

Robust foundation.

Megha Technical and Engineers Private Limited
Annual Report 2016-17



Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written or oral, that we periodically make, contain forward-looking statements that set out anticipated results based on management's plans and assumptions. We have tried, wherever possible, to identify such statements

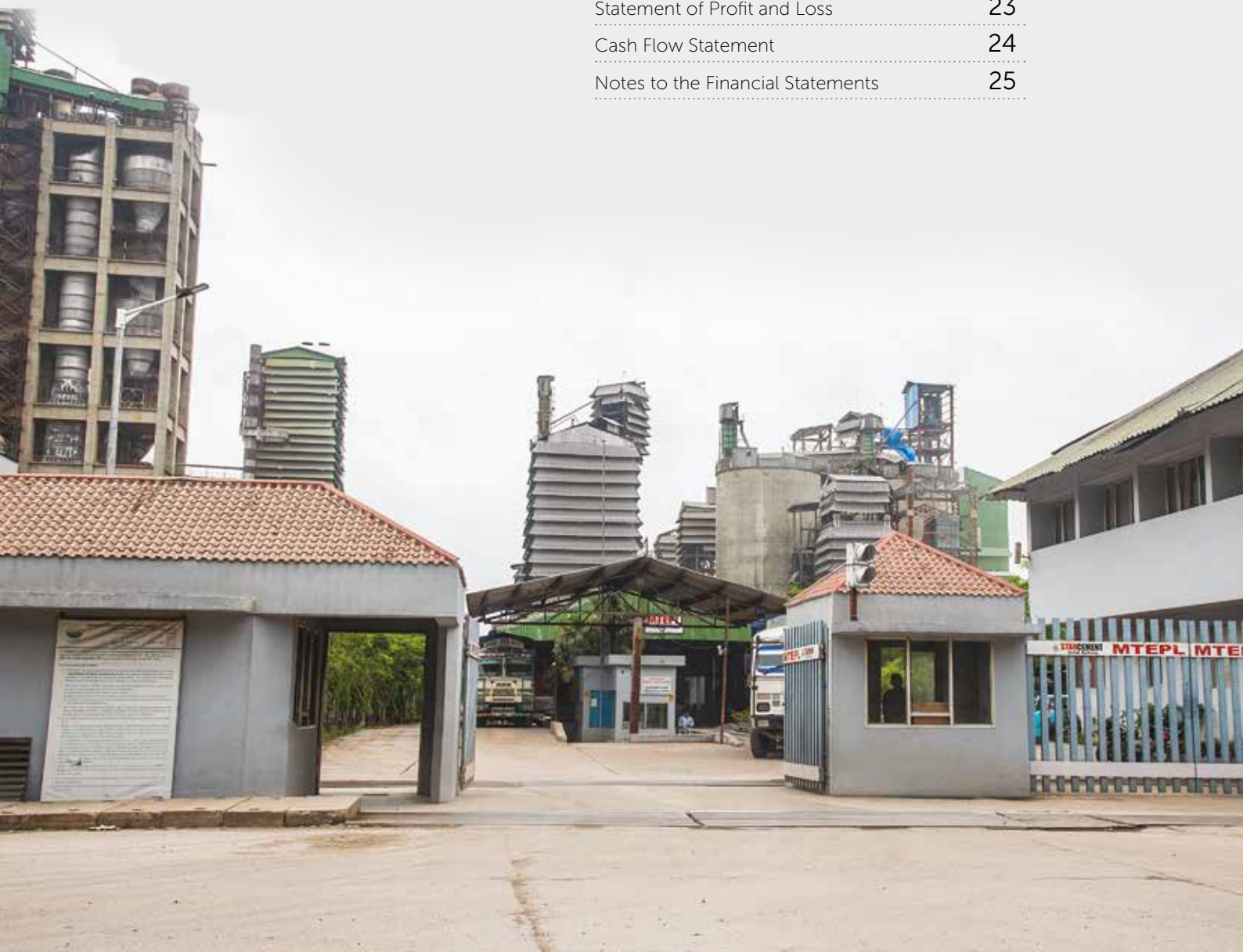
by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion relating to future performance of the Company.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even

inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Corporate Information

CIN : U27107ML2002PTC006976

Board of Directors

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

Chief Financial Officer

Mr. Vivek Lahoti

Company Secretary

Mr. Mohit Mahana

Auditors

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

Bankers

State Bank of India

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

Directors' report

Dear Shareholders

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

Financial Highlights

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

(₹ In lacs)

| Particulars | 2016-17 | 2015-16 |
|--|-----------|-----------|
| Net Sales/Income | 17,997.65 | 15,271.35 |
| Profit before Interest, Depreciation and Tax | 906.20 | 1,276.22 |
| Interest and Finance Charges | (106.36) | (135.68) |
| Depreciation | (346.58) | (405.23) |
| Exceptional Items | 1.89 | 0.09 |
| Profit Before Tax | 455.15 | 735.41 |
| Provision for Taxation | | |
| -Current Tax | (168.33) | (258.34) |
| Income Tax for earlier years | (358.93) | 7.64 |
| Profit after Tax | (72.11) | 484.71 |

Indian Cement Industry

Amidst challenges in the Indian economy, FY 2016-17 was a year of high performance marked by historic economic reforms like implementation of much-awaited Goods and Service Tax (GST) and demonetisation of the big currency notes with an aim to curb corruption. Despite uncertainties in the global market, Indian Economy is expected to grow at 7-7.75 per cent during FY 2016-17.

Underdeveloped infrastructures, scope in Housing and with huge population of more than 130 Crores coupled with annual growth rate of more than 1.25% approx., India as a country presents a bright future for cement industry. With the Government's initiatives like "Smart Cities", "Housing for All", "Financial Inclusion programmes targeting poors at large", "Make in India", etc., infrastructure sector has received much awaited attention and cement demand is likely to accelerate in near to medium term. These initiatives are likely to have long term positive impact on Indian Economy in general and on Indian Cement Industry in particular. In order to boost the cement sector, the Government of India has allowed FDI in the sector which will attract foreign players in the country and this may

lead to tougher competition to the domestic players.

The Government is taking steps to accelerate the pace of economic development of North Eastern States through the Look East Policy. This initiative is likely to boost the trade, technology, investment opportunities and development of North Eastern States which is located at the crossroads between the major economies of the world. Connectivity within NER States and with rest of India has also improved with initiatives taken towards infrastructure development. This has resulted into improved purchasing power of people at large in the Region.

Operational Performance

During the year under review, your Company produced 3,17,161 MT of Cement as against 2,55,422 MT in the previous year. In the year 2016-17, your Company has dispatched 3,16,856 MT of cement and sold 3,28,259 MT of cement as compared to 2,57,697 MT and 2,42,575 MT respectively recorded in the previous year. Due to pressure on price in 1st half of the fiscal year and liquidity crunch witnessed in 2nd half of the year due to demonetization, the performance of the Company was not up to the expectation during the year under review.

In spite of that during the Financial Year under review, your Company's revenue stood at ₹17,997.65 lacs as against ₹15,271.35 lacs. The profit before tax stood at ₹455.15 lacs as against ₹735.41 lacs during the previous year. Your Company expects to improve the operational efficiencies in years to come.

Marketing Performance

Your Company markets its product under the Brand name "STAR CEMENT" under a Brand agreement with its holding Company M/s. Star Cement Limited (SCL). Your Company along with its holding Company SCL undertook a lot of marketing initiatives during the year under review. Marketing Initiatives like crossing branding through kiosks, consoles & surrogates, "Engineers' Workshop", "Star Tech" and "Mason Certification Programme" have been few of these initiatives undertaken during the FY 2016-17.

On the network front, your company along with its holding Company SCL continued expanding its dealer and retailer network and at the close of FY 2016-17, it had more than 2,680 dealers and 9,250 retailers across the country.

Brand "STAR CEMENT" continued to enjoy its market leadership in North Eastern Region.

Share Capital

The paid up Equity Share Capital as on March 31, 2017 was ₹2,734.64 Lacs. During the year under review, the Company has neither issued any shares with differential voting rights nor granted stock options or sweat equity shares.

Extract of Annual Return

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

Meetings of the Board

The Board meets at regular intervals to discuss and decide on the policies and strategies with respect to the business of the Company. During the year, Six (6) Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The meetings were held on 2nd May, 2016, 20th July, 2016, 9th September, 2016, 2nd November, 2016, 30th January, 2017 and 18th March, 2017.

