

Megha Technical and Engineers Private Limited
Annual report 13-14

managing for the **future**



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Corporate Information

Board of Directors

Mr. Hari Prasad Agarwal, Director
Mr. Pankaj Kejriwal, Managing Director
Mr. Rajesh Kumar Agarwal, Director
Mr. Mangilal Jain, Director
Mr. Edmund Carmel Suja, Director

Auditors

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

Bankers

State Bank of India
Axis Bank
HDFC Bank

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

Guwahati Office

Mayur Garden, 2nd Floor,
Opp. Rajiv Bhawan,
G.S. Road, Guwahati – 781 005

Delhi Office

281, Deepali
Pitampura
New Delhi – 110034

Corporate Identity Number (CIN)

U27107ML2002PTC006976

Directors' report

Dear Members,

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

ECONOMIC SCENARIO AND CEMENT INDUSTRY

The Indian economy continued to remain under pressure in the current fiscal as the average growth rate in the GDP hovered around 5.0%, resulting in high cost of borrowing, stalled corporate investments, squeezed cash flows and subdued industrial outlook. High inflation and slower hiring have further shaken consumer confidence and forced households as well as government to cut spending.

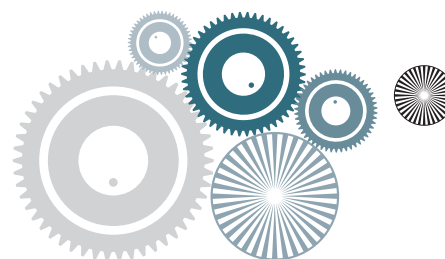
The Cement Industry witnessed flat growth in the current financial year which can be attributed to a prolonged monsoon, natural calamities hitting several parts of India and low demand due to financial crunch and slowdown in realty and infrastructure sector. Rising costs, high interest rates, a weak macro environment coupled with increase in freight rates for several commodities have also added to the woes of the Cement Industry and Cement prices continued to remain under pressure in the financial year 2013-14.

Cement Demand in North Eastern Region (NER) also witnessed flat growth. Slowdown in the pace of ongoing and upcoming infrastructure projects in the region coupled with higher borrowing cost in housing sector and overall slowdown in economic scenario did not leave the region untouched. On account of flat growth in demand and capacity addition in recent past in the North Eastern Region, the pace of overall performance of cement industry in general has not been up to mark. However, with recent look-up of economy and more stabilized rupee, it is expected that the pace of development will again gain momentum. North Eastern Region still having huge potential of development as compared to other developed/developing states of country has got a promising future for infrastructure projects and core industry like cement. We expect improvement in economy in general and cement demand scenario in the region in particular in medium to long term.

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:-

Particulars	₹ in Lacs	
	2013-14	2012-13
Net Sales/Income	24,252.35	32,933.03
Profit before Interest, Depreciation and Tax	842.51	4,738.09
Interest and Finance Charges	(304.49)	(394.02)
Depreciation	(389.24)	(447.99)
Extra Ordinary Items	4.82	(45.50)
Profit before Tax	153.60	3,850.59
Provision for Taxation		
-Current Tax	(30.17)	(769.49)
Less: MAT Credit Entitlement	-	769.49
Net Current Tax	(30.17)	-
MAT Credit Entitlement for earlier years	(1.73)	-
Deferred Tax	0.11	26.19
Profit after Tax	121.80	3,876.78



OPERATIONAL PERFORMANCE

During the Financial Year 2013-14, your Company produced 3,99,795.00 MT of Cement as against 5,78,236.15 MT during the previous year. During the year, your Company has dispatched 3,96,358.08 MT and sold 3,95,267.52 MT of Cement as compared to 578,598.00 MT and 577,348.05 MT during the previous year.

During the financial year under review, your Company's revenue stood at ₹24,252.35 Lacs as against ₹32,933.03 Lacs. The Profit before Tax stood at ₹153.60 Lacs as against ₹3,850.59 Lacs during the previous year. Lower volume resulting into higher fixed cost per ton of finished goods coupled with increase in raw material and freight cost being the major cost drivers have been the main contributors in reduction in bottom line of the company.

MARKETING

During the year under review, the Company's brand "STAR CEMENT", which it markets under an agreement with its holding Company, M/s Cement Manufacturing Company Limited, continued to enjoy leadership position in the markets of North Eastern Parts of India.

Your company is striving towards strengthening its dealer network with more focus on brand visibility in remote areas of the region to regain the volume and to further consolidate the market share.

HOLDING COMPANY

Your Company is now 100% subsidiary of M/s Cement Manufacturing Company Limited which in turn is 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 of 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 of April, 2012.

DIVIDEND

In order to conserve resources for future requirements, your directors do not recommend any dividend for the year under review.

DIRECTORS

Mr. Hari Prasad Agarwal, director of the Company retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his appointment at the ensuing Annual General Meeting.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under section 217(2A) of the Companies Act, 1956 are not given as none of the employees were in receipt of remuneration exceeding the limits specified therein.

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 and workmen of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. in 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 March 31, 2014 and of Statement of the Profit and Loss and Cash flow of the Company for the year ended March 31, 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 a going concern basis.

AUDIT COMMITTEE

The Audit Committee of the Company is constituted pursuant to the provisions of Companies Act, 1956 and the company has complied with the requirement relating to the composition and terms of reference of the Audit Committee. 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. Audit Committee addresses matters pertaining to adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities, disclosure of its financial information to ensure that the financial statement is correct, sufficient and reflects facets of Company's operation that are of vital concern to the Company. The Committee comprises of Mr. Hari Prasad Agarwal, Mr. Pankaj Kejriwal and Mr. Rajesh Kumar Agarwal. The Statutory and Internal Auditors of your Company are permanent invitees to the Audit Committee meetings.

