

Sajjan Bhajanka

Director

DIN: 00246043

Notes to financial statements for the year ended 31 March 2020

Significant Accounting Policies

Corporate Information

Star Cement Meghalaya Limited ("the Company") is a Public Limited Company domiciled in India and incorporated on 22nd December, 2005 as per 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

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 companies (Indian Accounting Standards) amendment rules, 2016 and other relevant provisions of the Act.

The Company has adopted all the applicable Ind AS standards effective 1st April, 2017 and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- defined benefit plans – plan assets measured at fair value
- certain financial assets that are measured at fair value

(iii) Current non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

(iv) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

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 period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Foreign Currency Transactions and Balances

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Star Cement Meghalaya Limited's functional and presentation currency.

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 other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

The Company has adopted the provisions of para D13AA of Ind AS 101, "First- Time Adoption of Indian Accounting Standards" for recognizing exchange differences for long-term foreign currency monetary items as on the date of Ind AS adoption, as per the provision of para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly exchange differences arising on restatement/

Notes to financial statements for the year ended 31 March 2020 (contd.)

settlement of long-term foreign currency borrowings relating to acquisition of depreciable Property, plant and equipments are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

1.4 Property, plant and equipment

Property, plant & equipment are stated at their cost of acquisition, installation or construction (net of any recoverable amount, 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 directly attributable cost of bringing the asset to working condition for its intended use.

Capital Work in Progress

Capital work in progress is carried at cost and includes any directly attributable cost incurred during construction period.

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.

Depreciation

Depreciation on Property, plant and equipment is provided on written down value (WDV) 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.

Impairment of non-financial 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.

1.5 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.

1.6 Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

1.7 Leases

As a Lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, an estimate of costs to be incurred in dismantling and removing or restoring the underlying asset and lease payments made at or before the commencement date less any lease incentives received. After the commencement date, the Right of use assets are measured applying the Cost model. They are subsequently measured at cost, less any accumulated depreciation, adjustments for any remeasurement of the lease liabilities and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease

Notes to financial statements for the year ended 31 March 2020 (contd.)

incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a Lessor:

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Operating lease payments are recognised as an income in the statement of profit and loss on a straight-line basis over the lease term, unless the receipt from lessee is structured to increase in line with expected general inflation and compensate for the lessor's expected inflation cost increase.

1.8 Government Grants and Subsidies

Government grants and subsidies are recognised 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. Grants related to assets which are recognized in the Balance Sheet as deferred income, are recognized to the Statement of profit and loss on a systematic basis over the useful life of the related assets by netting off with the related expense.

1.9 Inventories

Raw materials, stores and spares are valued at lower of cost and net realisable value. However, these items are considered to be realisable 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 (excluding finished goods and work-in-progress) is computed on weighted average basis.

Net realisable 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.

1.10 Investments and Other Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into the following categories:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest

Notes to financial statements for the year ended 31 March 2020 (contd.)

are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI):

Assets that are held for collections of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments (except associate) at fair value through profit or loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

1.11 Trade receivables

Trade receivables are recognised initially at transaction price. Upon initial recognition of a receivable from a contract with a customer, any difference between the measurement of the receivable in accordance with Ind AS 109 and the corresponding amount of revenue recognised shall be presented as an expense. Subsequently, the trade receivables are measured at cost less expected credit losses. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience. The Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The loss allowance is measured at an amount equal to lifetime expected credit losses.

1.12 Cash and 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

1.13 Financial liabilities

Initial recognition and measurement

The Company recognises all the financial liabilities on initial recognition at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts

Subsequent measurement

All the financial liabilities are classified as subsequently measured at amortised cost, except for those measured at fair value through profit or loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Notes to financial statements for the year ended 31 March 2020 (contd.)

1.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.15 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of cost 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 recognised 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.

1.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

1.18 (A) Revenue Recognition

Revenue from sale of goods is recognised when control of the products has been transferred, domestic sales are accounted when the products are dispatched to the customers and export sales are accounted on the basis of bill of export/bill of lading. Delivery occurs when the product has been dispatched to the specific location and the risk of obsolescence / loss has been transferred and there is no unfulfilled obligation that could affect the buyer's acceptance of the product as per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are dispatched as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue is exclusive of goods and service tax and net of discounts, sales returns and foreign exchange gain/(loss).

A contract liability is not recognised until the benefit is provided.

(B) Other Income

Interest income is recognised using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

Notes to financial statements for the year ended 31 March 2020 (contd.)

1.19 Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) 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.

(iii) 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 Balance Sheet date.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and transferred to retained earnings.

(iv) Other Long-term benefits

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

1.20 Tax Expenses

Tax expense comprises current tax and deferred tax. Provision for 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 tax is computed on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred taxes are recognised in the statement of profit and loss, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The deferred tax in respect of temporary 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.

1.21 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss before other comprehensive income 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 before other comprehensive income 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.

Notes to financial statements for the year ended 31 March 2020 (contd.)

1.22 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 measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. 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 also disclosed by way of notes to the accounts.

1.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.24 Dividends

Dividends paid (including dividend distribution tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders. The amount is recognised directly in equity.

2. Transition disclosure note

(a) Adoption of a new accounting standard on Leases Ind AS 116

The Company has adopted Ind AS 116 'Leases' with effect from April 1, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 using modified retrospective method. Accordingly, the comparatives have not been retrospectively adjusted.