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

| Name of the Director | Designation | No of meetings | |
|--------------------------|--------------------------|----------------|----------|
| | | Held | Attended |
| Mr. Pankaj Kejriwal | Managing Director | 6 | 2 |
| Mr. Hari Prasad Agarwal | Non - Executive Director | 6 | 6 |
| Mr. Rajesh Kumar Agarwal | Non - Executive Director | 6 | 5 |
| Mr. Edmund Carmel Suja | Non - Executive Director | 6 | 1 |
| Mr. Mangilal Jain | Independent Director | 6 | 5 |
| Mr. Santanu Ray | Independent Director | 6 | 6 |

Meetings of Independent Directors

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

Directors' Responsibility Statement

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

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit and loss of the Company for the year under review;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- The Directors have prepared the annual accounts on going concern basis;
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration by Independent Directors

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

Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management Employees

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

Auditors & Auditors' Report

M/s. Kailash B. Goel & Co., Chartered Accountants (Firm Registration no. 322460E), Statutory Auditors of the Company, have completed their tenure of two terms of five consecutive years and also an additional window period of 3 years as stipulated under Section 139 of the Companies Act, 2013. Therefore, the terms of office of the existing Statutory Auditors will conclude from the close of the forthcoming Annual General Meeting of the Company.

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

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

Subject to the approval of Shareholders, the Audit Committee and the Board of Directors of the Company have recommended the appointment of M/s. D. K. Chhajer & Co., Chartered Accountants (Firm Registration no. 304138E), as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 for

a period of five years commencing from the conclusion of 15th Annual General Meeting till the conclusion of 20th Annual General Meeting, subject to the ratification of their appointment by the members at every Annual General Meeting.

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

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the financial year ended 31st March, 2017 in the Board Meeting held on 2nd May, 2016. The remuneration proposed to be paid to them for the financial year 2016-17, as recommended by audit committee, was ratified in the meeting of Shareholders held on 22nd August, 2016.

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

The cost audit report for the Financial Year 2015-16 was filed with the Ministry of Corporate Affairs on 15.09.2016.

Particulars of Loans, Guarantees or Investments

The Investments made in and Loans given by your Company to its Holding and Fellow Subsidiary falling under ambit of Section 186 (2) of the Companies Act, 2013 were within the limits prescribed.

Details of Investments and loans covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Related Party Transactions

All related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with the Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

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

Reserves

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

Dividend

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

(A) Steps taken towards Conservation of energy:

- Optimization of start stop time of equipment has resulted into reduction in idle running.

(B) Steps taken towards Technical Absorption:

- Trial conducted for development of value added cement products.
- Optimization of Fly ash feeding system in mill outlet has reduced the variation in feed hence the color and quality consistency has increased.
- The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with specific objective of development of advanced systems and quality improvement. During the year under review, your Company incurred Revenue Expenditure of ₹5.70 lacs and Capital expenditure of ₹0.26 lacs in Research & Development.

(C) Foreign Exchange Earnings and Outgo:

During the year under review, there were no Foreign Exchange earnings (Previous Year Nil) and Foreign Exchange Outgo was ₹0.70 lacs (Previous year ₹0.12 lacs).

Corporate Social Responsibility (CSR)

Your Company has shouldered the responsibility of fostering one teacher schools i.e. Ekal Vidyalaya in remote areas of eastern region. Your Company has taken up need based education support programs in remote areas with the help of expert organizations.

Your Company has also offered financial support for rehabilitation of war widows and war victims through District Administration of Assam.

Your Company has widely recognized bee keeping as an ecofriendly and self-employment potential activity with low cost technology in Assam and Company has collaborated with leading beekeepers of the region that have promoted and pioneered bee keeping in the North East region.

Annual Report on CSR as required to be annexed in terms of requirement of Section 135 of Companies Act, 2013 and rules framed thereunder is annexed herewith and marked **Annexure- 2**.

Performance Evaluation of the Board

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

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

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

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

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

Directors and Key Managerial Personnel

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

The tenure of Mr. Pankaj Kejriwal, the Managing Director of the Company was due to expire on 31st March, 2016. The Board at its meeting held on 8th February, 2016, on the recommendations of Nomination and Remuneration Committee, have re- appointed Mr. Pankaj Kejriwal as the Managing Director of your Company for next three years with effect from 1st April, 2016. The appointment was ratified by the Shareholders at the Annual General Meeting held on 22nd August, 2016.

The following personnel are Key Managerial Personnel of the Company:

| | | |
|----|---------------------|-------------------------|
| 1. | Mr. Pankaj Kejriwal | Managing Director |
| 2. | Mr. Vivek Lahoti | Chief Financial Officer |
| 3. | Mr. Mohit Mahana | Company Secretary |

Holding Company

M/s Star Cement Limited (Formerly Cement Manufacturing Company Limited) remains the Holding Company with 100% stake in your Company.

Subsidiaries, Associates and Joint Venture

The Company has no Subsidiaries, Associate Company and Joint Ventures.

Deposits

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

Changes Impacting Going Concern Status and Company's Operations

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

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

Adequacy of Internal Financial Control

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

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

Internal Control over Financial Reporting

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

Policy on Prevention of Sexual Harassment

The Company values the integrity and dignity of its employees. The Company has put in place a 'Policy on Prevention of Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). We affirm that adequate access has been provided to any complainants who wish to register a complaint under the policy. No complaint was received during the year.

Risk Management

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

Committees of the Board

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

a. Audit Committee

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

During the year, the Committee met Five (5) times on 2nd May, 2016, 20th July 2016, 2nd November 2016, 30th January, 2017 and 18th March, 2017.

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

| Name of the Director | Category | Chairman/ Members | No of meetings | |
|-------------------------|-----------------|-------------------|----------------|----------|
| | | | Held | Attended |
| Mr. Santanu Ray | Independent | Chairman | 5 | 5 |
| Mr. Mangilal Jain | Independent | Member | 5 | 5 |
| Mr. Hari Prasad Agarwal | Non-Independent | Member | 5 | 5 |

• Vigil Mechanism

A Vigil (Whistle Blower) mechanism provides a formal mechanism to the Employees and Directors to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides

for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

b. Nomination & Remuneration Committee

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

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

| Name of the Director | Category | Chairman/ Members | No of meetings | |
|-------------------------|-----------------|-------------------|----------------|----------|
| | | | Held | Attended |
| Mr. Santanu Ray | Independent | Chairman | 1 | 1 |
| Mr. Mangilal Jain | Independent | Member | 1 | 1 |
| Mr. Hari Prasad Agarwal | Non-Independent | Member | 1 | 1 |

c. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is responsible for the implementation / monitoring and review of the policy and the activities undertaken under the CSR policy as framed by the Company.

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

| Name of the Director | Category | Chairman/ Members | No of meetings | |
|--------------------------|-----------------|-------------------|----------------|----------|
| | | | Held | Attended |
| Mr. Hari Prasad Agarwal | Non-Independent | Chairman | 1 | 1 |
| Mr. Rajesh Kumar Agarwal | Non-Independent | Member | 1 | 1 |
| Mr. Santanu Ray | Independent | Member | 1 | 1 |

Human Resource Development & Industrial Relations

Employee relationship in your Company continues to remain cordial and harmonious. Your Company's human resource management systems and process aim to enhance organizational performance. Your Directors place on record their appreciation for the valuable services rendered by the workmen and employees at all levels for their valuable support and expect their sustenance in years ahead.

Particulars of Employees

The statement containing particulars of employees as required under Section 197 of Companies Act, 2013 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked **Annexure- 3** and forms part of this report. The Company has no employee whose remuneration exceeds the limit prescribed under Section 197 read with Rule 5(2) of The Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014.

Acknowledgement

Your Directors wish to acknowledge and are grateful for continuous support received from the shareholders, banks, financial institutions, dealers, suppliers and other stakeholders. 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
 (DIN: 00383635)

Hari Prasad Agarwal
Director
 (DIN: 00266005)

Place: Kolkata

Date: 29th May, 2017

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN
 As on financial year ended on 31st March, 2017
 [Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies
 (Management & Administration) Rules, 2014]

I. Registration & Other Details:

| | | |
|---|---|---|
| 1 | CIN | U27107ML2002PTC006976 |
| 2 | Registration Date | 13th December, 2002 |
| 3 | Name of the Company | Megha Technical & Engineers Private Limited |
| 4 | Category/Sub-category of the Company | Company limited by Shares/ Non - Govt. Company |
| 5 | Address of the Registered office & contact details | Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210 Phone No. : 03655 - 278215 |
| 6 | Whether listed company | No |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any | NA |

II. Principal Business Activities of the Company

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the Company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Cement | 23941 | 99.98 |

III. Particulars of Holding, Subsidiary and Associate Companies

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Star Cement Limited (SCL) (Formerly Cement Manufacturing Company Limited) Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210 | U26942ML2001PLC006663 | Holding | 100.00 | 2(46) |

