BUILDING EAST INDIA

Cement Manufacturing Company Limited | Annual report, 2009-10

STAR CEMENT

DISCLAIMER

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 that we periodically make contain forward-looking statements that set out anticipated results based on the 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 of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and estimates taken as assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

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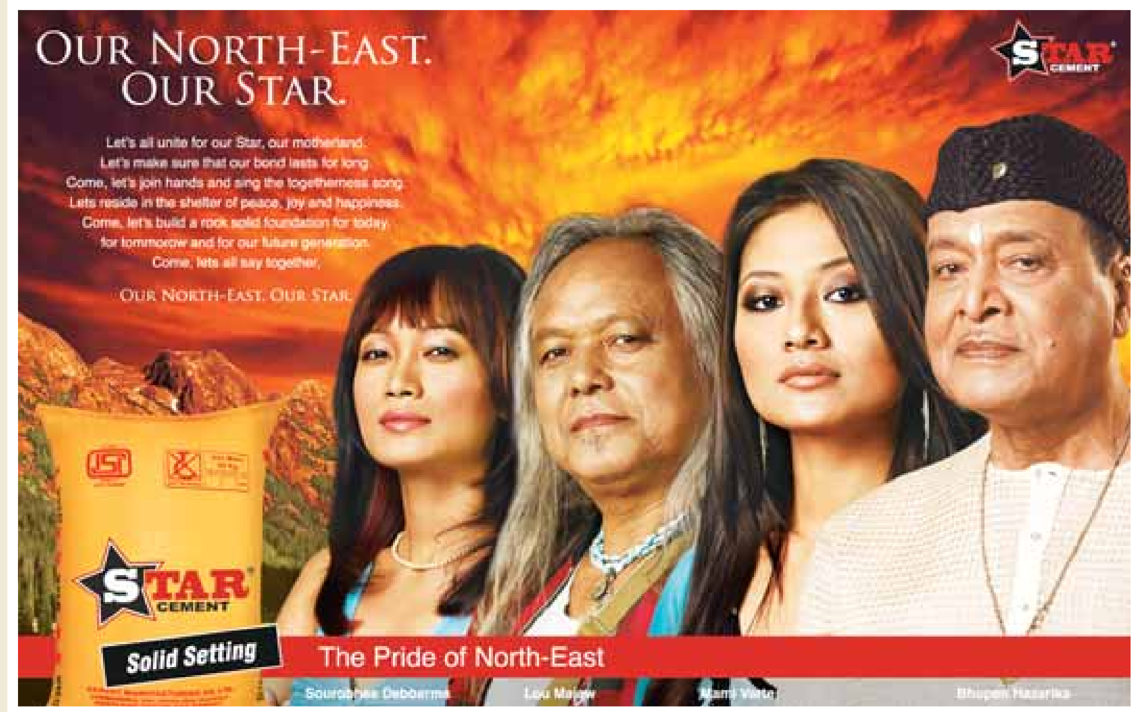


A TRISYS PRODUCT
info@trisyscom.com

FOR YEARS, WE HAVE BEEN THE MOST PROFITABLE CEMENT COMPANY IN NORTH EASTERN INDIA WITH A MARKET SHARE OF 19%.

WE NOW EXPECT TO EXTEND OUR SCOPE AND INFLUENCE TO EAST INDIA.

BY ENHANCING OUR PRODUCTION CAPACITY FROM ONE MILLION TPA TO FOUR MILLION TPA BY 2013.

COMPLEMENTING OUR HIGHEST MARGINS WITH THE LARGEST REGIONAL CAPACITY.

NORTHEAST INDIA IS INDIA'S TURNAROUND STORY.

AS NORTHEAST INDIA'S LARGEST CEMENT COMPANY, WE ARE MAKING THIS GROWTH HAPPEN – AND CAPITALISING ON IT.

THE RESULT WAS AN ATTRACTIVE 19% MARKET SHARE, A RS. 506-CR TOPLINE AND A 27.06% RETURN ON AVERAGE CAPITAL EMPLOYED IN 2009-10.

Background

- The Company was promoted by Mr. Sajjan Bhajanka, Mr. Brij Bhushan Agarwal, Mr. Sanjay Agarwal, Mr. Rajendra Chamaria, Mr. Prem Bhajanka and Mr. Sajan Kumar Bansal in 2002.
- The Company is a 70.48% subsidiary of Century Plyboards (India) Limited.

Products

- Ordinary Portland Cement (OPC 43-Grade, OPC 53-Grade, OPC 53 S-Grade) and Portland Pozzolana Cement

Capacity

- Possesses a 1-MTPA (with subsidiary) integrated cement plant in Lumshnong (Meghalaya), proximate to key raw material reserves (limestone, coal and shale)
- Recognised by the Meghalaya government for pioneering a cement plant in the backward area of Lumshnong

Quality

- Certified for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007

Brand

- Star Cement brand is recognised as one of the most prominent in Northeast India

Corporate vision

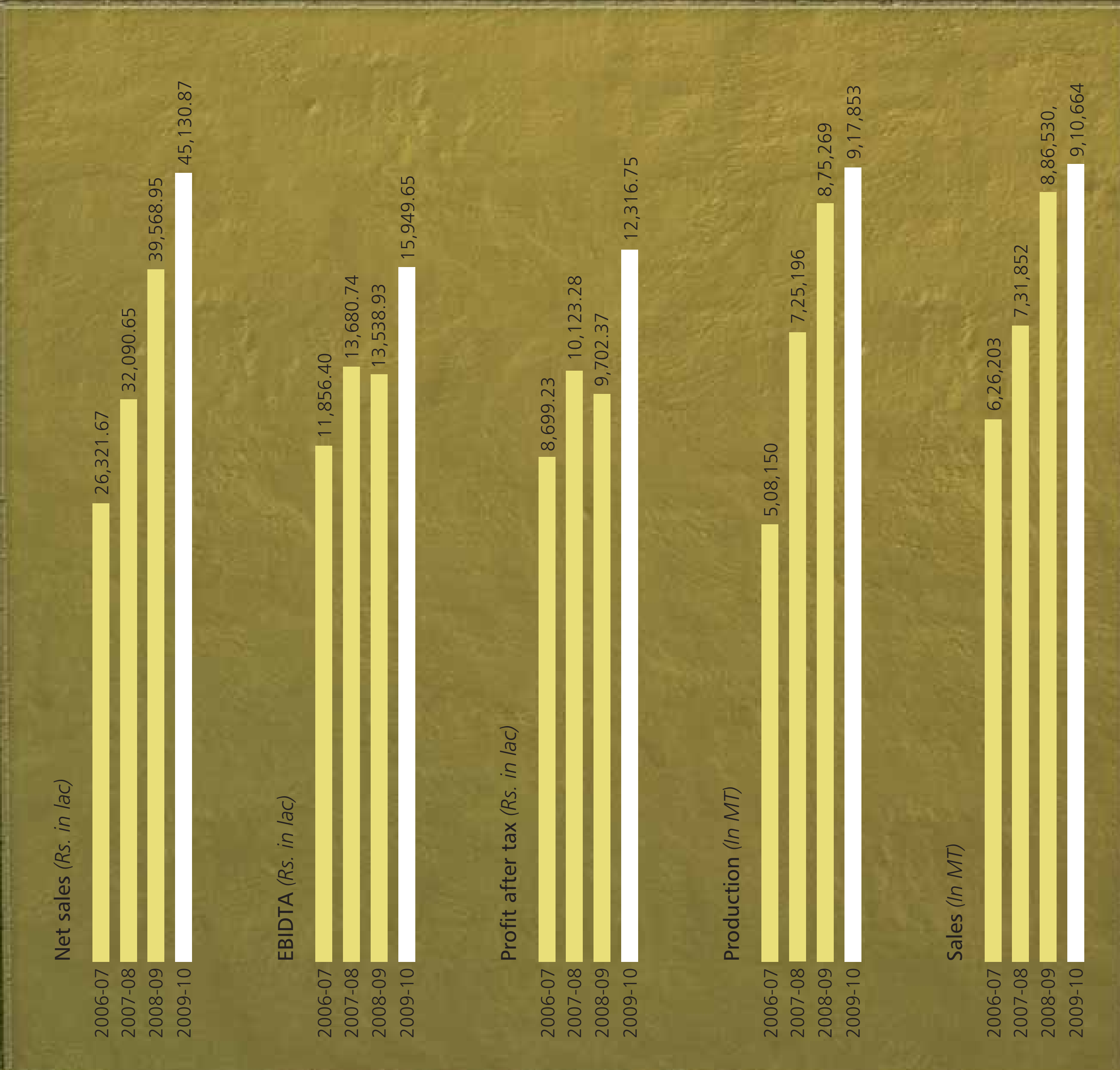
- To continue to remain the best cement corporation in Northeast India with growth in eastern India

Business mission

- To provide utmost satisfaction to customers through the best quality and customer care
- To continuously upgrade products through innovation and convergence of new technology, and to produce the best quality at the lowest cost
- To safeguard and enhance shareholder value
- To respect the dignity of all employees and together become instrumental in regional development while protecting the environment
- To utilise surpluses for the welfare of employees and the society at large

HIGHLIGHTS, 2009-10

- Cement production increased 4.87% from 8,75,269 MT in 2008-09 to 9,17,853 MT
- PPC production increased from 82% of the product mix in 2008-09 to 94%
- Net sales increased 14.06% from Rs. 39,568.95 lac in 2008-09 to Rs. 45,130.87 lac
- EBIDTA margin increased from 34.22% in 2008-09 to 35.34%
- Average net sales realisation per tonne increased 11%



SIX NUMBERS THAT GIVE YOU AN INSIGHT INTO OUR COMPETENCE

Power consumption
103 UNITS
2008-09

Power consumption
98 UNITS
2009-10

The manufacture of cement is power-intensive. We reduced specific power consumption (per tonne of cement) from 103 units in 2008-09 to 98 units in 2009-10.

ROACE
26.15%
2008-09

ROACE
27.06%
2009-10

The business of cement manufacture is capital-intensive. Return from average capital employed increased from 26.15% to 27.06%.

EBIDTA margin
34.22%
2008-09

EBIDTA margin
35.34%
2009-10

The business of cement manufacture is competitive. We strengthened EBIDTA margin from 34.22% in 2008-09 to 35.34% in 2009-10.

Realisations increase
RS. 570 PER TONNE
2009-10

The business of cement manufacture is sensitive to freight. Even as outward freight per tonne increased by Rs. 89 during 2009-10, we enhanced realisations by Rs. 570 per tonne.

Interest cover
10.94x
2008-09

Interest cover
17.98x
2009-10

The business of cement manufacture adds significant value to every rupee invested in the business. The interest cover improved from 10.94x in 2008-09 to 17.98x in 2009-10.

Debt-equity ratio
0.42
2008-09

Debt-equity ratio
0.39
2009-10

The business of cement manufacture is generally debt-heavy. We strengthened our debt-equity ratio from 0.42 to 0.39.

"WE WILL GROW, PROGRESS, EXPAND AND IN DOING SO EXPECT TO EMERGE AS THE LARGEST CEMENT PLAYER IN NORTHEAST INDIA"

Dear Shareholders

The global economic downturn notwithstanding, the Indian economy grew 7.4% in 2009-10, following a strong fiscal stimulus, monetary easing, improving consumer confidence, risk-appetite return and large capital inflows.

Cement Manufacturing Company Limited's performance mirrored this rebound. The Company achieved its highest-ever turnover and profits. Our consolidated turnover increased from Rs. 39,568.95 lac to Rs. 45,130.87 lac in 2009-10, profit after tax increased from Rs. 9,702.37 lac to Rs. 12,316.75 lac and EBIDTA margin strengthened from 34.22% to 35.34% owing to higher realisations, lower costs and higher output.

Industry scenario

In 2009-10, India's cement industry exhibited a positive trend. The industry grew 10.4% (a little under the 1.5 times GDP growth), ranking second in global cement production after China. India's capacity increased 28 million tonnes to 248 million tonnes and dispatches grew from 181 million tonnes to 200 million tonnes. Rapid infrastructure development and a stable housing sector strengthened cement demand, a trend expected to sustain. The demand-supply scenario was fairly balanced, marked by high capacity-utilisation in most regions while realisations in north eastern India remained buoyant on account of a higher demand and lower supply.

Production

CMCL's 1-MTPA cement capacity is the largest in Northeast India. The product mix comprises OPC 43 grade, OPC 53 grade, PPC and OPC 53-S. Capacity utilisation increased from 82.89% in 2008-09 to 86.92% in 2009-10. We produced 917,853 MT and sold 910,664 MT of cement in 2009-10 on a consolidated basis, even though clinker production was marginally lower by 8% owing to a shutdown undertaken for plant modification.

We strengthened our profitability through various initiatives:

- We altered our product mix in response to a PPC demand growth. The proportion of PPC and OPC production strengthened from 82:18 to 94:6.
- We reduced our per unit power and coal consumption costs.
- We improved output from our coal and raw mill and augmented cement production.
- We penetrated deeper into the Northeast market, strengthening the Company's brand.
- We enhanced our product visibility, as a result of which Star Cement emerged as the most popular brand in the Northeast, promoted by local artists in different regions.

Optimism in the Northeast

CMCL was the first to capitalise on the advantages of Northeast India, a region rich in limestone and shale – primary raw materials used in cement manufacture. In 2009-10, cement demand in Northeast India was 5.2 million tonnes, of which 3.2 million tonnes was sourced from within while 2 million tonnes was 'imported' from the rest of the country.

Although the economic slowdown threatened user industries, cement demand grew 16% in 2009-10, largely driven by urban housing, government infrastructure spending, hydel power projects, bridges, road development projects, railways, Defence and growing industrial infrastructure.

The Central and state governments are focusing on improving basic infrastructure in the NER. While investments are being made to improve the road network across the entire Northeast, especially by the NHAI, large projects are being undertaken by government agencies like NHPC, NEEPCO and NTPC, contributing to the overall growth in cement consumption in the region.

The Government of India put special focus on development of the hydel power projects and Defence infrastructure in the north east, especially in Arunachal Pradesh. This is expected to create huge cement demand in the region across the next five-seven years.

Human resources

We believe that human resources represent a critical corporate asset. As a forward-looking corporate, we emphasise skill-enhancement through training and empowerment. We have an integrated HR system, resulting from fresh talent acquisition, performance management and individual development, aimed at enriching intellectual capital.

Expansion

Considering the growing cement demand-supply gap in India's eastern region, we intend to establish a 1.75-MTPA clinkerisation project in Lumshnong, Meghalaya with two split location grinding units with 1.6 MTPA capacity with 10-MW captive power plant each in Guwahati (Assam) and Kahalgaon (Bihar).

The establishment of the 1.75-MTPA clinkerisation project is in full swing at Lumshnong, Meghalaya. This project will ensure an assured supply of clinker for our proposed grinding units, enabling us to secure our position in India's north east and establish ourselves as a significant player in eastern India. The 1.6-MTPA Guwahati cement grinding unit will primarily cater to the Assam cement market, which is the largest market in the north east. The unit will also cater to neighbouring states like Arunachal Pradesh and Nagaland, leading to substantial freight savings. The 1.6-MTPA grinding unit at Kahalgaon will address the demand from 13 proximate districts in Bihar, Jharkhand and North Bengal. In the last few years, Bihar witnessed remarkable improvement in terms of political stability, improved law and order, infrastructure development and capital investment attractiveness. Besides, there is only one other cement manufacturer in Bihar, implying ample opportunity.

Optimism

In view of the large government spending in power, roads, railways, ports and rural and urban development as well as an improved real estate sector and affordable housing expansion, cement demand is expected to grow at around 9-9.5% across the coming years. The resilience of the rural economy, owing to probable agricultural-output improvement, rural infrastructure building and social schemes are also likely to reinforce cement demand.