During the year, the Audit Committee of the Company met on 19th of April, 2013, 17th July, 2013, 28th October, 2013 and 8th January, 2014.

Place: Kolkata
Date: 17th May, 2014

AUDITORS' REPORT

The observations made in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

APPOINTMENT OF COST AUDITORS

In terms of Section 233B of the Companies Act, 1956, M/s B.G. Chowdhury & Co., a firm of Cost Accountants, have been appointed to audit the cost records of the company and report thereof would be placed before the Audit Committee when submitted.

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.

ACKNOWLEDGEMENT

Your directors wish to acknowledge and are grateful for excellent support from the shareholders, banks, dealers, suppliers and other business associates. Your directors recognize and appreciate the hard work and efforts put in by all the employees of the Company and their contribution towards the progress of the organization.

For and on behalf of the Board of Directors

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director



Annexure to Directors' Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE 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, 2014.

A. CONSERVATION OF ENERGY

The specific Power consumption has decreased from 33.91 Kwh Per ton of Cement during FY 2012-13 to 33.41 Kwh during the FY 2013-14. The company has an Energy Conservation Cell headed by competent energy manager duly certified by Bureau of Energy Efficiency for identification and implementation of energy conservation programme. The company has undertaken following energy conservation measures:

1. Provision of suitable interlocks for gearbox and girth gear cooling fans to avoid idle running.
2. Optimization of Fly Ash Mix from different sources resulted into optimum Cement Mill Output.

Form for disclosure of particulars with respect to conservation of energy (₹ in Lacs)

Sl. No.	Particulars	2013-14	2012-13
A	Power and fuel consumption		
	1. Electricity		
	a) Purchased		
	Unit (Lacs Kwh)	141.24	208.41
	Total Amount (₹ in Lacs)	872.80	1429.51
	Rate/Unit (₹)	6.18	6.86
	b) Own Generation		
	Through diesel generator		
	Unit (Lacs Kwh)	3.23	-
	Units per ltr. of diesel oil	3.61	-
	Cost/unit	14.36	-
B	Consumption per unit of Production		
	Electricity (Kwh/T of Cement)	33.41	33.91

B. TECHNOLOGICAL ABSORPTION

The Company continuously strives to adopt new technology for improving productivity and product quality and reducing consumption of scarce raw material, energy and other inputs.

Research and Development (R&D):

The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with a specified objective of development of advance systems for the Cement Mill and cement quality improvement.

Specific area in which R&D was carried out and implemented by the Company during 2013-14 is as under:-

1. Conducted various laboratory trails for utilization of fly ash of different sources keeping quality parameters of finished goods intact.
2. Trials are being conducted to design new product having anti-rust properties for prolonged life of reinforcement used in construction.

Benefits derived as a result of R&D

1. Optimization of Fly Ash Mix resulted into optimization of output of mills and lowering cost of production.
2. The new product is expected to provide an edge in the market.

Future plan of Action

1. Feasibility study for installation of pre-grinder in cement mills.
2. Separate Laboratory for optimization of bag size.

Expenditure on Research and Development

(₹ in Lacs)

Sl. No.	Particulars	2013-14	2012-13
a.	Capital Expenditure	-	-
b.	Revenue	3.80	4.25
	Total	3.80	4.25

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lacs)

Sl. No.	Particulars	2013-14	2012-13
a.	Foreign Exchange Earnings	Nil	Nil
b.	Foreign Exchange Outgo	11.02	1.11



Independent Auditors' Report

To
The Members of
Megha Technical & Engineers Private Limited

Report on the Financial Statement

We have audited the accompanying financial statements of Megha Technical & Engineers Private 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 year ended 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 sub-section (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 granted unsecured loan to three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹12,868 lacs and the year end balance of loan given to such companies was ₹12,258 lacs.
(b) In our opinion and according to information and explanations given to us, the rate of interest and other terms condition on which loan has been given is not, prima facie, prejudicial to the interest of the Company.
(c) The said loan was stated to be repayable on demand. The receipt of interest on such loan had been regular.
(d) According to information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the order are not applicable to the company and hence not commented upon.
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 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 undisputed 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 Excise Duty and Income Tax as at 31st March, 2014 which have not been deposited on account of dispute pending are as under :

Name of the Statute	Nature of the dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	242.17	2007-08	Income Tax Appellate Tribunal (Guwahati)
The Central Excise Act, 1944 and Cenvat Credit Rules, 2004	Excise Duty	51.31	2008-09 & 2009-10	Joint Commissioner (Appeals)
The Income Tax Act, 1961	Income Tax	609.11	2008-09	Income Tax Appellate Tribunal (Guwahati)
The Income Tax Act, 1961	Income Tax	825.79	2009-10	Income Tax Appellate Tribunal (Guwahati)
The Income Tax Act, 1961	Income Tax	1376.79	2010-11	Commissioner of Income Tax (Appeals)

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding 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 advances on the basis of 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 company has not taken any term loans. Accordingly Provision of clause 4 (xvi) of the Order is not applicable to the company.
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. The Company has not made any 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), is 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)