IV. Share Holding Pattern (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April-2016] | | | | No. of Shares held at the end of the year [As on 31-March-2017] | | | | % Change during the year |
|--|--|--------------------|--------------------|-------------------|--|--------------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) *Individual/ HUF | - | 1 | 1 | 0.00 | - | 1 | 1 | 0.00 | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | - | 2,73,46,399 | 2,73,46,399 | 100.00 | - | 2,73,46,399 | 2,73,46,399 | 100.00 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1) | - | 2,73,46,400 | 2,73,46,400 | 100.00 | - | 2,73,46,400 | 2,73,46,400 | 100.00 | - |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub - total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total shareholding of promoter (A) = (A) (1) + (A) (2) | - | 2,73,46,400 | 2,73,46,400 | 100.00 | - | 2,73,46,400 | 2,73,46,400 | 100.00 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public shareholding (B) =(B) (1) + (B) (2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | - | 2,73,46,400 | 2,73,46,400 | 100.00 | - | 2,73,46,400 | 2,73,46,400 | 100.00 | - |

* 1 Individual holding one share as nominee of Star Cement Limited, Holding Company

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year [As on 01-April-2016] | | | Shareholding at the end of the year [As on 31-March-2017] | | | % change in shareholding during the year |
|---------|----------------------|--|----------------------------------|---|--|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Star Cement Limited* | 2,73,46,400 | 100.00 | - | 2,73,46,400 | 100.00 | - | - |
| | Total | 2,73,46,400 | 100.00 | - | 2,73,46,400 | 100.00 | - | - |

* Star Cement Limited holds 100% share along with the nominee Mr. Edmund Carmel Suja

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

There are no changes in Promoters' shareholding during the Financial Year 2016-17.

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------|------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| | At the beginning of the year | | | Not applicable | | | |
| | Changes during the year | | | | | | |
| | At the end of the year | | | | | | |

(v) Shareholding of Directors and Key Managerial Personnel

| Sl. No. | Shareholding of each Directors and each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|------------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1. | Mr. Pankaj Kejriwal (Managing Director) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | - | | - | |
| | Changes during the year | | | | | | |
| | At the end of the year | 31.03.2017 | | - | | - | |
| 2. | Mr. Hari Prasad Agarwal (Non-Executive Director) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | - | | - | |
| | Changes during the year | | | | | | |
| | At the end of the year | 31.03.2017 | | - | | - | |
| 3. | Mr. Rajesh Kumar Agarwal (Non-Executive Director) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | - | | - | |
| | Changes during the year | | | | | | |
| | At the end of the year | 31.03.2017 | | - | | - | |
| 4. | Mr. Mangilal Jain (Independent Director) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | - | | - | |
| | Changes during the year | | | | | | |
| | At the end of the year | 31.03.2017 | | - | | - | |
| 5. | Mr. Santanu Ray (Independent Director) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | - | | - | |
| | Changes during the year | | | | | | |
| | At the end of the year | 31.03.2017 | | - | | - | |

| Sl. No. | Shareholding of each Directors and each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|------------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 6. | Mr. Edmund Carmel Suja* (Non-Executive Director) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | 1 | 0.00 | - | |
| | Changes during the year | | | No change during the year | | | |
| | At the end of the year | 31.03.2017 | | 1 | 0.00 | 1 | 0.00 |
| 7. | Mr. Vivek Lahoti (Chief Financial Officer) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | - | | - | |
| | Changes during the year | | | | | | |
| | At the end of the year | 31.03.2017 | | - | | - | |
| 8. | Mr. Mohit Mahana (Company Secretary) | | | | | | |
| | At the beginning of the year | 01.04.2016 | | - | | - | |
| | Changes during the year | | | | | | |
| | At the end of the year | 31.03.2017 | | - | | - | |

*Mr. Edmund Carmel Suja holding one share as nominee of Star Cement Limited, Holding Company

V. Indebtedness

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

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits** | Total Indebtedness |
|--|----------------------------------|-----------------|------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 1,196.77 | - | - | 1,196.77 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 1,196.77 | - | - | 1,196.77 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | - | - | - |
| * Reduction | 1,196.77 | - | - | 1,196.77 |
| Net Change | (1,196.77) | - | - | (1,196.77) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

**Trade Deposits have not been included

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amt. ₹/ Lacs)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---------|---|---|-------------------|--------------|
| | | Mr. Pankaj Kejriwal | Managing Director | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 42.00 | | 42.00 |
| | (b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | - | | - |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | | - |
| 2 | Stock Option | - | | - |
| 3 | Sweat Equity | - | | - |
| 4 | Commission | | | |
| | - as % of profit | - | | - |
| | - others, specify | - | | - |
| 5 | Others, please specify | - | | - |
| | Total (A) | 42.00 | | 42.00 |
| | Ceiling as per the Act | 5% of the Net profit as calculated under Section 198 of the Companies Act, 2013 | | |

B. Remuneration to other Directors

(Amt. ₹/ Lacs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|--|--|-------------------|------------------------|--------------|
| | | Mr. Santanu Ray | Mr. Mangilal Jain | Mr. Edmund Carmel Suja | |
| 1 | Independent Directors | | | | |
| | Fee for attending Board /Committee meetings | 0.53 | 0.45 | - | 0.98 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | 0.53 | 0.45 | - | 0.98 |
| 2 | Other Non-Executive Directors | | | | |
| | Fee for attending Board /Committee meetings | - | - | 0.05 | 0.05 |
| | Commission | - | - | - | - |
| | Others, (remuneration paid for availing professional services) | - | - | 2.40 | 2.40 |
| | Total (2) | - | - | 2.45 | 2.45 |
| | Total (B)=(1+2) | 0.53 | 0.45 | 2.45 | 3.43 |
| | Total Managerial Remuneration | | | | 45.43 |
| | Overall ceiling as per the Act | 11% of Net profit as calculated under Section 198 of the Companies Act, 2013 | | | |

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

(Amt. ₹/Lacs)

| Sl. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | Total Amount |
|---------|---|----------------------------------|------------------|--------------|
| | | Mr. Vivek Lahoti | Mr. Mohit Mahana | |
| | Designation | CFO | CS | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 31.49 | 5.82 | 37.31 |
| | (b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 31.49 | 5.82 | 37.31 |

VII. Penalties / Punishment/ Compounding of Offences:

There were no penalties/Punishments/Compounding of offences for breach of any provisions of the Companies Act, 2013 against the Company or its Directors or other Officer in default during the year.

Annexure – 2

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

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

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

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013. Your Company's CSR strategy ensures compliance with ethical standards in business practices; minimising environmental impacts and waste; addresses the challenges of improved access to education, health, sports, drinking water, sanitation and livelihood opportunities; and helping underprivileged communities to become resilient and self-reliant

2. The composition of the CSR Committee

- Mr. Hari Prasad Agarwal - Chairman
- Mr. Rajesh Kumar Agarwal - Non-Executive Director
- Mr. Santanu Ray - Independent Director

3. Average Net Profit of the Company for last 3 financial years: ₹930.56 Lacs

4. Prescribed CSR expenditure (2% of amount): ₹18.61 Lacs

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

a) Total amount to be spent for the financial year: ₹18.61 Lacs

b) Amount un-spent, if any: Nil

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

(₹ in Lacs)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------|--|---|---|---|---|--|--|
| Sl. No. | CSR project or activity identified | Sector in which the Project is covered | Projects/Programs 1.Local area or other 2.Specify the state and district where project or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs, 2. Overheads: | Cumulative expenditure upto the reporting period | Amount spent: Direct/ through implementing agency* |
| 1. | Running and maintenance of homes and hostels for orphans and economically backward group | Promoting gender equality, setting up homes and hostels for women and orphans | Assam | 3.00 | 3.00 | 3.00 | Through the registered trust |
| 2. | Animal Welfare and Care | Protection of Animal | In various parts of West Bengal and Jharkhand | 15.00 | 15.00 | 15.00 | Through the registered trust |
| 3. | Financial support to armed forces veterans and war widows | Sainik Welfare | Assam | 0.10 | 0.10 | 0.10 | Through the registered trust |
| 4. | Protecting Biodiversity | Bee keeping | Assam | 0.90 | 0.90 | 0.90 | Through the registered trust |
| | Total | | | 19.00 | 19.00 | 19.00 | |

*Details of implementing Agency/ Trust: Star Cement Charitable Trust

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

Place: Kolkata
Date: 29th May 2017

Hari Prasad Agarwal
Chairman – CSR Committee
(DIN: 00266005)

Rajesh Kumar Agarwal
Director
(DIN: 00223718)