Going ahead, we expect to protect our margins. With the start of expansion in 2011 and new projects coming on stream in 2013, our volumes will increase along with our profits. This will enable us to strengthen our position not only in the Northeast, but the entire eastern region.

Sincerely,
Sajjan Bhajanka,
Chairman

OUR STRENGTHS

Geographic advantage
Proximate to the limestone-rich Lumshnong district of Meghalaya (2-3 km) and to coal-rich areas (30 km)

Institutional clients
Over 19% institutional clients including BHEL, NTPC, NHPC, NEEPCO, L&T, BRPL, PowerGrid and NHAI, among others. Largest supplier to NHPC's 2,000-MW hydel power project in Assam/Arunachal Pradesh, one of Asia's largest power projects

Brand
Star Cement brand is the most prominent in Northeast India

Distribution network
Wide and deep penetration comprising 459 direct dealers across 2,000 retail counters with a pan-Northeast presence

Promoters
Strong financial depth of the promoters translated into a willingness to speedily reinvest to scale the business

Robust financials
Gearing of 0.42, ROACE of 27.06% and ROANW of 33.94% as on March 31, 2010

Market share
Largest cement manufacturer in Northeast India with 19% market share

Tax benefit
The Company and its subsidiaries enjoys the income tax benefit for a substantial period.

Integration
Integrated backwards through the acquisition of limestone mines in Meghalaya. Nearly 99% of the raw material needs are sourced from within

Sales
Around 40% of the Company's production is marketed within 250 km of its manufacturing plant.

Quality
Certified for ISO 9001:2000

Raw material cost
The proportion of low-cost fly ash in the raw material mix increased from 31.42% in 2008-09 to 32% in 2009-10.

BUSINESS DRIVERS

OPERATIONS

In the capital-intensive business of cement manufacture, it is critical to sweat production assets to the maximum, resulting in efficient coverage of fixed costs and enhanced profitability.

The Company strengthened its competitive edge in this regard and invested in the largest cement production capacity in Northeast India (1-MTPA manufacturing) in Lumshnong (Meghalaya). This installed capacity accounted for 22% of all the cement capacity in the region and was commissioned between the year 2004 and 2007, indicating asset newness and efficiency. The average capacity utilisation of the Company was 92% of installed capacity as against an average capacity utilisation of 76% of installed capacity in the entire Northeast region.

Correspondingly, production increased 4.87% from 8,75,269 MT in 2008-09 to 9,17,853 MT in 2009-10 and the proportion of value-added PPC increased from 82% in 2008-09 to 94% in 2009-10 to address the rising PPC demand in the region and the Company's need for enhanced profitability.

Initiatives, 2009-10

Supply chain

- Average cost of packing bags reduced due to various cost reduction and cost saving measures taken.
- Concluded long-term agreements with NTPC, Kahalgaon (Bihar) and WBPDC, Siuri (West Bengal) at an average distance of 1,100 km from the Lumshong plant for a consistent supply of fly ash.
- Sourced power from a proximate 8-MW, coal-based thermal power plant, commissioned by an associate company, resulting in a lower dependence on the Meghalaya State Electricity Board (MeSEB) and high-cost power generated by captive diesel generating sets. MeSEB reduced the power tariff from Rs. 4.35 per unit to Rs. 3.20 per unit with effect from February 2010.

Internal efficiency

- Registered a decline in specific power consumption (per tonne cement) from 103 units per tonne of the end product in 2008-09 to 98 units in 2009-10
- Maintained fly ash consumption at 31% while C_3S content in the clinker improved from 53.09% in 2008-09 to 54% in 2009-10. Higher C_3S content results in high-quality clinker production
- Clinker consumption decreased from 69.7% in 2008-09 to 68.50% in 2009-10 whereas fly ash consumption increased 31.42% from 2008-09 to 32% in 2009-10
- Installed variable frequency drives in bag filter fans, raw mill compressors, down comer compressors, cooler fans and main plant water supply, leading to energy conservation
- Erected a 132-KV transformer in the switchyard to monitor reverse power flow to the grid
- Installed a pre-heater fan with a high-tension motor and additional cooling fans for grate rotary resistance, to prevent over heating

Road ahead

The proposed expansion at Kahalgaon and Guwahati will increase the Group's cement capacity from 1 MTPA to 4 MTPA in three years, effective from 2010.

MARKETING

In the cement industry, it is not enough to manufacture with efficiency alone, but also market the end product closest to the plant where it is required, resulting in the lowest cost of transportation and the highest realisations.

Over the years, the Company strengthened its marketing in various ways. It addressed a growing proportion of retail clients; this proportion increased from 75% of the product mix to 81%, in 2009-10. The Company further entered business-strengthening relationships with prominent and growing government enterprises like BHEL, NTPC, NHPC, NEEPCO, L&T, BRPL, PowerGrid and NHAI, among others and emerged as the largest supplier to NHPC's 2,000-MW hydel power project in Assam/Arunachal Pradesh, one of Asia's largest hydel power projects, resulting in predictable supply. The Company also strengthened average realisations by 11% from Rs. 4,990 per tonne to Rs. 5,560 per tonne in 2009-10 through branding and marketing and succeeded in marketing 40% of its output within 250 km from its plant, resulting in a stronger control on logistics costs.

Initiatives, 2009-10

- The Company derisked by catering to a growing proportion of retail clients, reducing its dependence on a small body of consumers.
- The Company's retail presence widened and deepened across 459 direct dealers and 2,000 retail counters across towns, cities and rural areas; the Company reinforced shop-meet activities (promotional campaigns) at retail counters to enhance brand awareness and acceptance.
- The Company promoted the brand through the enlistment of local artists as brand ambassadors.
- The Company enhanced product-awareness among consumers through an SMS helpline.
- The Company strengthened its dealer-relationship through the provision of account statements on the internet, making it possible for them to check their transaction positions online; the Company strengthened its communication with dealers through SMSs sent as soon as the truck left the plant or warehouse.

Road ahead

The Company intends to continue organising periodic mason meets at dealer and retail counters, leading to wider brand-awareness. The Company further plans to expand its market coverage through the enlistment of 1,000 retail outlets, maintaining its regional leadership position. The Company's existing unit will continue servicing the growing needs of Mizoram, Tripura, Manipur and Meghalaya, while the proposed unit in Guwahati will cater to the demand from Assam, Nagaland and Arunachal Pradesh whereas Kahalgaon will cater to the demand from Bihar, Jharkhand and North Bengal.

LOGISTICS

In a business where 1.54 MT of raw material needs to be transported to derive one tonne of the end-product and where the end product may need to be transported across a long distance before being sold, the critical edge lies in competent, low-cost logistics.

The Company strengthened its logistics management through various initiatives. Around 75% of the Company's inward and outward movement was conducted by road, on account of inadequate railway connectivity in the Northeast. The Company also capitalised on its proximity to raw material (limestone and shale) resources; 99% of the Company's raw materials sourced from within 3 km of its plant. Fortunately for the Company, National Highway 44, connecting Shillong and Silchar, is only 1.5 km from the plant.

Initiatives taken, 2009-10

- Increased cement dispatches from 8,75,287 tonnes in 2008-09 to 9,17,340 tonnes
- Strengthened the supply chain to accelerate cement transportation into regional interiors
- Created new warehouses at strategic northeast locations to respond quicker to demand upturns
- Signed long-term contracts with transporters, ensuring uninterrupted vehicle availability
- Despite diesel cost increasing 17.19%, freight cost was capped at 5.33%

Road ahead

The Company's expansion plan of establishing two split location grinding units in Guwahati and Kahalgaon will minimise fly ash transportation cost. The Guwahati grinding units will cater to the growing demand from Assam, Nagaland and Arunachal Pradesh whereas the Kahalgaon unit will cater to the growing demand from Bihar, Jharkhand and North Bengal, reducing logistics costs. The Company will invest in a railway siding in Guwahati and Kahalgaon for quicker delivery at lower logistics cost.

RESEARCH AND DEVELOPMENT

In a business where a number of incremental advances can translate into a sizeable aggregate improvement, it became imperative to engage in focused research and development.

The Company's research and development team comprised members to develop advanced systems for mills, kiln optimisation, alternative fuel and quality improvement.

Initiatives, 2009-10

- Expenditure on R&D was Rs. 20.27 lac in 2009-10 as against Rs. 19.83 lac in 2008-09
- Gypsum optimisation study resulted in enhanced compressive strength and workability control
- Research enhanced C_3S content in clinker from 53.09% to 54%, improving product quality
- Effective use of XRD resulting in quick, error-free analysis of mineral composition and free lime
- Optimisation of pyro processing at the coal mill, improving productivity and reducing coal consumption per ton of clinker from 19.06% to 18.37%
- Installation of an additional drier in the coal mill to convert the coal mill drying chamber into a grinding chamber, increasing coal mill efficiency from 14 TPH to 17 TPH

Road ahead

The Company will conduct feasibility studies for the installation of pre-grinders in cement mills and close circuiting of limestone tertiary crushers. The Company intends to install a screening and crushing system to increase cement mill output, replace mill scale in the raw mix with ferruginous clay and improve coarse and fines separation in the raw mill separator and cement mill.

HOW WE PROGRESSIVELY DERISKED OUR BUSINESS AT CMCL

Risks represent the uncertainties and adversities related to any business that could materially impact a company's performance and prospects. Considering this, CMCL identifies, assesses and takes proactive measures to minimise potential losses arising from risk exposure.

INDUSTRY RISK

Risk impact

Industry downturns could affect profitability

Mitigating factors

- Cement demand is growing at 1.5 times the GDP growth against the conventional expectation of 1.1 the times GDP growth. This is expected to result in demand growth of over 12% annually, based on GDP growth of around 8%
- Projected infrastructure spending of around USD 500 billion for the Eleventh Five Year Plan is an index of cement demand growth

GEOGRAPHIC CONCENTRATION RISK

Risk impact

Concentration on a particular region could affect revenues in the event of a selective downturn

Mitigating factors

- Northeast India is cement-deficient with 38% of the region's requirement still sourced from outside
- Northeast cement demand grew 16% in 2009-10 whereas all-India cement demand growth was only 10%
- Large infrastructural projects (hydel power generation, roadways, railways, Defence and rural-urban infrastructure growth) could drive cement offtake in Northeast India
- The Company will graduate its positioning from a Northeast Indian company to an eastern Indian company, reducing risk.

COST RISK

Risk impact

Ineffective cost management could affect margins

Mitigating factors

- The Group's 8-MW captive power plant in Lumshong started generating power from September 2009, which in turn reduced power costs. The Company's power costs will further rationalise following establishment of the 10 MW captive power plants in Guwahati and Kahalgaon.
- The Company's logistic costs were rationalised owing to proximate raw material availability.
- The Company possesses limestone and shale mines for captive consumption.
- The Company sources 99% of its raw material requirement from within, an adequate hedge.

COMPETITION RISK

Risk impact

Increasing competition could erode market share

Mitigating factors

- The Company is the largest cement manufacturer in Northeast India (19% regional market share).
- The Company's technical team successfully differentiated product quality through superior service; the team samples cement at various sites and provides pre-technical services to clients to strengthen its customer orientation.
- The Company's Star Cement brand is endorsed by regional brand ambassadors, enhancing visibility.
- The Company's 459 dealers across 2,000 retail counters helped penetrate wide and deep across the region; the Company plans to strengthen its presence across an additional 1,000 retail counters in 2010-11.

RAW MATERIAL RISK

Risk impact

Poor raw material availability could affect operations.

Mitigating factors

- The Company is located in a zone containing 4,000 million tonnes of fine limestone reserves in a business where limestone accounts for major component of raw materials.
- The Company signed a long-term coal supply agreement with NEC Coal India Limited.
- The Company maintains an adequate stock of limestone, shale, coal and fly ash.

QUALITY RISK

Risk impact

Low product quality could affect goodwill

Mitigating factors

- The Company is accredited with ISO 9001:2000 certification, resulting in quality consistency.
- The Company installed an automatic fire processing system to maintain quality.
- The Company installed an X-ray analyser machine to facilitate prompt product quality assessment.
- The Company's products possess a compressive strength of 53 MPa (PPC) and 60 MPa (OPC) as against a prevailing ISO requirement of 33 MPa (PPC) and 53 MPa (OPC).

HSE RISK

Risk impact

Inadequate safety could impact employee and community health, inviting censure

Mitigating factors

- The Company imparted employee training in safety according to a safety management plan.
- The Company is certified as per OHSAS 18001:2007 for work practices in compliance with applicable National Occupational Health & Safety Regulations.
- The Company celebrated its 39th Annual National Safety Day and 7th North East metalliferous Mines Safety Week in 2009-10 for enhanced employee awareness.
- The Company invested in environment-managing equipment, resulting in gaseous emissions (30 cu mg) being below the permissible limit of 50 cu mg

CORPORATE SOCIAL RESPONSIBILITY

In any business, a company's real contribution is measured by the sum of the total changes achieved by it, within the areas of its influence. CMCL made extensive social and economic contributions in and around its area of operation.

CMCL is a responsible employer of local and non-local people, depending on the requirement for the job of both technical and non-technical capacities. The Company accords a priority to local people in any new recruitment, depending on the skills required for specific jobs. The Company also provided cement to local users at a discounted price to help them achieve housing needs.

The Company's community involvement is visible in the following interventions:

- Established a hospital, ambulance service and general health clinic dispensary at the Lumshnong plant, the hospital, equipped with the latest medical equipment for all regular medical requirements and senior doctors and nursing staff, strives to provide the best available healthcare and preventive, curative and rehabilitative therapy to all patients
- Organised medical camps, Meningococcal Meningitis Vaccination programme and pulse polio camp which benefited more than 4,000 people.
- Started construction of a new building for CMCL Vidya Bharti School, intended to have modern educational facilities.
- Renovated the Guwahati Blind School at Basistha (Guwahati, Assam); constructed seven new classrooms and one hostel room
- Undertook other social initiatives including water conservation and purification, rain water harvesting, supply of drinking water, pond-deepening and street-lighting in tribal villages
- Donated cement to various social organisations to catalyse construction in the area
- Gave locals preference when selecting stockists for the region
- Encouraged social development, opening the factory premises for community gatherings during the festive season

DIRECTORS' REPORT

Dear members

2009-10 - A year of resilience

Fiscal year 2009-10 started on backdrop of uncertainty after a crisis of severe worldwide proportions. The crisis that began in a small corner of the financial system spread like wildfire to engulf the entire global financial system. The fall of Lehman Brothers in September 2008 was the proverbial last straw, making the crisis truly global in terms of outreach, impact and severity for both advanced and developing countries. The response to the crisis, however, has been equally swift, with concerted and coordinated efforts by governments and monetary authorities, through conventional and non-conventional fiscal and monetary measures which helped prevent the situation slipping in to a full scale depression.

Countries have, however, been affected by the crisis differently and in varying degrees. The Indian economy exhibited considerable resilience on the face of the crisis. The various stimulus measures introduced by policymakers towards the end of 2008 provided substantial fiscal expansion to counter the negative fallout of the global slowdown.

Emerging markets in general and particularly in India are leading the way on the road to recovery. The resilience of Indian economy was proved with the country clocking GDP growth of 6.7% in year 2008-09 followed by strong recovery and robust economic development despite inflationary pressures. A GDP of 7.5% was achieved during the year 2009-10. The general election in May 2009, gave a renewed mandate to the incumbent government to drive its growth agenda more effectively. Government during the course of the year undertook substantial measures for infrastructure development and industrial growth. These initiatives augur well for Indian cement industry.

Indian economy is poised to grow at faster pace based on its strong fundamentals, its massive pool of young, well-educated, ambitious, skilled, English-speaking workforce, its well-balanced amalgamation of private-public partnership model, its strong policy making aptitude and from its unbridled willingness to top the economic power ranking within a couple of decades. The core strength of the economy does come from domestic consumption base and infrastructural development.