On transition, the adoption of this standard resulted in recognition of Right of Use Asset of ₹2.34 Lakhs and lease liability of ₹2.34 Lakhs as at April 1, 2019. At the year end the cumulative impact of applying this standard resulted in decrease in profit of ₹0.10 Lakhs, the result of which did not have any material impact on the profit before tax, profit for the year and earning per share for the year ended 31 March, 2020.

Ind AS 116 will result in decrease in cash inflows from operating activities and increase in cash outflows from financing activities on account of lease payments. The lease liabilities were discounted using the incremental borrowing rate of the company as at 1 April 2019. The Weighted Average incremental borrowing rate applied to lease liability as at April 1, 2019 is 8.70%

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. In statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous year to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability.

In the context of initial application, the company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

Following are the changes in the carrying value of right of use assets for the year ended March 31 2020 :-

Particulars	₹ in Lakhs	
		Non Factory Building
Balance as at April 1, 2019	-	-
Recognition on account of adoption of Ind AS 116	2.34	
Additions	-	
Depreciation	1.04	
Balance as at March 31, 2020	1.30	

The depreciation expense of ₹ 1.04 Lakhs on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.

The following is the movement in lease liabilities during the year ended March 31 2020.

Particulars	₹ in Lakhs	
		Lease Liabilities
Balance as at April 1, 2019	-	-
Recognition on account of adoption of Ind AS 116	2.34	
Interest expense during the period	0.17	
Payment of lease liabilities	1.11	
Balance as at March 31, 2020	1.40	

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 3 : Property, plant and equipment

(₹ in Lakhs)

Particulars	Land & Site Development	Factory Building	Non Factory Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Computers	Heavy Vehicles & Equipments	Vehicles	Tools & Tackles	Total
Gross carrying Value											
At 1st April, 2019	3,170.46	7,015.17	1,837.47	29,660.43	57.18	20.19	44.11	1,365.68	133.99	139.30	43,443.98
Addition	63.47	14.96	358.20	181.24	18.53	2.09	5.47	159.11	227.63	27.26	1,057.94
Disposals/deductions/adjustment	-	-	-	21.07	-	10.87	-	-	5.60	0.51	38.05
At 31 March, 2020	3,233.93	7,030.13	2,195.66	29,820.59	75.71	11.40	49.58	1,524.78	356.03	166.06	44,463.88
Accumulated Depreciation											
At 1st April, 2019	-	1,813.02	725.56	13,894.80	32.28	13.27	35.45	715.92	72.79	77.89	17,380.96
charge for the year	-	494.87	106.18	2,831.97	8.91	2.65	3.39	195.84	60.90	18.72	3,723.43
Disposals/deductions/adjustment	-	-	-	17.88	-	9.67	-	(1.32)	5.07	0.44	31.73
At 31 March, 2020	-	2,307.89	831.75	16,708.89	41.18	6.25	38.84	913.07	128.62	96.17	21,072.66
Net Carrying Value											
At 31st March, 2019	3,170.46	5,202.15	1,111.90	15,765.63	24.91	6.91	8.67	649.75	61.20	61.42	26,062.99
At 31 March, 2020	3,233.93	4,722.24	1,363.92	13,111.71	34.52	5.15	10.74	611.70	227.40	69.89	23,391.19

3.1- Intangible Assets

(₹ in Lakhs)

Particulars	Total
Gross carrying Value	
At 1st April, 2019	5.59
Addition	2.55
Disposals/deductions/adjustment	-
At 31 March, 2020	8.14
Accumulated Depreciation	
At 1st April, 2019	4.41
charge for the year	1.48
Disposals/deductions/adjustment	-
At 31 March, 2020	5.88
Net Carrying Value	
At 31st March, 2019	1.18
At 31 March, 2020	2.25

Note :

- During the year company has discarded /sold Property, Plant & equipment amounting to ₹38.05 lakh (₹335.17 Lakhs as on 31 March, 2019) .
- During the year Property, plant and equipment has been Nil on account of foreign exchange fluctuation loss (₹75.94 Lakhs of previous year) in accordance with para 46A of AS-11(previous GAAP), since the Company has applied the exemption under Ind AS 101 and accordingly opted to continue the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements.

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 4 Loans - non current

	(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19
Security deposits	9.25	2.74
Loan to related party	6,415.00	5000.00
	6,424.25	5,002.74

4.1 Term loan to related party (fellow subsidiary) is long term in nature i.e. receivable in 5 years.

Note: 5 Other financial assets

	(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19
Balances with banks held as Margin money deposits with original maturity of more than 12 months	185.87	175.65
	185.87	175.65

5.1 The bank balance disclosed above represents margin money against bank guarantee.

Note: 6 Deferred tax assets (net)

	(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19
Deferred tax assets		
MAT credit entitlement	8,642.51	7,776.29
	8,642.51	7,776.29

Note: 7 Non current tax asset (net)

	(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19
Advance income tax (net of provision for taxation of ₹867.96 Lakhs, as at 31 March 2019 ₹3083.16 Lakhs)	85.25	13.25
	85.25	13.25

Note: 8 Other non-current assets

	(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19
Unsecured, considered good		
Capital advances	1,693.54	1,681.63
Security deposits	8.27	15.18
	1,701.81	1,696.81

8.1 Capital Advances includes advance against land of ₹ 1,681.30 Lakhs. The Company is in the process of getting registration in its name.