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

| Sl. No. | Name of the Employees | Designation | Remuneration Received (₹ in Lacs) | Nature of Employment | Qualification | Experience (Years) | Date of commencement of employment | Age (Years) | Last Employment | % of Equity Share held in the Company | Relation with Director, if any |
|---------|----------------------------|--|-----------------------------------|----------------------|---------------------------|--------------------|------------------------------------|-------------|-------------------------------------|---------------------------------------|--------------------------------|
| 1 | Mr. Pradeep Purohit | Vice President - SCM | 54.30 | Permanent | B.Com; GDMM | 30 | 15.11.2004 | 51 | Tet Limited | NIL | None |
| 2 | Mr. Vivek Lahoti | Assistant General Manager - Finance & Accounts | 31.49 | Permanent | CA | 20 | 01.10.2008 | 43 | Ambuja Cement Limited | NIL | None |
| 3 | Mr. Jay Prakash Lath | Senior Manager - Purchase | 13.15 | Permanent | B. Com, GDMM | 37 | 10.08.2007 | 57 | Mangalam Timber Products Limited | NIL | None |
| 4 | Mr. Sanjay Kumar Chourasia | Manager - Quality Control | 11.98 | Permanent | B. Sc | 19 | 06.09.2010 | 41 | Adhunik Cement Ltd | NIL | None |
| 5 | Mr. Debanjan Chakraborty | Senior Manager- Sales | 11.47 | Permanent | B. Com | 19 | 03.07.2015 | 44 | Jain Udyog | NIL | None |
| 6 | Mr. Sajjan Kumar Sharma | Manager - Logistics | 8.92 | Permanent | B. Com | 13 | 12.10.2010 | 34 | Reach Cargo Movers Pvt Ltd | NIL | None |
| 7 | Mr. Manoj Purohit | Assistant Manager - Logistic | 8.84 | Permanent | B.Com, Diploma in IIMM | 10 | 16.11.2007 | 49 | Self employed | NIL | None |
| 8 | Mr. Souren Ghosh | Senior Executive - Finance & Accounts | 8.53 | Permanent | B. Com | 17 | 23.02.2007 | 39 | Japha Comfeed India Private limited | NIL | None |
| 9 | Mr. Debanik Sarkar | Senior System Officer - IT | 7.58 | Permanent | BA, Diploma in Networking | 12 | 20.06.2006 | 36 | Xenities Infotech Private Limited | NIL | None |
| 10 | Mr. Shaikh Nazrul Islam | Assistant Manager - Branding | 7.20 | Permanent | B. Com | 16 | 10.09.2014 | 40 | DDB Marketing Services Pvt. Ltd | NIL | None |

Financial Statements

Independent Auditors' Report

To the Members of
MEGHA TECHNICAL & ENGINEERS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Megha Technical & Engineers Private Limited ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
- As required by Section 143 (3) of the Act, we report that:
 - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - on the basis of the written representations received from

the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of its pending litigations on its financial position in its financial statements – Refer Note 2.27 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company Refer to Note 2.39 to the AS financial statement.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 29th May, 2017

Annexure – A to the Auditors' Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The fixed assets of the company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were observed.
- (iii) The Company has granted loans to two bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
- (b) In the case of the loans granted to the bodies corporate listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.
- (c) There are no overdue amounts in respect of the loan granted to the bodies corporate listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) On the basis of our examination of books and records of the Company, in our opinion and according to the information

and explanations given to us, the Company has not accepted deposits during the year and therefore the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.

- (vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable except as detailed below.

| Nature of Due | Amount (₹ lacs) |
|---------------|-----------------|
| Cement Cess | 7.27 |

- (b) According to the information and explanations given to us, there are no material dues of duty of customs, income tax, sales tax, service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of duty of excise and service tax have not been deposited by the Company on account of disputes:

| Name of the statute | Nature of dues | Amount (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|--|----------------|-----------------------|---------------------------------------|-----------------------------------|
| The Central Excise Act,1944 and Cenvat Credit Rules, 2004 | Excise Duty | 51.31 | 2008-09 & 2009-10 | CESTAT |
| The Central Excise Act,1944 | Excise Duty | 182.83 | July'09 to March'14 | CESTAT |

- (viii) Based on our audit procedures and as per the information & explanation given by the management, the Company has not defaulted in repayment of dues to financial Institution or Banks. The Company has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details

of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 29th May, 2017

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Megha Technical & Engineers Private Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India

('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on

Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 29th May, 2017

BALANCE SHEET as at 31st March, 2017

(₹ in Lacs)

| | Note | 31.03.2017 | 31.03.2016 |
|--|-------|------------------|------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2.1 | 2,734.64 | 2,734.64 |
| Reserves and Surplus | 2.2 | 21,550.01 | 21,622.11 |
| | | 24,284.65 | 24,356.75 |
| Non-current liabilities | | | |
| Long Term Borrowings | 2.3 | - | - |
| Other Long Term Liabilities | 2.4 | 931.40 | 1,579.24 |
| Long Term Provisions | 2.5 | 52.41 | 44.02 |
| | | 983.81 | 1,623.26 |
| Current liabilities | | | |
| Short Term Borrowings | 2.6 | - | 1,196.63 |
| Trade Payables | | 814.80 | 884.44 |
| Other Current Liabilities | 2.7 | 785.84 | 1,205.32 |
| Short Term Provisions | 2.8 | 10.99 | 5.05 |
| | | 1,611.62 | 3,291.44 |
| Total | | 26,880.08 | 29,271.45 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| -Tangible Assets | 2.9 | 2,297.91 | 2,450.78 |
| -Intangible Assets | 2.9 | 0.08 | 0.22 |
| -Capital Work in Progress | | 107.05 | 86.71 |
| | | 2,405.03 | 2,537.72 |
| Non Current Investments | 2.10 | 2,983.33 | 2,983.33 |
| Long Term Loans and Advances | 2.11 | 19,081.85 | 18,810.32 |
| Other Non Current Assets | 2.12 | 25.75 | 1.82 |
| | | 24,495.96 | 24,333.18 |
| Current Assets | | | |
| Inventories | 2.13 | 656.85 | 1,301.77 |
| Trade Receivables | 2.14 | 1,123.32 | 1,888.18 |
| Cash and Cash Equivalents | 2.15 | 272.88 | 528.21 |
| Short Term Loans and Advances | 2.16 | 331.08 | 1,220.11 |
| | | 2,384.12 | 4,938.27 |
| Total | | 26,880.08 | 29,271.45 |
| 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

CA. Arun Kumar Sharma

Partner

Membership No: 057329

Place: Kolkata

Date: 29th May, 2017

Vivek Lahoti

Chief Financial Officer

Mohit Mahana

Company Secretary

For & on behalf of the Board of Directors

Hari Prasad Agarwal

Director

DIN: 00266005

Pankaj Kejriwal

Managing Director

DIN: 00383635

| STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2017 | | (₹ in Lacs) | |
|---|-------|------------------|------------------|
| | Note | 2016-17 | 2015-16 |
| INCOME | | | |
| Revenue from Operations (Gross) | 2.17 | 18,003.75 | 14,800.01 |
| Less/(Add): Excise Duty | | 1,402.59 | 981.29 |
| Revenue from Operations (Net) | | 16,601.16 | 13,818.72 |
| Other Income | 2.18 | 1,396.49 | 1,452.63 |
| Total Revenue | | 17,997.65 | 15,271.35 |
| EXPENSES | | | |
| Cost of materials consumed | 2.19 | 7,601.93 | 5,340.53 |
| (Increase)/ Decrease in Inventories | 2.20 | 717.08 | (759.01) |
| Employee Benefit Expenses | 2.21 | 1,671.29 | 1,794.22 |
| Finance Costs | 2.22 | 106.36 | 135.68 |
| Depreciation and Amortization Expenses | | 346.58 | 405.23 |
| Other Expenses | 2.23 | 7,101.14 | 7,619.38 |
| Total Expenses | | 17,544.38 | 14,536.04 |
| Profit before exceptional and extraordinary items and tax | | 453.26 | 735.32 |
| Exceptional items | | 1.89 | 0.09 |
| Profit before tax | | 455.15 | 735.41 |
| Tax Expenses | | | |
| -Current Tax | | 168.33 | 258.34 |
| -Income tax for earlier years | | 358.93 | (7.64) |
| Profit for the year | | (72.11) | 484.71 |
| Earnings Per Equity Share (Face Value of ₹10/- each) | | | |
| Basic Earning Per Share | | (0.26) | 1.77 |
| Diluted Earning Per Share | | (0.26) | 1.77 |
| 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