The Indian cement industry recorded a strong growth of 10.4% during the year 2009-10 with an increase in total industry capacity to approximately 248 million tonnes as compared with 219 million tonnes in the year 2008-09, amounting to capacity addition of approximately 28 million tonnes. During the year, dispatches grew to 200 million tonnes from 181 million tonnes in 2008-09. Growth was witnessed across all regions, led by rapid development in infrastructure and stable housing sector. The demand supply scenario was generally at balance with high levels of capacity utilisation in most of the regions. The prices especially in eastern market remained buoyant on the wake of higher demand and lower supply.

Highlights of performance 2009-10

- The consolidated cement production increased to 9,17,853 MT in 2009-10, an increase of 4.87% as compared with 8,75,269 MT in previous year.

- The consolidated net sales grew from Rs. 39,568.95 lac to Rs. 45,130.87 lac, recording an increase of 14.06% during the year 2009-10.

- EBIDTA was 17.81% higher at Rs. 15,949.65 lac and EBIDTA margins during the year 2009-10 was at 35.34% as against 34.22% during previous year.

- Consolidated profit before

exceptional items for the year 2009-10 was Rs. 12,315.59 lac against Rs. 9,701.67 lac in the year 2008-09, an increase of 26.94%.

- Average net sales realisation increased by 11%.

- The overall PPC production has increased from 82% in financial year 2008-09 to 93.50% in the year 2009-10.

- Work started in the clinkerisation project of the subsidiary Star Cement Meghalaya Limited at Lumshnong, Meghalaya. The work also started at split location grinding unit at Guwahati, Assam.

Financial results

At present, the primary market and geographical presence of the Company is in north east region (NER). Although, the Company is planning to set up new manufacturing facilities in other parts of eastern India, besides strengthening its presence in north east, NER is going to be at the heart of Company's operations in foreseeable future. The Company achieved many mile stones during its fifth financial year, 2009-10, such as reduced power and coal consumption, improved output from coal mill and raw mill and augmented blended cement production. The cement demand growth, increased realisation and improved efficiency parameters has helped the Company to post all time highest sales and profit after tax as below.

(Rs. in lac)

Particulars	Consolidated		Standalone	
	2009-10	2008-09	2009-10	2008-09
Net sales / income	**45,130.87**	**39,568.95**	**30,562.86**	**28,281.24**
Profit before interest, depreciation and tax	15,949.65	13,538.93	11,496.03	10,089.52
Interest and finance charges	(886.96)	(1,237.24)	(453.19)	(650.73)
Depreciation	(2,162.30)	(2,152.82)	(1,477.09)	(1,323.68)
Profit before tax	12,900.47	10,148.86	9,565.74	8,115.11
Prior period adjustments (net)	(0.25)	(195.93)	0.24	(134.55)
Provision for taxation:				
– Current tax	(2,245.95)	(1,130.82)	(1,646.06)	(900.72)
– Less: MAT credit entitlement	1,625.74	900.72	1,625.74	900.72
– Net current tax	(620.21)	(230.11)	(20.32)	–
– Deferred tax	36.82	19.34	26.74	(10.90)
– Excess provision for income tax written back	–	1.98	–	–
– Fringe benefit tax	–	(41.76)	–	(30.72)
Net profit after tax(after minority)	**12,315.59**	**9,701.67**	**9,572.41**	**7,938.94**
Gross cash accruals	14,567.85	11,888.95	11,118.41	9,262.48
Balance (Dr) / Cr brought forward	24,092.22	17,642.85	21,672.90	16,986.25
Amount available for appropriation	36,407.81	27,344.52	31,245.31	24,925.19

(Contd.)

Particulars	Consolidated		Standalone	
	2009-10	2008-09	2009-10	2008-09
Appropriation				
Interim dividend	(3,144.10)	(2,096.07)	(3,144.10)	(2,096.07)
Proposed dividend	–	–	–	–
Tax on distributed profit	(534.34)	(356.23)	(534.34)	(356.23)
Transfer to general reserve	(1,000)	(800)	(1,000)	(800)
Balance (Dr) / Cr carried to Balance Sheet	**31,729.36**	**24,092.22**	**26,566.86**	**21,672.90**

Dividend

The Company paid total interim dividend 75% (Rs. 7.50 per share) involving an outgo (including the dividend distribution tax) of Rs. 3,678.44 lac as against Rs. 2,452.30 lac including dividend distribution tax of Rs. 356.23 lac in the previous year. This represents payout ratio of around 33%.

Market developments

Year 2009-10 was again a good year for the Company in terms of its marketing prospective. The Company strengthened its presence in north east region (NER). The Company on consolidated basis sold 9,10,664 MT of cement during the financial year 2009-10 and recorded a consolidated sale volume growth of 4% from previous year. NER is a cement deficit market and 32% of its demand is sourced from outside the region. The average net cement realisation was up by 11% during the year 2009-10 as compared with last year.

During the year, the sale in retail segment was the major driver for its increase in presence across region. Our reach and penetration helps the Company's reach and penetration helps it to manage the last mile delivery across markets and allows it to strengthen its position in the booming rural markets of north east. The Company increased its retail sales to 81% as compared with 75% in last fiscal. As the largest selling brand in the region, it has 19% market share which is only growing stronger with each day.

Over the last five years, along with strong brand equity, Star Cement evolved itself as unique model of channel management based on values of trust and relationships. The Company further deepened its roots and has 459 direct dealers with presence in 2000 retail counters in almost all major towns/cities and rural markets of north-east. It actively involved itself in SHOP meet activities (a promotional campaign) at these retail counters which focuses on brand awareness and acceptance. A strong team of experienced marketing personnel and reliable supply chain management ensures faster movement and supply of cement to every interior of the region.

North east cement demand has been growing at much faster pace than the all India cement demand. NER cement market is now at verge of major demand boost in coming years in view of large scale infrastructural projects in hydel power generation, roadways, railways, defense and rural and urban infrastructure by both Central and State Governments. With the release of the document "North Eastern Region Vision 2020", a serious effort was made for socio-economic development of this region to match with the objectives of the Look East Policy.

The Company's well-built, famous brand changed the perception of cement amongst the end consumer and strongly added to its value as the best brand in the region. Star cement is a preferred cement brand with almost all leading government enterprises and undertakings, like BHEL, NTPC, NHPC, NEEPCO, L&T, BRPL, POWER GRID, NHAI etc. The Company has become single largest supplier to NHPC 2,000-MW hydel power project in Assam/AP, which is one of the largest hydel power project in Asia.

Production and cost development

During the year, production of cement has increased by 4.87% despite the fact that clinker production was marginally lower by 8% to 6,02,220 MT due to unplanned shutdown. This could be achieved only by purchase of clinker from third parties to a total of 49,100 MT. The purchase of clinker has contributed to increase in production cost. The extraction cost of major raw materials such as limestone and shale has not seen any significant change, except for increase in cess on limestone. Cost of inputs sourced from the market such as coal, fly ash and gypsum has increased as compared to last year. During the year 2009-10, the cost of mill scale and PP bags has come down marginally.

Coal

The coal price in Meghalaya has increased during the fiscal year 2009-10. The quality of coal continued to be a challenge particularly during the monsoon season wherein the coal purchased was having higher moisture with deteriorated quality. The average fuel consumption rate has increased from 801 in FY 2008-09 to 834 kcal per kg of clinker. The Company has also started purchasing some coal from NEC Coal India Limited. Many initiatives are underway aimed at sustainable reducing thermal energy consumption. Simultaneously, efforts are also made to improve consistency of coal quality and optimisation of fuel mix through stacker reclaimer. For the year 2010-11, the Company has planned to maintain higher level of inventory to insulate itself from such adverse price fluctuation and moisture losses.

Fly ash

Disposal of fly ash generated by coal-based thermal power plants has been a major national concern. Your Company has continued using fly ash without compromising on quality and strength of final product during the current financial year, which reflects our commitment towards environment management. The Company has entered in to long term agreements with thermal power plants such as National Thermal Power Corporation (NTPC), Kahalgaon, Bihar and West Bengal Power Development Corporation (WBPDC), Suiri, West Bengal for supply of fly ash. These long term arrangements will ensure availability of fly ash and give a competitive edge to your Company.

However, availability of rakes for NER continues to pose challenge during the current financial year. Increase in road freight has further added to the total landed cost of fly ash. Total landed cost of fly ash has increased from Rs. 1,406 per MT in 2008-09 to Rs. 1,611 per MT during the current financial year.

Power cost

During the current financial year the grid power supply from Meghalaya State Electricity Board (MeSEB) continued to be erratic and inconsistent. Increased industrial activities in Meghalaya are leading to higher demand of electricity with no corresponding increase in power generation by MeSEB. Keeping in view the continued shortage of grid power at MeSEB, Company has made arrangements with its associate company for supply of power. The associate company has already commissioned its 8-MW coal based thermal power plant in the near vicinity of factory and has started supplying power to your plant. This has resulted into less dependence on grid supplied power from MeSEB as also lowering down the usage of high-cost power generated by captive diesel generating sets.

On the bright side, MeSEB has reduced the power tariff from Rs. 4.35 per unit to Rs. 3.20 per unit with effect from February 1, 2010. Further, the specific power consumption of the Company has further reduced from 103 units in 2008-09 to 98 units during 2009-10.

Logistics and freight

Logistical challenges of North East India are unique in its nature. Most of the movement is through road transport, as the railways connectivity of north east still remains a major constraint. Fluctuations in freight are very wide in view of seasonality in movement of coal, food grains, tea and other commodities to NER.. Oil prices have started firming up from approximately USD 40 and are currently at USD 85. Freight cost for distribution of cement increased during the year mainly due to increase in cost of diesel and demand supply gap in road transportation. Paucity of railway wagons for NER is not helping the matter either. Company with its forward looking approach has been investing in creation of right infrastructure to insulate itself from such fluctuations. Network of warehouses in different parts across north east have been created to ensure timely availability of cement to consumers and continuity of dispatches.

Cement industry outlook and opportunities

In spite of the fears of negative impact on cement demand at the start of the year due to slow down in industrial activities particularly infrastructure activities, cement industry has largely been unaffected during the year. Cement demand has been robust and has seen consumption growth of 10.4%. In view of large government infrastructure spending and trust in infrastructure projects such as power, road, railways, ports and rural and urban development, improved real estate sector and expansion in affordable housing provision, the cement demand growth is expected to be in the range of 9% to 9.5% in the next couple of years with upside potential.

However, there will be significant cement capacity addition during 2010 of about 70 million tonne. More than half of this capacity is coming up in south west India. Despite growing demand these additional capacities will create surplus and bring pricing pressure in some markets. But as long as economy maintains its growth and demand remains buoyant, the market should be able to absorb new capacities without major disruption.

The prices of key inputs of cement such as coal, freight, fly ash and gypsum have started rising and are likely to harden further during the year 2010-11, which will increase the manufacturing and distribution cost. The recent increase in diesel prices will further add to the cost pressure. The government has also started gradual rollback of stimulus with increase in excise duty of cement in the Union Budget 2010-11. However, the Government is expected to continue its trust on infrastructure development which will accelerate construction activity. The resilience of the rural economy due to probable improvement in the agricultural output, building up of rural infrastructure and social scheme are also likely to boost cement demand in near future.

Cement scenario in northeast

The north eastern region (NER) has grown at CAGR of 13% as against an all India CAGR of 7-8%. Although, at the beginning of the year, it was expected that the economic slowdown would have a major impact on construction and the cement industry in north east, the cement demand has registered growth of 16% during the year 2009-10. The demand is largely driven by urban housing, large scale government spending on infrastructure projects, hydel power projects, bridges, road development projects, railways, defense and business houses setting up industrial undertakings.

With new policy initiatives and announcement of fiscal packages by government of India, industrial expansion and growth is focused towards the north-eastern region, the demand for cement is also on the rise. The growth in cement consumption can be attributed to the improved security in the region. Both the central and state governments are focusing on the improvement of the basic infrastructure in the north eastern states. Investment is being done to improve the road network, especially by NHAI, in the entire North East. Large projects are being undertaken by government agencies like NHPC, NEEPCO and NTPC, which are contributing to the overall growth in cement consumption.

Subsidiary companies

Megha Technical & Engineers Private Limited (MTEPL) having 0.46 MTPA grinding unit at Lumshnong, Meghalaya in which your Company owns 99.96% shareholding and Star Cement

Meghalaya Limited (SCML), wherein your Company is having 100% shareholding continues to be the subsidiaries of your Company during the year under review.

As required u/s 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of Board of Directors, relating to the Company's subsidiaries viz. Megha Technical & Engineers Private Limited (MTEPL) and Star Cement Meghalaya Limited (SCML) and respective auditors report thereon for the year ended March 31, 2010 are annexed to this report.

Consolidated financial statements

Your Company has also prepared the consolidated financial statement in accordance with Accounting Standards 21 issued by Institute of Chartered Accountant of India, which comprises of the financial statement of the Company and the subsidiaries MTEPL and SCML. The consolidated financial statements together with auditors' report form part of the annual report.

The consolidated net profit of the Company and its subsidiaries amounted to Rs. 12,315.59 lac for the financial year ended on March 31, 2010 as compared to Rs. 9,572.41 lac for the Company on a standalone basis.

Expansion / New projects

At present, your Company is having cement manufacturing capacity of 1 million tonne along with its subsidiary. Considering the existing demand supply gap between north eastern region and future potential, the Company has planned to set up two split location grinding units with capacity of 1.60 million tonne with captive power plant of 10 MW each at Guwahati, Assam and Kahalgaon, Bihar.

Significant progress has been made during the year 2009-10 in the proposed 1.75 million tonne clinkerisation project at Lumshnong, Meghalaya of the subsidiary Star Cement Meghalaya Limited. With start of this production at clinkerisation plant of subsidiary, the Company will be able to get assured supply of clinker for its proposed grinding units, which will enable the Company to secure its market place in north eastern markets and establish itself as a significant player in eastern cement market.

Holding company

Century Plyboards India Ltd (CPIL) remains the holding company of your Company, wherein the holding company has a stake of 70.48 % in your Company.

Internal control systems

The Company has instituted a robust internal control system to support smooth and efficient business operations and effective statutory compliance. In order to improve the reliability and efficiency of business processes having an impact on financial reporting, the Company has established an internal control system by standardising and documenting major processes and associated key controls. Responsibilities have been assigned to specific individuals to perform the controls correctly and timely.

The Company's internal audit department is responsible to independently test the design and operating effectiveness of the internal control system across the Company. This facilitates an objective assurance to the board and audit committee regarding the adequacy and effectiveness of the internal audit function. Since Company's inception, the audit department not only monitors the effectiveness of controls but also provides an independent and objective assessment of the overall governance processes, including the application of a systematic risk management framework system. Internal audit plays a key role by providing an assurance to the Board of Directors, and value adding consultation service to the business operations.

Particulars of employees

Information required to be given to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto marked Annexure - II and forms part of this report.

Personnel and human resource

Deep within our hearts we know and believe that highest ever profit reported by the Company is because of excellent performance of its vital resources and most important assets, its human resource. Employees are key to our future business development and growth initiatives. The Company continues to place emphasis on enhancement of skills and capabilities of its employees and on imparting required training for meeting customers' requirement. This includes internal and external training workshops, courses and seminars. The Company was represented in 11th international seminar organised by National Council for Cement and Building Material and was awarded Best Paper Presentation Award on one paper.

Integrated HR system, from fresh talent acquisition to performance management and individual development, are aimed at creating and building a quality talent pipeline. Adequate emphasis has been made on development of cross-functional skills which has been incorporated in the employee's career plan. One of the core strength of the Company is solid setting of star team within the Company. To preserve this core strength, employee's engagement levels are being monitored, and wherever required, necessary actions are taken to reinforce people bonding with the Company.

