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STARCEMENT

STAR CEMENT MEGHALAYA LIMITED

ANNUAL REPORT 2013



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Board of Directors

Rajendra Chamaria	Managing Director
Sajjan Bhajanka	Director
Brij Bhushan Agarwal	Director
Sanjay Agarwal	Director
Prem Kumar Bhajanka	Director
Pankaj Kejriwal	Director
Mangilal Jain	Director
Ibaridor K. War	Director

Auditors

Kailash B. Goel & Co.
Chartered Accountants
70, Ganesh Chandra Avenue, 1st Floor
Kolkata - 700 013

Company Secretary

Manoj Kurnar Agarwal

Registered Office & 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 - 700 027

Delhi Office

281, Deepali, Pitampura
New Delhi - 110 034

Bankers

Bank of Baroda
Corporation Bank
Allahabad Bank
Union Bank of India

DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting the Eighth Annual Report of your company, together with the Audited Balance Sheet as at 31st March, 2013 & Statement of Profit & Loss for the period from 30th January, 2013 to 31st March, 2013.

FINANCIAL RESULTS

Your Company started Commercial Production of Cement Clinker w.e.f. 30th January, 2013. The financial result for the period from 30th January, 2013 to 31st March, 2013 is summarized below.

PARTICULARS	(` in Lacs)
	2012-13 (For the Period 30.01.2013 to 31.03.2013)
Sales & Other Income	969.03
Profit/(Loss) Before Interest, Depreciation & Tax	(32.49)
Less: Interest & Finance Charges	677.89
Less: Depreciation	1,353.88
Less: Extra Ordinary Item	0.03
Profit/(Loss) before Tax	(2,064.29)
Less: Deferred Tax	489.64
Net Profit / (Loss) after Tax	(2,553.93)
Balance brought from Previous Years	—
Balance (Dr.) carried to Balance Sheet	(2,553.93)

PROJECT IMPLEMENTATION

The Company has successfully commissioned its Clinkerisation Unit at Lumshnong, P.O. Khaliehrat, Dist. East Jaintia Hills, Meghalaya and has commenced commercial operations from 30th January, 2013. Operations of the company are getting stabilized.

The Company has appointed technical experts in the field of production & process, mechanical, electrical, instrumentation and quality control, who have been hand-picked from reputed cement companies. Company has recruited top notch professionals to take care of functions such as finance & accounts, materials & inventory management, sales & distribution, HR and administration.

Your directors would like to place on record their sincere thanks to banks, financial institution, equipment suppliers, vendors, and project and operation team for their cooperation, support and doing a wonderful job in implementation of the project.

REVIEW OF OPERATION

During the period under review, the Company could not attain net profit. Company has produced 77,400 MT of clinker during the period under review. Plant is under process of stabilization and it is expected that plant operation would attain the optimum capacity utilization in some time. Depreciation and interest has adversely affected the bottom line of the Company. The company is optimistic of achieving the optimum capacity utilization in first full year of operation.

INDUSTRY OUTLOOK

The growth momentum in Indian Cement industry is likely to continue in years to come. The cement industry of India is expected to add 30-40 million tonnes per annum (MTPA) of capacity. The industry has a current capacity of 360 MTPA and operates at 75-80 per cent utilization. It is anticipated that the cement industry will continue to increase its annual cement output in coming years. India would require overall cement capacity of around 480 MT. The industry will have to add another 120 MT of capacity during the period, according to the latest report from the working group on the industry for the 12th Five Year Plan (2012-17).

The Indian construction industry has shown significant development over the years with eminent and efficient engineers at the helm and is among the best in the world. The private sector is expected to contribute a major role into total projected spend on roads and highways over the Twelfth Five Year Plan (2012-17) period.

Looking at future prospects of industry, holding Company M/s. Cement Manufacturing Company Limited has also commenced commercial operation of its grinding unit at Guwahati. Your company has made long term arrangements with its holding company for supply of cement clinker. Your company has also explored markets of West Bengal and Bihar and has started selling its product in these markets. Recognizing the opportunities in export, your company has surveyed the markets of Bangladesh, Bhutan and Nepal also and will commence exporting its product to Clinker Grinding Units of these countries shortly.

DIVIDEND

As the Company do not have any profit, your Directors do not recommend any dividend for the period under review.