Vivek Lahoti
Chief Financial Officer

For & on behalf of the Board of Directors

Hari Prasad Agarwal
Director
DIN: 00266005

CA. Arun Kumar Sharma
Partner
Membership No: 057329

Mohit Mahana
Company Secretary

Pankaj Kejriwal
Managing Director
DIN: 00383635

Place: Kolkata
Date: 29th May, 2017

CASH FLOW STATEMENT for the year ended 31st March, 2017

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|-------------------|-------------------|
| A Cash Flow from Operating Activities | | |
| Net Profit / (Loss) before Tax and Exceptional Items | 453.26 | 735.32 |
| Adjustments for : | | |
| Depreciation | 346.58 | 405.23 |
| Interest Income | (1,389.40) | (1,416.92) |
| Income Tax for earlier year | (358.93) | 7.64 |
| Interest Expenses | 106.36 | 135.68 |
| Provision for Bad & Doubtful Debts | - | (5.86) |
| Operating Profit before Working Capital changes | (842.12) | (138.90) |
| Adjustments for : | | |
| Trade receivables | 764.86 | 424.02 |
| Inventories | 644.92 | (743.47) |
| Other Receivables | 449.18 | (2,023.06) |
| Trade & Other Payables | (1,122.49) | 138.52 |
| Cash Generated from Operations | (105.66) | (2,342.89) |
| Direct Taxes- Refund / (Paid) - Net | - | (115.31) |
| Net Cash flow from Operating Activities | (105.66) | (2,458.20) |
| B Cash flow from Investing Activities | | |
| (Purchase) / sale of Fixed Assets (including WIP) - Net | (203.07) | (26.61) |
| Sale of Fixed Assets | (8.94) | (10.02) |
| Interest Received | 1,389.40 | 1,416.92 |
| Fixed Deposit / Margin Money given/refund | (23.93) | 34.36 |
| Net Cash used in Investing Activities | 1,153.46 | 1,414.64 |
| C Cash Flow from Financing Activities | | |
| Interest paid | (106.36) | (135.68) |
| Proceeds from / (Repayment of) Long Term Borrowings | (0.14) | (1.83) |
| Proceeds from / (Repayment of) working capital Borrowings | (1,196.63) | 1,124.95 |
| Net Cash used in Financing Activities | (1,303.13) | 987.44 |
| Net Increase/(decrease) in cash and cash equivalents (A+B+C) | (255.33) | (56.12) |
| Cash and Cash Equivalents | | |
| Opening Balance | 528.21 | 584.32 |
| Closing Balance | 272.88 | 528.21 |

As per our report of even date

For Kailash B. Goel & Co.

Firm Registration No. 322460E

Chartered Accountants

CA. Arun Kumar Sharma

Partner

Membership No: 057329

Place: Kolkata

Date: 29th May, 2017

Vivek Lahoti
Chief Financial Officer**Mohit Mahana**
Company Secretary

For & on behalf of the Board of Directors

Hari Prasad Agarwal
Director
DIN: 00266005**Pankaj Kejriwal**
Managing Director
DIN: 00383635

Notes to Financial Statements

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

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. The Company is selling its product across north eastern and eastern states of India.

1. Significant Accounting Policies

1.1 Basis of Preparation

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

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

1.2 Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require 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 cervat 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 is provided on Written Down Value (WDV) method for cement division and on Straight Line Method (SLM) for power division in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C', thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV/SLM method so as to depreciate the initial cost down to the residual value over the estimated useful lives. Useful lives, components and residual amounts are reviewed annually. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.6 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.

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.

Notes to Financial Statements (contd.)

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.

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.

Notes to Financial Statements (contd.)

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 (contd.)

| Note 2.1 Share Capital | | (₹ in Lacs) |
|--|-------------------|-------------------|
| Particulars | 31.03.2017 | 31.03.2016 |
| Authorised Capital | | |
| 3,50,00,000 (3,50,00,000 as at 31.03.16) 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 31.03.16) Equity Shares for ₹10/- each fully paid up in cash. The shares are held by the Holding Company, M/s Star Cement Limited (Formerly 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 31.03.2017

| | 31.03.2017 | 31.03.2016 |
|------------------------------------|----------------------|----------------------|
| | No. of Shares | No. of Shares |
| Equity Shares | | |
| At the beginning of the year | 2,73,46,400 | 2,73,46,400 |
| Issued during the year | - | - |
| Outstanding at the end of the year | 2,73,46,400 | 2,73,46,400 |

c) Shares held by Holding Company

| | 31.03.2017 | 31.03.2016 |
|---|----------------------|----------------------|
| | No. of Shares | No. of Shares |
| Star Cement Limited (Formerly Cement Manufacturing Company Limited) | 2,73,46,400 | 2,73,46,400 |
| | 2,73,46,400 | 2,73,46,400 |

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

| | 31.03.2017 | 31.03.2016 |
|---|----------------------|----------------------|
| | No. of Shares | No. of Shares |
| | % of holding | % of holding |
| Star Cement Limited (Formerly Cement Manufacturing Company Limited) | 2,73,46,400 | 2,73,46,400 |
| | (100%) | (100%) |

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

Notes to Financial Statements (contd.)

| Note 2.2 Reserves & Surplus | | (₹ in Lacs) |
|--|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| 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 | 20,610.64 | 20,125.93 |
| Add: Profit/(Loss) for the year | (72.11) | 484.71 |
| Net Surplus in the Statement of Profit and Loss | 20,538.53 | 20,610.64 |
| Total | 21,550.01 | 21,622.11 |

| Note 2.3 Long Term Borrowings | | (₹ in Lacs) |
|---|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Other Loans & Finance | | |
| Hire Purchase finance from a Body Corporate | - | 0.14 |
| Less: Current Maturities of Long Term Borrowing | - | 0.14 |
| Total | - | - |

| Note 2.4 Other Long Term Liabilities | | (₹ in Lacs) |
|---|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Others | | |
| -Security Deposit | 920.21 | 1,565.32 |
| -Retention Money | 11.19 | 13.92 |
| Total | 931.40 | 1,579.24 |

| Note 2.5 Long Term Provisions | | (₹ in Lacs) |
|---|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Provisions for Employee Benefits | | |
| - Leave Encashment | 32.83 | 33.00 |
| - Gratuity | 19.58 | 11.02 |
| Total | 52.41 | 44.02 |

| Note 2.6 Short Term Borrowings | | (₹ in Lacs) |
|---|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Working Capital facilities from a Bank | | |
| - Cash Credit (Secured) | - | 1,196.63 |
| Total | - | 1,196.63 |

Notes to Financial Statements (contd.)

| Note 2.7 Other Current Liabilities | | (₹ in Lacs) |
|--|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Current Maturities of long term borrowings | - | 0.14 |
| Other Payables | | |
| -Statutory Liabilities (including excise duty on finished goods ₹2.36 Lacs, ₹1.97 Lacs as at 31.03.16) | 195.30 | 286.84 |
| -Advances from customers | 152.18 | 30.87 |
| -Creditors - Micro, Small & Medium Enterprises (Refer note no. 2.25) | - | - |
| -Salary and Bonus to employees | 47.65 | 27.75 |
| -Other Liabilities | 390.71 | 859.71 |
| Total | 785.84 | 1,205.32 |

| Note 2.8 Short Term Provisions | | (₹ in Lacs) |
|---|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Provisions for Employee Benefits | | |
| -Leave Encashment | 4.07 | 2.41 |
| -Gratuity | 6.92 | 2.64 |
| Total | 10.99 | 5.05 |

Notes to Financial Statements (contd.)

Note 2.9 Fixed Assets

(₹ in Lacs)