Note: 9 Inventories

	(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19
Raw materials (including in transit as at 31 March, 2020 - ₹ NIL & 31 March, 2019 ₹780.65 Lakhs)	774.11	1,128.08
Work - in - process	300.32	161.11
Finished goods (including in transit as at 31 March, 2020 - ₹9.93 Lakhs & 31 March, 2019 ₹2.11 Lakhs)	2,087.56	1,157.26
Fuels & lubricants	8,734.27	10,748.00
Store & spare parts	1,360.59	1,324.82
	13,256.85	14,519.27

Note: 10 Trade receivables

	(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19
Unsecured, considered good		
Trade receivable	4,821.31	4,465.36
	4,821.31	4,465.36

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 11 Cash and cash equivalents

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Cash in hand	1.85	11.93
Cheques in hand	106.60	318.45
Balances With Banks:		
- On Current Accounts	89.19	133.64
- Fixed Deposit with Banks (including interest)	16.04	941.03
	213.68	1,405.05

Note: 12 Loans - current

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Unsecured, considered good		
- Security Deposit	1.47	49.47
- Loan to Others	2,619.73	1,519.73
	2,621.20	1,569.20

Note: 13 Other current assets

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Unsecured, considered good		
-Advances to suppliers for goods	1,146.96	713.42
-Advances against services & Expenses	72.66	24.03
-Advances to employee	28.89	12.37
-Balances with statutory/Government authorities	634.42	258.45
-Subsidies/ incentives receivable from central/State government	12,586.63	10,171.50
-Prepaid expenses	143.27	99.38
-Interest Receivable	92.13	88.02
Unsecured, considered doubtful		
-Advance to supplier	4.35	4.35
Less: Allowance for bad & doubtful advances	(4.35)	(4.35)
	14,704.96	11,367.17

Note: 14 Equity share capital

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Authorized Capital		
3,00,00,000 (3,00,00,000 as at 31 March 2019) Equity Shares of ₹10 each fully paid	3,000.00	3,000.00
Issued, Subscribed & fully Paid -up Shares		
2,98,17,818 (2,98,17,818 as at 31 March 2019) Equity Shares of ₹10 each fully paid	2,981.78	2,981.78
	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 dividends 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-Mar-20	31-Mar-19
Equity shares	No. of Shares	No. of Shares
At the beginning of the year	2,98,17,818	2,98,17,818
Issue of shares during the year	-	-
Outstanding at the end of the year	2,98,17,818	2,98,17,818

Notes to financial statements for the year ended 31 March 2020 (contd.)

c) Shares held by Holding Company

Particulars	31-Mar-20	31-Mar-19
Star Cement Limited	No. of Shares	No. of Shares
Equity shares of ₹10/- each fully paid (All the shares are held by M/s Star Cement Limited, the Holding Company and its nominees)	2,60,88,656	2,60,88,656
	2,60,88,656	2,60,88,656

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

Particulars	31-Mar-20	31-Mar-19
	No. of Shares	No. of Shares
	% of holding	% of holding
Star Cement Limited, holding company	2,60,88,656	2,60,88,656
	87.49%	87.49%
Megha Technical & Engineers Private Limited, subsidiary of Holding Comapnay	37,29,162	37,29,162
	12.51%	12.51%

14.1 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.

Note: 15 Other equity

Particulars	31-Mar-20	31-Mar-19
	(₹ in Lakhs)	
Securities premium		
Opening balance	17,416.22	17,416.22
Addition/ (deduction) during the year	-	-
Closing Balance	17,416.22	17,416.22
Retained earnings		
Opening balance	41,488.65	39,846.15
Profit / (loss) for the year	6,215.89	6,677.78
	47,704.54	46,523.93
Less : Appropriation		
Final Dividend	-	4,174.49
Dividend Distribution Tax	-	858.08
	47,704.54	41,491.35
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post-employment benefit obligations	(7.23)	(2.70)
Closing Balance	47,697.31	41,488.65
Total other equity	65,113.53	58,904.87

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Note: 16 Borrowings

Particulars	31-Mar-20	31-Mar-19
	(₹ in Lakhs)	
Secured		
Long term maturities of finance lease obligations		
- Hire purchase finance from banks	269.70	312.78
	269.70	312.78
Less:- Current maturities of long term borrowings	(196.59)	(165.91)
	73.11	146.87

16.1 Hire Purchase Finance is secured by hypothecation of respective vehicles / equipments and are repayable within three years having varying date of payment.

16.2 The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 17 Other financial liabilities (Incl. Lease Liabilities) (non-current)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Security deposits	13.37	21.03
Lease Liabilities	0.29	-
	13.66	21.03

Note: 18 Employee Benefit obligations (non-current)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Provisions for employee benefits		
-Gratuity	98.24	74.63
	98.24	74.63

Note: 19 Other non current liabilities

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Deferred government grant	1,142.93	1,381.84
	1,142.93	1,381.84

Note: 20 Borrowings

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Working capital facilities from banks (secured)		
Cash credit	128.57	2,084.18
	128.57	2,084.18

20.1 Working capital facilities of ₹128.57 Lakhs (31 March 2019 ₹2084.18 Lakhs) from banks are secured by pari passu first charge on current assets and pari passu second charge on Property, plant and equipment of the company's cement clinker unit at Lumshnong, Meghalaya.