Occupational health and safety

Health and safety of employees at workplace has been one of the most priority areas for the Company. During the current financial year a group risk assessment was carried out in all the processes of manufacturing activities. Severity of the risks was ascertained and accordingly safety management plans have been prepared to mitigate the risks wherever severity of risk was high. Company is also imparting in-house training to its employees in various areas of safety. During the current financial year the Company has taken initiative for implementation of international standards OHSAS 18001:2007. A full fledged safety management system has been developed and has been certified under OHSAS 18001:2007 to maintain work practices complying with all applicable National Occupational Health and Safety Regulations and Legislation to maintain safe working condition and prevention of occupational illness along with continual improvement, training and reviews at different levels.

Company has also celebrated 39th Annual National Safety Day and 7th North East metalliferous Mines Safety Week 2009-10 wherein workers and employees were involved to have better awareness. During the year, the Company was certified for Integrated Management System consisting of Quality Management System (ISO-9001), and Environment Management System (ISO-14001).

Directors

Mr. Sanjay Agarwal, Mr. Sajan Kumar Bansal and Clara Suja, Directors, retire by rotation at the forthcoming annual general meeting in accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association and being eligible, offer themselves for reappointment.

The Board recommends to the members the reappointment of retiring Directors.

Directors' responsibility statement

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

1. That in the preparation of annual accounts, the applicable Accounting Standards have been

followed and that there are no material departures.

2. That the Director's have selected appropriate accounting policies and have applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Profit and Loss Account and Cash Flow of the Company for year ended March 31, 2010.

3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. That the Directors have prepared the annual accounts on good going basis.

Corporate social responsibility (csr)

The Company always believes that the communities, villages and elakah within vicinity of our plants are significant stakeholders in our journey of growth. We have also learnt that addressing their concerns goes a long way in ensuring sustainable growth. Company has been proactive in contributing towards development of neighbouring communities by providing medical, educational and infrastructural facilities.

During the current financial year a big ambulance with emergency facilities was inducted enabling the Company to provide round the clock service to villagers. Company organised medical camps, Meningococcal Meningitis Vaccination Programme and Pulse Polio Vaccination camp for the benefit of neighbouring villages and elakah. More than 4000 people were benefited with these programmes. In addition to these programmes villagers have availed round the clock medical facilities at hospitals in factory campus equipped with well qualified doctors and trained nurses and modern diagnosis equipments like X-Ray, monozyme analyser, microscope and autoclave.

Company has also undertaken community building programmes and other social initiatives such as water conservation, rain water harvesting, supply of drinking water, pond deepening and street lighting in the tribal villages. The Company has been providing employment to local people at various levels across the plants and is helping local tribal to set up shops.

To take care of communities' educational needs, Company has a school up to 8th Standard. Company started constructing new school building with modern educational facilities to help children of neighbouring community.

The Company's social responsibility encompasses society at large. Guwahati blind school continues to receive our attention with focus on bringing other such special schools catering to the need of underprivileged and physically challenged in other parts of north east as well.

Audit committee

Your Company has an audit committee at the board level, which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. The Committee comprise of Mr. Sajan Bansal, Mr. Brij Bhushan Agarwal, Mr. Rajendra Chamaria and Mr. Sajjan Bhajanka with Mr. Sajjan Bhajanka as its Chairman. The constitution of the audit committee also meets the requirements under Section 292A of the Companies Act, 1956. Five meetings of the Committee were held during the year i.e. on April 16, 2009, June 24, 2009, August 20, 2009, December 3, 2009 and March 4, 2010.

The audit committee, inter-alia, reviews:

- Quarterly, half- yearly and yearly financial statements before submission to the Board for approvals.
- Significant related party transactions.
- Audit reports including internal audit reports and report of internal audit team of the Company.
- The Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation to the Board, the appointment, re-appointment of auditor, and, fixation of audit fees.
- Changes, if any, in accounting policies and practices and reason for the same.

The audit committee advises the management on the areas where internal audit can be improved. The minutes of the meetings of the audit committee are placed before the Board.

Auditor's Report

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

Auditors

M/s. Kailash B Goel & Co., Chartered Accountant, Auditors of the Company, will retire at the forthcoming annual general meeting and are eligible for re-appointment. The Directors recommend their re-appointment for the year

2010-11. The members are requested to appoint the auditors and authorise the Board of Directors to fix their remuneration.

Appreciation

Your Directors take this opportunity to express deep sense of gratitude to the banks, central and state governments and their departments, the local authorities and business associates for their continued guidance and support.

We would also like to place on record our sincere appreciation for the total commitment, dedication and hard work put in by every member of the CMCL family. To them goes the credit for the Company's achievements. Your Company also wishes to convey its sincere thanks and appreciation to the villagers of Lumshnong village and other villages in Norpoh region for their continuous and ever strengthening support. And to you our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of Board

Sajjan Bhajanka
Chairman

Gurgaon,
April 14, 2010

Annexure – I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2010.

A. Conservation of Energy

Specific energy consumption (Kwh/Ton of cement) has reduced from 102.80 Kwh in the year 2008-09 to 97.96 Kwh during current year.

The Company has a full fledged energy conservation cell headed by the competent Energy Manager duly certified by the Bureau of Energy Efficiency for identification and implementation of energy conservation programmes.

1. We have produced 15% OPC and 85% of PPC during the current year. The OPC production is lower by 62% and PPC production has increased by 36% as compared to last year.

2. Fly ash consumption has continued to be at 31% and C_3S content in clinker has improved from 53.09 % in FY 2008-09 to 54 % in current year.

a) Energy conservation measures taken:

i) Installation of VFDs in bag filter fans, raw mill compressor, down comer compressor, cooler fan and main plant water supply.

ii) De-tipping of pre-heater fan impeller.

iii) Replacement of cooler ESP fan with high efficiency fan.

iv) Replacement of water pumps with lower head pump.

v) Modification in pre-heater for lowering down pre -heater pressure.

vi) Modification in coal mill drying chamber and installation of one additional drier

vii) Modification at power load centre.

viii) Installation of check synchronising relays, grid monitoring relays, vector surge relay, installation of additional power transformer in switch yard

ix) Erection of additional 132 KV current transformer in switchyard to monitor reverse power flow to grid.

x) Installation of pre-heater fan H.T.Motor, additional cooling fans for GRR to avoid over heating of resistance

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company has planned to implement the following measures:

i) Installation of VFDs in pre -heater and RABH fans.

ii) Close circuiting of tertiary crusher and further size reduction.

iii) Installation of a proper crushing system for additive.

iv) Modification in additive hoppers to have uninterrupted feeding of shale.

v) Installation of re-circulation duct in coal mill to improve the production and air flow.

vi) Replacement of existing dynamic separator with high efficiency separator.

vii) Installation of dynamic separator in coal mill.

viii) Implementation of International Standards ISO-50001 for energy management.

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

Measures referred in (a) are expected to result in energy saving of Rs. 180.90 lac per annum. Measures referred in (b) are expected to result in energy savings of Rs. 132.34 lac per annum.

Form for Disclosures of particulars with respect to conservation of energy.

Sl. No.		2009-10	2008-09
A.	Power and fuel consumption		
1.	Electricity		
	A Purchased		
	Units (lac Kwh)	630.85	706.95
	Total amount (Rs. in lac)	3,515.83	3,400.75
	Rate/unit (Rs.)	5.57	4.81
	B Own generation		
	Through diesel generator		
	Units (lac Kwh)	NIL	NIL
	Units / Ltr. of HSD	NIL	NIL
	Total amount (Rs. in lac)	NIL	NIL
	HSD const / unit generated (Rs./unit)	NIL	NIL
2.	Coal (C and D Grade used as fuel in Kiln)		
	Quantity (MT)	1,10,624	1,24,508
	Total cost (Rs. in lac)	3,826.90	3,590.96
	Average rate (Rs./MT)	3,459.38	2,884.11
3.	High speed oil for kiln		
	Quantity (K. Ltr)	61.11	60.27
	Total cost (Rs. in lac)	18.08	19.11
	Average rate (Rs./K.Ltr)	29,584.00	31,709.00
B.	Consumption per unit of production		
	Electricity (Kwh/T of cement)	97.96	102.80
	HSD (Ltr/T of clinker)	0.10	0.09
	Coal (K.Cal/Kg of clinker)	834	801
	Coal % per MT of clinker	18.37	19.06

B. Technological absorption

Research and Development (R&D)
The Company is having a full fledged research and development cell for carrying out R&D projects at its laboratory with a specified objective of development of advanced systems for the mills, Kiln optimisation, alternate fuel for kiln and cement quality improvement.

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

1. Gypsum optimisation study conducted for strength optimisation and workability control.
2. Further study conducted to increase C_3S content in clinker.
3. Effective use of XRD for estimation of mineralogical composition and free lime of clinker.
4. Coal mix optimisation in pyro-processing carried out.
5. Installation feasibility of additional dryer in coal mill.
6. Analysis of power saving on installation of VFDs.

Benefit derived as a result of R and D

i. Gypsum optimization study resulted into improvement in compressive strength and workability control.

ii. C_3S content in clinker has increased from 53.09% to 54% resulting into improved product quality and better customer satisfaction.

iii. Effective use of XRD has resulted into quick and error free determination of mineralogical composition and free lime.

iv. Coal Mill optimisation in pyro processing has resulted into productivity optimisation and coal consumption per ton of clinker has reduced from 19.06% to 18.37%

v. Installation of one additional drier in coal mill and conversion of coal mill drying chamber into grinding chamber has resulted into increase in efficiency of coal mill from 14 tph to 17 tph.

vi. Installation of VFDs has resulted into power saving.

Future plan of Action

1. Improvement in coarse and fines separation in the separator of raw mill and cement mill by carrying out modification/replacement of existing separator.
2. Feasibility study to be carried out for installation of pre-grinder in cement mills.
3. Close circuiting of limestone tertiary crusher.
4. Installation of screening and crushing system for clinker to increase cement mill output.
5. Replacement of mill scale in raw mix with ferruginous clay.
6. Feasibility of dynamic separator installation in coal mill.

Expenditure on Research and Development

(Rs. in lac)

Sl. No	Particulars	2009-10	2008-09
a.	Capital expenditure	11.91	12.14
b.	Revenue	8.36	7.69
	Total	**20.27**	**19.83**

Industrial relation

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

Foreign exchange earnings and outgo

(Rs. in lac)

Sl. No.	Particulars	2009-10	2008-09
	Foreign exchange earning	NIL	NIL
	Foreign exchange outgo	4,330.81	3,442.82

Annexure – II

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2010

A. Employed throughout the financial year and in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum

Sl.	Name and age (years)	Designation/ nature of duties	Remuneration (Rs.)	Qualifications	Experience (years)	Date of commencement of employment	Last employment last designation
1.	Sajjan Bhajanka (58)	Chairman	36,00,000	B.Com	32	March 16, 2002	NA.
2.	Brij Bhushan Agarwal (38)	Vice Chairman	36,00,000	B.Com	15	January 3, 2003	NA.
3.	Rajendra Chamaria (52)	Vice Chairman and Managing Director	24,00,000	B.Com (Hons)	31	June 12, 2004	NA.
4.	Prem Kumar Bhajanka (52)	Executive Director	36,00,000	B.Com	27	November 16, 2002	NA.
5.	Sanjay Agarwal (49)	Executive Director	36,00,000	B.Com	24	November 16, 2002	NA.
6.	S.V.P. Gupta (54)	President (Works)	30,31,153	B.Tech, (Chem), MBA	31	March 5, 2007	Andhra Cement Ltd., Sr. V.P. (Works)
7.	Arun Kumar Sinha (68)	Technical Advisor	37,20,000	B.Sc,B.E.(Mech), FIE	43	September 1, 2002	Cement Corporation of India Ltd. A government of India enterprises Director (Operation)

B. **Employed for a part of the financial year and in receipt of remuneration aggregating Rs. 2,00,000 or more per month.**
There was no employee employed for a part of financial year drawing more than aggregate Rs. 2,00,000 or more per month.

FINANCIAL SECTION

Auditor's Report

To the Members of,
CEMENT MANUFACTURING COMPANY LIMITED

1. We have audited the attached Balance Sheet of **CEMENT MANUFACTURING COMPANY LIMITED** as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred in paragraph 3 above, we report that :

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the Directors as at 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

   f) In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with significant accounting policies and notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2010;

      ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date ; and

      iii. in the case of Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

For Kailash B. Goel & Co.
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office : Gurgaon
Date : April 14, 2010

Annexure to the Auditor's Report

Annexure referred to in paragraph (3) of our report of even date

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   b) The fixed assets of the company are physically verified by management according to a phased programme designed to cover all the items over a period of two years, which is considered to be reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

   c) During the year, the Company has not disposed off any substantial part of its Fixed Assets and therefore do not affect the going concern assumption.

2. a) The inventory, except goods-in-transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

   c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.

3. a) The Company has granted unsecured loans to two companies covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 4875.00 Lacs and the year end balance of loans given to such Companies was Rs. 315.00 Lacs. The Company has also taken unsecured loan from one Company covered under the register maintained u/s 301 of the Companies Act. The maximum amount involved during the year was Rs. 1,300.00 Lacs and the year end balance of loans taken from such Company was NIL.

   b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which loan has been given or taken are not, prima facie, prejudicial to the interest of the Company.

   c) In respect of the aforesaid loans, the company is regular in receiving and paying the principal amounts as stipulated and has been regular in the receipt and payment of interest.

   d) There is no overdue amount of loans given or received to/from companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in these areas.

5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

   b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Act and the Rules framed there under apply.

7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.

9. a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education & Protection Fund, Income Tax, Sales Tax/Value Added Tax, Wealth Tax, Customs duty, Excise Duty, Cess and any other statutory dues applicable to it. There were no undisputed arrears as at 31st March 2010, for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of disputed taxes and duties as at March 31, 2010 which have not been deposited, are as under :

Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	27.38	2004-05	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	19.97	2007-08	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Service Tax	20.80	2006-07	Additional Commissioner
The Income Tax Act, 1961	Income Tax	563.86	2006-07	Commissioner of Income Tax (Appeals)

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks as at the Balance Sheet date.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinon, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. The Company has invested surplus funds in marketable securities. According to the information and explanations given to us proper records have been maintained of the transactions and contracts and timely entries have been made therein. The marketable securities have been held by the Company, in its own name.
15. In our opinion and on the basis of information and explanations given to us, the terms and conditions of guarantee given by the Company for loans taken from banks by its two subsidiaries and a body corporate, are not prima-facie prejudicial to the interests of the Company.
16. In our opinion and on the basis of information and explanations given to us, on an overall basis ,the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.
19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
20. The Company has not raised any money through public issues during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Kailash B. Goel & Co.
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office: Gurgaon
Date : April 14, 2010

Balance Sheet As at March 31, 2010

(Rs. in Lacs)

	Schedules	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4,192.14	4,192.14
Reserves and Surplus	2	30,237.85	24,345.89
Loan Funds			
Secured Loans	3	9,095.05	8,531.54
Unsecured Loans	4	912.51	776.41
Total		**44,437.56**	**37,845.98**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		18,599.69	17,291.70
Less: Depreciation		6,864.32	5,372.78
Net Block		11,735.37	11,918.92
Capital Work in Progress		2,495.11	850.01
Pre-Operative Expenditure (Pending Allocation)		901.79	331.78
		15,132.27	13,100.71
Investments	6	11,446.93	3,451.93
Deferred Tax Assets		77.10	50.36
Current Assets, Loans & Advances	7		
Current Assets			
Inventories		3,617.89	3,006.38
Sundry Debtors		4,136.66	5,179.03
Cash & Bank Balances		714.79	1,614.03
Loans & Advances		11,864.85	13,518.52
		20,334.20	23,317.96
Less: Current Liabilities & Provisions	8	2,552.95	2,093.06
Net Current Assets		17,781.25	21,224.89
Miscellaneous Expenditure	9	–	18.09
(to the extent not written off or adjusted)			
Total		**44,437.56**	**37,845.98**
Significant Accounting Policies & Notes on Accounts	17		

The Schedules referred to hereinabove form an Integral Part of the Balance Sheet

As per our report of even date

For & on behalf of Board

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Place: Gurgaon
Date: April 14, 2010

