

STAR CEMENT MEGHALAYA LIMITED  
ANNUAL REPORT 2013-14

A skier in a red and black outfit is captured mid-air, jumping over a dark, jagged rocky barrier. The skier is holding a green snowboard and has a spray of snow behind them. The background features a bright sun in a clear blue sky, snow-covered mountains, and evergreen trees. The overall scene is dynamic and adventurous.

# BEYOND BARRIERS

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# CORPORATE INFORMATION

## Board of Directors

Mr. Prem Kumar Bhajanka, *Managing Director*

Mr. Sajjan Bhajanka, *Director*

Mr. Brij Bhushan Agarwal, *Director*

Mr. Sanjay Agarwal, *Director*

Mr. Rajendra Chamaria, *Director*

Mr. Pankaj Kejriwal, *Director*

Mr. Mangi Lal Jain, *Director*

Mr. Ibaridor K. War, *Director*

## Auditors

Kailash B. Goel & Co.

*Chartered Accountants*

70, Ganesh Chandra Avenue, 1st Floor

Kolkata – 700 013

## Company Secretary

Ms. Nupur Burman

## Registered Office and works

Vill.: Lumshnong, P.O. Khaliehriat

Dist: East Jaintia Hills

Meghalaya – 793 210

## Corporate Office

“Satyam Towers”, 1st Floor, Unit No. 9B,

3, Alipore Road, Kolkata – 700027

## Delhi Office

281, Deepali, Pitampura,

New Delhi – 110 034

## Bankers

Bank of Baroda

Corporate Bank

Allahabad Bank

Union Bank of India

State Bank of India

## Corporate Identity Number (CIN)

U63090ML2005PLC008011

# Directors' report

*Dear members*

Your Directors have pleasure in presenting Ninth Annual Report of your company, together with the Audited Financial Statements for the year ended 31st March, 2014.

## Financial Results

The highlights of the financial performance of the Company for the financial year ended 31st March, 2014 as compared to the previous financial year are as under:-

(₹ in Lacs)

Particulars	2013-14	2012-13 (For the period 30.01.2013 to 31.03.2013)
Net Sales/Income	35,790.33	969.03
Profit/(Loss) before Interest, Depreciation and Tax	12,739.45	(32.49)
Interest and Finance Charges	(4,049.86)	(677.89)
Depreciation	(8,072.08)	(1,353.88)
Extra Ordinary Items	0.52	(0.03)
Profit/(Loss) before Tax	618.03	(2,064.29)
Deferred Tax	337.44	(489.64)
<b>Profit/(Loss) after Tax</b>	<b>955.47</b>	<b>(2,553.93)</b>

## Industry Outlook

The Indian economy faced another challenging year with GDP growth tapering down to a new low of less than 5%. The Economy and the Industry had to deal with high inflation, lackluster investment climate, subdued consumption and lack of demand. The tightening of monetary policy resulted in high interest cost and slackening demand for goods and services. In line with the economy, the Cement Industry has also shown a sedate growth in the financial year 2013-14 due to subdued demand from major demand drivers for cement, viz: real estate and infrastructure sector. Moreover, prolonged monsoon in most part of India did not auger well for the industry.

On the backdrop of above coupled with new capacities added in the North Eastern Region in recent past resulted into a temporary oversupply proposition. Slowdown in economy, cut on spending on infrastructure projects, higher lending rates on housing sector has not only affected the rest of India but also the North Eastern Region (NER) during the year under review. However, with signs of recovery in economic outlook of country and with stabilized rupee, it is expected that overall face of economy will improve in the years to come. After a prolonged slowdown, the improvement in overall economic conditions of

the country is expected to provide a boost to infrastructure and housing sector resulting into growth in cement demand.

## Operational Performance

Your Company has successfully commissioned its clinkerisation unit during financial year 2012-13 and started its operations from 30th of January, 2013. The year under review was first full year of operation for the Company and has been largely a year of stabilization of operations. Your Company has achieved capacity utilization of 63% during the year under review with a production of 11,02,904.50 MT of Cement Clinker. Your Company has also started exporting Cement Clinker to neighboring countries, like Bangladesh, Nepal and Bhutan and simultaneously exploring other markets too in order to expand its reach. Your Company has also made long term arrangements with its holding company, M/s Cement Manufacturing Company Limited for supply of Cement Clinker to its recently commissioned grinding unit at Guwahati and to its fellow subsidiary M/s Megha Technical and Engineers Private Limited.

During the year under review, Company has posted EBIDTA of ₹12,739.45 lacs and profit after tax amounting to ₹955.47 Lacs.

The Company is optimistic of achieving its targets of optimizing capacity utilization and increased revenues in the coming years.

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## Dividend

As the Company does not have adequate profit, your directors do not recommend any dividend for the year under review.

## Deposits

The Company has not accepted any deposits during the financial year within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

## Particulars Of Employees

The Company has no employee whose salary exceeds the limit prescribed under section 217(2A) of the Companies Act, 1956. Hence, information required to be given under the said section read with Companies (Particular of Employees) Rules, 1975 as amended has not been provided in this report.

## 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.

## Corporate Social Responsibility

During the year under review, your Company has continued its efforts towards welfare of the local people in Lumshnong and Narpuh Elaka and has started several initiatives towards generation of employment and other opportunities for the local tribes in order to strengthen their economic condition for betterment in their living standard.

Your Company has also started skill development programs which will help them to gain employment with the Company or other industries in the region.

In order to encourage entrepreneurship amongst local people, your Company has provided local tribes with an opportunity to engage them in supply of limestone, coal, river sand etc. This

will have a long term impact on quality of their living standard with improved and assured means for their livelihood.

Your Company also extends helping hand in the endeavor of local people in construction of their houses by providing expertise available with company and also by supplying cement through its holding company at subsidized prices.

Your Company has actively contributed in construction of new school building at Lumshnong through a dedicated charitable trust for development of local area and its habitants. The new building of CMCL Vidya Bharti School sponsored by Lumshnong Village Local Area Welfare Trust was completed during the year under review and classes have started from the newly constructed building.

## Directors

Mr. Brij Bhushan Agarwal and Mr. Sanjay Agarwal, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

The Board recommends their appointment at the ensuing Annual General Meeting.

## Directors' Responsibility Statement

Pursuant to requirement of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby state that:

1. in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures.
2. 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 2014.
3. 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;
4. the directors have prepared the annual accounts on going concern basis.