CAPITAL STRUCTURE

During the year under review, your company has further issued 34,31,250 equity shares of ` 10/- each and 37,29,162 equity shares of ` 10/- each at a premium of ` 70/- each ranking pari-passu in all respects to the existing shares to M/s. Cement Manufacturing Company Limited and M/s. Megha Technical Engineers Private Limited, respectively. The Paid-up Share Capital of the Company now stands at ` 2,981.78 Lacs.

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 there under.

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 the Companies (Particular of Employees) Rules, 1975 as amended has not been provided in this report.

PERSONNEL

Personnel relation with all employees remained cordial & harmonious throughout the year. Your Director wishes to place on record their sincere appreciation for the devoted services of all the employees. The Company is encouraging the induction of local managerial and non-managerial employees and as such regular recruitment and training programmes have been conducted.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been extending a helping hand to the people of local village since inception of its project at Lumshnong to uplift them socially and economically. Company has been contributing towards welfare of local village and Narpuh Elaka. On the economic front, company has been providing opportunities for supply of local material like River Sand, Wood etc. to local people. After commencement of operation local people have been engaged for supply of coal and limestone. These efforts will go a long way in our efforts to make local tribes earn their lively hood which, in turn, will help them in other spheres of their life.

DIRECTORS

Mr. Sajjan Bhajanka and Mr. Mangilal Jain, Directors, retire by rotation at the forthcoming Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association and being eligible, offer themselves for re-appointment.

The Board recommends to the members for the re-appointment of retiring Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) That in the preparation of Annual Accounts, the applicable Accounting Standards had been followed and that there are no material departures.
- 2) That the directors have selected such accounting policies and has 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 2013.
- 3) That 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) That 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 and oversees the financial reporting process. The Committee comprises of Mr. Sajjan Bhajanka, Mr. Brij Bhushan Agarwal, Mr. Prem Kumar Bhajanka and Mr. Rajendra Chamarria with Mr. Sajjan Bhajanka as its Chairman. The Constitution of the Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956. Four meetings of the Committee were held during the year i.e. on 21st April 2012, 18th July, 2012, 19th October, 2012 and 17th January, 2013.

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 reason for the same. The Audit Committee so constituted advises the management on the areas where internal audit can be improved. The minutes of the meetings of the audit committee are placed before the Board.

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 Accountant, Auditors of your company, will retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment for the year 2013-14. The members are requested to appoint the Auditors and authorize the Board of Directors to fix their remuneration.

HOLDING COMPANY

During the year under review, your company continues to remain subsidiary of M/s. Cement Manufacturing Company Limited.

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 Norpoh elaka.

For & on behalf of the Board

Place : Lumshnong, Meghalaya
Date : 24th day of April 2013

Sajjan Bhajanka
Director

Rajendra Chamarria
Managing Director

Annexure - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2013.

A. CONSERVATION OF ENERGY

- a) Company has installed energy saving equipments in its newly commissioned Cement Clinker manufacturing Unit.
- b) Conventional Lamps have been replaced with energy efficient Florescent and LED Lights.
- c) Variable Fan Drives and frequency convertors have been installed.

Form for Disclosure of particulars with respect to conservation of energy

Sl. No.	Particulars	2012-13 (For the Period 30.01.2013 to 31.03.2013)
1	Electricity	
	Purchased Units (Lac KWH)	69.37
	Total Amount (` in Lacs)	462.40
	Rate per unit (`)	6.67
	Own Generation	
	Through Diesel Generator	Nil
	Units (KWH)	Nil
	Total Amount (`)	Nil
	Rate per unit (`)	Nil
2	Coal (C&D Grade used as a Fuel in Kiln)	
	Quantity (MT)	14,198
	Total Cost (` in Lacs.)	605.28
	Average Rate (` / MT)	4,264
	Consumption per unit of production	
	Electricity (KWH/T of Cement Clinker)	77.89
	Coal (%)	18.34
	HSD/Furnace Oil for Kilns	
	Quantity (Ltrs.)	195,855
	Total cost (` in Lacs)	94.00
	Average Rate	47.99

B. TECHNICAL ABSORPTION

Research & Development

The Company has set up an in-house sophisticated laboratory with most modern equipments with specified objective of carrying out R&D Projects in development of advanced systems for the mills, Kiln optimization and alternate fuel for kiln and clinker quality improvement. Benchmark studies are being carried out for our Clinkerisation plant and parameters ensuring product improvement and cost reduction are being set.