| | Gross Block | | Depreciation | | Net Block | | |
|--|---------------------|---------------------------------------|---------------------|---------------------|--|---------------------|---------------------|
| | As at 01.04.2016 | Additions Deduction/ Adjustment | As at 31.03.2017 | As at 01.04.2016 | For the year Deduction / Adjustment | As at 31.03.2017 | As at 31.03.2016 |
| A) Tangible Assets | | | | | | | |
| i) Power Division at Lumshnong, Meghalaya | | | | | | | |
| Plant, Machinery & Equipment | 629.49 | - | 629.49 | 373.24 | 53.92 | 427.16 | 256.24 |
| Tools & Tackles | 3.53 | - | 3.53 | 3.35 | - | 3.35 | 0.18 |
| Office Equipments | 0.73 | - | 0.73 | 0.69 | - | 0.69 | 0.04 |
| Computers | 1.57 | - | 1.57 | 1.55 | - | 1.55 | 0.02 |
| Total of Power Division (i) | 635.31 | - | 635.31 | 378.84 | 53.92 | 432.76 | 256.47 |
| ii) Cement Division at Lumshnong, Meghalaya | | | | | | | |
| Land | 221.04 | 163.46 | 384.50 | - | - | - | 221.04 |
| Factory Building | 1,704.59 | 1.76 | 1,706.35 | 991.73 | 68.99 | 1,060.71 | 712.86 |
| Non Factory Building | 1,364.53 | - | 1,364.53 | 616.16 | 36.01 | 652.17 | 748.37 |
| Plant, Machinery & Equipment | 3,115.64 | 28.54 | 3,144.18 | 2,674.52 | 167.94 | 2,842.46 | 441.13 |
| Tools & Tackles | 51.07 | - | 51.07 | 45.74 | 1.69 | 47.43 | 5.33 |
| Heavy Vehicles | 28.80 | - | 28.80 | 27.36 | - | 27.36 | 1.44 |
| Light Vehicles | 143.62 | 4.45 | 134.59 | 98.64 | 11.73 | 103.89 | 44.98 |
| Computers | 94.44 | 0.66 | 93.37 | 88.45 | 1.88 | 88.64 | 5.99 |
| Furniture & Fixture | 59.41 | - | 59.41 | 49.22 | 3.21 | 52.43 | 10.19 |
| Office Equipment | 40.71 | 1.75 | 41.53 | 37.73 | 1.08 | 37.89 | 2.98 |
| Total | 6,823.84 | 200.62 | 7,008.32 | 4,629.54 | 292.52 | 4,912.96 | 2,194.31 |
| B) Intangible Assets | | | | | | | |
| Computer Software | 16.05 | - | 16.05 | 15.83 | 0.14 | 15.98 | 0.22 |
| Total of (B) | 16.05 | - | 16.05 | 15.83 | 0.14 | 15.98 | 0.22 |
| Total of Cement Division (ii) | 6,839.89 | 200.62 | 7,024.37 | 4,645.37 | 292.66 | 4,928.94 | 2,194.53 |
| Total Tangible Assets (A) | 7,459.16 | 200.62 | 7,643.64 | 5,008.37 | 346.44 | 5,345.73 | 2,450.78 |
| Total Intangible Assets (B) | 16.05 | - | 16.05 | 15.83 | 0.14 | 15.98 | 0.22 |
| Gross Total | 7,475.21 | 200.62 | 7,659.69 | 5,024.21 | 346.58 | 5,361.70 | 2,451.00 |
| Previous Year Figures | 7,481.74 | 46.53 | 7,475.21 | 4,662.18 | 405.23 | 5,024.21 | 2,819.56 |

Note: During the year your Company has discarded fixed assets amounting to ₹0.93 lacs (Previous Year ₹6.55 lacs) and sold fixed assets amounting to ₹15.21 lacs (Previous Year ₹36.51 lacs)

Notes to Financial Statements (contd.)

| 2.10 Non Current Investments | | (₹ in Lacs) |
|--|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| 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 31.03.16) of ₹10/- each fully paid up | | |
| Total | 2,983.33 | 2,983.33 |

| 2.11 Long Term Loans and Advances | | (₹ in Lacs) |
|--|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Capital Advances | | |
| -Unsecured considered Good | 65.23 | 94.41 |
| Security Deposits | | |
| -Unsecured, Considered Good | 362.30 | 411.41 |
| Loans and advances to Related Parties | | |
| -Loans (unsecured) | 14,500.00 | 13,808.00 |
| Others | | |
| -Balances with/Receivable from Statutory/Government Authorities | 945.61 | 815.22 |
| -Advance Income Tax (Net of Provision for Taxation) including MAT Credit Entitlement | 3,208.71 | 3,681.29 |
| | 4,154.33 | 4,496.50 |
| Total | 19,081.85 | 18,810.32 |

| 2.12 Other Non-Current Assets | | (₹ in Lacs) |
|---|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| -Held as Deposits with Original Maturity of more than 12 months | 25.75 | 1.82 |
| Total | 25.75 | 1.82 |

| 2.13 Inventories | | (₹ in Lacs) |
|--|-------------------|-------------------|
| | 31.03.2017 | 31.03.2016 |
| Raw Materials | 133.89 | 78.88 |
| Finished Goods (Including in transit ₹27.53 Lacs, ₹232.06 Lacs as on 31.03.16) | 251.27 | 968.35 |
| Fuels, Packing materials, etc. | 146.55 | 136.69 |
| Stores Et Spares parts | 125.14 | 117.85 |
| Total | 656.85 | 1,301.77 |

Notes to Financial Statements (contd.)

| 2.14 Trade Receivables | | (₹ in Lacs) | |
|---|-------------------|-------------------|--|
| | 31.03.2017 | 31.03.2016 | |
| Secured Considered Good | | | |
| Over Six Months | 23.52 | 23.52 | |
| Other Debts | 469.70 | 446.67 | |
| | 493.22 | 470.19 | |
| Unsecured | | | |
| Over Six Months | | | |
| I Considered Good | 64.28 | 66.21 | |
| Considered Doubtful | 78.38 | 78.38 | |
| Less: Provision for Bad & Doubtful Debts | (78.38) | (78.38) | |
| | 64.28 | 66.21 | |
| II Claims due from Central Government - Considered Good | 138.83 | 210.76 | |
| Other Debts | | | |
| I Considered Good | 426.99 | 1,141.03 | |
| | 565.82 | 1,351.78 | |
| Total | 1,123.32 | 1,888.18 | |

| 2.15 Cash & Cash Equivalents | | (₹ in Lacs) | |
|---|-------------------|-------------------|--|
| | 31.03.2017 | 31.03.2016 | |
| Cash on Hand | 10.12 | 6.80 | |
| Cheques in Hand | 73.03 | 365.44 | |
| Balances with Banks | | | |
| - Current Accounts | 189.73 | 155.97 | |
| Total | 272.88 | 528.21 | |

| 2.16 Short Term Loans and Advances | | (₹ in Lacs) | |
|---|-------------------|-------------------|--|
| | 31.03.2017 | 31.03.2016 | |
| Loans and Advances to Related Parties | | | |
| Advances recoverable (Unsecured considered Good) | - | 53.70 | |
| | - | 53.70 | |
| Others | | | |
| Unsecured considered Good | | | |
| -Advances to Suppliers | 1.47 | 18.34 | |
| -Advances for Services and Expenses | 13.51 | 124.71 | |
| -Prepaid Expenses | 12.67 | 8.22 | |
| -Subsidies/Incentives Receivable from Central/State Government | 160.74 | 305.97 | |
| -Balances with/Receivable from Statutory/Government Authorities | 138.28 | 700.21 | |
| -Loan and advances to employees | 10.34 | 8.33 | |
| Less : Provision for doubtful advance | (5.93) | (0.25) | |
| | 331.08 | 1,165.53 | |
| Unsecured considered doubtful | | | |
| -Loan and advances to employees | 1.09 | 6.79 | |
| Less : Provision for doubtful advance | (1.09) | (5.91) | |
| | - | 0.88 | |
| Total | 331.08 | 1,220.11 | |

Notes to Financial Statements (contd.)

| 2.17 Revenue from Operations | | (₹ in Lacs) |
|--|------------------|------------------|
| | 2016-17 | 2015-16 |
| Sale of Products | 17,946.49 | 14,756.42 |
| Other Operating Income | | |
| -Shortage Recovery of Cement | 57.25 | 43.59 |
| Revenue from Operations (Gross) | 18,003.75 | 14,800.01 |
| Details of Products Sold | | |
| Cement | 17,946.49 | 14,756.42 |
| Total | 17,946.49 | 14,756.42 |

| 2.18 Other Income | | (₹ in Lacs) |
|-----------------------------|-----------------|-----------------|
| | 2016-17 | 2015-16 |
| Interest Income on | | |
| -Bank deposits | - | 0.47 |
| -Loans | 1,389.40 | 1,416.44 |
| Miscellaneous Income | 7.09 | 35.72 |
| Total | 1,396.49 | 1,452.63 |

| 2.19 Cost of Materials Consumed | | (₹ in Lacs) |
|---|-----------------|-----------------|
| | 2016-17 | 2015-16 |
| Inventory at the beginning of the year | 78.88 | 85.13 |
| Add : Purchases | 7,656.94 | 5,334.29 |
| | 7,735.82 | 5,419.42 |
| Less : Inventory at the end of the year | 133.89 | 78.88 |
| Cost of Materials Consumed | 7,601.93 | 5,340.53 |
| Details of Raw Material consumed | | |
| Clinker | 7,541.71 | 4,881.86 |
| Others | 60.22 | 458.67 |
| | 7,601.93 | 5,340.53 |

| 2.20 Increase / (Decrease) in Inventories | | (₹ in Lacs) |
|---|---------------|-----------------|
| | 2016-17 | 2015-16 |
| Finished Goods | | |
| Opening Stock | 968.35 | 209.34 |
| Closing Stock | 251.27 | 968.35 |
| (Increase) / Decrease | 717.08 | (759.01) |

Notes to Financial Statements (contd.)