Note: 21 Other financial liabilities (Incl. Lease Liabilities)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Current maturities of long term borrowings	196.59	165.91
Interest accrued but not due on borrowings	0.95	2.02
Other payables		
- Salary and bonus to employees	46.16	65.95
- Other Liabilities	2,130.86	1,742.45
- Lease Liabilities	1.11	-
- Retention money	8.25	9.84
	2,383.92	1,986.17

Note: 22 Employee benefit obligation

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Provision for employees benefits		
- Gratuity	17.74	7.90
- Leave encashment	49.49	42.01
	67.23	49.91

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 23 Current tax liabilities (net)

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Provision for taxation (net of advance income tax as at 31 March 2020 ₹ NIL, as at 31 March 2019 ₹4788.94 Lakhs)	-	59.12
	-	59.12

Note: 24 Other current liabilities

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Other Payables		
Statutory liabilities	1,480.81	1,287.33
Advances from customers	15.00	164.08
Current portion deferred government grant	237.01	301.78
	1,732.82	1,753.19

Note: 25 Revenue from operations

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Sale of products		
Domestic	58,462.64	53,097.02
Export	2,403.81	5,261.06
	60,866.45	58,358.08
Other operating income	93.23	45.64
Revenue from operations	60,959.68	58,403.72

Note: 26 Other income

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Interest income on		
- Bank deposits	35.20	64.85
- Other	731.73	427.10
Other non operating income	12.67	23.70
	779.60	515.65

Note: 27 Cost of materials consumed

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Inventory at the beginning of the year	1,128.08	1,091.64
Add: Purchases	6,135.65	5,749.67
	7,263.73	6,841.31
Less: Inventory at the end of the year	774.11	1,128.08
	6,489.62	5,713.23

Note: 28 (Increase)/ decrease in inventories

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Finished goods		
Opening stock	1,157.26	1,226.27
Closing stock	2,087.56	1,157.26
	(930.30)	69.01
Work in process		
Opening stock	161.11	129.77
Closing stock	300.32	161.11
	(139.21)	(31.34)
	(1,069.51)	37.67

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 29 Employee benefit expenses

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Salaries & wages	3,074.38	2,995.91
Contribution to provident fund and other funds	53.70	43.78
Welfare expenses	76.17	86.94
	3,204.25	3,126.63

Note: 30 Finance costs

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest expense		
- On loans	111.54	115.52
- Other borrowing costs	46.88	42.73
	158.42	158.25

Note: 31 Depreciation and amortization expenses

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Depreciation on Property, plant and equipment	3,421.08	4,201.97
Depreciation on Lease Assets	1.04	-
Amortisation of intangible assets	1.48	0.60
	3,423.60	4,202.57

31.1 Depreciation is net off amortisation of Government Grant of ₹302.35 Lakhs as at 31 March 2020 and ₹389.26 Lakhs as at 31 March 2019

Note: 32 Other expenses

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Consumption of stores & spares	522.36	330.94
Power & fuel	23,879.37	16,502.15
Repairs & maintenance		
- Buildings	102.14	133.81
- Plant & machinery	548.32	813.85
- Others	46.68	40.57
Heavy vehicle / equipment running expenses	439.08	670.31
Travelling and conveyance	98.89	83.93
Insurance	33.32	15.98
Rent, rates & taxes	44.25	459.36
Research & development expenses	27.65	15.32
Charity & donation	546.93	377.08
CSR expenses [refer note 43]	205.36	261.87
Miscellaneous expenses [refer note*]	433.04	519.42
Advertisement & publicity	0.18	6.30
Carriage outward	16,332.22	18,706.70
Sales promotion expenses	56.09	36.23
Commission/ incentives	2.10	28.42
	43,317.98	39,002.24

* Miscellaneous expenses include expenses paid to auditors refer note no. 38

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 33 Assets pledged/hypothecated as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Current		
First charge		
Trade receivables	4,821.31	4,465.36
Inventory	13,256.85	14,519.27
Cash & Cash Equivalents	213.68	1,405.05
Other Receivable	2,621.20	1,569.20
Other current assets	14,704.96	11,367.17
Total current assets pledged/hypothecated as security	35,618.00	33,326.05
Non-current		
First charge		
Property, plant and equipment, CWIP and intangible assets	24,749.52	27,507.59
Total non-currents assets pledged/mortgaged as security	24,749.52	27,507.59
Total assets pledged/hypothecated as security	60,367.52	60,833.64

Note: 34 Income tax expense

34.1: Tax expense change in Profit or loss

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
(a) Current tax		
Current tax on profits for the year	867.96	1,169.21
Total current tax expense	867.96	1,169.21
(b) Deferred tax		
Deferred tax benefit	(864.08)	(1,168.21)
Total deferred tax benefit	(864.08)	(1,168.21)
(C) Income Tax of Earlier Years	(4.85)	-
Tax expense	8.74	1.00

34.2: Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Profit before tax	6,214.92	6,678.78
Tax at the Indian tax rate of 34.944% (2018-2019 - 34.944%)	2,171.74	2,333.83
Items not deductible/taxable under tax	(221.70)	(154.93)
Effect of allowances /tax holiday for tax purpose	(1,787.70)	(2,314.92)
Income Tax of Earlier Years	(4.85)	-
Other Adjustment	(158.46)	137.02
Income tax expense	8.74	1.00

34.3: The Tax rate used for the year 2019-20 and 2018-19 reconciliation above is the Corporation tax rate of 34.944% (30% +surcharge @12% +education cess @ 4%) payable on taxable profit under the Income Tax Act 1961.