EXPENDITURE ON RESEARCH & DEVELOPMENT

Sl. No.	Particulars	2012-13 (For the Period 30.01.2013 to 31.03.2013)	(` in Lacs) 2011-12
a.	Capital Expenditure	NIL	NIL
b.	Revenue	4.45	NIL
	Total	4.45	NIL

Industrial Relation

The Industrial relation situation in the company remains harmonious and healthy at all levels.

Foreign Exchange Earnings & Outgo

(` in Lacs)

Sl. No.	Particulars	2012-13 (For the Period 30.01.2013 to 31.03.2013)	2011-12
a.	Foreign Exchange Earning	NIL	NIL
b.	Foreign Exchange Outgo	109.31	132.70

AUDITORS' REPORT

TO THE MEMBERS OF STAR CEMENT MEGHALAYA LIMITED

1. We have audited the accompanying financial statements of "M/s STAR CEMENT MEGHALAYA LIMITED", which comprise the Balance Sheet as at March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.
2. 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.

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

3. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

4. 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, 2013;
 - (ii) in the case of the Profit and Loss account, of the loss of the Company for the period ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the Cash flows of the Company for the period ended on that date.
5. As required by the Companies (Auditor's Report) Order, 2003 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.
6. 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

CA. Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office: Lumshnong, Meghalaya
Date : 24th April, 2013

ANNEXURE REFERRED TO IN PARAGRAPH (5) 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 u/s 301 of the Companies Act, 1956. The company has taken unsecured loan from one company covered in the register maintained u/s 301 of companies Act, 1956. The maximum amount involved during the year was ₹ 2450 Lacs and the year end balance of loan taken from such company was ₹ 2,450 Lacs.
(b) 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.
(c) In respect of the aforesaid loan, the company is regular in repayment of the principal amounts as stipulated and has been regular in the repayment of interest.
(d) There is no overdue amount of loan taken from the company covered in the register maintained U/s 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 u/s 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 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, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Provident Fund, Income Tax, Sales Tax, VAT, Excise Duty, Cess that have not been deposited on account of any dispute.
10. The Company has accumulated losses at the end of the financial year which is less than fifty percent of its net worth and it has 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 made preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
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.

Camp Office: Lumshnong, Meghalaya
Date : 24th April, 2013

For KAILASH B. GOEL & CO.
Firm Registration No. 322460E
Chartered Accountants
CA. Arun Kumar Sharma
Partner
Membership No. 57329

BALANCE SHEET AS AT 31ST MARCH 2013

(` in Lacs)

	Note	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	2,981.78	2,265.74
Reserves and Surplus	2.2	30,215.12	12,403.93
		33,196.90	14,669.67
Non-current liabilities			
Long Term Borrowings	2.3	40,931.18	29,948.44
Deferred Tax Liability (Net)	2.4	489.64	—
Other Long Term Liabilities	2.5	1,132.03	555.52
Long Term Provisions	2.6	31.58	24.34
		42,584.42	30,528.30
Current liabilities			
Trade Payables		851.17	—
Other Current Liabilities	2.7	4,270.00	2,374.88
Short Term Provisions	2.8	8.14	7.47
		5,129.31	2,382.35
Total		80,910.63	47,580.31
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.9	55,119.01	2,227.32
Intangible Assets	2.10	9.11	1.57
Capital Work in Progress (Including Pre-operative Expenses)		3,600.02	41,544.02
		58,728.14	43,772.92
Long Term Loans and Advances	2.11	16,576.54	1,540.79
		75,304.69	45,313.71
Current Assets			
Inventories	2.12	3,335.34	185.90
Cash and Cash Equivalent	2.13	313.27	374.31
Short Term Loans and Advances	2.14	1,957.34	1,706.39
		5,605.94	2,266.61
Total		80,910.63	47,580.31
Significant Accounting Policies & Notes on Accounts	1 & 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

CA. Arun Kumar Sharma
Partner
Membership No. 57329

Manoj Kumar Agarwal
Company Secretary

Sajjan Bhajanka
Director

For and on behalf of the Board

Rajendra Chamaria
Managing Director

Place : Camp Office, Lumshnong, Meghalaya
Date : 24th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(` in Lacs)