	Note	31.03.2014	31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	2,734.64	2,734.64
Reserves and Surplus	2.2	19,226.77	19,104.96
		21,961.41	21,839.60
Non-current liabilities			
Long Term Borrowings	2.3	1.97	-
Deferred Tax Liabilities (Net)	2.4	7.97	8.08
Other Long Term Liabilities	2.5	1,963.26	2,503.64
Long Term Provisions	2.6	23.17	25.64
		1,996.36	2,537.36
Current liabilities			
Short Term Borrowings	2.7	1,792.83	2,229.00
Trade Payables		695.49	768.08
Other Current Liabilities	2.8	1,526.25	1,850.83
Short Term Provisions	2.9	0.16	0.53
		4,014.73	4,848.43
Total		27,972.50	29,225.39
ASSETS			
Non-current Assets			
Fixed Assets			
-Tangible Assets	2.10	3,508.59	3,917.61
-Capital Work in Progress		70.24	58.42
		3,578.84	3,976.03
Non Current Investments	2.11	2,983.33	2,983.33
Long Term Loans and Advances	2.12	12,862.39	4,349.04
Other Non Current Assets	2.13	29.00	27.47
		19,453.55	11,335.87
Current Assets			
Inventories	2.14	590.65	726.26
Trade Receivables	2.15	1,480.08	6,357.52
Cash and Cash Equivalents	2.16	157.88	662.87
Short Term Loans and Advances	2.17	6,290.33	10,142.87
		8,518.95	17,889.52
Total		27,972.50	29,225.39
Significant accounting policies and 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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No : 057329

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Mohit Mahana
Company Secretary

Place : Kolkata
Date : 17th May, 2014



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

(₹ in Lacs)

	Note	2013-14	2012-13
INCOME			
Revenue from Operations (Gross)	2.18	23,286.45	35,173.46
Less/(Add): Excise Duty (Refer Note no. 2.27)		(394.94)	2,872.94
Revenue from Operations (Net)	2.18	23,681.40	32,300.53
Other Income	2.19	570.95	632.50
Total Revenue		24,252.35	32,933.03
EXPENSES			
Cost of materials consumed	2.20	11,633.69	13,786.49
(Increase)/ Decrease in Inventories	2.21	(138.40)	62.12
Employee Benefit Expenses	2.22	1,020.95	889.27
Finance Costs	2.23	304.49	394.02
Depreciation and Amortization Expenses		389.24	447.99
Other Expenses	2.24	10,893.60	13,457.07
Total Expenses		24,103.57	29,036.94
Profit before exceptional and extraordinary items and tax		148.78	3,896.09
Exceptional items		4.82	(45.50)
Profit before tax		153.60	3,850.59
Tax Expenses			
- Current Tax		30.17	(769.49)
Less: MAT Credit Entitlement		-	769.49
- Net Current Tax		30.17	-
- MAT Credit Entitlement for earlier years		(1.73)	-
- Deferred Tax		0.11	26.19
Profit for the year		121.80	3,876.78
Earnings Per Equity Share (Face Value of ₹10/- each)			
Basic Earning Per Share		0.45	14.18
Diluted Earning Per Share		0.45	14.18
Significant accounting policies and 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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No : 057329

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Mohit Mahana
Company Secretary

Place : Kolkata
Date : 17th May, 2014

Cash Flow Statement for the year ended 31st March 2014

(₹ in Lacs)

	31.03.2014	31.03.2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and Exceptional Items	148.78	3,896.09
Adjustments for :		
Depreciation	389.24	447.99
Interest Income	(562.97)	(630.83)
Provision for Wealth Tax	0.02	0.09
Interest Expenses	304.49	394.02
Provision for Gratuity	(5.67)	7.93
Provision for Leave Encashment	2.82	(2.99)
Provision for Bad & Doubtful Debts	(2.80)	(6.72)
Operating Profit before Working Capital changes	273.92	4,105.56
Adjustments for :		
Trade receivables	4,880.24	1,956.57
Inventories	135.62	107.11
Other Receivables	(4,662.44)	(962.42)
Trade & Other Payables	(366.37)	456.68
Cash Generated from Operations	260.97	5,663.51
Direct Taxes- Refund / (Paid) - Net	(30.17)	(625.00)
Net Cash flow from Operating Activities	230.80	5,038.51
B Cash flow from Investing Activities		
(Purchase) / sale of Fixed Assets (including WIP) - Net	12.77	(13.30)
(Purchase) / sale of Investments	-	(4,498.33)
Interest Received	562.97	630.83
Fixed Deposit / Margin Money given/refund	(1.52)	0.11
Net Cash used in Investing Activities	574.22	(3,880.69)
C Cash Flow from Financing Activities		
Interest paid	(304.49)	(394.02)
Proceeds from / (Repayment of) Long Term Borrowings	(569.34)	(801.03)
Proceeds from / (Repayment of) working capital Borrowings	(436.17)	581.47
Net Cash used in Financing Activities	(1,310.00)	(613.58)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(504.98)	544.25
Cash and Cash Equivalents		
Opening Balance	662.87	118.62
Closing Balance	157.88	662.87

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

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Mohit Mahana
Company Secretary

Place : Kolkata
Date : 17th May, 2014



Notes to Financial Statements for the financial year ended 31st March, 2014

Corporate information

Megha Technical & Engineers Private Limited is a private limited company domiciled in India and incorporated on 13.12.2002 under the provisions of the Companies Act, 1956. The company is engaged in the manufacturing of cement and generation of power. The manufacturing unit is located at Lumshnong, Meghalaya and it is selling its products in North Eastern and Eastern States.

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

1.2 Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which requires the 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 / other taxes, where ever applicable) less accumulated depreciation, amortization and impairment losses except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to its working condition for intended use.

1.4 Capital Work In Progress

Capital work in progress is carried at cost comprising direct cost and preoperative expenditure during construction period to be allocated to the fixed assets on the completion of construction.

1.5 Depreciation

Depreciation on Fixed Assets of power division is provided on Straight - Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on other 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. 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.

1.6 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.

1.7 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.