## 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. The Committee comprises of Mr. Sajjan Bhajanka, Mr. Brij Bhushan Agarwal, Mr. Prem Kumar Bhajanka and Mr. Rajendra Chamaria with Mr. Sajjan Bhajanka as its Chairman. The constitution of the Audit Committee meets the requirements under section 292A of the Companies Act, 1956. However, the audit committee shall be reconstituted as per the requirements of section 177 (2) of the Companies Act, 2013 within the stipulated time frame.

Four meetings of Committee were held during the year, i.e. on 19th April, 2013, 17th July, 2013, 28th October, 2013 and 8th January, 2014.

The Audit Committee, inter-alia, reviews:-

- a) Quarterly, half yearly and yearly financial statements before submission to the board for approvals.
- b) Significant related party transactions.
- c) Audit Reports including Internal Audit Reports and report of internal audit team of the Company.
- d) The Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- e) Recommendation to the Board, the appointment, re-appointment of Auditor and fixation of their remuneration.
- f) Changes, if any, in accounting policies and practices and reasons for the same.

The Audit Committee so constituted advises the management of the Company on areas where internal audit can be improved. The Minutes of the Meetings of Audit Committee are placed before the Board at their respective Board Meetings.

## Auditors Report

The observations made in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

## Auditors

M/s. Kailash B. Goel & Co., Chartered Accountants, Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting of the Company. Being eligible, they have offered themselves for re-appointment

and have confirmed that their appointment, if made, will be in accordance to the provisions of section 141, read with section 139 of the Companies Act, 2013. In terms of requirement of section 177 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the audit committee of the company in their meeting dated 17th May, 2014 has recommended their appointment as statutory auditors for the year 2014-15 to Board of Directors. Members are requested to approve and ratify the appointment. Members are also requested to empower the Board of Directors for fixation of Auditor's Remuneration.

## Cost Auditors

In terms of Section 233B of the Companies Act, 1956, your Company has appointed M/s B.G. Chowdhury & Co., a firm of Cost Accountants to conduct the audit of cost records of the Company for the financial year 2013-14 and the report thereof will be placed before the Audit Committee on submission by the Cost Accountants.

## Holding Company

Your Company continues to remain subsidiary of M/s. Cement Manufacturing Company Limited which holds 87.49% in the Company, which in turn is a 70.48% subsidiary of Star Ferro and Cement Limited.

M/s Century Plyboards (India) Limited, the erstwhile holding company of M/s. Cement Manufacturing Company Limited has transferred its holding to M/s Star Ferro and Cement Limited via a Scheme of Arrangement sanctioned by the Hon'ble High Court at Kolkata vide its order dated 17th May, 2013. As such, holding company M/s Cement Manufacturing Company Limited has become a subsidiary of M/s. Star Ferro and Cement Limited and your Company has become a step down subsidiary of Star Ferro and Cement Limited with effect from the appointed date, i.e., 1st April, 2012.

## Acknowledgement

The Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institutions and Government Authorities during the financial year under review. Your Directors wish to place on record their deep sense of appreciation for the committed services of the employees of the Company. The Company also wishes to convey their sincere thanks and appreciation to the villagers of Lumshnong village and other villages in Narpuh elaka.

*For and on behalf of the Board of Directors*

**Sajjan Bhajanka**  
*Director*

**Prem Kumar Bhajanka**  
*Managing Director*

Place : Kolkata

Date : 17th May, 2014

# Annexure to Directors' Report

Disclosure Of Particulars With Respect To Conservation Of Energy, Technology Absorbtion And Foreign Exchange Earnings And Outgo As Required Under The Companies (Disclosure Of Particulars In The RaBoard Of Directors) Rules, 1988 And Forming Part Of The Directors Report For The Year Ended 31St March, 2014.

## A. Conservation of Energy

### a. Energy Conservation Measures taken :

- (1) Specific energy consumption (Kwh/Ton of Clinker) reduced from 77.89 Kwh/Ton of clinker in the year 2012-13 to 62.52 Kwh/Ton of clinker during the year under review.
- (2) Increased kiln inlet arch area by removing excess castable resulted into pressure drop reduction across pre-heater which enabled to run pre-heater fans at less rpm with same kiln feed rate.
- (3) Increased raw mill residue of 212 micron from 0.5% to 3% and of 90 micron from 14% to 26% in various steps by readjusting the operating parameters resulting into saving on power consumption.
- (4) Optimized raw mill fan rpm.

(5) Utility compressors rpm reduced resulting into saving on power consumption.

### b. Additional Investments and proposals, if any, being implemented for reduction in consumption of energy:

- (1) Kiln inlet area enlargement modification.
- (2) Installation of VFDs in coal conveying blowers.

### c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Measures referred in (a) has resulted in energy saving of ₹118/- PMT (approx.) of Cement Clinker produced during the Financial Year 2013-14. Measures referred in (b) is expected to result into further saving on power cost per unit of finished goods produced in years to come.

Form for disclosure of particulars with respect to conservation of energy:

Sl. no.	Particulars	2013-14	2012-13 (for the period 30.01.2013 to 31.03.2013)
<b>A</b>	<b>Power and fuel consumption</b>		
<b>1</b>	<b>Electricity</b>		
	<b>a) Purchased</b>		
	Unit (Lacs KWH)	720.49	69.37
	Total Amount (₹ in Lacs)	5,563.39	462.40
	Rate/Unit (₹)	7.72	6.67
	<b>b) Own Generation</b>		
	Through Diesel Generator	Nil	Nil
	Units (Kwh)	Nil	Nil
	Total Amount (₹)	Nil	Nil
	Rate per unit (₹)	Nil	Nil
<b>B</b>	<b>Coal (C &amp; D Grade used as a fuel in Kiln)</b>		
	Quantity (MT)	1,70,966	14,198
	Total Cost (₹ in Lacs)	6,967.02	605.28
	Average Rate (₹/MT)	4,075	4,264
	<b>Consumption per unit of Production</b>		
	Electricity (Kwh/T of Clinker)	62.52	77.89
	Coal (%)	15.50	18.34

Form for disclosure of particulars with respect to conservation of energy: (Contd.)

Sl. no.	Particulars	2013-14	2012-13 (for the period 30.01.2013 to 31.03.2013)
	HSD/Furnace Oil for Kilns		
	Quantity (Ltrs)	1,63,124	195,855
	Total cost (₹ in Lacs)	85.42	94.00
	Average Rate	52.37	47.99

## B. Technological Absorption

### Research and Development (R&D)

The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with specific objective of development of advanced systems for the mills, Kiln optimization, alternate fuel for kiln and quality improvement.