	Note	2012-2013 (30-01-13 to 31-03-2013)
INCOME		
Revenue from Operations (Gross)	2.15	1,081.75
Less : Excise Duty		(113.76)
Revenue from Operations (Net)		967.99
Other Income	2.16	1.04
Total Revenue		969.03
Expenses		
Cost of Materials consumed	2.17	263.85
(Increase)/Decrease in Inventories	2.18	(1,377.85)
Employees Benefit Expenses	2.19	186.32
Finance Costs	2.20	677.89
Depreciation and Amortization Expenses		1,353.88
Other Expenses	2.21	1,929.20
Total Expenses		3,033.30
Profit before exceptional and extraordinary items and tax		(2,064.27)
Exceptional items		(0.03)
Profit before tax		(2,064.29)
Tax Expenses		
-Current Tax		—
-Deferred Tax		489.64
(Loss) for the period		(2,553.93)
Earnings Per Equity Share (face Value of ` 10/-each) (refer note-2.31)		
Basic Earning Per Share		—
Diluted Earning Per Share		—
Significant accounting policies and notes on accounts	1 & 2	

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

CA. Arun Kumar Sharma
Partner
Membership No. 57329

Manoj Kumar Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

Place : Camp Office, Lumshnong, Meghalaya
Date : 24th April, 2013

Significant Accounting Policies and Notes to the financial statements for the year ended 31st March 2013

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 has set up a Cement Clinker manufacturing unit at Lumshnong, Meghalaya with the installed capacity of 5300 TPD. The company has started its commercial production w.e.f. 30th Jan 2013.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1.2 Presentation and disclosure of financial statements

The financial statement has been prepared in accordance with revised Schedule VI notified under the Companies Act, 1956.

1.3 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.

1.4 Fixed Assets

Fixed Assets are stated at their cost of acquisition, installation or construction (net of cenvat credit, 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 its working condition for its intended use.

1.5 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.

1.6 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.

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

1.8 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.

1.9 Inventories

Inventories are valued at lower of cost and net realizable value. The cost is computed on weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.10 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.

1.11 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 foreign currency borrowings to the extent that they are regarded as adjustment to the interest cost.

1.12 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.

1.13 Foreign Currency Transactions

Foreign currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt within Statement of Profit & Loss. Monetary foreign currency assets and liabilities are translated at the year end exchange rates. All exchange differences are dealt within Statement of Profit & Loss, except to the extent that they are regarded as an adjustment to the interest cost and the resultant balance to the new projects, till the date of the capitalization, are carried to pre-operative expenses. Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

1.14 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.

1.15 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

Notes to financial statements for the year ended 31st March, 2013

(` in Lacs)

	31.03.2013	31.03.2012
2.2 Reserves & Surplus		
Capital Reserves		
Balance as per last Account	—	—
Addition/(Deduction) during the year	15,352.83	—
Closing Balance	15,352.83	—
Securities Premium Account		
Balance as per last account	12,403.93	6,457.50
Addition/(Deduction) during the period	5,012.29	5,946.43
Closing Balance	17,416.22	12,403.93
Surplus as per statement of Profit & Loss		
Balance as per the last financial statements	—	—
Profit / (Loss) for the year	(2,553.93)	—
Net Surplus (Deficit) in the statement of Profit and Loss	(2,553.93)	—
	30,215.12	12,403.93
2.3 Long Term Borrowings		
Term Loans		
- Rupee Loan from Banks (Secured)	25,932.26	22,958.13
- Foreign Currency Loan from Banks (Secured)	9,677.80	4,077.17
Loans and Advances from a Related Party (Unsecured) (Refer Note 2.25)	2,450.00	—
Other Loans & Advances		
- Buyer's Credit from Banks on Capital Account (Secured)	4,478.62	3,933.30
- Hire Purchase Finance (Secured)	67.31	129.87
	42,606.00	31,098.48
Less:- Current maturities of long term borrowings	1,674.82	1,150.04
	40,931.18	29,948.44

1. Terms Loans from Banks are repayable in 28 unequal quarterly instalments starting from March, 2013. Term Loans are secured by first charge on the fixed assets of the company's cement clinker plant at Lumshnong, Meghalaya on pari passu basis, and are also guaranteed by its 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 first charge on fixed 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.