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Profit and Loss Account For the year ended March 31, 2010

(Rs. in Lacs)

	Schedules	2009-10	2008-09
INCOME			
Gross Sales		32,902.77	30,978.81
Less : Sales Tax & VAT		1,559.61	1,825.55
Less : Excise Duty (Net)		780.30	872.01
Net Sales		30,562.86	28,281.24
Other Income	10	653.07	335.43
Increase /(Decrease) in Stock	11	228.91	(117.94)
Total		**31,444.83**	**28,498.72**
EXPENDITURE			
Cost of Materials	12	3,570.88	2,981.28
Manufacturing & Operating Expenses	13	9,517.26	8,179.11
Personnel Expenses	14	1,935.42	1,696.34
Selling, Administrative & Other Expenses	15	4,925.24	5,552.47
Interest & Finance Charges	16	453.19	650.73
Depreciation		1,477.09	1,323.68
Total		**21,879.09**	**20,383.61**
Profit before tax		**9,565.74**	**8,115.11**
Prior Period Adjustments (Net)		0.24	(134.55)
Provision for Taxation			
- Current Tax		1,646.06	900.72
- Less: MAT Credit entitlement		(1,625.74)	(900.72)
- Net Current Tax		20.32	–
- Fringe Benefit Tax		–	(30.72)
- Deferred Tax		26.74	(10.90)
Profit after Tax		**9,572.41**	**7,938.94**
Balance (Dr.)/ Cr. Brought Forward		21,672.90	16,986.25
Profit available for Appropriation		**31,245.31**	**24,925.19**
APPROPRIATIONS :			
Interim Dividend Paid		(3,144.10)	(2,096.07)
Corporate Dividend Tax		(534.34)	(356.23)
Transfer to General Reserve		(1,000.00)	(800.00)
Balance (Dr.) / Cr. Carried to Balance Sheet		**26,566.86**	**21,672.90**
Basic Earning Per Share (Face Value of Rs.10/- each)		22.83	18.94
Diluted Earning Per Share (Face Value of Rs.10/- each)		22.83	18.94
Significant Accounting Policies & Notes on Accounts	17		

The Schedules referred to hereinabove form an Integral Part of the Profit and Loss Account

As per our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Place: Gurgaon
Date: April 14, 2010

For & on behalf of Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Schedules to the Balance Sheet As at March 31, 2010

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 1 SHARE CAPITAL		
Authorised Capital		
5,00,00,000 (5,00,00,000 as at 31.03.09) Equity Shares of Rs.10/- each	5,000.00	5,000.00
Issued, Subscribed & Paid -up		
4,19,21,392 (4,19,21,392 as at 31.03.09) Equity Shares of Rs.10/- each fully paid up in cash	4,192.14	4,192.14
Note: 2,95,47,500 (2,95,47,500 as at 31.03.09) Equity Shares are held by Century Plyboards (I) Limited (Holding Company)		
Total	**4,192.14**	**4,192.14**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 2 RESERVES AND SURPLUS		
Capital Reserves		
Balance as per last Account	872.99	1,046.08
Addition/(Deduction) during the year	(2.00)	(173.09)
	870.99	872.99
General Reserve		
Balance as per last Account	1,800.00	1,000.00
Addition during the year	1,000.00	800.00
	2,800.00	1,800.00
Surplus as per Profit and Loss Account	26,566.86	21,672.90
Total	**30,237.85**	**24,345.89**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 3 SECURED LOANS		
Rupee Term Loans		
- From a Financial Institution	964.72	1,460.23
- From Banks	4,364.95	2,738.33
Foreign Currency Term Loan from Banks	1,027.44	2,553.06
	6,357.11	6,751.62
Buyers Credit from a Bank on Capital Account	147.61	165.89
Working Capital facilities from Banks		
- Cash Credit	2,191.69	101.04
- Foreign Currency Demand Loan	392.72	1,506.68
Hire Purchase Finance		
- From Banks	4.56	2.77
- From a Body Corporate	1.37	3.55
Total	**9,095.05**	**8,531.54**

Notes:

1. Term loans from Banks & Financial Institution are secured / to be secured by first charge on fixed assets of the Company's cement plants and second charge on current assets of the company on pari passu basis.
2. Working capital facilities from Banks are secured / to be secured by way of first charge on current assets of the Company and second charge on fixed assets of the Company's cement plants on pari passu basis.
3. Term Loans and Working Capital facilities from Banks/Financial Institution have been guaranteed by some of the Directors of the Company.
4. Hire Purchase Finance is secured by hypothecation of respective assets.
5. Buyers credit from a bank has been availed against Letter of Credit issued by a bank which is secured by first charge on fixed assets of the company's cement plants on pari passu basis.

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 4 UNSECURED LOANS		
Security Deposits	912.51	776.41
Total	**912.51**	**776.41**

(Rs. in Lacs)

Schedule – 5 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	As on 01.04.2009	Additions	Deduction/ Adjustment	Total as on 31.03.2010	Upto 31.03.2009	For the Year	Adjustment	Total as on 31.03.2010	As on 31.03.2010	As on 31.03.2009
A. CEMENT PLANT AT LUMSHNONG, MEGHALAYA										
Land & Site Development	485.28	–	–	485.28	–	–	–	–	485.28	485.28
Factory Building	3,536.06	15.96	–	3,552.01	912.83	263.92	–	1,176.75	2,375.26	2,623.23
Non Factory Building	1,326.61	–	–	1,326.61	149.96	58.83	–	208.80	1,117.81	1,176.65
Plant, Machinery & Equipments	8,659.24	153.79	–	8,813.03	3,168.93	848.06	–	4,016.99	4,796.05	5,490.31
Pollution Control Equipments	289.97	–	–	289.97	129.55	22.31	–	151.87	138.11	160.42
Laboratory Equipments	49.90	11.91	–	61.82	13.97	5.17	–	19.14	42.68	35.94
Electrical & Water Installation	1,241.35	13.52	–	1,254.88	550.64	96.94	–	647.58	607.30	690.71
Furniture & Fixtures	157.52	7.56	–	165.08	58.59	18.58	–	77.17	87.91	98.93
Office Equipments	52.83	139.14	–	191.97	17.09	19.69	–	36.78	155.19	35.74
Computers	88.22	12.73	–	100.95	60.21	13.52	–	73.72	27.23	28.01
Vehicles	63.09	220.55	–	283.64	34.67	48.01	–	82.68	200.96	28.42
Tools & Tackles	205.28	33.31	–	238.59	62.66	22.23	–	84.90	153.70	142.61
Total - A	**16,155.35**	**608.49**	**–**	**16,763.84**	**5,159.10**	**1,417.27**	**–**	**6,576.37**	**10,187.47**	**10,996.25**
B. OTHERS										
Land & Site Development	286.16	256.57	–	542.72	–	–	–	–	542.72	286.16
Mines & Mines Development	390.27	–	–	390.27	–	–	–	–	390.27	390.27
Non Factory Building	57.76	–	–	57.76	7.99	2.49	–	10.48	47.28	49.77
Electrical & Water Installation	23.49	16.13	–	39.62	7.48	2.97	–	10.45	29.17	16.01
Furniture & Fixtures	97.86	70.93	0.30	168.49	44.87	15.78	0.19	60.46	108.03	52.98
Office Equipments	39.47	12.15	0.38	51.23	11.72	4.71	0.10	16.33	34.90	27.75
Computers	99.29	20.83	–	120.12	67.95	15.15	–	83.09	37.02	31.34
Tools & Tackles	–	0.50	–	0.50	–	0.01	–	0.01	0.49	–
Vehicles	88.28	335.50	15.51	408.26	31.26	33.41	10.06	54.60	353.66	57.02
Total - B	**1,082.57**	**712.61**	**16.20**	**1,778.98**	**171.27**	**74.51**	**10.36**	**235.42**	**1,543.55**	**911.30**
C. INTANGIBLE ASSETS										
Computer Software	53.78	3.09	–	56.87	42.41	10.12	–	52.53	4.35	11.37
Total - C	**53.78**	**3.09**	**–**	**56.87**	**42.41**	**10.12**	**–**	**52.53**	**4.35**	**11.37**
Total - (A + B+C)	**17,291.70**	**1,324.19**	**16.20**	**18,599.69**	**5,372.78**	**1,501.90**	**10.36**	**6,864.32**	**11,735.37**	**11,918.92**
Previous Year's figures	14,609.76	2,713.06	31.11	17,291.70	4,070.73	1,323.68	21.63	5,372.78	11,918.92	10,539.03

Note:

1. Deprecation for the period includes Rs 24.80 Lacs, debited to Pre-operative expenditure.

(Rs. in Lacs)

Schedule – 6 INVESTMENTS

	31.03.2010	31.03.2009
Long Term (At Cost)		
Trade Investments		
Shares in Subsidiary Companies-Unquoted		
Megha Technical & Engineers Private Limited		
2,73,36,400 (2,73,36,400 as at 31.03.09) Equity Shares of Rs 10/- each fully paid up	2,733.64	2,733.64
Star Cement Meghalaya Limited		
1,29,73,500 (49,37,500 as at 31.03.09) Equity Shares of Rs 10/- each fully paid up	6,893.75	493.75
Others-Unquoted		
Meghalaya Power Limited		
51,90,000 (20,00,000 as at 31.03.09) Equity Share of Rs 10/- each fully paid up	1,795.00	200.00
Quoted (Non Trade)		
Reliance Power Limited		
8,743 (8,743 as at 31.03.09) Equity Shares of Rs 10/- each fully paid up	24.54	24.54
Note: Aggregate market value of quoted investment is Rs 13.07 Lacs as at 31.03.10, (Rs. 8.90 Lacs as at 31.03.09)		
	11,446.93	3,451.93

Schedule – 6 INVESTMENTS *(contd...)*

Note :

The following investments were purchased and sold during the year

Name of Mutual Fund	Face Value	No. of units	Purchase cost
Reliance Money Manager Fund	10	18,54,332.88	400.00
Baroda Pioneer Liquid Fund Institutional Growth Plan	10	1,41,21,598.25	1,450.00
SBI-Ultra Short Term Fund Institutional Growth Plan	10	85,73,032.72	1,700.00
		2,45,48,963.85	**3,550.00**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 7 CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
Raw Materials	432.23	401.81
Work - In - Process	253.58	100.15
Finished Goods	107.88	32.40
Fuels, packing materials, Stores & Spares parts	2,824.21	2,472.02
	3,617.89	3,006.38
Sundry Debtors		
Secured Considered Good		
Sale of Product		
Over Six months	3.43	7.64
Other debts	225.03	251.77
	228.45	259.41
Unsecured		
Over Six Months		
I Sale of product - Considered Good	3.68	15.58
Sale of product - Considered Doubtful	15.73	6.80
Less: Provision for Bad & Doubtful debt	(15.73)	(6.80)
	3.68	15.58
II Claims due from Central Government - Considered Good	2,266.21	2,599.14
Other Debts		
I Sale of product - Considered Good	1,317.76	1,483.35
II Claims due from Central Government - Considered Good	320.55	821.55
	1,638.31	2,304.90
	4,136.66	5,179.03
Cash & Bank Balances		
Cash In Hand	13.30	7.94
Cheques In Hand	479.50	759.24
Balances With Scheduled Banks:		
- Current Accounts	197.63	551.41
- Cash credit Account	–	59.99
- Fixed Deposit Account	22.56	222.56
Balance with Non-Scheduled Bank:		
- Current Accounts	1.80	12.89
Meghalaya Rural Bank		
(Maximum amount due during the year Rs 36.12 Lacs, Previous Year Rs 44.54 Lacs)		
	714.79	**1,614.03**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 7 CURRENT ASSETS, LOANS AND ADVANCES *(Contd.)*		
Loans and Advances (Unsecured, considered good)		
Loans and advances to Subsidiaries	710.98	3,286.31
Advances Recoverable in Cash or in kind or for value to be received	3,773.66	4,337.60
Advances against Capital Expenditure	526.81	251.43
Advances to Suppliers	132.19	144.88
CST Refundable	1.49	73.48
Subsidies Receivable from Central/State Governments	2,300.61	2,630.04
Prepaid expenses	49.40	41.36
Deposits	72.68	74.96
Balances with / Receivable from Central Excise Department	912.45	749.35
Advance Income Tax including MAT credit entitlement, net of provisions	3,384.56	1,929.12
	11,864.85	**13,518.52**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 8 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors (Trade)	153.57	65.98
Sundry Creditors for Capital Expenditure	76.73	44.95
Sundry Creditors - Micro,Small & Medium Enterprises (Refer Note no. 10)	–	–
Interest Accrued but not due	0.21	0.53
Advances from Customers	35.92	260.94
Statutory Liabilities (including excise duty on finished goods Rs 40.63 Lacs, Rs 18.08 Lacs as at 31.03.09)	499.81	425.87
Other Liabilities	1,698.59	1,225.53
Total (A)	**2,464.84**	**2,023.80**
Provisions		
For Gratuity	50.57	38.81
For Leave Encashment	37.54	30.46
Total (B)	**88.11**	**69.27**
Total (A+B)	**2,552.95**	**2,093.06**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 9 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Project Development and Feasibility Report Expenses etc.		
Balance as per last Account	16.59	22.12
Addition during the year	24.08	–
Written off during the year	(40.67)	(5.53)
Total (A)	–	**16.59**
Preliminary Expenses		
Balance as per last Account	1.50	6.73
Addition during the year	–	–
Written off during the year	(1.50)	(5.23)
Total (B)	–	**1.50**
Total (A+B)	–	**18.09**

Schedules to the Profit and Loss Account For the year ended March 31, 2010

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 10 OTHER INCOME		
Interest (Gross,TDS Rs 17.96 Lacs,Previous Year Rs 45.03 Lacs)	155.97	199.70
Exchange Fluctuation Gain	402.98	–
Insurance and Other Claims	1.43	33.67
Miscellaneous Income	92.69	102.06
	653.07	**335.43**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 11 INCREASE/ (DECREASE) IN STOCK		
Work in Process		
Opening Stock	100.15	220.73
Closing Stock	253.58	100.15
	153.43	**(120.58)**
Finished Goods		
Opening Stock	32.40	29.76
Closing Stock	107.88	32.40
	75.48	**2.64**
Increase /(Decrease)	**228.91**	**(117.94)**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 12 COST OF MATERIALS		
Consumption of Raw Materials	2,669.54	2,141.71
Consumption of Stores & Spares	373.69	254.29
Packing Materials	527.65	585.28
	3,570.88	**2,981.28**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 13 MANUFACTURING & OPERATING EXPENSES		
Royalty	777.92	664.05
Power & Fuel	7,356.81	6,994.28
Repairs & Maintenance		
- Building	142.05	74.75
- Plant & Machinery	767.59	316.40
- Others	82.36	78.51
Excise duty variation on opening/closing stock	35.37	(40.34)
Freight & Material Handling Expenses	51.99	28.00
Equipment Hire Charges	97.41	39.06
Heavy Vehichle / Equipment Running Expenses	205.78	24.40
	9,517.26	**8,179.11**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 14 PERSONNEL EXPENSES		
Salaries, Wages & other Manpower Expenses	1,808.55	1,583.46
Contribution to Provident Fund	38.97	36.53
Welfare Expenses	87.90	76.36
	1,935.42	**1,696.34**

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 15 SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Travelling and Conveyance	124.96	145.73
Exchange Fluctuation Loss	–	955.88
Bank Charges	27.77	37.50
Insurance(Net)	30.22	28.60
Rent, Rates & Taxes	134.38	98.09
Printing & Stationery	34.71	23.02
Postage, Telephone and Communication	68.43	73.07
Legal & Professional Fees	89.39	88.67
Vehicle Running Expenses	29.95	36.70
Research & Development Expenses	8.36	7.69
Directors Remuneration	200.44	188.08
Charity & Donation	164.48	97.41
Miscellaneous Expenses	138.84	132.93
Miscellaneous Expense/Preliminary Expenses Written Off	42.17	10.76
Advertisement & Publicity	356.68	387.48
Outward Freight Charges (Net)	2,848.29	2,531.48
Sales Promotion Expenses	174.37	337.95
Commission, Discount & Incentives on Sale	451.82	371.43
	4,925.24	**5,552.47**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 16 INTEREST & FINANCE CHARGES		
On Fixed Loans	268.56	422.36
Others	184.63	228.37
	453.19	**650.73**

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. **System of Accounting**

   The financial statements were prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

2. **Use of estimates**

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

3. **Fixed assets**

   Fixed assets are stated at cost of acquisition, installation or construction (net of Cenvat credit and other recoverable, wherever applicable) less accumulated depreciation, amortisation 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 its intended use.