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

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.

1.8 Retirement Benefits

(i) Defined Contribution Plan

Employee's 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 account of 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 Account.

1.9 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense 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.

1.10 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.

1.11 Intangible Asset

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

1.12 Foreign Currency Transactions

Foreign currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt within the Statement of Profit & Loss. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates. All exchange differences are dealt within the Statement of Profit and 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.

1.13 Taxes on Income

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

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



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

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

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

1.14 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.

1.15 Government Grants / Subsidies

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

1.16 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 it is incurred.

1.17 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. 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 accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

1.18 Segment Reporting

The Company has identified that its business segments are the primary segments. The Company's business are organized and managed separately accordingly to the nature of products / services, with each segment representing a strategic business unit that offers different product / services.

1.19 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.

1.20 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.

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

2.1 SHARE CAPITAL

	(₹ in Lacs)	
	31.03.2014	31.03.2013
Authorised Capital		
3,50,00,000 (3,50,00,000 as at 31.03.13) Equity Shares of ₹10/- each	3,500.00	3,500.00
Issued, Subscribed & fully Paid up shares		
2,73,46,400 (2,73,46,400 as at 31.03.13) Equity Shares for ₹10/- each fully paid up in cash. The shares are held by the Holding Company, M/s Cement Manufacturing Company Limited and its nominee.	2,734.64	2,734.64

a) Terms/ Rights attached to Equity Shares

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

In the event of liquidation of the company, the holders of the 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 No. of shares outstanding as at 31.03.2014

	No. of Shares	No. of Shares
Equity Shares		
At the beginning of the period	27346400	27346400
Issued during the year	-	-
Outstanding at the end of the period	27346400	27346400

c) Shares held by Holding Company

	No. of Shares	No. of Shares
Cement Manufacturing Company Limited	27346400	27336400

d) Shareholders holding more than 5% of Equity Share capital

	No. of Shares (% of holding)	No. of Shares (% of holding)
Cement Manufacturing Company Limited	27346400	27336400
	(100%)	(99.96%)

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

2.2 RESERVES & SURPLUS

	(₹ in Lacs)	
	31.03.2014	31.03.2013
Capital Reserves		
Balance as per last account	1,011.48	1,011.48
Addition/(Deduction) during the Year	-	-
	1,011.48	1,011.48
Surplus as per Statement of Profit & Loss		
Balance as per last account	18,093.48	14,216.70
Add: Profit for the year	121.80	3,876.78
Net Surplus in the Statement of Profit and Loss	18,215.29	18,093.48
Total Reserves and Surplus	19,226.77	19,104.96



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

2.3 LONG TERM BORROWINGS

(₹ in Lacs)

	31.03.2014	31.03.2013
Term Loans		
Rupee Loan from a Bank (Secured)	-	572.96
Less: Current Maturities of Long Term Borrowing	-	572.96
	-	-
Other Loans & Finance		
Hire Purchase from a Body Corporate	3.62	-
Less: Current Maturities of Long Term Borrowing	1.65	-
	1.97	-
Total	1.97	-

- a) Hire Purchase finance is secured by hypothecation of vehicle and is repayable within 3 years.
 b) The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

2.4 DEFERRED TAX LIABILITIES / ASSETS (NET)

(₹ in Lacs)

	31.03.2014	31.03.2013
Deferred Tax Liabilities		
- Fixed Assets	42.87	36.31
Gross Deferred Tax Liabilities	42.87	36.31
Deferred Tax Assets		
- Leave Encashment	5.94	-
- Gratuity	1.63	-
- Trade Receivables	27.33	28.24
Gross Deferred Tax Assets	34.90	28.24
Deferred Tax Liabilities/Assets (Net)	7.97	8.08

2.5 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

	31.03.2014	31.03.2013
Others		
- Security Deposit	1,938.61	2,487.17
- Creditors for Capital Goods	13.57	13.57
- Other Liabilities	11.07	2.90
Total	1,963.26	2,503.64

2.6 LONG TERM PROVISIONS

(₹ in Lacs)

	31.03.2014	31.03.2013
Provisions for Employee Benefits		
- Leave Encashment	18.14	14.94
- Gratuity	5.03	10.70
Total	23.17	25.64

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

2.7 SHORT TERM BORROWINGS

	(₹ in Lacs)	
	31.03.2014	31.03.2013
Working Capital facilities from a Bank		
- Cash Credit (Secured)	292.83	729.00
- Short Term Loan from a Bank (Secured)	1,500.00	1,500.00
Total	1,792.83	2,229.00

	(₹ in Lacs)	
	31.03.2014	31.03.2013
a) - Secured borrowings	1,792.83	2,229.00
- Unsecured borrowings	-	-
	1,792.83	2,229.00

b) Working capital facilities from a bank are secured by first charge on current assets and second charge on fixed assets of the company's cement grinding unit at Lumshnong, Meghalaya. The working capital facilities have also been guaranteed by its Holding Company, M/s Cement Manufacturing Company Limited.