(` in Lacs)

	31.03.2013	31.03.2012
2.4 Deferred Tax Liability (Net)		
Deferred Tax Liability		
Fixed Assets	489.64	—
Gross Deferred Tax Liability	489.64	—
Net Deferred Tax Liability	489.64	—

Notes to financial statements for the year ended 31st March, 2013

(` in Lacs)

	31.03.2013	31.03.2012
2.5 Other Long Term Liabilities		
Sundry Creditors for Capital Goods	460.46	—
Sundry Creditors for Capital Expenses	99.04	—
Security Deposits	44.16	4.04
Retention Money	525.22	548.92
Other Liabilities	3.15	2.56
	1,132.03	555.52
2.6 Long Term Provisions		
Provision for Employees Benefits		
- Gratuity	20.85	14.51
- Leave Encashment	10.73	9.83
	31.58	24.34
2.7 Other Current Liabilities		
Current Maturities of long term borrowings	1,674.82	1,150.04
Interest accrued but not due on borrowings	0.46	0.85
Other Payables		
- Statutory Liabilities (Including excise duty on finished goods ` 159.15 lacs)	457.50	22.07
- Sundry Creditors for Goods & Services	277.74	792.02
- Creditors - Micro, Small and Medium Enterprises (Refer Note No 2.23)	—	—
- Advances from Customers	1,529.50	—
- Salary and Bonus to Employees	38.61	32.13
- Other Liabilities	291.37	377.77
	4,270.00	2,374.88
2.8 Short Term Provisions		
Provisions for Employee Benefits		
- Leave Encashment	8.14	7.47
	8.14	7.47

Notes to financial statements for the year ended 31st March, 2013

2.9 Tangible Assets

(` in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2012	Additions	Deduction / Adjustment	As at 31.03.2013	upto 31.03.12	For the year	Deduction / Adjustment	upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Land & Site Development	1,008.07	290.06	5.00	1,293.13	—	—	—	—	1,293.13	1,008.07
Factory Building	—	4,172.72	—	4,172.72	—	69.74	—	69.74	4,102.98	—
Non Factory Building	—	786.07	—	786.07	—	6.57	—	6.57	779.50	—
Plant & Machinery	459.83	49,155.94	—	49,615.77	105.88	1,283.01	—	1,388.89	48,226.89	353.96
Furniture & Fixtures	23.40	45.98	0.17	69.21	8.65	6.09	0.02	14.72	54.49	14.76
Office Equipments	21.61	4.53	—	26.15	4.48	3.59	—	8.07	18.08	17.13
Computers	47.74	4.12	0.80	51.06	24.26	10.29	0.59	33.97	17.09	23.48
Heavy Vehicles & Equipments	1,003.99	48.93	—	1,052.93	487.66	180.62	—	668.28	384.65	516.33
Vehicles	58.16	32.94	—	91.10	22.63	13.90	—	36.54	54.57	35.53
Tools & Tackles	348.87	130.75	—	479.62	90.99	200.99	—	291.98	187.64	257.88
Total (A)	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
Previous Year	1,670.53	1,329.92	28.58	2,971.87	414.84	336.06	6.35	744.55	2,227.32	1,255.69

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2012	Additions	Deduction / Adjustment	As at 31.03.2013	upto 31.03.12	For the year	Deduction / Adjustment	upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Computer Software	4.94	10.95	—	15.89	3.36	3.41	—	6.77	9.11	1.57
Total (B)	4.94	10.95	—	15.89	3.36	3.41	—	6.77	9.11	1.57
Previous Year	3.14	1.80	—	4.94	1.72	1.65	—	3.37	1.57	1.42

2.10 INTANGIBLE ASSETS

- a) Depreciation for the year includes ` 424.44 lacs (Previous Year ` 337.71 Lacs) debited to pre-operative expenditure.
- b) Out of ` 5.97 lacs in deduction column, ` 0.97 lacs (Previous Year 28.58 Lacs) assets has been discarded during the year and ` 5.00 is adjusted towards subsidy of stamp duty on Land.