4. **Capital work-in-progress**

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

5. **Expenditure during construction period**

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

6. **Depreciation**

   Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Continuous process plants are identified based on a technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of put to use, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided up to the date on which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

7. **Investments**

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

8. **Inventories**

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

9. **Retirement Benefits**

   i) *Defined Contribution Plan*

   Employees benefits in the form of provident fund, ESIC and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the 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 recognised in the Profit and Loss Account.

10. **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 recognised 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.

11. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss will be recognised 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 recognised impairment loss is further provided or reversed depending on changes in circumstances.

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 Profit and Loss Account.

All exchange differences other than those regarded as adjustment to the interest cost, arising from foreign currency transaction (including booking of forward contracts) remaining unsettled at the year end are translated at closing exchange rate prevailing at the end of the year and dealt within the Profit and Loss Account.

Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

The translation gain/ loss on any foreign currency borrowing relating to a depreciable fixed asset has been charged to the Profit and Loss Account instead of capitalising it to the fixed asset.

13. Miscellaneous Expenditure

Preliminary Expenses were written off over a period of five years till last year. However the same has been full written off during the year.

14. Taxes on Income

Tax expense comprises of current, deferred and fringe benefit 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. 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 recognised to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realisation / liabilities.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when 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 Balance Sheet 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.

15. Revenue Recognition

Items of income and expenditure are recognised on accrual basis except stated otherwise. Sales are recorded on dispatch of goods to the customer. Sales include excise duty, sales tax and value added tax (VAT) and are net of trade discounts, rebates, and returns. Sales also include the amount of sales tax and VAT remission in accordance with the respective incentive schemes of the central/state government. Interest income is recognised on time proportion basis.

16. Government Grants / Subsidies

Government grants / subsidies are recognised when there is reasonable certainty that the same will be received. Revenue grants in the nature of recoupment/ reimbursement of any item of expenditure are recognised in the Profit and Loss Account 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.

17. Intangible Asset

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

18. Research and Development Expenditure

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

Schedule – 17 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

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

B. NOTES ON ACCOUNTS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	6,023.78	7,666.23
2. **Contingent liabilities not provided for:**		
a) Bank guarantees issued by banks	634.20	181.05
b) Letters of credit issued by banks	2,158.36	–
c) Claims against the company not acknowledged as debts – Excise/VAT/Income-tax matters	632.01	425.59
d) Guarantee provided to banks against borrowings of subsidiaries [Outstanding as at 31.03.2010 Rs.6,724.01 Lacs, (as at 31.03.2009 Rs.4,828.93 Lacs)]	45,900.00	5,900.00
Others [Outstanding as at March 31, 2010 Rs.500 Lacs, (as at March 31, 2009 NIL)]	500.00	–
3. Fixed deposit receipts pledged with the bank	22.56	22.56
4. Amount of secured loans falling due for repayment in next 12 months	2,244.27	2,962.53

(Rs. in Lacs)

	2009-10	2008-09
5. Export of goods (on FOB basis)	–	–
6. Remuneration paid to directors	200.44	188.08
7. Borrowing cost capitalized	309.76	6.10
8. Payment made to the Auditors' during the year:		
a) Statutory audit fees	4.80	3.25
b) Tax audit fees	0.78	0.65
c) Certification and other works	1.62	1.51
d) Reimbursement of expenses (including service tax)	0.15	0.38
Total	**7.35**	**5.79**

9. In the opinion of the management and to the best of their knowledge and belief the value on realisation 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.

10. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and, hence disclosure relating to amounts unpaid at the year end, interest paid/payable under this Act has not been given.

11. The Company deals in only one segment i.e. cement and only in India. There is no separate reportable segment as required by Accounting Standard 17- 'Segment Reporting'. The Company caters to the needs of the domestic market has no reportable geographical segments.

12. Sundry debtors include the following amounts due from companies under the same management. :

(Rs. in Lacs)

Name of the Companies	Status	Amount Due as at		Maximum Amount O/s at any time during the year	
		31.03.2010	31.03.2009	2009-10	2008-09
Megha Technical & Engineers Pvt. Ltd.	Subsidiary Co.	521.81	288.26	2,492.21	2,992.82
Cent Ply Private Limited	Fellow subsidiary	–	–	8.68	25.82
Star Cement Meghalaya Limited	Subsidiary Co.	–	–	172.28	–
Meghalaya Power Limited	Fellow subsidiary	–	–	26.62	16.54

Schedule – 17 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

13. Loans and advances include the following amounts due from companies under the same management :

(Rs. in Lacs)

Name of the Companies	Status	Amount Due as at		Maximum Amount o/s at any time during the year	
		31.03.2010	31.03.2009	2009-10	2008-09
Century Plyboards (India) Ltd.	Holding Co.	–	–	2,300.00	1,948.66
Megha Technical and Engineers Pvt. Ltd.	Subsidiary Co.	485.15	2,087.09	2,000.00	3,243.89
Star Cement Meghalaya Limited	Subsidiary Co.	225.84	1,199.21	6,577.83	1,192.21
Meghalaya Power Limited	Fellow subsidiary	1,010.18	1,673.42	2,455.00	2,008.00
Skipper Limited	Associate	–	–	500.00	–
Star India Cement Ltd.	Associate	75.00	75.00	75.00	75.00

14. Unhedged Foreign Currency Exposure:

(In Millions)

Unhedged Foreign Currency Exposure	Currency	As at 31.03.2010	As at 31.03.2009
1 FCNRB Term Loan	USD	2.28	5.03
2 FCNRB Demand Loan	USD	0.87	2.97
3 Buyers Credit	USD	0.33	0.33
		3.47	8.33

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

a) Names of the transacting related parties and description of relationships.

Holding Company	Century Plyboards (India) Limited (CPIL)
Subsidiary Company	Megha Technical & Engineers Private Ltd. (MTEPL)
	Star Cement Meghalaya Limited (SCML)
Fellow subsidiary companies	Cent Ply Private Limited (CPPL)
	Meghalaya Power Limited (MPL)
Associates	Shyam Sel & Power Limited (SSPL)
	Skipper Limited (SL)
	Shyam Energy Limited (SEL)
	Shyam Dri &Power Limited (SDPL)
	Star India Cement Limited (SICL)
Key management personnel	Mr. Sajjan Bhajanka (Chairman)
	Mr. Brij Bhusan Agarwal (Vice Chairman)
	Mr. Sanjay Agarwal (Executive Director)
	Mr. Prem Kumar Bhajanka (Executive Director)
	Mr. S.B.Roongta (Managing Director)
	Mr. Rajendra Chamaria (Vice Chairman and Managing Director)
	Mr. Pankaj Kejriwal (Executive Director)
	Ms. Payal Bhajanka (Executive Director) up to March 20, 2010
	Mr. Sanjay Kr. Gupta (Chief Financial Officer)

Schedule – 17 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

b) Details of transactions between the Company and related parties and the status of outstanding balance as at March 31, 2010 are given hereunder:

(Rs. in Lacs)

Sl No.	Types of transactions	Holding company		Subsidiaries		Fellow subsidiary and associates		Key managerial personnel	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Purchase transactions								
	CPIL	780.40	517.28	–	–	–	–	–	–
	MTEPL	–	–	353.08	1,422.51	–	–	–	–
	MPL	–	–	–	–	2,290.84	–	–	–
2	Sale transactions								
	MTEPL	–	–	11,133.73	9,494.94	–	–	–	–
	SCML	–	–	172.28	–	–	–	–	–
	MPL	–	–	–	–	29.25	25.06	–	–
	CPPL	–	–	–	–	22.58	69.17	–	–
3	Purchase of capital goods								
	MTEPL	–	–	137.50	0.57	–	–	–	–
	MPL	–	–	–	–	46.98	–	–	–
	SSPL	–	–	–	–	47.45	24.55	–	–
	SL	–	–	–	–	3.06	13.37	–	–
4	Sale of capital goods								
	CPIL	–	0.31	–	–	–	–	–	–
	MTEPL	–	–	–	9.42	–	–	–	–
5	Services Rendered								
	MTEPL	–	–	10.33	9.31	–	–	–	–
6	Services Received								
	MTEPL	–	–	–	20.76	–	–	–	–
7	Loan and advances Taken								
	CPIL	1,300.00	–	–	–	–	–	–	–
8	Loans and advances Given								
	CPIL	4,150.00	3,045.00	–	–	–	–	–	–
	MTEPL	–	–	1,605.00	2,000.00	–	–	–	–
	SCML	–	–	–	175.00	–	–	–	–
	SL	–	–	–	–	500.00	–	–	–
9	Reimbursement of expenses/ cost of materials sold or given								
	CPIL	5.44	2.87	–	–	–	–	–	–
	MTEPL	–	–	1,223.97	489.97	–	–	–	–
	SCML	–	–	432.05	381.77	–	–	–	–
	MPL	–	–	–	–	142.17	224.36	–	–
	CPPL	–	–	–	–	–	0.13	–	–
	SSPL	–	–	–	–	–	1.71	–	–
	SCCIL	–	–	–	–	1.45	–	–	–
	SICL	–	–	–	–	0.23	3.13	–	–
10	Reimbursement of expenses payable/ cost of materials purchased or taken								
	CPIL	5.00	27.16	–	–	–	–	–	–
	MTEPL	–	–	1,040.24	519.07	–	–	–	–
	SCML	–	–	48.56	11.10	–	–	–	–
	MPL	–	–	–	–	144.28	40.26	–	–
	SSPL	–	–	–	–	–	1.54	–	–
	CPPL	–	–	–	–	0.28	–	–	–
	SDPL	–	–	–	–	0.02	–	–	–

b) Details of transactions between the Company and related parties and the status of outstanding balance as at March 31, 2010 are given hereunder: *(Contd...)*

(Rs. in Lacs)

Sl No.	Types of transactions	Holding company		Subsidiaries		Fellow subsidiary and associates		Key managerial personnel	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
11	Guarantees provided								
	SCML	–	–	4,000.00	–	–	–	–	–
12	Share application money paid								
	SCML	–	–	5,585.80	1,077.03	–	–	–	–
	MPL	–	–	–	–	1,105.00	1,518.17	–	–
	SICL	–	–	–	–	–	75.00	–	–
	Investments made								
	SCML	–	–	6,400.00	210.00	–	–	–	–
	MPL	–	–	–	–	1,595.00	200.00	–	–
	Interest received								
	CPIL	35.15	170.38	–	–	–	–	–	–
	MTEPL	–	–	78.87	9.26	–	–	–	–
	SCML	–	–	13.40	–	–	–	–	–
	SL	–	–	–	–	16.99	–	–	–
13	Remuneration paid								
	Clara Suja	–	–	–	–	–	–	2.40	2.40
	S.B. Roongta	–	–	–	–	–	–	3.64	3.28
	Payal Bhajanka	–	–	–	–	–	–	2.40	2.40
	Pankaj Kejriwal	–	–	–	–	–	–	12.00	12.00
	Rajendra Chamaria	–	–	–	–	–	–	36.00	24.00
	Sajjan Bajanka	–	–	–	–	–	–	36.00	36.00
	Brij Bhushan Agarwal	–	–	–	–	–	–	36.00	36.00
	Sanjay Agarwal	–	–	–	–	–	–	36.00	36.00
	Prem Bhajanka	–	–	–	–	–	–	36.00	36.00
	Sanjay Kumar Gupta	–	–	–	–	–	–	21.14	18.30
14	Balance outstanding as on March 31, 2010:								
	Debtors:								
	MTEPL	–	–	521.81	288.26	–	–	–	–
	Loans:								
	MTEPL	–	–	485.15	2,087.09	–	–	–	–
	SCML	–	–	225.84	1,199.21	–	–	–	–
	MPL	–	–	–	–	1,010.18	1,673.42	–	–
	SICL	–	–	–	–	75.00	75.00	–	–
	Gurantees obtained								
	Promoter directors	–	–	–	–	–	–	8,941.52	8,359.34
	Guarantees provided								
	MTEPL	–	–	4,022.74	4,828.93	–	–	–	–
	SCML	–	–	2,701.27	–	–	–	–	–
	Investments:								
	MTEPL	–	–	2,733.64	2,733.64	–	–	–	–
	SCML	–	–	6,893.75	493.75	–	–	–	–
	MPL	–	–	–	–	1,795.00	200.00	–	–

Schedule – 17 | SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

16. Earning per share (EPS)

(Rs. in Lacs)

	31.03.2010	31.03.2009
Profit / (Loss) attributable to equity shareholders	9,572.41	7,938.94
Equity share capital	4,192.14	4,192.14
Weighted Average No. of Equity Shares Outstanding for basic EPS (Face Value of Rs.10/- per share)	4,19,21,392	4,19,21,392
Weighted Average No. of Equity Shares Outstanding for diluted EPS (Face Value of Rs.10/- per share)	4,19,21,392	4,19,21,392
Basic earning per share (Rs.)	22.83	18.94
Diluted earning per share (Rs.)	22.83	18.94

17. Deferred Tax Liability / Asset as at March 31, 2010 comprises as under:

(Rs. in Lacs)

		Deferred Tax Liability/ (Assets) as at 01.04.2009	Current Year Charge/ (Credit)	Deferred Tax Liability/ (Asset) as at 31.03.2010
A	**Deferred Tax Liability on account of:**			
	Amortisation Expenses	NIL	NIL	NIL
	Total (A)	**NIL**	**NIL**	**NIL**
B	**Deferred Tax Assets on account of**			
	Depreciation Difference	(24.58)	(17.30)	(41.88)
	Gratuity and Leave Encashment	(23.50)	(6.41)	(29.91)
	Provision for Bad and doubtful debts	(2.28)	(3.04)	(5.32)
	Total (B)	**(50.36)**	**(26.74)**	**(77.10)**
C	**Deferred Tax Liability / (Assets) (A – B)**	**(50.36)**	**(26.74)**	**(77.10)**

18. **Employee Defined Benefits:**

a) Defined Contribution Plans

The Company has recognised an expense of Rs.38.97 Lacs (Previous year Rs 36.53 Lacs) towards the defined contribution plans.

b) Defined Benefit Plans – As per Actuarial Valuation as at March 31, 2010

(Rs. in Lacs)

		2009-10		2008-09	
		Gratuity Others	Leave Encashment	Gratuity Others	Leave Encashment
I	**Expense recognised in the statement of Profit and Loss Account for the year ended March 31, 2010**				
	1. Current Service Cost	11.25	8.02	10.30	8.44
	2. Interest cost	3.57	2.72	2.5	2.13
	3. Employee contribution	–	–	–	–
	4. Expected return on plan assets	–	–	–	–
	5. Actuarial (gains)/Losses	(1.32)	2.89	0.68	8.64
	6. Past service cost	–	–	–	–
	7. Settlement cost	–	–	–	–
	8. Losses/(gains) on acquisition/divesture	–	–	–	–
	9. Total expense	13.50	13.63	13.54	19.21
II	**Net asset/(Liability) recognised in the Balance Sheet as at March 31, 2010**				
	1. Present value of defined benefit obligation	50.57	37.54	38.81	30.47
	2. Fair value of plan assets	–	–	–	–
	3. Funded status [surplus/deficit]	(50.57)	(37.54)	(38.81)	(30.47)
	4. Net asset/(Liability) as at March 31, 2010	(50.57)	(37.54)	(38.81)	(30.47)

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

b) Defined Benefit Plans – As per Actuarial Valuation as at March 31, 2010 *(Contd...)* *(Rs. in Lacs)*

	2009-10		2008-09	
	Gratuity Others	Leave Encashment	Gratuity Others	Leave Encashment
III Change in obligation during the year ended March 31, 2010				
1. Present value of defined benefit obligation at the beginning of the year	38.81	30.47	25.27	22.87
2. Current service cost	11.25	8.02	10.30	8.44
3. Interest cost	3.57	2.72	2.56	2.13
4. Settlement cost	–	–	–	–
5. Past Service cost	–	–	–	–
6. Employee contribution	–	–	–	–
7. Liabilities assumed on acquisition/ (settled on divesture)	–	–	–	–
8. Actuarial (gains)/Losses	(1.32)	2.89	0.68	8.64
9. Benefit payments	(1.76)	(6.56)	–	(11.61)
10. Present value of defined benefit obligation at the end of the year	50.55	37.54	38.81	30.47
IV Change in assets during the year ended March 31, 2010				
1. Plan assets at the beginning of the year	–	–	–	–
2. Assets acquired on amalgamation in previous year	–	–	–	–
3. Settlements	–	–	–	–
4. Expected return on plan assets	–	–	–	–
5. Contributions by employer	1.76	6.56	–	11.61
6. Actual benefit paid	(1.76)	(6.56)	–	(11.61)
7. Actuarial (gains)/(Losses)	–	–	–	–
8. Plan assets at the end of the year	–	–	–	–
9. Actual return on plan assets	–	–	–	–

19. In pursuance of "Accounting Standard 28-Impairment of Assets" issued by the Institute of Chartered Accountants of India, the Company reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, management is of the view that in the current financial year impairment of assets is not considered necessary.

20. Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part –II of Schedule VI to the Companies Act, 1956.

a) Licensed & Installed Capacity and Production:

	2009-10 (MT)	2008-09 (MT)
i) Licensed capacity	NA	N.A.
ii) Installed capacity – Cement	5,94,000.00	5,94,000.00
iii) Production - Clinker	6,02,220.00	6,53,410.00
iv) Production – Cement	4,01,411.80	4,09,783.00

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

b) Sales

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
i) Cement*	3,98,587.30	21,769.05	4,09,081.40	21,119.43
ii) Clinker	3,06,091.00	11,133.72	3,26,226.81	9,859.38
Total		**32,902.77**		**30,978.81**

* Includes captive consumption of 5,553.05 MT (Previous year 2,203.25 MT) amounting to Rs 166.84 Lacs (Previous year Rs. 66.10 Lacs)

c) Stock of Finished Goods

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
i) Opening stock – clinker	4,852.89	95.62	11,578.03	211.34
ii) Opening stock – cement	1,030.65	32.40	1,098.00	29.76
Total		**128.02**		**241.10**
iii) Closing stock – clinker	9,798.47	235.75	4,852.89	95.62
iv) Closing stock – cement	3,235.25	107.88	1,030.65	32.40
Total		**343.63**		**128.02**
v) Cement shortage and handling loss	619.90		768.95	

d) Raw Materials Consumed (100% Indigenous):

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
i) Limestone	7,88,143.00	1,099.96	8,43,235.00	1,206.06
ii) Shale	1,34,706.00	101.03	1,56,397.00	117.30
iii) Iron mill scale / iron ore	4,380.00	122.85	6,901.00	168.71
iv) Gypsum	7,346. 35	156.50	2,489.23	51.86
v) Fly ash	1,06,187.81	1,071.05	77,816.01	597.78
vii) Other materials	11,313.17	118.15	–	–
Total		**2,669.54**		**2,141.71**

e) Value of imported and indigenous Stores, Spare parts, Components consumed and their percentage to total consumption:

	2009-10		2008-09	
	Value (Rs. Lacs)	%	Value (Rs. Lacs)	%
Stores, spare parts and components consumed				
i) Imported	11.37	3.04	2.95	1.16
ii) Indigenous	362.33	96.96	251.34	98.84
Total	**373.70**	**100.00**	**254.29**	**100.00**

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

f) CIF value of import of capital goods during the current financial year Rs.9.18 Lacs (Previous year – Rs. 267.71 Lacs)

g) Expenditure incurred in foreign currency:

(Rs. in Lacs)

	2009-10	2008-09
i) Interest paid	156.99	257.29
ii) Legal and professional fees	1.01	3.22
iii) Stores, spare parts and components	11.37	2.18
Total	**169.37**	**262.69**

21. Figures have been rounded off to the nearest Lacs.

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

As per our report of even date
For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Place: Gurgaon
Date: April 14, 2010

For & on behalf of Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Balance Sheet Abstract

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 06663 of 2001-2002

State Code : 1 3

	Date	Month	Year
Balance Sheet Date	3 1	0 3	2 0 1 0

II. Capital Raised during the year *(Amount in Lacs)*

Public Issue	Bonus Issue
NIL	NIL

Right Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in Lacs)*

Total Liabilities	Total Assets
44437.56	44437.56

Sources of Funds

Paid Up Capital	Reserves and Surplus
4192.14	30237.85

Secured Loans	Unsecured Loans
9095.05	912.51

Application of Funds

Net Fixed Assets	Investments
15132.27	11446.93

Net Current Assets	Misc. Expenditure
17781.25	NIL

Deferred Tax
77.10

IV Performance of the Company *(Amount in Lacs)*

Turnover (Incl. Other Income)	Total Expenditure
31215.92	21879.09

Profit / (Loss) before Tax	Profit / (Loss) after Tax
9565.74	9572.41

Earning per Share (Rs.)	Dividend Rate (%)
22.83	75.00

V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

ITC Code	Product description
2523	Portland Cement

For & on behalf of Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Place: Gurgaon
Date: April 14, 2010

Cash Flow Statement For the year ended March 31, 2010

(Rs. in Lacs)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Exceptional Items	**9,407.64**	**9,072.13**
Adjustments for :		
Depreciation	1,477.09	1,323.68
Unrealised Foreign Exchange (Gain) / Loss- Net	156.06	(955.88)
Profit/ Loss on Sale of Fixed Assets	2.04	(1.14)
Interest Income	(155.97)	(199.70)
Interest Expenses	453.19	650.73
Miscellaneous Expenditure written off	42.17	10.76
Provision for Gratuity & Leave Encashment	18.84	19.31
Provision for Income Tax & Wealth Tax	(20.95)	(31.29)
Prior period items	0.24	(134.55)
Provision for Bad and Doubtful Debts (Net of adjustments)	15.73	6.80
Operating Profit before working Capital changes	**11,396.10**	**9,760.84**
Adjustments for :		
Trade receivables	1,042.37	3,441.76
Inventories	(611.51)	(318.97)
Other Receivables	3,032.67	(3,083.27)
Trade Payables	425.94	(774.33)
Cash Generated from Operations	**15,285.56**	**9,026.02**
Direct Taxes Paid	(1,379.00)	(826.36)
Net Cashflow from Operating Activities	**13,906.56**	**8,199.66**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Loans from Companies and Public Bodies	(2.17)	(8.56)
(Purchase)/sale of Fixed Assets (including WIP)- Net	(3,508.65)	(2,043.45)
Project Feasibility Expenses	(24.08)	–
(Purchase)/ sale of Investments	(7,995.00)	(410.00)
Interest Received	155.97	199.70
Net Cash used in Invesitng Activites	**(11,373.94)**	**(2,262.32)**
C. CASH FLOW FROM FINANCING ACTIVTIES		
Interest paid	(453.19)	(650.73)
Increase in Capital reserve	(2.00)	(173.09)
Proceeds from /(Repayment of) Long Borrowings	(394.51)	275.68
Proceeds from /(Repayment of) Short Borrowings	1,096.29	(1,412.24)
Dividend Paid	(3,144.10)	(2,096.07)
Corporate Dividend Tax Paid	(534.34)	(356.23)
Net Cash used in Financing Activities	**(3,431.85)**	**(4,412.68)**
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	**(899.24)**	**1,524.66**
Cash and Cash Equivalents		
Opening Balance	1,614.03	89.37
Closing Balance	714.79	1,614.03

As per our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Place: Gurgaon
Date: April 14, 2010

For & on behalf of Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Section 212

Statements pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in Subsidiary Companies

Sl. No.	Name of Subsidiary Companies	Megha Technical & Engineers Private Ltd.	Star Cement Meghalaya Limited
1.	Financial year of the subsidiary companies ended on	March 31, 2010	March 31, 2010
2.	Date from which they have become subsidiary	March 23, 2006	June 2, 2007
3.	Shares of the Subsidiary held by the Company as on March 31, 2010		
	a) Number of shares	27,336,400	12,973,500
	b) Face value of shares	Rs.10/-	Rs.10/-
	c) Extent of Holding	99.96%	100%
4.	Net aggregate amount of Profit/ (Loss) of the subsidiary, so far as it concerns members of Cement Manufacturing Company Limited.		
	a) Not Dealt with in the accounts of the Holding Company		
	i) For the financial year ended March 31, 2010	Rs. 2,893.00 Lacs	NIL
	ii) For the previous financial years of the Subsidiary Company since they become the holding Company's subsidiaries	Rs. 2,480.02 Lacs	NIL
	b) Dealt with in the accounts of the Holding Company		
	i) For the financial year ended March 31, 2010	Rs. 92.27 Lacs	NIL
	ii) For the previous financial year of the Subsidiary Company since they become the holding Company's subsidiaries	NIL	NIL

For & on behalf of Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Place: Gurgaon
Date: April 14, 2010

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Consolidated Auditor's Report

The Members of,
CEMENT MANUFACTURING COMPANY LIMITED

We have examined the attached Consolidated Balance Sheet of CEMENT MANUFACTURING COMPANY LIMITED and its subsidiaries as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) 21 "Consolidated Financial Statements" and Accounting Standards (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements " issued by the institute of Chartered Accountants of India and on the basis of separate audited financial statements of the company and its subsidiaries included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of separate audit reports on individual financial statements of the company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March 2010;

ii. In the case of the Consolidated Profit and Loss account, of the profit of the Company and its subsidiaries for the year ended on that date; and

iii. in the case of Consolidated Cash Flow Statement , of the Consolidated Cash flows of the Company and its subsidiaries for the year ended on that date.

For Kailash B. Goel & Co.
Chartered Accountants

Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office : Gurgaon
Date : April 14, 2010

Consolidated Balance Sheet As at March 31, 2010

(Rs. in Lacs)

	Schedules	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4,192.14	4,192.14
Reserves and Surplus	2	36,413.99	27,778.85
Minority Interest		3.32	2.12
Loan Funds			
Secured Loans	3	15,859.30	13,468.23
Unsecured Loans	4	1,341.04	1,024.00
Total		**57,809.79**	**46,465.34**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		27,178.20	25,383.07
Less: Depreciation		9,097.45	7,232.56
Net Block		18,080.75	18,150.51
Capital Work in Progress		5,746.36	1,128.34
Pre-Operative Expenditure (Pending Allocation)		1,456.52	331.78
		25,283.63	19,610.63
Investments	6	1,821.09	224.54
Deferred Tax Assets		50.72	13.90
Current Assets, Loans & Advances	7		
Inventories		4,873.71	3,732.93
Sundry Debtors		8,352.83	8,760.66
Cash & Bank Balances		3,019.79	1,881.70
Loans & Advances		18,914.83	15,616.32
		35,161.15	29,991.62
Less: Current Liabilities & Provisions	8	4,523.06	3,407.00
Net Current Assets		30,638.09	26,584.62
Miscellaneous Expenditure	9	16.26	31.65
(to the extent not written off or adjusted)			
Total		**57,809.79**	**46,465.34**
Significant Accounting Policies & Notes on Accounts	17		

The Schedules referred to hereinabove form an Integral Part of the Balance Sheet

As per our report of even date

For & on behalf of Board

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman &
Managing Director

Place: Gurgaon
Date: April 14, 2010

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Consolidated Profit and Loss Account For the year ended March 31, 2010

(Rs. in Lacs)

	Schedules	2009-10	2008-09
INCOME			
Gross Sales		50,612.21	44,220.30
Less : Sales Tax & VAT		3,910.41	3,288.21
Less : Excise Duty (Net)		1,570.93	1,363.14
Net Sales		45,130.87	39,568.95
Income from an Associate		1.56	–
Other Income	10	676.81	372.25
Increase /(Decrease) in Stock	11	376.69	(168.80)
Total		**46,185.92**	**39,772.39**
EXPENDITURE			
Cost of Materials	12	7,284.10	4,984.91
Manufacturing & Operating Expenses	13	10,598.25	9,085.93
Personnel Expenses	14	2,433.00	2,222.58
Selling, Administrative & Other Expenses	15	9,920.92	9,940.04
Interest & Finance Charges	16	886.96	1,237.24
Depreciation		2,162.30	2,152.82
Total		**33,285.53**	**29,623.54**
Profit before tax		**12,900.39**	**10,148.86**
Prior Period Adjustments (Net)		(0.25)	(195.93)
Provision for Taxation			
- Current Tax		2,245.95	1,130.82
- Less: MAT Credit entitlement		(1,625.74)	(900.72)
- Net Current Tax		(620.21)	(230.11)
- Excess Provision for Income Tax Written back		–	1.98
- Fringe Benefit Tax		–	(41.76)
- Deferred Tax		36.82	19.34
Profit after Tax (before adjustment for Minority Interest)		**12,316.75**	**9,702.37**
Less : Minority Interest		(1.16)	(0.71)
Profit after Tax (after adjustment for Minority Interest)		**12,315.59**	**9,701.67**
Balance (Dr.)/ Cr. Brought Forward		24,092.22	17,642.85
Profit available for Appropriation		**36,407.81**	**27,344.52**
APPROPRIATIONS :			
Interim Dividend Paid		(3,144.10)	(2,096.07)
Corporate Dividend Tax		(534.34)	(356.23)
Transfer to General Reserve		(1,000.00)	(800.00)
Balance (Dr.) / Cr. Carried to Balance Sheet		**31,729.36**	**24,092.22**
Basic Earning Per Share (Face Value of Rs.10/- each)		29.38	23.14
Diluted Earning Per Share (Face Value of Rs 10/-each)		29.38	23.14
Significant Accounting Policies & Notes on Accounts	17		

The Schedules referred to hereinabove form an Integral Part of the Profit and Loss Account

As per our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Place: Gurgaon
Date: April 14, 2010

For & on behalf of Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 1 SHARE CAPITAL		
Authorised Capital		
5,00,00,000 (5,00,00,000 as at 31.03.09) Equity Shares of Rs.10/- each	5,000.00	5,000.00
Issued, Subscribed & Paid -up		
4,19,21,392 (4,19,21,392 as at 31.03.09) Equity Shares of Rs. 10/- each fully paid-up in cash	4,192.14	4,192.14
Note: 2,95,47,500 (2,95,47,500 as at 31.03.09) Equity Shares are held by Century Plyboards (I) Limited (Holding Company)		
	4,192.14	**4,192.14**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 2 RESERVES AND SURPLUS		
Capital Reserves		
Balance as per last Account	1,886.63	2,491.76
Addition/(Deduction) during the year	(2.00)	(605.13)
	1,884.63	1,886.63
General Reserve		
Balance as per last Account	1,800.00	1,000.00
Addition during the year	1,000.00	800.00
	2,800.00	1,800.00
Surplus as per Profit and Loss Account	31,729.36	24,092.22
	36,413.99	**27,778.85**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 3 SECURED LOANS		
Rupee Term Loans		
- From a Financial Institution	964.72	1,460.23
- From Banks	10,065.15	6,537.29
Foreign Currency Term Loan from Banks	1,027.44	2,553.06
	12,057.31	10,550.57
Buyers Credit from a Bank on Capital Account	147.61	165.89
Working Capital facilities from Banks		
- Cash credit	3,215.49	1,131.02
- Foreign Currency Demand Loan	392.72	1,506.68
Hire Purchase Finance		
- From Banks	40.77	16.21
- From a Body Corporate	5.40	97.86
Total	**15,859.30**	**13,468.23**

Notes:

1. Term loans of Rs 6,357.11 Lacs from Banks & Financial Institution are secured / to be secured by first charge on fixed assets of the Company's cement plants on pari passu basis and second charge on current assets of the company on pari passu basis.
2. Term loans of Rs 5700.20 Lacs from Banks & Financial Institution are secured / to be secured by first charge on fixed assets of the cement plants of the subsidiaries on pari passu basis.
3 Working capital facilities of Rs 2584.40 Lacs from Banks are secured / to be secured by way of first charge on current assets of the Company and second charge on fixed assets of the Company's cement plant on pari passu basis.
4 Working capital facilities of Rs 1023.81 Lacs from Banks are secured / to be secured by way of first charge on current assets of one of its subsididary's and second charge on fixed assets of the one of its subsidiary's cement plant on pari passu basis.
5 Term Loans and Working Capital facilities from Banks/Financial Institution are also guaranteed by some of the Directors of the Company.
6 Hire Purchase Finance are secured against hypothecation of respective assets.
7 Buyers credit from a bank has been availed against Letter of Credit issued by a bank which is secured by first charge on fixed assest of the company's cement plant on pari passu basis.