### Specific area in which R&D was carried out by the Company:

1. R&D on use of ferruginous soil for elimination/ minimization of mill scale consumption.
2. Usage of dolomite lime stone to conserve limestone.
3. Usage of low grade limestone.
4. R&D for study of refractory life cycle.

### Benefits derived from R&D

R&D on use of ferruginous soil, dolomite limestone and low grade limestone has resulted into reduction of cost. Similarly, R&D on study of refractory life cycle is also expected to bring reduction in cost, low down time for kiln and increased output.

### Future plan of Action

Implementation of IMS 9002:2014

R&D on alternative fuel

Separate Research Laboratory to study:

-Raw Mix Design

-Fuel Mix

-Use of Alternative Fuel

-Refractory application

### Expenditure on Research and Development

(₹ in Lacs)

Sl. no.	Particulars	2013-14	2012-13 (for the period 30.01.2013 to 31.03.2013)
a	Capital Expenditure	82.14	-
b	Revenue	5.95	4.45
	<b>Total</b>	<b>88.09</b>	<b>4.45</b>

## C. Foreign Exchange Earnings and Outgo

(₹ in Lacs)

Sl. no.	Particulars	2013-14	2012-13 (for the period 30.01.2013 to 31.03.2013)
a	Foreign Exchange Earnings	151.21	-
b	Foreign Exchange Outgo	6054.14	109.31

## Report on the Financial Statement

We have audited the accompanying financial statements of Star Cement Meghalaya Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 read with General Circular No. 15/2013 dated 13th September, 2013, issued by Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the Statement Profit and Loss account, of the Profit of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the Cash flows of the Company for the period year on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

CA. Arun Kumar Sharma  
*Partner*

Place : Kolkata  
Date : 17th May, 2014

Membership No. 057329

# Annexure to Independent Auditors' Report

Annexure referred to in Paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
(b) The fixed assets of the company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.  
(c) During the year the Company has not disposed off a substantial part of its Fixed Assets and therefore do not affect the going concern assumption.
2. (a) The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable  
(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.
3. (a) The Company has not granted any loans secured or unsecured to any companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4 (iii)(a) to (d) are not applicable to the company and hence not commented upon.  
(b) The company has taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹3100 lacs and the year end balance of loan taken from such company was ₹3050 lacs.  
(c) In our opinion and according to information and explanations given to us, the rate of interest and Other terms and condition on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.  
(d) The said loan was stated to be repayable on demand. The payment of interest on such loan had been regular.  
(e) There is no overdue amount of loan taken from the company covered in the register maintained under section 301 of the Companies Act, 1956
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and other services. During the course of our audit, no major weakness has been noticed in these internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) According to the information and explanations given to us, the transaction made in pursuance of such contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act,

1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.

9. (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, VAT, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, and the records of the company examined by us, the particulars of disputed taxes and duties as 31st March, 2014 which have not been deposited, are as under:

Name of the Statute	Nature of the Dues	Amount (₹ In Lacs)	Period to which amount relates	Forum where dispute is pending
Department of Forest & Mining	Royalty on Coal	1284.26	2012-13 & 2013-14	Directorate of Mineral Resources, Meghalaya

10. The Company has no accumulated losses at the end of the financial year which is less than fifty percent of its net worth and it has not incurred cash losses in the current financial year.
11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans and security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us
- and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanation given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
20. The Company has not raised any money through public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

CA. Arun Kumar Sharma  
Partner

Place : Kolkata  
Date : 17th May, 2014

Membership No. 057329

## Balance Sheet as at 31st March, 2014

(₹ in Lacs)

Particulars	Note	31.03.2014	31.03.2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	2,981.78	2,981.78
Reserves and Surplus	2.2	31,170.52	30,215.12
		<b>34,152.31</b>	<b>33,196.90</b>
<b>Non-current liabilities</b>			
Long Term Borrowings	2.3	36,471.16	40,931.18
Deferred Tax Liability (Net)	2.4	152.19	489.64
Other Long Term Liabilities	2.5	347.86	569.38
Long Term Provisions	2.6	24.70	31.58
		<b>36,995.92</b>	<b>42,021.77</b>
<b>Current liabilities</b>			
Short Term Borrowings	2.7	2,985.17	-
Trade Payables		4,521.54	851.17
Other Current Liabilities	2.8	8,643.41	4,832.65
Short Term Provisions	2.9	13.57	8.14
		<b>16,163.69</b>	<b>5,691.96</b>
<b>Total</b>		<b>87,311.92</b>	<b>80,910.63</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	2.10	55,296.99	55,119.01
Intangible Assets	2.11	4.82	9.11
Capital Work in Progress		1,527.87	3,600.02
		<b>56,829.68</b>	<b>58,728.14</b>
Long Term Loans and Advances	2.12	16,594.00	16,576.54
Other Non Current Assets	2.13	10.52	23.95
		<b>73,434.20</b>	<b>75,328.63</b>
<b>Current Assets</b>			
Inventories	2.14	5,420.40	3,335.34
Trade Receivables	2.15	5,549.69	-
Cash and Cash Equivalents	2.16	298.38	289.51
Short Term Loans and Advances	2.17	2,609.24	1,957.15
		<b>13,877.72</b>	<b>5,582.00</b>
<b>Total</b>		<b>87,311.92</b>	<b>80,910.63</b>
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Nupur Burman  
Company Secretary