Notes to financial statements for the year ended 31st March, 2013

(₹ in Lacs)

	31.03.2013	31.03.2012
2.11 Long Term Loans and Advances		
Capital Advances		
- Secured, Considered Good	168.95	243.47
- Unsecured, Considered Good	1,033.56	1,291.94
	1,202.51	1,535.41
Security Deposits		
- Unsecured, Considered Good	5.40	5.38
	5.40	5.38
Other Loans and advances		
- Balances with / Receivable from Government Authorities		
Unsecured, Considered Good	15,368.63	—
	15,368.63	—
	16,576.54	1,540.79
2.12 Inventories		
Raw Materials	308.39	—
Work - In - Process	110.88	—
Finished Goods	1,446.80	—
Fuels & Lubricants	1,078.85	14.98
Store & Spare Parts	390.42	170.92
	3,335.34	185.90
2.13 Cash and Cash Equivalents		
Balances With Banks :		
On Current Accounts	229.26	305.91
Fixed Deposit with Banks	0.13	—
Cheques in hand	57.74	19.02
Cash in hand	2.38	7.15
Balances with Banks held as		
- Margin Money deposits against LC's, Guarantees, etc.	23.76	42.23
	313.27	374.31
2.14 Short Term Loans and Advances		
Others		
Unsecured, Considered Good		
- Advances to Suppliers for Goods & Services	229.98	16.97
- Loans & Advances to Employees	10.79	31.57
- Balances With/Receivable from Government Authorities	1,581.94	1,605.05
- Advance Income Tax	12.97	11.96
- Prepaid Expenses	121.66	40.84
	1,957.34	1,706.39

Notes to financial statements for the year ended 31st March, 2013

(` in Lacs)

	2012-2013
2.15 Revenue from Operations	
Sale of Products	
Domestic	1,081.75
	1,081.75
Revenue from Operations (Gross)	1,081.75
2.16 Other Income	
Interest Income on	
- Bank deposits	0.31
- Loans	0.73
	1.04
2.17 Cost of Materials Consumed [Refer Note 2.32 (c)]	
Inventory at the beginning of the period	—
Add: Purchases	572.25
	572.25
Less : Inventory at the end of the period	308.39
Cost of materials consumed	263.85
2.18 (Increase) /Decrease in Inventories [Refer Note 2.32 (d)]	
Work in Process	
Opening Stock	—
Add: Trial Run Production	101.87
Closing Stock	110.88
	(9.00)
Finished Goods	
Opening Stock	—
Add: Trial Run Production	77.95
Closing Stock	1,446.80
	(1,368.85)
(Increase) /Decrease	(1377.85)
2.19 Employees Benefit Expenses	
Salaries, Wages & other Manpower Expenses	170.82
Contribution to Provident Fund and other Funds	5.87
Welfare Expenses	9.64
	186.32
2.20 Finance Costs	
On Fixed Loans	635.88
On Others	15.45
Other Finance Costs	26.56
	677.89

Notes to financial statements for the year ended 31st March, 2013

(` in Lacs)

	2012-2013
2.21 Other Expenses	
Consumption of Stores & Spares Parts	167.47
Royalty	188.92
Power & Fuel	1010.70
Repairs	
- Buildings	59.17
- Plant & Machinery	177.01
- Others	12.42
Heavy Vehicle / Equipment Running Expenses	37.39
Excise duty variation on opening/closing stock	159.15
Travelling and Conveyance	14.93
Insurance (Net)	15.10
Rent, Rates & Taxes	6.15
Research & Development Expenses	4.45
Charity & Donation	17.88
Miscellaneous Expenses	54.90
Advertisement & Publicity	0.10
Sales Promotion Expenses	3.46
	1929.20

2.22 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.

2.23 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.

2.24 The Company deals in only one Segment i.e. Cement Clinker and only in India. There is no separate reportable segment as required by Accounting Standard 17- 'Segment Reporting'. The Company caters to the needs of the domestic market. As such there are no reportable geographical segments.

2.25 Related Party Disclosures

a. Names of the transacting related parties and related party relationships

Holding Company	Century Plyboards (India) Ltd. (CPIL) (Ultimate Holding Company)
	Cement Manufacturing Company Limited (CMCL) (Holding Company)
Fellow Subsidiary	Megha Technical & Engineers Pvt. Ltd (MTEPL)
	Meghalaya Power Limited (MPL)

Notes to financial statements for the year ended 31st March, 2013

b. Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2013

(` in Lacs)