2.8 OTHER CURRENT LIABILITIES

	(₹ in Lacs)	
	31.03.2014	31.03.2013
Current Maturities of long term borrowings	1.65	572.96
Other Payables		
- Statutory Liabilities (including excise duty on finished goods ₹4.36 Lacs, ₹0.33 Lacs as at 31.03.13)	212.14	247.91
- Advances from customers	23.38	215.82
- Creditors-Micro, Small & Medium Enterprises (Refer Note no. 2.26)	-	-
- Salary and Bonus to employees	52.07	23.33
- Other Liabilities	1,237.02	790.81
	1,524.60	1,277.87
Total	1,526.25	1,850.83

2.9 SHORT TERM PROVISIONS

	(₹ in Lacs)	
	31.03.2014	31.03.2013
Provisions for Employee Benefits		
- Leave Encashment	0.16	0.53
Total	0.16	0.53



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

2.10 FIXED ASSETS

(₹ in Lacs)

	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.2013	Additions	Deduction/ Adjustment	As on 31.03.2014	Upto 31.03.2013	For the year	Deduction/ Adjustment	As on 31.03.2014	As on 31.03.2013
A Tangible Assets									
i) Power Division at Lumshnong, Meghalaya									
Plant, Machinery & Equipment	629.49	-	-	629.49	234.02	29.90	-	263.92	395.47
Tools & Tackles	3.53	-	-	3.53	1.43	0.17	-	1.60	2.10
Office Equipments	0.73	-	-	0.73	0.25	0.03	-	0.29	0.48
Computers	1.57	-	-	1.57	1.38	0.06	-	1.44	0.19
Total of Power Division (i)	635.31	-	-	635.31	237.08	30.16	-	267.24	398.24
ii) Cement Division at Lumshnong, Meghalaya									
Land	145.65	-	-	145.65	-	-	-	-	145.65
Factory Building	1,704.59	-	-	1,704.59	736.90	96.77	-	833.67	967.69
Non Factory Building	1,364.53	-	-	1,364.53	286.27	53.91	-	340.18	1,078.26
Plant, Machinery & Equipment	3,224.73	-	109.63	3,115.10	2,014.35	179.43	67.25	2,126.53	1,210.38
Tools & Tackles	51.07	-	-	51.07	28.43	3.15	-	31.58	22.64
Heavy Vehicles	28.80	-	-	28.80	26.00	0.84	-	26.84	2.79
Light Vehicles	164.73	11.02	15.94	159.81	116.63	14.24	10.87	120.00	48.11
Computers	81.59	10.20	-	91.79	73.44	4.56	-	78.00	8.15
Furniture & Fixture	52.45	4.40	-	56.85	34.10	3.65	-	37.75	18.35
Office Equipment	37.92	2.06	-	39.98	20.57	2.53	-	23.11	17.34
Total	6,856.07	27.68	125.57	6,758.17	3,336.70	359.08	78.12	3,617.66	3,519.37
B) Intangible Assets									
Computer Software	15.32	-	-	15.32	15.32	-	-	15.32	-
Total of (B)	15.32	-	-	15.32	15.32	-	-	15.32	-
Total of Cement Division (ii)	6,871.39	27.68	125.57	6,773.50	3,352.02	359.08	78.12	3,632.98	3,519.37
Total Tangible Assets (A)	7,491.38	27.68	125.57	7,393.49	3,573.77	389.24	78.12	3,884.89	3,917.61
Total Intangible Assets (B)	15.32	-	-	15.32	15.32	-	-	15.32	-
Gross Total	7,506.70	27.68	125.57	7,408.81	3,589.10	389.24	78.12	3,900.22	3,917.61
Previous Year Figures	7,600.65	22.42	116.36	7,506.70	3,194.95	448.06	53.92	3,589.10	4,405.69

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

2.11 NON CURRENT INVESTMENTS

(₹ in Lacs)

	31.03.2014	31.03.2013
Investments in Unquoted Equity Instruments		
Trade Investments (valued at cost unless stated otherwise)		
Investments in Fellow Subsidiary		
- Star Cement Meghalaya Limited	2,983.33	2,983.33
37,29,162 Equity Shares (37,29,162 as at 31.03.13) of ₹10/- each fully paid up		
Total	2,983.33	2,983.33

2.12 LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

	31.03.2014	31.03.2013
Capital Advances		
- Unsecured considered Good	17.56	31.69
	17.56	31.69
Security Deposits		
- Unsecured, Considered Good	254.08	54.35
	254.08	54.35
Loans and advances to Related Parties		
- Unsecured considered Good (Refer Note 2.28)	12,258.00	4,263.00
	12,258.00	4,263.00
Others		
- Balances with / Receivable from Central Excise/ Sales Tax Department	332.75	-
	332.75	-
Total	12,862.39	4,349.04

2.13 OTHER NON-CURRENT ASSETS

(₹ in Lacs)

	31.03.2014	31.03.2013
Held as Deposits with Original Maturity of more than 12 months	29.00	27.47
Total	29.00	27.47

2.14 INVENTORIES

(₹ in Lacs)

	31.03.2014	31.03.2013
Raw Materials	84.68	366.52
Finished Goods (Including in transit ₹42.30 Lacs, ₹91.77 Lacs as on 31.03.2013)	242.74	104.33
Fuels, Packing materials, etc.	87.43	103.42
Stores & Spares parts	175.80	151.99
Total	590.65	726.26



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

2.15 TRADE RECEIVABLES

(₹ in Lacs)

	31.03.2014	31.03.2013
Secured Considered Good		
Over Six Months	40.10	24.99
Other Debts	473.37	781.30
	513.47	806.29
Unsecured		
Over Six Months		
I Considered Good	51.16	46.54
Considered Doubtful	84.24	87.03
Less: Provision for Bad & Doubtful Debts	(84.24)	(87.03)
	51.16	46.54
II Claims due from Central Government - Considered Good	210.76	4,988.10
Other Debts		
I Considered Good	704.70	516.60
	915.46	5,504.69
Total	1,480.08	6,357.52

- a) Provision for doubtful debts - Periodically, the company evaluates all customer dues to the company for collectibility. The need for provisions is assessed based on various factors including collectibility of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could effect the customer's ability to settle. The company normally provides for debtor dues outstanding for six months or longer from the invoice date, at the balance sheet date. The company pursues the recovery of the dues, in part or full.