Sajjan Bhajanka  
Director

Rajendra Chamaria  
Managing Director

Place : Kolkata  
Date : 17th May, 2014

## Statement of Profit & Loss for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Note	31.03.2014	31.03.2013
<b>Income</b>			
Revenue from Operations (Gross)	2.18	37,557.33	1,081.75
Less: Excise Duty		1,848.05	113.76
Revenue from Operations (Net)		35,709.28	967.99
Other Income	2.19	81.06	1.04
<b>Total Revenue</b>		<b>35,790.33</b>	<b>969.03</b>
<b>Expenses</b>			
Cost of Materials consumed	2.20	5,241.63	355.83
(Increase)/Decrease in Inventories	2.21	825.77	(1,377.85)
Employees Benefit Expenses	2.22	1,396.45	186.32
Finance Costs	2.23	4,049.86	677.89
Depreciation and Amortization Expenses		8,072.08	1,353.88
Other Expenses	2.24	15,587.04	1,837.22
<b>Total Expenses</b>		<b>35,172.83</b>	<b>3,033.29</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>617.51</b>	<b>(2,064.26)</b>
Exceptional items		0.52	(0.03)
<b>Profit/(Loss) before tax</b>		<b>618.03</b>	<b>(2,064.29)</b>
<b>Tax Expenses</b>			
-Current Tax		-	-
-Deferred Tax		(337.44)	489.64
<b>Profit/(Loss) for the year</b>		<b>955.47</b>	<b>(2,553.93)</b>
<b>Earnings Per Equity Share (face Value of ₹10/-each) (refer note-2.31)</b>			
Basic Earning Per Share		3.20	-
Diluted Earning Per Share		3.20	-
<b>Significant accounting policies and notes on accounts</b>	<b>1 &amp; 2</b>		
The accompanying notes are integral part of the financial statements			

As per our report of even date

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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Nupur Burman  
Company Secretary

Sajjan Bhajanka  
Director

Rajendra Chamaria  
Managing Director

Place : Kolkata  
Date : 17th May, 2014

## Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	31.03.2014	31.03.2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax and Exceptional Items	617.51	(2,064.26)
<b>Adjustments for :</b>		
Depreciation	8,072.08	1,353.88
Interest Income	(2.07)	(9.31)
Interest Expenses	4,238.49	7,914.83
Miscellaneous Expenditure written off	-	16.26
Provision for Leave Encashment	20.09	18.87
Provision for Gratuity	18.18	20.85
Provision for Income Tax & Wealth Tax	0.18	0.16
<b>Operating Profit before working Capital changes</b>	<b>12,964.46</b>	<b>7,251.28</b>
<b>Adjustments for :</b>		
Inventories	(2,085.06)	(3,149.44)
Trade receivables	(5,549.69)	-
Other Receivables	(658.50)	(15,315.93)
Trade/Other Payables	2,442.05	3,290.83
<b>Cash Generated form Operations</b>	<b>7,113.25</b>	<b>(7,923.26)</b>
Direct Taxes Paid	(11.05)	12.97
<b>Net Cashflow from Operating Activities</b>	<b>7,102.20</b>	<b>(7,910.29)</b>
<b>B CASH FLOW FROM INVESING ACTIVITIES</b>		
(Purchase)/sale of Fixed Assets ( including WIP)- Net	(5,247.29)	(16,309.14)
Increase in Reserves (Subsidies)	(0.06)	15,352.83
Fixed Deposit / Margin money (given)/ refund	13.43	18.47
(Purchase)/ sale of Investments	-	-
Interest Received	2.07	9.31
<b>Net Cash used in Invesitng Activites</b>	<b>(5,231.85)</b>	<b>(928.53)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans from Companies and Public Bodies	600.00	2,450.00
Proceeds from/(Repayment of) Long Term Borrowings	(1,208.16)	8,532.74
Proceeds from/(Repayment of) Short Term Borrowings	2,985.17	-
Interest paid	(4,238.49)	(7,914.83)
Proceeds from issue of Share Capital ( including Share Capital Money)	-	5,728.33
<b>Net Cash used in Financing Activities</b>	<b>(1,861.48)</b>	<b>8,796.24</b>
<b>Net Increase/(decrease) in cash and cash equivalents ( A+B+C)</b>	<b>8.87</b>	<b>(42.58)</b>
<b>Cash and Cash Equivalents</b>		
Opening Balance	289.51	332.09
<b>Closing Balance</b>	<b>298.38</b>	<b>289.51</b>

As per our report of even date

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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Nupur Burman  
Company Secretary

Sajjan Bhajanka  
Director

Rajendra Chamaria  
Managing Director

Place : Kolkata  
Date : 17th May, 2014

## Corporate Information

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply with all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular No.15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

The accounting policies have been consistently applied by the company and except for the changes in accounting policy discussed below, are consistent with those used in previous year.

#### 1.2 Use of Estimates

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

#### 1.3 Fixed Assets

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

#### 1.4 Capital Work In Progress

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

#### 1.5 Expenditure during construction period

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

#### 1.6 Depreciation

Depreciation on Fixed Assets is provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Continuous process plants are identified based on a technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of put to use, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided up to the date on which the said asset is sold, discarded, demolished or scrapped. Depreciation on amount capitalised pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' is provided over the balance useful life of depreciable capital assets. 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.

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

### 1.7 Investments

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

### 1.8 Inventories

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

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

Cost of Inventories is computed on weighted average basis.

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

### 1.9 Retirement Benefits

#### (i) Defined Contribution Plan

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

#### (ii) Defined Benefit Plan

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

#### (iii) Other Long-term benefits

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

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

### 1.10 Borrowing Cost

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

### 1.11 Impairment of Assets

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

### 1.12 Foreign Currency Transactions

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

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

### 1.13 Taxes on Income

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

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

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

### 1.14 Intangible Asset

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

### 1.15 Research and Development Expenditure

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

### 1.16 Provisions and Contingencies

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

### 1.17 Cash & Cash Equivalents

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

### 1.18 Earnings Per Share

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

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

### 1.19 Revenue Recognition

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

### 1.20 Government Grants and Subsidies

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

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.1 SHARE CAPITAL</b>		
Authorised Capital	3,000.00	3,000.00
Equity Shares of ₹10/- par value		
3,00,00,000 (3,00,00,000 as at 31st March 2013) Equity Shares fully paid up		
Issued, Subscribed & Paid-up		
Equity Shares of ₹10/- par value	2,981.78	2,981.78
2,98,17,818 (2,98,17,818 as at 31st March 2013) Equity Shares fully paid up	2,981.78	2,981.78

### a) Terms/ rights attached to equity shares

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

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

	No. of Shares	No. of Shares
<b>Equity Shares</b>		
At the beginning of the year	29817818	22657406
Issue of shares during the year	-	7160412
Outstanding at the end of the year	29817818	29817818

### c) Shares held by holding company

	No. of Shares	No. of Shares
<b>Cement Manufacturing Company Limited</b>		
Equity shares of ₹10/- each fully paid	26088656	26088656

(All the shares are held by Cement Manufacturing Company Limited, the Holding Company and its nominees)