Sl. No.	Type of Transactions	Holding Company		Fellow Subsidiaries Companies	
		2012-13	2011-12	2012-13	2011-12
1.	Purchase Transactions				
	CMCL	274.56	649.44	—	—
	CPIL	14.92	39.64		
	MTEPL	—	—	169.04	—
	MPL	—	—	627.21	125.81
2.	Sales Transactions				
	CMCL	143.58	30.32	—	—
	MTEPL			959.85	—
3.	Sale of Capital Goods				
	CMCL	21.20	30.32	—	—
4.	Loan & Advances Taken				
	MTEPL	—	—	2,450.00	—
5.	Share Application Money Received				
	CMCL	2,745.00	6,574.59	—	—
6.	Share Capital Including Securities Premium				
	CMCL	2,745.00	6,795.92	—	—
	MTEPL	—	—	2,983.33	—
7.	Interest Paid				
	MTEPL	—	—	15.45	—
	Balance outstanding as on 31.03.2013				
A.	Share Application Money Received				
	CMCL	—	—	—	—
B.	Advances/Loan Received				
	MTEPL	—	—	2,450.00	—
C.	Creditors				
	MPL	—	—	187.66	8.21
D	Debtors				
	CMCL	(1,500.00)	—	—	—
E.	Guarantees obtained				
	CMCL	39,632.00	31,888.24	—	—
F.	Share Capital & Security Premium				
	CMCL	17,414.67	14,669.67	—	—
	MTEPL			2,983.33	—

Notes to financial statements for the year ended 31st March, 2013

	(` in Lacs)	
	31.03.2013	31.03.2012
2.26 Contingent liabilities and commitments (to the extent not provided for)		
a. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for	553.99	4,580.22
b. Export obligation under EPCG scheme	1273.84	1,128.78
c. Bank Guarantees issued by Banks	174.80	174.80
d. Letters of Credit issued by Banks	141.67	870.99
e. Stamp Duty (Land)	—	36.42
2.27 Fixed Deposit Pledged		
Fixed Deposit Receipts pledged with the Bank	22.76	42.22
2.28 Borrowing cost capitalized		
Borrowing cost capitalized	3,629.75	2,429.24
2.29 Payment to Auditors		
(a) Statutory Auditors		
As Auditor		
-Audit Fees	1.00	0.55
-Tax Audit Fees	0.45	—
In Other Capacity		
Other Services (Certification Fees)	1.03	0.63
Total	2.48	1.18

2.30 Employee Defined Benefits :

a) Defined Contribution Plans

The Company has recognized an expense of ` 28.63 lacs (Previous year ` 22.30 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.

	2012-13		2011-12	
	Gratuity/ Others	Leave Encashment	Gratuity/ Others	Leave Encashment
I Expense recognized in the Statement of Profit and Loss for the year ended March 31, 2013				
1. Current Service Cost	7.44	2.73	7.39	2.22
2. Interest Cost	2.77	1.63	1.79	1.19
3. Employee Contribution	—	—	—	—
4. Expected Return on Plan Assets	(1.53)	—	(1.21)	—
5. Actuarial (Gains) / Losses	(2.34)	1.48	9.03	4.94
6. Past Service Cost	—	—	—	—

Notes to financial statements for the year ended 31st March, 2013

Note 2.30 (Contd.)

(` in Lacs)

	2012-13		2011-12	
	Gratuity/ Others	Leave Encashment	Gratuity/ Others	Leave Encashment
7. Settlement Cost	—	—	—	—
8. Losses/(Gains) on Acquisition/Divesture	—	—	—	—
9. Total expenses	6.34	5.84	17.00	8.35
II Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2013				
1. Present Value of Defined Benefit Obligation	37.84	18.87	31.44	17.31
2. Fair Value of Plan Assets	16.99	—	16.93	—
3. Funded Status [Surplus/(Deficit)]	(20.85)	(18.87)	(14.51)	(17.31)
4. Net Asset/(Liability) as at 31st March, 2013	(20.85)	(18.87)	(14.51)	(17.31)
III Change in Obligation during the Year ended 31st March, 2013				
1. Present value of Defined Benefit Obligation at the beginning of the year	31.43	17.31	13.31	12.33
2. Current Service Cost	7.44	2.73	7.39	2.22
3. Interest Cost	2.77	1.63	1.79	1.19
4. Settlement Cost	—	—	—	—
5. Past Service Cost	—	—	—	—
6. Employee Contribution	—	—	—	—
7. Liabilities assumed on acquisition/(settled on divesture)	—	—	—	—
8. Actuarial (Gains)/Losses	(3.80)	1.48	8.95	4.94
9. Benefits Payments	—	(4.28)	—	(3.37)
10. Present Value of Defined Benefit Obligation at the end of the year	37.84	18.87	31.44	17.31
IV Change in assets during the Year ended March, 2013				
1. Plan Assets at the beginning of the year	16.93	—	13.31	—
2. Assets acquired on amalgamation in previous year	—	—	—	—
3. Settlements	—	—	—	—
4. Expected return on plan assets	1.52	—	1.21	—
5. Contributions by employer	—	4.28	2.49	3.37
6. Actual Benefit Paid	—	(4.28)	—	(3.37)
7. Actuarial Gains/(Losses)	(1.46)	—	(0.08)	—
8. Plan Assets at the end of the year	16.99	—	16.93	—
9. Actual Return on plan assets	—	—	—	—
V The major categories of plan assets as a percentage of the fair value of total plan assets				
1. Funded with insurer	100%	—	100.00%	—
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	8.25%	—	8.00%	—