Note: 35 Earnings per share

(a) Basic earnings per share

Particulars	31-Mar-20	31-Mar-19
Basic earnings per share attributable to the equity holders of the Company (in ₹)	20.85	22.40

(b) Diluted earnings per share

Particulars	31-Mar-20	31-Mar-19
Diluted earnings per share attributable to the equity holders of the Company (in ₹)	20.85	22.40

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 35 Earnings per share (contd.)

(c) Reconciliations of earnings used in calculating earnings per share		(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19	
Basic earnings per share			
Profit attributable to equity holders of the company used in calculating basis earnings per share	6,215.89	6,677.78	
Diluted earnings per share			
Profit attributable to equity holders of the company used in calculating diluted earnings per share	6,215.89	6,677.78	

(d) Weighted average number of equity shares used as the denominator

Particulars	31-Mar-20	31-Mar-19	
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,98,17,818	2,98,17,818	
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	2,98,17,818	2,98,17,818	

Note: 36 Employees benefit

(a) Leave obligations and leave travel allowance

Under leave encashment scheme, the Company allows its employees to encash accumulated leave over and above thirty days at any time during the year. Hence the entire amount of the provision is presented under current. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

		(₹ in Lakhs)	
Particulars	31-Mar-20	31-Mar-19	
Leave obligations not expected to be settled within the next 12 months	42.14	39.18	

b) Post-employment obligations

i) Gratuity

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of 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 amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

		(₹ in Lakhs)		
Particulars	Present value of obligation	Fair value of plan assets	Net amount	
01 April 2018	98.60	(35.20)	63.39	
Current service cost	14.55	-	14.55	
Interest expense/(income)	7.52	(2.71)	4.81	
Total amount recognised in profit or loss	22.07	(2.71)	19.36	
Remeasurements				
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.64	0.64	
Actuarial (gain)/loss from change in financial assumptions	0.90	-	0.90	
Actuarial (gain)/loss from unexpected experience	2.62	-	2.62	
Total amount recognised in other comprehensive income	3.52	0.64	4.16	
Employer contributions/ premium paid	-	(4.38)	(4.38)	
Benefit payments	(1.77)	1.77	-	
31 March 2019	122.42	(39.89)	82.53	

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 36 Employees benefit (contd.)

Particulars	(₹ in Lakhs)		
	Present value of obligation	Fair value of plan assets	Net amount
01 April 2019	122.42	(39.89)	82.53
Current service cost	16.60	-	16.60
Interest expense/(income)	8.53	(2.79)	5.74
Total amount recognised in profit or loss	25.13	(2.79)	22.33
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.40)	(0.40)
Actuarial (gain)/loss from change in financial assumptions	8.50	-	8.50
Actuarial (gain)/loss from unexpected experience	3.02	-	3.02
Total amount recognised in other comprehensive income	11.52	(0.40)	11.12
Employer contributions/ premium paid		-	-
Benefit payments	(1.17)	1.17	-
31 March 2020	157.89	(41.91)	115.98

(ii) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31-Mar-20	31-Mar-19
Discount rate	7.00%	7.70%
Expected return on plan asset	7.00%	7.70%
Salary growth rate	6.00%	6.00%
Withdrawal rate	1% to 8%	1% to 8%
Mortality rate	IALM (2006-08) Table	IALM (2006-08) Table

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	(₹ in Lakhs)			
	Impact on defined benefit obligation			
	31-Mar-20		31-Mar-19	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	(146.04)	171.60	(113.15)	133.12
Salary growth rate (-/+ 1%)	171.33	(146.11)	133.04	(113.08)
Withdrawal rate (-/+ 1%)	158.95	(156.68)	123.83	(120.83)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) The major categories of plans assets

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

(v) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 36 Employees benefit (contd.)

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(vi) Defined benefit liability and employer contributions

Expected contributions to post-employment benefits plans for the year ending 31 March 2021 are ₹23.70 Lakhs.

The weighted average duration of the defined benefit obligation is 5.10 (31 March 2019: 6.50 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	(₹ in Lakhs)		
	Less than a year	Between 2- 5 years	Between 5- 10 years
31 March 2020			
Defined benefit obligation (gratuity)	17.74	60.28	57.40
Total	17.74	60.28	57.40
31 March 2019			
Defined benefit obligation (gratuity)	7.90	36.28	77.79
Total	7.90	36.28	77.79

Note :37 Capital management

(a) Risk management

The company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amount mentioned under total equity in balance sheet is considered as Capital.