2.16 CASH & CASH EQUIVALENTS

(₹ in Lacs)

	31.03.2014	31.03.2013
Cash on Hand	7.59	7.00
Cheques in Hand	103.81	542.58
Balances with Banks		
- Current Accounts and Deposit Accounts	45.86	112.67
Balances with Bank		
- Held as Margin Money with original maturity upto 3 months	0.62	0.62
Total	157.88	662.87

2.17 SHORT TERM LOANS AND ADVANCES

(₹ in Lacs)

	31.03.2014	31.03.2013
Loans and Advances to Related Parties		
Unsecured considered Good	165.50	560.00
	165.50	560.00
Others		
Unsecured considered Good		
- Advances to Suppliers	2.66	1,555.81
- Advances for Services and Expenses	43.68	193.49
- Prepaid Expenses	10.93	21.96
- Intercorporate Deposits	800.00	800.00
- Subsidy Receivable from Government Authorities	329.62	3,286.21
- Balances with / Receivable from Central Excise / Sales Tax Department	1,597.49	500.05
- Advance to Employees	10.94	8.91
- Advance Income Tax including MAT Credit Entitlement (Net of Provision for Taxation)	3,329.52	3,216.44
	6,124.84	9,582.87
Total	6,290.33	10,142.87

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

2.18 REVENUE FROM OPERATIONS

(₹ in Lacs)

	2013-14	2012-13
Sale of Products	23,215.88	35,034.00
Add : Captive Consumption	46.39	-
	23,262.27	35,034.00
Other Operating Income		
- Shortage Recovery of Cement & Clinker	21.38	136.43
- Bad Debts Recovery	2.80	3.03
Revenue from Operations (Gross)	23,286.45	35,173.46
Details of Products Sold		
Cement	23,151.32	34,848.83
Power	22.94	185.17
Flyash	41.62	-
	23,215.88	35,034.00

2.19 OTHER INCOME

(₹ in Lacs)

	2013-14	2012-13
Interest Income on		
- Bank deposits	1.69	1.75
- Loans	561.28	629.08
Other Non Operating Income	7.98	1.67
Total	570.95	632.50

2.20 COST OF MATERIALS CONSUMED

(₹ in Lacs)

	2013-14	2012-13
Inventory at the beginning of the year	366.52	379.54
Add Purchases	11,351.86	13,773.47
	11,718.38	14,153.00
Less: Inventory at the end of the year	(84.68)	(366.52)
Cost of Materials Consumed	11,633.69	13,786.49
Details of Raw Material consumed		
Clinker	9,757.63	9,506.64
Dry Fly Ash	1,764.82	4,008.39
Gypsum	111.24	271.45
	11,633.69	13,786.49

2.21 INCREASE / (DECREASE) IN INVENTORIES

(₹ in Lacs)

	31.03.2014	31.03.2013
Finished Goods		
Opening Stock	104.33	166.45
Closing Stock	242.74	104.33
(Increase) / Decrease	(138.40)	62.12



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

2.22 EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

	2013-14	2012-13
Salaries and Wages	970.38	833.68
Contribution to Provident Fund and other funds	31.97	30.00
Welfare Expenses	18.60	25.59
Total	1,020.95	889.27

2.23 FINANCE COSTS

(₹ in Lacs)

	2013-14	2012-13
Interest Expense		
- On Fixed Loans	33.63	135.14
- On Others	266.53	211.68
Other Finance Costs	4.33	47.19
Total	304.49	394.02

2.24 OTHER EXPENSES

(₹ in Lacs)

	2013-14	2012-13
Consumption of Stores & Spare Parts	142.92	135.21
Packing Materials	772.94	981.46
Power & Fuel	993.66	1,596.81
Repairs & Maintenance		
- Building	15.19	28.30
- Plant & Machinery	28.84	21.49
- Others	9.38	17.88
Insurance(Net)	30.88	50.96
Rent, Rates & Taxes	249.68	352.25
Heavy Vehicle / Equipment Running Expenses	46.03	31.40
Excise duty variation on opening/closing stock	4.77	(8.23)
Research and Development Expenses	3.80	4.25
Charity & Donation	148.95	144.51
Travelling and Conveyance	80.16	93.08
Advertisement & Publicity	351.37	552.01
Sales promotion Expenses	973.73	231.97
Outward Freight Charges (Net)	5,284.84	6,969.04
Commission, Discount & Incentives on Sale	1,594.49	2,015.28
Miscellaneous Expenses	161.96	239.41
Total	10,893.60	13,457.07

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 have been determined to the extent such parties have been identified on the basis of the information available with the company.

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

2.27 EXCISE DUTY REFUND

Against company's claim for refund of differential excise duty, Hon'ble High Court at Guwahati (Shillong Bench) vide its order dated 12th September, 2012, has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety in line with the Interim Order dated 13th January, 2012 passed by Hon'ble Supreme Court in case of "VVF Ltd and others". Based on the said judgment of the Hon'ble High Court in favour of the company and legal opinion obtained by the company, the differential excise duty refund of ₹1,866.21 Lacs has been recognized as revenue in the books of accounts.

2.28 DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURES"

A.	Names of the related parties where control exists	Nature of relationship
	Star Ferro & Cement Limited (SFCL)	Ultimate Holding Company
	Cement Manufacturing Company Limited (CMCL)	Holding Company
	Star Cement Meghalaya Limited (SCML)	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	
a)	Name of the other Related Party	Nature of relationship
	Century Plyboards (India) Limited (CPIL)	Associate
b)	Key Management Personnel	
	Name of the Related Party	Nature of relationship
	Mr. Pankaj Kejriwal	Managing Director

c) During the year following transactions were carried with the related parties in the ordinary course of business. Disclosure of transactions between the Company and the related parties and the status of their outstanding balances as at 31st March 2014.