Notes to financial statements for the year ended 31st March, 2013

	(` in Lacs)	
	31.03.2013	31.03.2012
2.31 Earning Per Share (EPS)		
Profit/(Loss) Attributable to Equity Shareholders	(2,553.93)	—
Equity Share Capital	2,981.78	—
Weighted average number of equity shares outstanding for basic EPS (Face value of ` 10/-per share)	298.18	—
Weighted average number of equity shares outstanding for diluted EPS (Face value of ` 10/-per share)	253.44	—
Basic Earnings Per Share (Rs)	—	—
Diluted Earning Per Share(Rs)	—	—
2.32 (a) Installed Capacity and Production		
Installed Capacity - Clinker (MT)*	17,49,000.000	—
Production - Clinker (MT)	81,516.500**	—

*Annual capacity as certified by the management and being technical matter, accepted by the Auditors

** Includes Trial Run production of 4116.000 MT

(b) Sales

Particulars	2012-13		2011-12	
	Quantity (MT)	Value (` in Lacs)	Quantity (MT)	Value (` in Lacs)
Clinker	33,878.810	1,081.75	—	—
Total	33,878.810	1,081.75	—	—

(c) Raw Materials Consumed (100% Indigenous) :

Particulars	2012-13		2011-12	
	Quantity (MT)	Value (` in Lacs)	Quantity (MT)	Value (` in Lacs)
Limestone	1,05,680.000	201.16	—	—
Shale	18,330.620	13.75	—	—
Iron Mill Scale	690.995	48.94	—	—
Total		263.85		

(d) Stock of Finished Goods :

Particulars	2012-13		2011-12	
	Quantity (MT)	Value (` in Lacs)	Quantity (MT)	Value (` in Lacs)
Opening Stock - Clinker	—	—	—	—
Total	—	—	—	—
Closing Stock - Clinker	47,637.69	1,446.80	—	—
Total	47,637.69	1,446.80	—	—

Notes to financial statements for the year ended 31st March, 2013

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

Particulars	2012-13		2011-12	
	(` in Lacs)	%	(` in Lacs)	%
Stores & Spares				
Imported	—	—	—	—
Indigenous	167.47	100.00	—	—
	167.47	100.00	—	—

(f) Value of imports calculated on CIF basis

Particulars	(` in Lacs)	
	2012-13	2011-12
Capital Goods	5.53	4371.47

(g) Expenditure incurred in foreign currency :

Particulars	(` in Lacs)	
	2012-13	2011-12
Travelling Expenses	—	9.58
Interest & Finance Charges	438.61	108.44
Service Charges	6.80	—

(h) Unhedged Foreign Currency Exposure :

Nature of Item	As at 2012-13			As at 2011-12		
	Foreign Currency	Foreign Currency	Indian Rupees	Foreign Currency	Foreign Currency	Indian Rupees
Buyer's Credit	USD	22.83	1241.54	USD	14.7	752.00
Buyer's Credit	EURO	46.29	3,218.97	EURO	46.29	3,163.26
Buyer's Credit	GBP	0.22	18.11	GBP	0.22	18.00
Foreign Letter of Credit	USD	—	—	USD	8.13	415.74
Foreign Letter of Credit	CHF	0.85	49.09	CHF	—	—
ECB	USD	177.94	9,677.80	USD	79.7	4,077.17

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

2.34 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

CA. Arun Kumar Sharma
Partner
Membership No. 57329

Manoj Kumar Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

Place : Camp Office, Lumshnong, Meghalaya
Date : 24th April, 2013

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www.starcementmeghalaya.com