(b) Dividends paid and proposed

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
(i) Equity shares		
Final dividend for the year ended 31 March 2018 of ₹14 per share (31 March 2017 – Nil)	-	4,174.49

Note: 38 Payment to auditors

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Statutory Auditors		
As Auditors		
Audit Fees	6.90	7.80
In Other Capacity		
Certification and Other Service	-	0.10
Total	6.90	7.90

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 39 Fair Value Measurement

Financial instruments by category

Particulars	(₹ in Lakhs)					
	31-Mar-20			31-Mar-19		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Balances with banks held as Margin money deposits with original maturity of more than 12 months	-	-	185.87	-	-	175.65
Security deposits	-	-	10.72	-	-	52.21
Loan to related party & Others	-	-	9,034.73	-	-	6,519.73
Trade receivables	-	-	4,821.31	-	-	4,465.36
Cash and cash equivalent	-	-	213.68	-	-	1,405.05
	-	-	14,266.31	-	-	12,618.00
Financial liabilities						
Borrowings	-	-	398.28	-	-	2,396.96
Security deposits	-	-	13.37	-	-	21.03
Trade payable	-	-	3,672.71	-	-	6,054.79
Interest accrued but not due on borrowings	-	-	0.95	-	-	2.02
Other payables	-	-	2,177.02	-	-	1,808.39
Lease Liability	-	-	1.40	-	-	-
Retention money	-	-	8.25	-	-	9.84
	-	-	6,271.98	-	-	10,293.03

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	(₹ in Lakhs)			
	31-Mar-20		31-Mar-19	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Security Deposits and margin money	195.12	195.12	178.40	178.40
Loan	9,034.73	9,034.73	6,519.73	6,519.73
Total financial assets	9,229.85	9,229.85	6,698.13	6,698.13
Financial liabilities				
Borrowings	269.70	288.90	312.78	315.50
Security deposit	13.66	13.66	21.03	21.03
Lease Liability	1.40	1.40	-	-
Total financial liabilities	284.76	303.96	333.81	336.53

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 39 Fair Value Measurement (contd.)

The carrying amounts of all other financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values of borrowings and loans are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. The carrying amounts of other borrowings and loans with floating rate of interest are considered to be close to the fair value.

The fair values for financial instruments were calculated based on cash flows discounted using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) above.

Note: 40 Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of customer base
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed facilities
Market risk – foreign exchange	Future commercial transactions and recognised financial liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Diversification of liability
Market risk – interest rate	Long-term borrowings at fixed rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from financial institutions

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying 30 days credit terms. Outstanding customer receivables are regularly monitored. Further the Company receives security deposit from its customers which mitigates the credit risk. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

Particulars	(₹ in Lakhs)				Total
	Not due	Less than 6 months	6 months to 1 year	More than 1 Years	
Trade receivable as on 31 March, 2020	3,067.84	1,734.65	-	18.82	4,821.31
Trade receivable as on 31 March, 2019	4,197.34	268.02	-	-	4,465.36

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department. For banks and financial institutions, only high rated banks/institutions are accepted.

Financial Assets are considered to be of good quality and there is no significant credit risk.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2020 and 31 March 2019 is the carrying amounts as illustrated in Note 39.

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 40 Financial risk management (contd.)

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The management also considers the cash flows projection and level of liquid assets necessary to meet these on a regular basis.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Floating Rate		
- Expiring within one year (bank overdraft and other facilities)	7,371.43	5,415.82
	7,371.43	5,415.82

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities - 31 March, 2020	(₹ in Lakhs)				
	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 years	Total
Trade payables	3,672.71	-	-	-	3,672.71
Borrowings	325.16	73.12	-	-	398.28
Interest payable on borrowings	25.15	4.72	-	-	29.87
Other financial liabilities	2,185.27	-	-	-	2,185.27
Lease Liabilities	1.19	0.30	-	-	1.49
Total financial liabilities	6,209.48	78.14	-	-	6,287.62

Security deposit received from the customer has not been included in the above maturity profile as the repayment of the same cannot be reasonably estimated.

Contractual maturities of financial liabilities - 31 March, 2019	(₹ in Lakhs)				
	Less than 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 years	Total
Trade payable	6,054.79	-	-	-	6,054.79
Borrowings	2,250.09	146.87	-	-	2,396.96
Interest payable on borrowings	197.00	5.44	-	-	202.44
Other financial liabilities	1,818.24	-	-	-	1,818.24
Total financial liabilities	10,320.12	152.31	-	-	10,472.43

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 40 Financial risk management (contd.)

(C) Market risk

(i) Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk also arises from future cash flow against foreign currency loan. The risk is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:-

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Financial assets	597.41	842.56
Financial liabilities	-	-
Net exposure to foreign currency risk	597.41	842.56

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax	
	31-Mar-20	31-Mar-19
USD sensitivity		
INR appreciates by 10% (2019: 10%)*	(60)	(84)
INR depreciates by 10% (2019: 10%)*	60	84

* Holding all other variables constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2020, 31 March 2019 the Company's borrowings at variable rate were denominated in ₹ and USD.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Variable rate borrowings	129	2,084
Fixed rate borrowings	270	313
Total borrowings	398	2,397

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	(₹ in Lakhs)	
	31-Mar-20	31-Mar-19
Impact on profit before tax		
Interest expense rates – increase by 50 basis points (2019: 50 bps) *	(0.64)	(10.42)
Interest expense rates – decrease by 50 basis points (2019: 50 bps)*	0.64	10.42

* Holding all other variables constant

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 41 Related Party Disclosures