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

	No. of Shares (% of holding)	No. of Shares (% of holding)
<b>Equity shares of ₹10/- each fully paid</b>		
Cement Manufacturing Company Limited, holding company	26088656 (87.49%)	26088656 (87.49%)
Megha Technical & Engineers Private Limited	3729162 (12.51%)	3729162 (12.51%)
	29817818 (100%)	29817818 (100%)

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

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.2 RESERVES &amp; SURPLUS</b>		
<b>Capital Reserves</b>		
Balance as per last Account	15,352.83	-
Addition/(Deduction) during the year	(0.06)	15,352.83
Closing Balance	<b>15,352.77</b>	<b>15,352.83</b>
<b>Securities Premium Reserve</b>		
Balance as per last account	17,416.22	12,403.93
Addition/(Deduction) during the period	-	5,012.29
Closing Balance	<b>17,416.22</b>	<b>17,416.22</b>
<b>Surplus as per statement of Profit &amp; Loss</b>		
Balance as per the last financial statements	(2,553.93)	-
Profit / (Loss) for the period	955.47	(2,553.93)
Net Surplus (Deficit) in the statement of Profit and Loss	<b>(1,598.46)</b>	<b>(2,553.93)</b>
	<b>31,170.52</b>	<b>30,215.12</b>

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.3 LONG TERM BORROWINGS</b>		
<b>Term Loans</b>		
- Rupee Loan from Banks (Secured)	28,616.25	25,932.26
- Foreign Currency Loan from Banks (Secured)	10,267.32	9,677.80
<b>Loans and Advances from a Related Party (Unsecured)</b>	<b>3,050.00</b>	<b>2,450.00</b>
<b>Other Loans &amp; Advances</b>		
- Buyer's Credit from Banks on Capital Account (Secured)	521.47	4,478.62
- Hire Purchase Finance (Secured)	468.61	67.31
	<b>42,923.65</b>	<b>42,606.00</b>
Less:- Current maturities of long term borrowings	6,452.49	1,674.82
	<b>36,471.16</b>	<b>40,931.18</b>

1. Term Loans from banks are repayable in further 23 unequal quarterly instalments ending on December 2019. The loans are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the company's Cement Clinker plant at Lumshnong, Meghalaya. Further, the loan has been guaranteed by holding company, M/s Cement Manufacturing Company Limited.
2. Buyers credit from banks have been availed against letters of credit (sub-limit to Term Loans) issued by banks which are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the company's cement clinker plant at Lumshnong, Meghalaya.
3. Hire Purchase Finance is secured by hypothecation of respective vehicles / equipments and is repayable within three to four years having varying date of payment.
4. 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 31st March, 2014 (Contd.)

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.4 DEFERRED TAX ASSET/LIABILITY (NET)</b>		
Deferred Tax Liability		
Fixed Assets	164.02	489.64
Gross Deferred Tax Liability	164.02	489.64
Deferred Tax Assets		
Leave Encashment	6.21	-
Gratuity	5.62	-
Gross Deferred Tax Assets	11.83	-
Net Deferred Tax Assets/Liabilities	152.19	489.64

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.5 OTHER LONG TERM LIABILITIES</b>		
Security Deposits	42.05	44.16
Retention Money	305.80	525.22
	347.86	569.38

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.6 LONG TERM PROVISIONS</b>		
Provision for Employees Benefits		
Gratuity	11.59	20.85
Leave Encashment	13.11	10.73
	24.70	31.58

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.7 SHORT TERM BORROWINGS</b>		
Working Capital facilities from a bank ( Secured)	2,985.17	-
	2,985.17	-

Working capital facilities from a bank is secured by first charge on current assets and second charge on fixed assets of the company's Cement Clinker unit at Lumshnong, Meghalaya.

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.8 OTHER CURRENT LIABILITIES</b>		
Current Maturities of long term borrowings	6,452.49	1,674.82
Interest accrued but not due on borrowings	61.51	60.65
Other Payables		
- Statutory Liabilities (Including excise duty on finished goods ₹51.21 lacs, Previous year ₹159.15 lacs)	1,281.61	457.50
- Creditors - Micro, Small and Medium Enterprises (Refer Note No 2.26)	-	-
- Advances from Customers	413.76	1,529.50
- Salary and Bonus to Employees	63.36	38.61
- Other Liabilities	370.68	1,071.57
	8,643.41	4,832.65

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.9 SHORT TERM PROVISIONS</b>		
Provisions for Employees Benefits		
- Gratuity	6.59	-
- Leave Encashment	6.98	8.14
	<b>13.57</b>	<b>8.14</b>

## 2.10 TANGIBLE ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions	Deduction / Adjustment	As at 31.03.2014	upto 31.03.2013	For the Year	Deduction / Adjustment	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Land & Site Development	1,293.13	324.06		1,617.20	-			-	1,617.20	1,293.13
Factory Building	4,172.72	3,394.09		7,566.81	69.74	421.09		490.83	7,075.98	4,102.98
Non Factory Building	786.07	422.76		1,208.83	6.57	39.64		46.21	1,162.62	779.50
Plant & Machinery	49,615.77	3,252.93		52,868.70	1,388.89	7,262.93		8,651.82	44,216.88	48,226.89
Furniture & Fixtures	69.21	15.90		85.12	14.72	13.56		28.28	56.84	54.49
Office Equipments	26.15	4.86		31.01	8.07	2.93		11.00	20.01	18.08
Computers	51.06	23.30	0.12	74.24	33.97	12.10	0.10	45.97	28.27	17.09
Heavy Vehicles & Equipments	1,052.93	767.69	3.19	1,817.43	668.28	267.64	2.56	933.36	884.08	384.65
Vehicles	91.10	28.80	12.17	107.74	36.54	19.40	6.68	49.26	58.48	54.57
Tools & Tackles	479.62	17.49		497.11	291.98	28.48		320.46	176.65	187.64
<b>Total ( A )</b>	<b>57,637.77</b>	<b>8,251.89</b>	<b>15.48</b>	<b>65,874.18</b>	<b>2,518.75</b>	<b>8,067.78</b>	<b>9.35</b>	<b>10,577.19</b>	<b>55,296.99</b>	<b>55,119.01</b>
Previous Year	2,971.69	54,672.04	5.97	57,637.77	744.55	1,774.80	0.61	2,518.75	55,119.01	2,227.14