(₹ in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiaries		Key Management Personnel	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
1	Sale Transactions						
	SFCL	-	2.64	-	-	-	-
	CMCL	44.67	128.17	-	-	-	-
	SCML	-	-	199.49	169.04	-	-
	MPL	-	-	26.20	41.81	-	-
	CPIL	-	-	0.68	2.67	-	-
2	Sale of Capital Goods						
	CMCL	43.23	-	-	-	-	-
3	Purchase Transactions						
	CMCL	684.50	10,041.28	-	-	-	-
	SCML	-	-	10,138.06	959.85	-	-
	MPL	-	-	1,139.08	1,392.82	-	-
4	Services Received						
	CMCL	8.86	13.04	-	-	-	-
5	Security Deposit Paid						
	MPL	-	-	200.00	-	-	-
6	Loans Given						
	SFCL	30.00	1,060.00	-	-	-	-
	CMCL	8,101.00	3,760.00	-	-	-	-



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

(₹ in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiaries		Key Management Personnel	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	SCML	-	-	3,275.00	2,450.00	-	-
	CPIL	-	-	-	450.00	-	-
7	Loans Given Received						
	SFCL	590.00	500.00	-	-	-	-
	CMCL	706.00	-	-	-	-	-
	SCML	-	-	2,675.00	-	-	-
	CPIL	-	-	-	450.00	-	-
8	Loans Taken						
	SFCL	-	200.00	-	-	-	-
9	Loans Taken Repaid						
	SFCL	-	200.00	-	-	-	-
10	Interest Received						
	SFCL	20.24	18.51	-	-	-	-
	CMCL	347.16	486.68	-	-	-	-
	SCML	-	-	81.83	15.45	-	-
	CPIL	-	-	-	0.64	-	-
11	Interest Paid						
	SFCL	-	4.39	-	-	-	-
12	Investments made						
	SCML	-	-	-	2,983.33	-	-
13	Directors Remuneration						
	Pankaj Kejriwal	-	-	-	-	24.00	24.00
14	Balance Outstanding as at 31st March, 2014						
A	Advance to Suppliers						
	CMCL	165.50	-	-	-	-	-
	SCML	-	-	-	1500.00	-	-
B	Sundry Creditors						
	SCML	-	-	489.13	-	-	-
	MPL	-	-	111.77	49.87	-	-
C	Security Deposit paid						
	MPL	-	-	200.00	-	-	-
D	Loans Given						
	SFCL	-	560.00	-	-	-	-
	CMCL	9,208.00	1813.00	-	-	-	-
	SCML	-	-	3,050.00	2,450.00	-	-
E	Share Capital						
	CMCL	2,734.64	2,733.64	-	-	-	-
F	Investments						
	SCML	-	-	2,983.33	2,983.33	-	-
G	Guarantee Obtained						
	CMCL	4,350.00	3,013.81	-	-	-	-

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

2.29 CONTINGENT LIABILITIES & COMMITMENTS

(₹ in Lacs)

	31.03.2014	31.03.2013
Claims against the company not acknowledged as debts- Excise / VAT / Income Tax matters	3,105.18	1,702.72
Bank Guarantee issued by Bank	25.10	211.92
Solvent surety furnished to Excise Department against differential excise duty refund	961.10	-

2.30 PAYMENTS TO AUDITORS

(₹ in Lacs)

	31.03.2014	31.03.2013
As Auditor		
- Audit Fees	2.50	2.25
- Tax Audit Fees	0.75	0.75
In Other Capacity		
Other Services (Certification Fees)	1.70	2.38
Total	4.95	5.38

2.31 EARNINGS PER SHARE

(₹ in Lacs)

	31.03.2014	31.03.2013
Total Operations for the year		
- Profit/(Loss) after tax	121.80	3,876.78
Equity Share Capital	2,734.64	2,734.64
Weighted average number of equity shares for calculating basic EPS	2,73,46,400	2,73,46,400
Weighted average number of equity shares for calculating diluted EPS	2,73,46,400	2,73,46,400
Basic Earnings Per Share (Face Value of ₹10/- each)	0.45	14.18
Diluted Earnings Per Share (Face Value of ₹10/- each)	0.45	14.18

2.32 EMPLOYEE DEFINED BENEFITS

- (a) Defined Contribution Plans: The Company has recognized an expense of ₹28.43 Lacs (Previous year ₹26.34 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 summarize 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.
- (c) Under leave encashment scheme, the company allows its employees to encash accumulated leave over and above thirty days at any time during the year. The scheme is not funded by the company.
- (d) Defined Benefit Plans – As per Actuarial Valuation as at 31st March, 2014.