I.	Names of the Related parties	Nature of relationship
A	Star Cement Limited (SCL)	Holding Company
	Megha Technical & Engineers Private Limited (MTEPL)	Fellow Subsidiary
	Meghalaya Power Limited (MPL)	Fellow Subsidiary
	NE Hills Hydro Limited (NEHL)	Fellow Subsidiary
	Star Century Global Cement Pvt. Ltd (SCGCPL)	Fellow Subsidiary
B	Other Related Parties	Nature of relationship
1	Key Management Personnel	
	Mr. Prem Kumar Bhajanka	Managing Director
	Mr. Amit Kumar Singh	Chief Financial Officer
	Mr. Bishwajit Singh	Company Secretary
2	Relative of KMP of Parent Company	
	Mrs. Renu Chamaria	Wife of Mr.Rajendra Chamaria
3	Key Management Personnel of Parent Company	
	Mr. Sajjan Bhajanka	Chairman & Managing Director
	Mr. Rajendra Chamaria	Vice Chairman & Managing Director
	Mr. Sanjay Agarwal	Managing Director
	Mr. Prem Kumar Bhajanka	Director
	Mr. Sanjay Kumar Gupta	Chief Executive Officer
	Mr. Manoj Agarwal	Chief Financial Officer
	Mr. Debabrata Thakurta	Company Secretary
4	Enterprise influenced by KMP of parent company	
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP

II. Details of transactions between the Company and related parties and the status of outstanding balance as at 31 March, 2020

Sl. No.	Type of Transaction	(₹ in Lakhs)							
		Holding Company		Fellow Subsidiary		Enterprises influenced by KMP		Key Management Personnel & Its Relative	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1	Purchase Transactions								
	SCL	4,490.25	4,832.24	-	-	-	-	-	-
	CPIL	-	-	-	-	-	1.55	-	-
	MTEPL	-	-	0.92	0.14	-	-	-	-
	MPL	-	-	7,426.45	5,758.13	-	-	-	-
2	Sale Transactions								
	SCL	61,601.18	53,406.61	-	-	-	-	-	-
	MTEPL	-	-	167.79	78.83	-	-	-	-
	MPL	-	-	711.49	1,531.05	-	-	-	-
3	Sale of Capital Goods								
	SCL	2.89	-	-	-	-	-	-	-
4	Services Rendered								
	SCL	17.70	36.88	-	-	-	-	-	-
	CPIL	-	-	-	-	3.93	8.51	-	-
	MPL	-	-	0.16	1.30	-	-	-	-
5	Loan & Advances Given								
	MPL	-	-	2,500.00	2,500.00	-	-	-	-
6	Loan & advances Repaid Back								
	MPL	-	-	1,085.00	-	-	-	-	-
7	Remuneration Paid								
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	198.00	198.00
	Mr. Bishwajit Singh	-	-	-	-	-	-	4.86	3.27
	Mrs. Renu Chamaria	-	-	-	-	-	-	-	33.08
	Mr. Amit Kumar Singh	-	-	-	-	-	-	9.82	8.09

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 41 Related Party Disclosures (contd.)

		(₹ in Lakhs)							
Sl. No.	Type of Transaction	Holding Company		Fellow Subsidiary		Enterprises influenced by KMP		Key Management Personnel & Its Relative	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
8	Interest Received								
	MPL	-	-	596.30	297.61	-	-	-	-
9	Balance outstanding as on 31.03.2020								
A.	Advances/Loan Given								
	MPL	-	-	6,415.00	5,000.00	-	-	-	-
B.	Creditors								
	MPL	-	-	382.80	496.19	-	-	-	-
	CPIL	-	-	-	-	-	7.79	-	-
C.	Debtors								
	SCL	2,055.46	2,484.09	-	-	-	-	-	-
D.	Share Capital (Including Securities Premium)								
	SCL	17,414.67	17,414.67	-	-	-	-	-	-
	MTEPL	-	-	2,983.33	2,983.33	-	-	-	-

III. Key management personnel compensation

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Short-term employee benefits	212.68	242.44
Post-employment benefits *	-	-
Long-term employee benefits *	-	-
Total compensation	212.68	242.44

* Post employment benefits and long term employee benefits are determined on the basis of actuarial valuation for the company as a whole and hence segregation is not available.

Note: 42 Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lakhs)

Sl. No.	Particulars	31-Mar-20	31-Mar-19
a.	Export obligation under EPCG scheme	405.49	592.36
b.	Claims against the Company not acknowledged as debts – Excise	13,474.23	1,567.47
c.	Bank Guarantees issued by Bank	1,367.19	75.28
d.	Letter of Credit issued by Bank	367.57	-

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.

- (a) In respect of demand notice dated 19th February, 2020 received by the Company from Director of Mineral Resources, Meghalaya, for payment of royalty, MEPRF, VAT/GST for ₹12,346.64 Lakhs in pursuance to the National Green Tribunal (NGT) order dated 17.01.2020 passed in O.A. No. 110(TCH)/2012 for alleged illegal coal procurement. By passing the said order NGT has accepted the Recommendation of the 5th Interim Report of the Independent Committee set up by NGT, which has suggested imposition of penalty on Cement Companies and Thermal Power Plants in Meghalaya.