## 2.11 INTANGIBLE ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions	Deduction / Adjustment	As at 31.03.2014	upto 31.03.2013	For the Year	Deduction / Adjustment	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Computer Software	15.89	-	-	15.89	6.77	4.29	-	11.07	4.82	9.11
<b>Total ( B )</b>	<b>15.89</b>	<b>-</b>	<b>-</b>	<b>15.89</b>	<b>6.77</b>	<b>4.29</b>	<b>-</b>	<b>11.07</b>	<b>4.82</b>	<b>9.11</b>
Previous Year	4.94	10.95	-	15.89	3.36	3.41	-	6.77	9.11	1.57
<b>Total ( A )</b>	<b>57,653.65</b>	<b>8,251.89</b>	<b>15.48</b>	<b>65,890.07</b>	<b>2,525.52</b>	<b>8,072.08</b>	<b>9.35</b>	<b>10,588.25</b>	<b>55,301.81</b>	<b>55,128.13</b>
Previous Year	2,976.63	54,682.99	5.97	57,653.65	747.92	1,778.21	0.61	2,525.52	55,128.13	2,228.71

- a) Out of addition of ₹324.06 Lacs in Land and development, ₹5 Lacs is towards reversal of subsidy of stamp duty on Land.  
b) Depreciation for the year- Nil, previous year includes ₹424.44 lacs debited to Pre-operative expenditure.

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.12 LONG TERM LOANS AND ADVANCES</b>		
Capital Advances		
- Secured, Considered Good	8.00	168.95
- Unsecured, Considered Good	1,197.72	1,033.56
	<b>1,205.72</b>	<b>1,202.51</b>
Security Deposits		
- Unsecured, Considered Good	24.99	5.40
	<b>24.99</b>	<b>5.40</b>
Other Loans and advances		
Balances with / Receivable from Government Authorities		
Unsecured, Considered Good	15,363.29	15,368.63
	<b>15,363.29</b>	<b>15,368.63</b>
	<b>16,594.00</b>	<b>16,576.54</b>

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.13 OTHER NON-CURRENT ASSETS</b>		
Other Bank Balances		
Balances with Banks held as		
- Margin Money deposits with original maturity of more than 12 months	10.52	23.95
	<b>10.52</b>	<b>23.95</b>

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.14 INVENTORIES</b>		
Raw Materials	544.30	308.39
Work - In - Process	266.37	110.88
Finished Goods	465.54	1,446.80
Fuels & Lubricants	3,044.20	1,078.85
Store & Spare Parts	1,099.99	390.42
	<b>5,420.40</b>	<b>3,335.34</b>

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.15 TRADE RECEIVABLES</b>		
Secured Considered Good		
Over Six months	-	-
Other Debts	20.79	-
Unsecured Considered Good		
Over Six months	-	-
Claims due from Central Government	520.84	-
Other Debts	4,434.94	-
Claims due from Central Government	573.13	-
	<b>5,549.69</b>	<b>-</b>

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

	(₹ in Lacs)	
	31.03.2014	31.03.2013
<b>2.16 CASH AND CASH EQUIVALENTS</b>		
Balances With Banks:		
On Current Accounts (₹30.05 lacs kept with SBI-Bangladesh, repatriation of which is restricted, previous year- Nil)	279.12	229.26
Fixed Deposit with Banks	0.13	0.13
Cheques in hand	13.61	57.74
Cash on hand	5.52	2.38
	<b>298.38</b>	<b>289.51</b>
		(₹ in Lacs)
	31.03.2014	31.03.2013
<b>2.17 SHORT TERM LOANS AND ADVANCES</b>		
Others		
Unsecured , Considered Good		
- Advances to Suppliers for goods and services	180.25	229.79
- Loans & Advances to Employees	14.06	10.79
- Balances With/Receivable from Government Authorities	1,873.90	1,581.94
- Subsidies Receivable from Central/State Governments	426.36	-
- Advance Income Tax (net of provision)	11.05	12.97
- Prepaid Expenses	103.62	121.66
	<b>2,609.24</b>	<b>1,957.15</b>
		(₹ in Lacs)
	31.03.2014	31.03.2013
<b>2.18 REVENUE FROM OPERATIONS</b>		
Sale of Products		
Finished Goods Sold		
Cement Clinker		
Domestic	35,000.46	1,081.75
Export	2,087.45	-
	<b>37,087.90</b>	<b>1,081.75</b>
Other Operating Income	469.43	-
	<b>37,557.33</b>	<b>1,081.75</b>
		(₹ in Lacs)
	31.03.2014	31.03.2013
<b>2.19 OTHER INCOME</b>		
Interest Income on		
-Bank deposits	1.52	0.31
-Loans	0.39	-
-Other	0.15	0.73
Other Non Operating Income	78.98	-
	<b>81.06</b>	<b>1.04</b>

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.20 COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	308.39	-
Add: Purchases	5,477.54	664.22
	<b>5,785.93</b>	<b>664.22</b>
Less : Inventory at the end of the year	544.30	308.39
<b>Cost of Raw Materials Consumed</b>	<b>5,241.63</b>	<b>355.83</b>
<b>Details of Raw Material Consumed</b>		
Lime Stone	4,094.10	292.19
Shale	146.55	14.70
Iron Mill Scale	489.40	48.94
Iron Ore	460.73	-
Latrite	50.85	-
	<b>5,241.63</b>	<b>355.83</b>
<b>Details of Closing Stock of Raw Materials</b>		
Lime Stone	161.87	235.25
Shale	42.45	11.85
Iron Mill Scale	289.44	61.29
Iron Ore	44.93	-
Latrite	5.61	-
	<b>544.30</b>	<b>308.39</b>

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.21 (INCREASE) /DECREASE IN INVENTORIES</b>		
<b>Work in Process</b>		
Opening Stock	110.88	-
Add: Trial Run Production	-	101.87
Closing Stock	266.37	110.88
	<b>(155.49)</b>	<b>(9.00)</b>
<b>Finished Goods</b>		
Opening Stock	1,446.80	-
Add: Trial Run Production	-	77.95
Closing Stock	465.54	1,446.80
	<b>981.26</b>	<b>(1,368.85)</b>
<b>(Increase) /Decrease</b>	<b>825.77</b>	<b>(1377.85)</b>
<b>Details of Inventory</b>		
<b>Work in Progress</b>		
Raw Mill	92.62	23.67
Fine Coal	7.61	32.37
Crushed Lime Stone	166.13	54.84
	<b>266.37</b>	<b>110.88</b>
<b>Finished Goods</b>		
Cement Clinker	465.54	1446.80
	<b>465.54</b>	<b>1446.80</b>