| 2.21 Employee Benefit Expenses | | (₹ in Lacs) |
|--|-----------------|-----------------|
| | 2016-17 | 2015-16 |
| Salaries and Wages | 1,599.19 | 1,724.86 |
| Contribution to Provident Fund and other funds | 38.88 | 37.78 |
| Welfare Expenses | 33.23 | 31.58 |
| Total | 1,671.29 | 1,794.22 |

| 2.22 Finance Costs | | (₹ in Lacs) |
|---------------------------|----------------|----------------|
| | 2016-17 | 2015-16 |
| Interest Expense | | |
| -On Fixed Loan | 0.02 | 0.12 |
| -On Others | 100.32 | 129.56 |
| Other Finance Costs | 6.02 | 6.00 |
| Total | 106.36 | 135.68 |

| 2.23 Other Expenses | | (₹ in Lacs) |
|--|-----------------|-----------------|
| | 2016-17 | 2015-16 |
| Consumption of Stores & Spare Parts | 39.99 | 77.54 |
| Packing Materials | 528.00 | 455.72 |
| Power & Fuel | 967.04 | 710.78 |
| Repairs & Maintenance | | |
| - Building | 12.54 | 15.32 |
| - Plant & Machinery | 6.85 | 17.05 |
| - Others | 11.39 | 11.09 |
| Insurance | 19.72 | 19.04 |
| Rent, Rates & Taxes | 243.41 | 122.52 |
| Heavy Vehicle / Equipment Running Expenses | 22.98 | 20.83 |
| Excise duty variation on opening/closing stock | (61.77) | 74.60 |
| Research and Development Expenses | 5.70 | 3.19 |
| Charity & Donation | 62.04 | 1.72 |
| Corporate Social Responsibility | 19.00 | 41.14 |
| Travelling and Conveyance | 86.31 | 89.83 |
| Advertisement & Publicity | 53.29 | 396.91 |
| Sales Promotion Expenses | 342.25 | 737.16 |
| Outward Freight Charges | 3,713.23 | 3,287.53 |
| Commission, Discount & Incentives on Sale | 930.71 | 1,438.31 |
| Miscellaneous Expenses | 98.46 | 99.09 |
| Total | 7,101.14 | 7,619.38 |

Notes to Financial Statements (contd.)

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

2.25 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.

2.26 Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"

| | Names of the related parties where control exists | Nature of relationship |
|-----------|---|-------------------------------|
| A. | Star Cement Limited (Formerly Cement Manufacturing Company Limited) (SCL) | 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) | Key Management Personnel | |
| | Name of the Related Party | Nature of relationship |
| | Mr. Pankaj Kejriwal | Managing Director |
| | Mr. Vivek Lahoti | Chief Financial Officer |
| | Mr. Mohit Mahana | Company Secretary |

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 2017.

(₹ in Lacs)

| Sl. No. | Type of Transactions | Holding Company | | Fellow Subsidiaries | | Key Management Personnel | |
|---------|------------------------------|-----------------|-----------|---------------------|----------|--------------------------|---------|
| | | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| 1 | Sale Transactions | | | | | | |
| | SCML | - | - | - | 129.49 | - | - |
| | MPL | - | - | - | 45.32 | - | - |
| 2 | Sale of Capital Goods | | | | | | |
| | SCL | - | 0.41 | - | - | - | - |
| 3 | Purchase Transactions | | | | | | |
| | SCL | 20.21 | 875.82 | - | - | - | - |
| | SCML | - | - | 8,965.65 | 5,298.76 | - | - |
| | MPL | - | - | 970.18 | 1,139.12 | - | - |
| 4 | Services Received | | | | | | |
| | SCL | 6.57 | 4.85 | - | - | - | - |
| | SCML | - | - | 8.49 | - | - | - |
| 5 | Loans Given | | | | | | |
| | SCL | 200.00 | 11,500.00 | - | - | - | - |
| | MPL | - | - | 500.00 | - | - | - |
| | SCML | - | - | - | 600.00 | - | - |

Notes to Financial Statements (contd.)

(₹ in Lacs)

| Sl. No. | Type of Transactions | Holding Company | | Fellow Subsidiaries | | Key Management Personnel | |
|---------|---|-----------------|-----------|---------------------|----------|--------------------------|---------|
| | | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| 6 | Loans Received Back | | | | | | |
| | SCL | 1,150.00 | 7,000.00 | - | - | - | - |
| | SCML | - | - | - | 2,940.00 | - | - |
| 7 | Interest Received | | | | | | |
| | SCL | 1,308.05 | 1,103.49 | - | - | - | - |
| | MPL | - | - | 3.46 | - | - | - |
| | SCML | - | - | 62.05 | 312.60 | - | - |
| 8 | Remuneration Paid | | | | | | |
| | Mr. Pankaj Kejriwal | - | - | - | - | 42.00 | 42.00 |
| | Mr. Vivek Lahoti | - | - | - | - | 31.49 | 27.04 |
| | Mr. Mohit Mahana | - | - | - | - | 5.82 | 3.53 |
| | Mr. Divyang Jain | - | - | - | - | - | 0.36 |
| 9 | Balance Outstanding as at 31st March, 2017 | | | | | | |
| A | Advance to Suppliers | | | | | | |
| | SCML | - | - | - | 53.70 | - | - |
| B | Sundry Creditors | | | | | | |
| | MPL | - | - | 11.19 | - | - | - |
| | SCML | - | - | 256.95 | - | - | - |
| C | Loans Given | | | | | | |
| | SCL | 13,400.00 | 13,208.00 | - | - | - | - |
| | MPL | - | - | 500.00 | - | - | - |
| | SCML | - | - | 600.00 | 600.00 | - | - |
| D | Share Capital | | | | | | |
| | SCL | 2,734.64 | 2,734.64 | - | - | - | - |
| E | Investments | | | | | | |
| | SCML | - | - | 2,983.33 | 2,983.33 | - | - |
| F | Guarantee Obtained | | | | | | |
| | SCL | - | 1,800.00 | - | - | - | - |

2.27 Contingent Liabilities & Commitments

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|--|----------|----------|
| Claims against the company not acknowledged as debts- Excise / VAT / Income Tax matters | 234.14 | 240.40 |
| Solvent surety furnished to Excise Department against differential excise duty refund (Refer note no. 1 below) | 1,277.61 | 1,211.20 |

Notes :

- The 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 of excise duty against furnishing of solvent surety. Based on the said judgment of the Hon'ble High Court, the company has furnished solvent surety to the excise department against the refund of 50% of differential excise duty.
- Based on legal opinion / decisions in similar cases, the Management believes that the company has a fair chance of favourable decisions in cases mentioned here-in-above and hence no provision is considered necessary.

Notes to Financial Statements (contd.)

| 2.28 Payments to Auditors | | (₹ in Lacs) |
|----------------------------------|----------------|----------------|
| | 2016-17 | 2015-16 |
| As Auditor | | |
| -Audit Fees | 2.50 | 2.50 |
| -Tax Audit Fees | 1.00 | 1.00 |
| In Other Capacity | | |
| Certification and Other Services | 1.80 | 1.58 |
| Total | 5.30 | 5.08 |

| 2.29 Donations include contribution to Political Parties as follows | | (₹ in Lacs) |
|--|----------------|----------------|
| | 2016-17 | 2015-16 |
| Bharatiya Janata Party | 60.00 | - |

| 2.30 Earnings per Share | | (₹ in Lacs) |
|---|----------------|----------------|
| | 2016-17 | 2015-16 |
| Total Operations for the year | | |
| -Profit/(Loss) after tax | (72.11) | 484.71 |
| Equity Share Capital | 2,734.64 | 2,734.64 |
| Weighted average number of equity shares in calculating basic EPS | 2,73,46,400 | 2,73,46,400 |
| Weighted average number of equity shares in calculating diluted EPS | 2,73,46,400 | 2,73,46,400 |
| Basic Earnings Per Share (Face Value of ₹10/- each) (₹) | (0.26) | 1.77 |
| Diluted Earnings Per Share (Face Value of ₹10/- each) (₹) | (0.26) | 1.77 |

2.31 Employee Defined Benefits

- Defined Contribution Plans: The Company has recognized an expense of ₹38.88 Lacs (Previous year ₹37.78 Lacs towards the defined contribution plans).
- 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.
- 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.
- Defined Benefit Plans – As per Actuarial Valuation as at 31st March, 2017.

Notes to Financial Statements (contd.)