The Company has not purchased any illegal coal and has complied with all disclosure requirements of the various Government Departments. The Report of NGT Committee has been founded on the basis of assumptions and views of the Committee and not on hard facts. Further to note that the Company has neither been issued a show-cause nor any opportunity of being heard was given to the Company before submitting the Interim reports by the Independent Committee to NGT. Even NGT has not served any notice on the Company before passing the impugned order dated 17.01.2020 which in clear violation of principles of natural justice.

The Company backed by the legal opinions, believes that it has a good case in the matter as the said order was issued based on certain hypothetical assumptions and views and not on hard facts. No opportunity of being heard was provided to the Company either by NGT committee or by NGT itself which passed order without going into the merits & facts and accepted the recommendations of 5th Internal Report. Therefore, there is every likelihood of the Demand Notice being set aside. The Company is preferring an appeal before appropriate forum and accordingly, no provisions has been made in the accounts.

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 42 Contingent liabilities and commitments (to the extent not provided for) (contd.)

- b) Supreme Court vide its Judgement dated 22.04.2020 in the matter of M/s V.V.F Limited & others versus the Union of India has reversed the Judgement of the Hon'ble Supreme Court in the matter of M/s V.V.F Limited & others Vs the Union of India based on which Shillong Bench and Guwahati Bench of Hon'ble High Court of Guwahati has passed the order in favour of the Company and company has claimed refund of 50% of differential Excise duty against furnishing of surety bond. The Company is preferring an appeal before the appropriate Forum against the above judgement. It is to be noted that misuse of benefit granted by some unscrupulous assessee cannot be made a ground to deny the benefits to genuine manufacturers and cannot be termed as in public interest. It can also not be said that the subsequent notifications are only clarificatory in nature and are not hit by doctrine of promissory estoppel as denial of promised benefits will hurt the genuine manufacturer who have changed their position on the basis of promise by the state. Based on the legal advice obtained by the company from External Counsel as well as its own assessment there is every likelihood of reversal of the said judgement and appeal will be allowed and hence no reversal of income amounting to ₹2261.78 Lakhs which was previously booked in the books of accounts is required.

Note: 43 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 ₹192.25 Lakhs (31 March 2019: ₹193.12 Lakhs)

b) Amount spent during the year on:

		(₹ in Lakhs)	
Sl. No.	Nature of Expenditure	31-Mar-20	31-Mar-19
(i)	Education	107.01	196.55
(ii)	Health & Sanitation	2.73	16.94
(iii)	Livelihood & Skill Building	4.38	23.41
(iv)	Rural Development	64.44	24.97
(v)	Sports Upliftment	11.85	-
(vi)	Environment & Biodiversity	14.95	-
	Total	205.36	261.87

Note: 44 Segment information

Cement Clinker' is the only identified operating segment of the Company.

One customers of the entity accounts for approximately 79.95% of the revenue for the year ended 31 March 2020 (31 March 2019: 78.74%)

		(₹ in Lakhs)	
Sl. No.	Party Name	31-Mar-20	31-Mar-19
(i)	STAR CEMENT LTD.	79.95%	78.74%
	Total	79.95%	78.74%

Geographical information

The entire revenue of the Company has been generated by way of domestic & export sales.

		(₹ in Lakhs)	
Sl. No.	Party Name	31-Mar-20	31-Mar-19
(i)	India	58,555.87	53,142.66
(ii)	Nepal	2,403.81	5,108.27
(iii)	Bhutan	-	152.79
	Total	60,959.68	58,403.72

Notes to financial statements for the year ended 31 March 2020 (contd.)

Note: 45 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 Lakhs	
	31-Mar-20	31-Mar-19
(i) Principal amount remaining unpaid to any supplier at the end of the accounting year (including retention money against performance)	2.69	-
(ii) Interest due on above	-	-
Total of (i) & (ii)	2.69	-
(iii) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.67	0.00
(iv) Amount paid to the suppliers beyond the respective appointed date.	27.48	0.22
(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.	-	-

Note: 46 Borrowing cost of foreign loan

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 31 March, 2020 is ₹176.53 Lakhs (31 March 2019: ₹237.64 Lakhs).

Note: 47

The financial statements are approved by the audit committee at its meeting held on 25th June, 2020 and by the Board of Directors on the same date.

Note: 48

Notes to the Financial Statements comprises of information relevant for the Group.

Note: 49

The operations of the Company were impacted, due to temporary shutdown of plant following nationwide lockdown announced by the Government of India in view of COVID-19, pandemic. The Company have made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its Property, plant and equipment, loans and other assets, intangible assets, right of use assets, investments, inventories and trade receivables. Based on current indicators of future economic conditions, it is expected to recover the carrying amount of these assets. The management does not foresee any risks in the Company's ability to continue as going concern and meeting its liabilities as and when they fall due. It will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Note: 50

Previous year's figures have been regrouped and/or rearranged wherever necessary to conform to current year Classification.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For D. K Chhajer & Co.

Chartered Accountants

Firm Registration No.: 304138E

Niraj K Jhunjunwala

Partner

Membership No: 057170

Place: Kolkata

Date : 25 June, 2020

For & On Behalf of Board of Directors

Amit Kumar Singh

Chief Financial Officer

Prem Kumar Bhajanka

Managing Director

DIN: 00591512

Sajjan Bhajanka

Director

DIN: 00246043



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Registered Office & Works

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