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

	(₹ in Lacs)	
	31.03.2014	31.03.2013
<b>2.22 EMPLOYEES BENEFIT EXPENSES</b>		
Salaries & Wages	1,302.52	170.82
Contribution to Provident Fund and other Funds	31.58	5.87
Welfare Expenses	62.35	9.64
	<b>1,396.45</b>	<b>186.32</b>

	(₹ in Lacs)	
	31.03.2014	31.03.2013
<b>2.23 FINANCE COSTS</b>		
Interest Expense		
- On Fixed Loans	3,826.56	635.88
- On Others	202.24	15.45
Other Borrowing Costs	21.06	11.77
Exchange Fluctuation (Gain)/loss to the extent considered as an adjustment to borrowing costs	-	14.79
	<b>4,049.86</b>	<b>677.89</b>

	(₹ in Lacs)	
	31.03.2014	31.03.2013
<b>2.24 OTHER EXPENSES</b>		
Consumption of Stores & Spares	379.50	168.59
Power & Fuel	12530.41	1106.53
Repairs & Maintenance		
- Buildings	116.95	59.17
- Plant & Machinery	606.18	177.01
- Others	68.29	12.42
Heavy Vehicle / Equipment Running Expenses	357.92	37.39
Excise duty variation on opening/closing stock	(107.94)	159.15
Travelling and Conveyance	120.77	14.93
Insurance(Net)	73.18	15.10
Rent, Rates & Taxes	84.48	6.15
Research & Development Expenses	5.95	4.45
Charity & Donation	53.00	17.88
Miscellaneous Expenses	319.64	54.90
Advertisement & Publicity	2.68	0.10
Carriage Outward	938.97	0.00
Sales Promotion Expenses	27.15	3.46
Commission, Discount & Incentives on Sale	9.92	-
	<b>15,587.04</b>	<b>1,837.22</b>

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

- 2.25** In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
- 2.26** There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the company.
- 2.27** The Company has only one business segment 'Cement Clinker' as its primary segment. The secondary segment is geographical. The Company is exporting its product to Bangladesh, Bhutan and Nepal. However, segment revenue from exports and segment assets by geographical locations is less than 10% of total revenue and total assets of the Company respectively. Hence, there is no separate reportable segment as required by Accounting Standard 17- 'Segment Reporting'.
- 2.28** During the year ended 31st March, 2014, in line with the Notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs, the Company has availed the option given in paragraph 46A of the Accounting Standard-11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company has, with effect from 1st April, 2013, 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 life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the year ended 31st March, 2014 is ₹17.96 lacs. The unamortized portion carried forward as at 31st March, 2014 is ₹1,887.18 lacs. Had the Company, followed the earlier policy of charging the entire amount to the Statement of Profit and Loss, the profit before tax for the year would have been lower by ₹1,887.18 lacs.

### 2.29 RELATED PARTY DISCLOSURES

A Names of the related parties where control exists		Nature of relationship
Star Ferro and Cement Limited (SFCL)		Ultimate Holding Company
Cement Manufacturing Company Limited (CMCL)		Holding Company
Megha Technical & Engineers Private Limited (MTEPL)		Fellow Subsidiary
Meghalaya Power Limited (MPL)		Fellow Subsidiary
NE Hills Hydro Limited (NEHL)		Fellow Subsidiary
B Others-with whom transactions have taken place during the year		Nature of relationship
Names of other related parties		Nature of relationship
Century Plyboards (India) Limited (CPIL)		Associate

#### Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2014 (₹ in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiary	
		2013-14	2012-13	2013-14	2012-13
1.	Purchase Transactions				
	CMCL	59.35	274.56	-	-
	CPIL	-	-	30.60	14.92
	MTEPL	-	-	199.49	169.04
	MPL	-	-	5,571.63	627.21
2.	Sales Transactions				
	CMCL	23,634.69	122.38	-	-
	MTEPL	-	-	9,644.34	959.85
3.	Sale of Capital Goods				
	CMCL	7.10	21.20	-	-
4.	Purchase of Capital Goods				
	CMCL	5.79	-	-	-

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiary	
		2013-14	2012-13	2013-14	2012-13
5.	Service Rendered				
	CMCL	1.98	-	-	-
	MPL	-	-	8.09	-
6.	Loan & Advances Taken				
	MTEPL	-	-	3,275.00	2,450.00
7.	Loan & Advances Taken-Repaid				
	MTEPL	-	-	2,675.00	-
8.	Share Application Money Received				
	CMCL	-	2,745.00	-	-
9.	Share Capital Including Securities Premium				
	CMCL	-	2,745.00	-	-
	MTEPL	-	-	-	2,983.33
10.	Interest Paid				
	MTEPL	-	-	81.83	15.45
11.	Miscellaneous Income				
	SFCL	5.96	-	-	-
	MTEPL	-	-	493.72	-
12.	Balance outstanding as on 31.03.2014				
A.	Advances/Loan Received				
	MTEPL	-	-	3,050.00	2,450.00
B.	Advance from Customers				
	MTEPL	-	-	-	1,500.00
C.	Creditors				
	MPL	-	-	887.69	187.66
D.	Debtors				
	CMCL	3,945.69	-	-	-
	MTEPL	-	-	489.13	-
E.	Guarantees obtained				
	CMCL	39,579.84	39,632.00	-	-
F.	Share Capital & Securities Premium				
	CMCL	17,414.67	17,414.67	-	-
	MTEPL	-	-	2,983.33	2,983.33

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.30 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
a. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for	4.08	553.99
b. Export obligation under EPCG scheme	983.42	1,099.04
c. Bank Guarantees issued by Banks	174.80	174.80
d. Letters of Credit issued by Banks	82.00	141.67

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

(₹ in Lacs)

	2013-14	2012-13
<b>2.31 BORROWING COST CAPITALIZED</b>		
Borrowing cost capitalized	243.15	3,629.75

(₹ in Lacs)

	2013-14	2012-13
<b>2.32 PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)</b>		
(a) Statutory Auditors		
As Auditor		
-Audit Fees	4.00	1.00
-Tax Audit Fees	1.00	0.45
In Other Capacity		
Other Services (Certification Fees)	3.99	1.03
<b>Total</b>	<b>8.99</b>	<b>2.48</b>

### 2.33 EMPLOYEE DEFINED BENEFITS:

#### a) Defined Contribution Plans

The Company has recognized an expense of ₹31.58 lacs (Previous year ₹28.63 lacs) towards the defined contribution plans.