(₹ in Lacs)

| Particulars | 2016-17 | | 2015-16 | |
|---|----------|------------------|----------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| I. Expense recognized in the statement of Profit and Loss for the year ended 31st March, 2017 | | | | |
| 1. Current Service Cost | 9.27 | 14.33 | 8.62 | 11.57 |
| 2. Interest Cost | 3.94 | 2.71 | 3.37 | 2.53 |
| 3. Employee Contribution | - | - | - | - |
| 4. Expected Return on Plan Assets | (2.43) | - | (2.32) | - |
| 5. Actuarial (Gains)/Losses | 4.89 | 2.99 | 3.38 | 6.67 |
| 6. Actuarial (Gains)/Losses on plan Assets | - | - | - | - |
| 7. Total Expense | 15.67 | 20.03 | 13.04 | 20.77 |
| II. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2017 | | | | |
| 1. Present Value of Defined Benefit Obligation | 56.48 | 36.90 | 48.47 | 35.41 |
| 2. Fair Value of Plan Assets | 29.98 | - | 34.81 | - |
| 3. Funded Status [Surplus/(Deficit)] | (26.50) | (36.90) | (13.66) | (35.41) |
| 4. Net Asset/(Liability) as at 31st March, 2017 | (26.50) | (36.90) | (13.66) | (35.41) |
| III. Change in Obligation during the Year ended 31st March, 2017 | | | | |
| 1. Present value of Defined Benefit Obligation at the beginning of the year | 48.47 | 35.41 | 35.43 | 27.60 |
| 2. Current Service Cost | 9.27 | 14.33 | 8.62 | 11.57 |
| 3. Interest Cost | 3.94 | 2.71 | 3.37 | 2.53 |
| 4. Past Service Cost | - | - | - | - |
| 5. Employee Contribution | - | - | - | - |
| 6. Liabilities assumed on acquisition/(settled on divesture) | - | - | - | - |
| 7. Actuarial (Gains)/Losses | 4.51 | 2.99 | 2.89 | 6.67 |
| 8. Benefits Payments | (9.70) | (18.55) | (1.83) | (12.96) |
| 9. Present Value of Defined Benefit Obligation at the end of the year | 56.48 | 36.90 | 48.47 | 35.41 |
| IV. Change in assets during the Year ended 31st March, 2017 | | | | |
| 1. Plan Assets at the beginning of the year | 34.81 | - | 23.26 | - |
| 2. Assets acquired on amalgamation in previous year | - | - | - | - |
| 3. Expected return on plan assets | 2.43 | - | 2.32 | - |
| 4. Contributions by employer | 2.83 | 18.55 | 11.55 | 12.96 |
| 5. Actual Benefit Paid | (9.70) | (18.55) | (1.83) | (12.96) |
| 6. Actuarial Gains/(Losses) | (0.38) | - | (0.49) | - |
| 7. Plan Assets at the end of the year | 29.98 | - | 34.81 | - |
| V. The major categories of plan assets as a percentage of the fair value of total plan assets | 100% | - | 100% | - |
| - Funded with Insurer | | | | |
| VI. The Principal actuarial assumptions are as follows: | | | | |
| - Discount Rate | 7.50% | 7.50% | 8.00% | 8.00% |
| - Expected Return on Plan Assets | 7.50% | - | 8.00% | - |
| - Salary increase | 6.00% | 6.00% | 6.00% | 6.00% |
| - Withdrawal rates (Varying between per annum depending upon the duration and age of the employees) | 1%-8% | 1%-8% | 1%-8% | 1%-8% |

Notes to Financial Statements (contd.)

| 2.32 Expenditure incurred in foreign currency | | (₹ in Lacs) | |
|---|-------------|-------------|--|
| | 2016-17 | 2015-16 | |
| (i) Travelling Expenses | 0.70 | 0.12 | |
| Total | 0.70 | 0.12 | |

2.33 Value of imported and indigenous Stores and spare parts consumed and their percentage to total consumption

| | 2016-17 | | 2015-16 | |
|------------------------|----------------------|---------------|----------------------|---------------|
| | Value (₹ in Lacs) | % | Value (₹ in Lacs) | % |
| Stores and Spare parts | | | | |
| (i) Imported | - | - | 49.71 | 64.10 |
| (ii) Indigenous | 39.99 | 100.00 | 27.83 | 35.90 |
| Total | 39.99 | 100.00 | 77.54 | 100.00 |

2.34 As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting, education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural developments projects.

A CSR Committee has been formed by Company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

- Gross Amount required to be spent by the Company during the year is ₹18.61 Lacs (₹ 39.38 Lacs)
- Amount spent during the year on:

| | | (₹ in Lacs) | |
|---------|---|--------------|--------------|
| Sl. No. | Nature of Expenditure | 2016-17 | 2015-16 |
| (i) | Education | - | 11.00 |
| (ii) | Amount spent through Trust. (Areas covered - Disaster relief, healthcare, biodiversity, animal welfare, etc.) | 19.00 | 30.14 |
| | Total | 19.00 | 41.14 |

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

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

Notes to Financial Statements (contd.)

2.37 Segment Reporting

(₹ in Lacs)

| Sl. No | Particulars | 2016-17 | | | | 2015-16 | | | |
|--------|---|---------|-----------|-------------|-----------|---------|-----------|-------------|------------|
| | | Power | Cement | Unallocated | Total | Power | Cement | Unallocated | Total |
| 1 | External Revenue | - | 17,999.60 | - | 17,999.60 | - | 14,782.75 | - | 14,782.75 |
| | Inter Segment Adjustment | 4.14 | - | - | 4.14 | 17.26 | - | - | 17.26 |
| | Total Revenue | 4.14 | 17,999.60 | - | 18,003.75 | 17.26 | 14,782.75 | - | 14,800.01 |
| 2 | Results Profit/ (Loss) | (58.20) | (649.29) | - | (707.49) | (64.81) | 984.87 | - | 920.06 |
| 3 | Interest & Finance Charges (Net) | - | - | 1,290.13 | 1,290.13 | - | - | 1,316.95 | 1,316.95 |
| 4 | Other un-allocable expenses net of unallocable income | - | - | (129.38) | (129.38) | - | - | (1,501.70) | (1,501.70) |
| 5 | Total Profit before Tax before Exceptional Item | - | - | - | 453.26 | - | - | - | 735.32 |
| 6 | Exceptional Item | - | - | - | 1.89 | - | - | - | 0.09 |
| 7 | Total Profit before Tax | - | - | - | 455.15 | - | - | - | 735.41 |
| 8 | Other Information | | | | | | | | |
| | -Segment Assets | 254.31 | 23,642.44 | 2,983.33 | 26,880.08 | 312.52 | 25,975.61 | 2,983.33 | 29,271.45 |
| | -Segment Liabilities | - | 2,532.04 | 63.40 | 2,595.43 | - | 3,668.99 | 1,245.70 | 4,914.70 |
| | -Capital Expenditure | - | 204.81 | - | 204.81 | - | (6.48) | - | (6.48) |
| | -Depreciation | 53.92 | 292.66 | - | 346.58 | 54.72 | 350.50 | - | 405.23 |

Notes:

- (a) Business Segments: The business segments have been identified on the basis of the products/activities of the Company. Accordingly, the Company has identified following business segments:

Cement - Manufacturing of Cement

Power - Generation of Power

- (b) Geographical Segments: The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

2.38 The Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) would be applicable to the Company's holding company, i.e. Star Cement Limited from financial year commencing on and after 1st April, 2017 and therefore it would also be applicable to the Company from the financial year commencing on and after 1st April, 2017. Accordingly, the financial statements have been prepared in compliance with Companies (Accounting Standards) Rules, 2006.

Notes to Financial Statements (contd.)

2.39 Disclosure on Specified Bank Notes

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

| Particulars | (₹ in Lacs) | | |
|--|-------------|------|-------|
| | SBNs* | ODNs | Total |
| Closing Cash on Hand as on November 8, 2016 | 3.79 | 0.48 | 4.27 |
| Add : Permitted Receipts | - | 7.73 | 7.73 |
| Less : Permitted Payments | - | 4.67 | 4.67 |
| Less : Amount Deposited in Bank | 3.79 | - | 3.79 |
| Closing Cash on Hand as on December 30, 2016 | - | 3.54 | 3.54 |

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

2.40 Previous year's figures have been regrouped/rearranged/reclassified to confirm to current year's classification.

2.41 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

CA. Arun Kumar Sharma

Partner

Membership No: 057329

Place: Kolkata

Date: 29th May, 2017

Vivek Lahoti

Chief Financial Officer

Mohit Mahana

Company Secretary

For & on behalf of the Board of Directors

Hari Prasad Agarwal

Director

DIN: 00266005

Pankaj Kejriwal

Managing Director

DIN: 00383635



Megha Technical and Engineers Private Limited

Regd. Office:

Vill: Lumshnong, PO: Khaliehriat,

Dist.: East Jaintia Hills, Meghalaya - 793210

CIN: U27107ML2002PTC006976