(₹ in Lacs)

Sl. No.	Type of Transactions	2013-14		2012-13	
		Gratuity	Leave Encashment	2013-14	Leave Encashment
I.	Expense recognized in the statement of Profit and Loss for the year ended 31st March, 2014				
1.	Current Service Cost	5.15	4.04	5.09	0.26
2.	Interest Cost	2.32	1.52	1.63	1.53
3.	Employee Contribution	-	-	-	-
4.	Expected Return on Plan Assets	(1.62)	-	(1.22)	-
5.	Actuarial (Gains)/Losses	(4.09)	7.14	1.26	3.90
6.	Actuarial (Gains)/Losses on plan Assets	(1.30)	-	1.17	-
7.	Total Expense	0.46	12.70	7.93	5.69



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

(₹ in Lacs)

Sl. No.	Type of Transactions	2013-14		2012-13	
		Gratuity	Leave Encashment	2013-14	Leave Encashment
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2014					
1.	Present Value of Defined Benefit Obligation	27.52	18.29	24.15	15.47
2.	Fair Value of Plan Assets	22.49	-	13.45	-
3.	Funded Status [Surplus/(Deficit)]	(5.03)	(18.29)	(10.70)	(15.47)
4.	Net Asset/(Liability) as at 31st March, 2014	(5.03)	(18.29)	(10.70)	(15.47)
III. Change in Obligation during the Year ended 31st March, 2014					
1.	Present value of Defined Benefit Obligation at the beginning of the year	24.14	15.47	16.53	18.46
2.	Current Service Cost	5.15	4.04	5.09	0.26
3.	Interest Cost	2.32	1.52	1.63	1.53
4.	Past Service Cost	-	-	-	-
5.	Employee Contribution	-	-	-	-
6.	Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
7.	Actual (Gains/Losses)	(4.09)	7.14	1.26	3.91
8.	Benefits Payments	-	(9.87)	(0.36)	(8.68)
9.	Present Value of Defined Benefit Obligation at the end of the year	27.52	18.30	24.15	15.47
IV. Change in assets during the Year ended March, 2014					
1.	Plan Assets at the beginning of the year	13.45	-	13.76	-
2.	Assets acquired on amalgamation in previous year	-	-	-	-
3.	Expected return on plan assets	1.62	-	1.22	-
4.	Contributions by employer	6.12	9.87	-	8.68
5.	Actual Benefit Paid	-	(9.87)	(0.36)	(8.68)
6.	Actuarial Gains/(Losses)	1.30	-	(1.17)	-
7.	Plan Assets at the end of the year	22.49	-	13.45	-
8.	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%	-
VI. The Principal actuarial assumptions are as follows:					
1.	Discount Rate	8.25%	8.25%	8.25%	8.25%
2.	Expected Return on Plan Assets	9%	-	9%	-
3.	Salary increase	5%	5%	5%	5%
4.	Withdrawal rates (Varying between per annum depending upon the duration and age of the employees)	1%-8%	1%-8%	1%-8%	1%-8%
VII. The details of the Experience adjustments for the current and previous periods are as follows:					
1.	Defined Benefit Obligation	27.52	18.30	24.15	15.47
2.	Plan Assets	22.49	-	13.45	-
3.	Surplus / (Deficit)	(5.03)	(18.29)	(10.70)	(15.47)
4.	Experience adjustments on plan Liability	-	9.87	0.36	8.68
5.	Experience adjustments on plan assets	-	-	-	-

2.33 DONATIONS INCLUDE CONTRIBUTION TO POLITICAL PARTIES AS FOLLOWS:

(₹ in Lacs)

Name of the Party	31.03.2014	31.03.2013
Bharatiya Janata Party	-	2.00

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

2.34 EXPENDITURE INCURRED IN FOREIGN CURRENCY

(₹ in Lacs)

	31.03.2014	31.03.2013
(i) Purchase of stores and spare parts and components	11.02	-
(ii) Travelling Expenses	-	1.11

2.35 VALUE OF IMPORTED AND INDIGENOUS STORES AND SPARE PARTS CONSUMED AND THEIR PERCENTAGE TO TOTAL CONSUMPTION

Sl. No.	Type of Transactions	2013-14		2012-13	
		Value (₹ in Lacs)	%	Value (₹ in Lacs)	%
	Stores and Spare parts				
(i)	Imported	11.02	7.71	Nil	Nil
(ii)	Indigenous	131.90	92.29	135.21	100

2.36 SEGMENT REPORTING

Sl. No	Particulars	2013-14				2012-13			
		Power	Cement	Un-allocated	Total	Power	Cement	Un-allocated	Total
1	External Revenue	69.33	23,217.12	-	23,286.45	185.17	34,988.29	-	35,173.46
	Inter Segment Adjustment	-	-	-	-	-	-	-	-
	Total Revenue	69.33	23,217.12	-	23,286.45	185.17	34,988.29	-	35,173.46
2	Results Profit/ (Loss)	(84.90)	209.13	-	124.23	(52.68)	3,960.33	-	3,907.65
3	Interest & Finance Charges	-	-	(266.46)	(266.46)	-	-	(236.82)	(236.82)
4	Other un-allocable expenses net of unallocable income	-	-	241.91	241.91	-	-	248.38	248.38
5	Total Profit before Tax before Exceptional Item	-	-	-	148.78	-	-	-	3,896.09
6	Exceptional Item	-	-	-	4.82	-	-	-	(45.50)
7	Total Profit before Tax	-	-	-	153.60	-	-	-	3,850.59
8	Other Information								
	- Segment Assets	530.79	20,328.86	7,112.85	27,972.50	617.60	21,608.02	6,999.77	29,225.39
	- Segment Liabilities	6.04	4,178.96	1,826.10	6,011.10	14.30	5,108.05	2,263.24	7,385.79
	- Capital Expenditure	-	(86.07)	-	(86.07)	-	(86.04)	-	(86.04)
	- Depreciation	30.16	359.08	-	389.24	30.09	417.90	-	447.99

2.37 Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current year's classification.

2.38 Figures have been rounded off to the nearest ₹ in Lacs.

In terms of 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

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Mohit Mahana
Company Secretary

Place : Kolkata
Date : 17th May, 2014



Regd. Office:

Vill: Lumshnong, PO: Khalehriat,
Dist.: East Jaintia Hills, Meghalaya - 793210
CIN-U27107ML2002PTC006976