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

Sl. No.	Type of Transactions	2013-14		2012-13	
		Gratuity / Others	Leave Encashment	Gratuity / Others	Leave Encashment
I	Expense recognized in the Statement of Profit and Loss for the year ended March 31, 2014				
	1. Current Service Cost	8.32	3.40	7.44	2.73
	2. Interest Cost	3.80	1.75	2.77	1.63
	3. Employee Contribution	-	-	-	-
	4. Expected Return on Plan Assets	(2.04)	-	(1.53)	-
	5. Actuarial (Gains) / Losses	(2.81)	5.34	(2.34)	1.48
	6. Past Service Cost	-	-	-	-
	7. Settlement Cost	-	-	-	-
	8. Losses/(Gains) on Acquisition/ Divesture	(1.78)	-	-	-
	9. Total expenses	5.49	10.49	6.34	5.84
II	Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2014				
	1. Present Value of Defined Benefit Obligation	46.56	20.09	37.84	18.87
	2. Fair Value of Plan Assets	28.38	-	16.99	-
	3. Funded Status [Surplus/(Deficit)]	(18.18)	(20.09)	(20.85)	(18.87)
	4. Net Asset/(Liability) as at 31st March, 2014	(18.18)	(20.09)	(20.85)	(18.87)

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

Sl. No.	Type of Transactions	2013-14		2012-13	
		Gratuity / Others	Leave Encashment	Gratuity / Others	Leave Encashment
<b>III</b>	<b>Change in Obligation during the Year ended 31st March, 2014</b>				
	1. Present value of Defined Benefit Obligation at the beginning of the year	37.85	18.87	31.43	17.31
	2. Current Service Cost	8.32	3.40	7.44	2.73
	3. Interest Cost	3.80	1.75	2.77	1.63
	4. Settlement Cost	-	-	-	-
	5. Past Service Cost	-	-	-	-
	6. Employee Contribution	-	-	-	-
	7. Liabilities assumed on acquisition/ (settled On divesture)	-	-	-	-
	8. Actuarial (Gains)/Losses	(2.81)	5.34	(3.80)	1.48
	9. Benefits Payments	(0.60)	(9.27)	-	(4.28)
	10. Present Value of Defined Benefit Obligation at the end of the year	46.56	20.09	37.84	18.87
<b>IV</b>	<b>Change in assets during the Year ended 31st March, 2014</b>				
	1. Plan Assets at the beginning of the year	17.00	-	16.93	-
	2. Assets acquired on amalgamation in previous year	-	-	-	-
	3. Settlements	-	-	-	-
	4. Expected return on plan assets	2.04	-	1.52	-
	5. Contributions by employer	8.15	9.27	-	4.28
	6. Actual Benefit Paid	(0.60)	(9.27)	-	(4.28)
	7. Actuarial Gains/(Losses)	1.78	-	(1.46)	-
	8. Plan Assets at the end of the year	28.38	-	16.99	-
	9. Actual Return on plan assets	3.82	-	-	-
<b>V</b>	<b>The major categories of plan assets as a percentage of the fair value of total plan assets</b>				
	1. Funded with insurer	100%	-	100%	-
	2. The overall expected rate of return on assets is determined based on market process prevailing on that date, applicable to the period over which the obligations is to be settled	9.00%	-	9.00%	-

(₹ in Lacs)

	31.03.2014	31.03.2013
<b>2.34 EARNING PER SHARE (EPS)</b>		
Profit/(Loss) Attributable to Equity Shareholders	955.47	(2,553.93)
Equity Share Capital	2,981.78	2,981.78
Weighted average number of equity shares outstanding for basic EPS (Face value of ₹10/- per share)	298.18	298.18
Weighted average number of equity shares outstanding for diluted EPS (Face value of ₹10/- per share)	298.18	253.44
Basic Earnings Per Share (₹)	3.20	-
Diluted Earning Per Share(₹)	3.20	-

## Notes to Financial Statements for the year ended 31st March, 2014 (Contd.)

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

	2013-14		2012-13	
	(₹ in Lacs)	%	(₹ in Lacs)	%
Stores & Spares				
Imported	6.98	1.84	-	-
Indigenous	372.52	98.16	168.59	100.00
	379.50	100.00	168.59	100.00

### b) Value of imports calculated on CIF basis:

(₹ in Lacs)

	2013-14	2012-13
Components and spares parts	4.99	-
Capital Goods	56.36	5.53
	61.35	5.53

### c) Expenditure incurred in foreign currency:

(₹ in Lacs)

	2013-14	2012-13
Travelling Expenses	18.79	-
Interest & Finance Charges	494.45	438.61
Service Charges	5.66	6.80

### d) Earnings in Foreign Exchange (Value of Exports calculated on FOB basis):

(₹ in Lacs)

	2013-14	2012-13
Cement Clinker	105.99	-

### e) Unhedged Foreign Currency Exposure:

	As at 31.03.2014			As at 31.03.2013		
	Currency	Foreign Currency (Mn)	Indian Rupees (Lacs)	Currency	Foreign Currency (Mn)	Indian Rupees (Lacs)
Buyer's Credit	USD	8.17	488.43	USD	22.83	1241.54
Buyer's Credit	EURO	0.13	11.07	EURO	46.29	3,218.97
Buyer's Credit	GBP	0.22	21.97	GBP	0.22	18.11
Foreign Letter of Credit	USD	-	-	USD	-	-
Foreign Letter of Credit	CHF	-	-	CHF	0.85	49.09
ECB	USD	170.84	10,267.32	USD	177.94	9,677.80

2.36 Figures have been rounded off to the nearest Rupee in Lacs.

2.37 Previous year figures has been regrouped and reclassified to confirm to this year's classification.

As per our report of even date  
For Kailash B. Goel & Co.  
Firm Registration No.322460E  
Chartered Accountants

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Nupur Burman  
Company Secretary

Sajjan Bhajanka  
Director

Rajendra Chamaria  
Managing Director

Place : Kolkata  
Date : 17th May, 2014













Regd. Office:

Vill: Lumshnong, PO: Khaliehriat,  
Dist.: East Jaintia Hills, Meghalaya - 793210  
CIN-U63090ML2005PLC008011