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 4 UNSECURED LOANS		
Security Deposits	1,341.04	1,024.00
Total	**1,341.04**	**1,024.00**

Schedule – 5 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	As on 01.04.2009	Additions	Deduction/ Adjustment	Total as on 31.03.2010	Upto 31.03.2009	For the Year	Adjustment	Total as on 31.03.2010	As on 31.03.2010	As on 31.03.2009
A. CEMENT PLANT										
Land & Site Development	622.46	157.92	–	780.38	–	–	–	–	780.38	622.46
Factory Building	5,172.66	83.95	–	5,256.60	1,146.92	407.00	–	1,553.92	3,702.69	4,025.74
Non Factory Building	2,456.80	234.34	–	2,691.14	198.51	117.19	–	315.70	2,375.44	2,258.30
Plant, Machinery & Equipments	12,508.20	433.26	548.71	12,392.75	4,212.42	1,146.79	285.20	5,074.01	7,318.75	8,295.78
Pollution Control Equipments	330.67	–	–	330.67	139.54	26.59	–	166.12	164.54	191.13
Laboratory Equipments	49.90	11.91	–	61.82	13.97	5.17	–	19.14	42.68	35.94
Electrical & Water Installation	1,242.69	13.52	–	1,256.21	669.04	198.99	–	868.03	388.18	573.65
Furniture & Fixtures	205.93	12.44	–	218.37	65.77	26.64	–	92.41	125.96	140.16
Office Equipments	88.40	143.15	–	231.55	18.02	24.04	–	42.06	189.49	70.38
Computers	158.08	35.59	–	193.67	97.03	27.70	–	124.73	68.93	61.05
Vehicles	429.38	671.25	201.72	898.91	241.28	153.02	123.82	270.48	628.43	188.10
Tools & Tackles	250.96	45.91	–	296.88	73.40	27.54	–	100.94	195.94	177.57
Total - A	**23,516.14**	**1,843.24**	**750.43**	**24,608.95**	**6,875.88**	**2,160.67**	**409.02**	**8,627.52**	**15,981.42**	**16,640.26**
B. POWER PLANT										
Plant & Machinery	704.31	–	–	704.31	128.17	33.45	–	161.63	542.68	576.13
Tools & Tackles	3.53	–	–	3.53	0.76	0.17	–	0.93	2.60	2.77
Office Equipments	0.73	–	–	0.73	0.11	0.03	–	0.15	0.58	0.61
Electrical Installation	3.49	–	–	3.49	0.50	0.17	–	0.66	2.82	2.99
Computers	1.20	0.37	–	1.57	0.69	0.25	–	0.94	0.63	0.51
Total - B	**713.26**	**0.37**	**–**	**713.62**	**130.24**	**34.07**	**–**	**164.31**	**549.31**	**583.02**
C. OTHERS										
Mines & Mines Development	676.42	256.57	–	932.99	–	–	–	–	932.99	676.42
Non Factory Building	57.76	–	–	57.76	7.99	2.49	–	10.48	47.28	49.77
Electrical & Water Installation	23.49	16.13	–	39.62	7.48	2.97	–	10.45	29.17	16.01
Furniture & Fixtures	97.86	70.93	0.30	168.49	44.87	15.78	0.19	60.46	108.03	52.98
Office Equipments	39.47	12.15	0.38	51.23	11.72	4.71	0.10	16.33	34.90	27.75
Computers	99.29	20.83	–	120.12	67.95	15.15	–	83.09	37.02	31.34
Tools & Tackles	–	0.50	–	0.50	–	0.01	–	0.01	0.49	–
Vehicles	88.28	335.50	15.51	408.26	31.26	33.41	10.06	54.60	353.66	57.02
Total - C	**1,082.57**	**712.61**	**16.20**	**1,778.98**	**171.27**	**74.51**	**10.36**	**235.42**	**1,543.55**	**911.30**
D. INTANGIBLE ASSETS										
Computer Software	71.11	5.55	–	76.66	55.18	15.01	–	70.19	6.47	15.93
Total - D	**71.11**	**5.55**	**–**	**76.66**	**55.18**	**15.01**	**–**	**70.19**	**6.47**	**15.93**
Total - (A+B+C+D)	**25,383.07**	**2,561.76**	**766.63**	**27,178.20**	**7,232.56**	**2,284.27**	**419.38**	**9,097.45**	**18,080.75**	**18,150.51**
Previous Year's figures	21,933.50	3,491.16	41.59	25,383.07	5,073.81	2,185.50	26.75	7,232.56	18,150.51	16,859.69

Notes:

1. Deprecation for the period includes Rs 121.97 Lacs, (Previous Year Rs 32.67 Lacs) ,debited to the Pre-operative expenditure by one of the Subsidiary.
2. Land of one of the subsidiay shown above are pending registration in the name of the subsidiary.

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 6 INVESTMENTS		
Long Term (At Cost)		
Shares in a Company-Unquoted		
Meghalaya Power Limited	1,795.00	–
Add: Profit from an Associate	1.56	–
51,90,000 (20,00,000 as at 31.03.09) Equity Share of Rs 10 each fully paid up	1,796.56	200.00
Quoted (Non Trade)		
Reliance Power Limited	24.54	24.54
8,743 (8,743 as at 31.03.09) Equity Shares of Rs 10/- each fully paid up		
Note:Aggregate market value of quoted investment is Rs 13.07 Lacs as at 31.03.10, (Rs. 8.90 Lacs as at 31.03.09)		
	1,821.09	**224.54**

Note :

The following investments were purchased and sold during the year

Name of Mutual Fund	Face Value	No. of units	Purchase cost
Reliance Money Manager Fund	10	18,54,332.88	400.00
Baroda Pioneer Liquid Fund Institutional Growth Plan	10	1,41,21,598.25	1,450.00
SBI-Ultra Short Term Fund Institutional Growth Plan	10	85,73,032.72	1,700.00
		2,45,48,963.85	**3,550.00**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 7 CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
Raw Materials	672.77	523.17
Work - In - Process	253.58	100.15
Finished Goods	265.95	42.69
Fuels, packing materials, Stores & Spares parts	3,681.42	3,066.93
	4,873.71	3,732.93
Sundry Debtors		
Secured Considered Good		
Sale of Product		
Over Six months	31.35	8.50
Other debts	443.75	393.62
	475.10	402.12
Unsecured		
Over Six Months		
I Sale of product - Considered Good	44.73	28.50
Sale of product - Considered Doubtful	24.72	8.79
Less: Provision for Bad & Doubtful debt	(24.72)	(8.79)
	44.73	28.50
II Claims due from Central Government - Considered Good	4,803.70	4,552.34
Other Debts		
I Sale of product - Considered Good	1,665.28	2,081.33
II Claims due from Central Government - Considered Good	1,364.01	1,696.37
	8,352.83	8,760.66

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 7 CURRENT ASSETS, LOANS AND ADVANCES *(Contd.)*		
Cash & Bank Balances		
Cash In Hand	18.78	18.90
Cheques In Hand	776.20	788.59
Balances With Scheduled Banks:		
- Current Accounts	446.58	747.87
- Cash credit Account	–	59.99
- Fixed Deposit Account	1,775.27	240.56
Balance with Non-Scheduled Bank:		
- Current Accounts	2.96	25.79
Meghalaya Rural Bank (Maximum amount due during the year 60.49 Lacs, P.Y. Rs 84.06 Lacs)		
	3,019.79	**1,881.70**
Loans and Advances *(Unsecured, considered good)*		
Advances Recoverable in Cash or in kind or for value to be received	4,617.93	4,416.23
Advances against Capital Expenditure	2,718.33	1,804.67
Advances to Suppliers	162.66	207.59
CST Refundable	11.87	73.48
Subsidies Receivable from Central/State Governments	6,498.80	6,035.14
Prepaid expenses	57.17	51.32
Deposits	113.28	105.56
Balances with / Receivable from Central Excise Department	1,441.22	1,000.31
Advance Income Tax including MAT credit entitlement, net of provisions	3,293.54	1,922.02
	18,914.83	**15,616.32**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 8 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors (Trade)	97.98	83.90
Sundry Creditors for Capital Expenditure	145.10	98.59
Sundry Creditors - Micro,Small & Medium Enterprises (Refer Note no. 10)	–	–
Interest Accrued but not due	0.46	0.81
Advances from Customers	102.00	315.21
Statutory Liabilities (including excise duty on finished goods Rs 40.95 Lacs,19.81 Lacs as at 31.03.09)	776.71	601.71
Other Liabilities	3,285.67	2,220.74
Total (A)	**4,407.92**	**3,320.97**
Provisions		
For Gratuity	62.92	45.99
For Leave Encashment	52.21	40.04
Total (B)	**115.14**	**86.03**
Total (A+B)	**4,523.06**	**3,407.00**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 9 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Project Development and Feasibility Report Expenses etc.		
Balance as per last Account	16.59	22.12
Addition during the year	24.08	–
Written off during the year	(40.67)	(5.53)
Total (A)	–	**16.59**
Preliminary Expenses		
Balance as per last Account	15.07	22.21
Addition during the year	12.50	1.75
Written off during the year	(11.31)	(8.89)
Total (B)	**16.26**	**15.07**
Total (A+B)	**16.26**	**31.65**

(Rs. in Lacs)

	2009–10	2008-09
Schedule – 10 OTHER INCOME		
Interest (Gross,TDS Rs 10.14, Previous Year - Rs 42.80 Lacs)	65.11	190.31
Exchange Fluctuation Gain	402.98	–
Insurance and Other Claims	47.09	44.45
Miscellaneous Income	161.62	137.48
	676.81	372.25

(Rs. in Lacs)

	2009–10	2008-09
Schedule – 11 INCREASE/ (DECREASE) IN STOCK		
Work in Process		
Opening Stock	100.15	220.73
Closing Stock	253.58	100.15
	153.43	**(120.58)**
Finished Goods		
Opening Stock	42.69	90.91
Closing Stock	265.95	42.69
	223.26	**(48.22)**
Increase /(Decrease)	**376.69**	**(168.80)**

(Rs. in Lacs)

	2009–10	
Schedule – 12 COST OF MATERIALS		
Consumption of Raw Materials	5,648.95	3,361.87
Consumption of Stores & Spares	433.48	358.41
Packing Materials	1,201.68	1,264.63
	7,284.10	**4,984.91**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 13 MANUFACTURING & OPERATING EXPENSES		
Royalty	777.92	664.05
Power & Fuel	8,219.63	7,542.72
Repairs & Maintenance		
- Building	148.25	81.41
- Plant & Machinery	798.32	341.89
- Others	101.98	92.83
Excise duty variation on opening/closing stock	60.70	(49.88)
Freight & Material Handling Expenses	126.18	99.11
Equipment Hire Charges	97.41	289.40
Heavy Vehichle / Equipment Running Expenses	267.87	24.40
	10,598.25	**9,085.93**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 14 PERSONNEL EXPENSES		
Salaries, Wages & other Manpower Expenses	2,282.14	2,077.70
Contribution to Provident Fund	56.02	52.82
Welfare Expenses	94.85	92.06
	2,433.00	**2,222.58**

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 15 SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Travelling and Conveyance	174.76	188.72
Exchange Fluctuation Loss	–	955.88
Bank Charges	54.85	58.49
Insurance(Net)	63.90	63.31
Rent, Rates & Taxes	251.77	201.71
Printing & Stationery	41.55	34.30
Postage, Telephone and Communication	79.29	88.29
Legal & Professional Fees	103.21	110.29
Vehicle Running Expenses	53.21	67.75
Research & Development Expenses	11.79	14.91
Directors Remuneration	202.84	188.08
Charity & Donation	169.58	104.78
Miscellaneous Expenses	170.18	154.86
Miscellaneous Expense/Preliminary Expenses Written Off	51.98	14.42
Advertisement & Publicity	467.85	397.03
Outward Freight Charges (Net)	6,573.25	5,645.97
Sales Promotion Expenses	266.17	440.69
Commission, Discount & Incentives on Sale	1,184.73	1,210.56
	9,920.92	**9,940.04**

(Rs. in Lacs)

	2009–10	2008–09
Schedule – 16 INTEREST & FINANCE CHARGES		
On Fixed Loans	650.72	948.61
Others	236.24	288.64
	886.96	**1,237.24**

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. PRINCIPLES OF CONSOLIDATION

a) The Consolidated Financial Statement (CFS) comprises of the financial statement of Cement Manufacturing Company Limited(CMCL), Megha Technical & Engineers Private Limited(MTEPL) and Star Cement Meghalaya Limited(SCML) (all incorporated in India). The Company holds 99.96% of equity shares of the MTEPL which is having a Cement Grinding Unit at Lumshnong, Meghalaya and also engaged in generation & sale of power; and 100% of equity shares of the SCML which is setting up a Cement Clinker unit at Lumshnong, Meghalaya.

b) In accordance with Accounting Standard 21 on "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India, the consolidated financial statements have been prepared on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the un-realized profits / losses on intra group transactions, and are presented to the extent possible, in the same manner as the Company's separate financial statements.

c) The parent and the subsidiary provides depreciation on written down value method except the Power Division of MTEPL, where depreciation is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Except this, the parent and subsidiaries have adopted uniform accounting policies.

d) Reserves shown in the Consolidated Balance Sheet represent the Group's share in the respective reserves of the Group Companies. Retained earnings comprise general reserve and Profit and Loss Account.

B. SIGNIFICANT ACCOUNTING POLICIES

1. **System of Accounting:**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provisions of the Companies Act 1956. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

2. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities 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.

3. **Fixed Assets:**

Fixed Assets are stated at cost of acquisition, installation or construction (net of Cenvat credit and other recoverable, wherever applicable) less accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to its working condition for its intended use.

4. **Capital Work in Progress:**

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

5. **Depreciation:**

Depreciation on Fixed Assets is provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Continuous process plants are identified based on a technical assessment and depreciated at the specified rate as per schedule XIV to the Companies Act'1956. Depreciation on Fixed Assets of Power Division of the subsidiary, MTEPL is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of put to use, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided up to the date on which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

6. **Investments:**

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

7. **Inventories:**

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

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

8. Retirement Benefits:

   i) Defined Contribution Plan

      Employees benefits in the form of provident fund, ESIC and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the 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.

   ii) 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 Profit and Loss Account.

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.

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.

11. 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 Profit and Loss Account.

    All exchange differences other than those regarded as adjustment to interest cost, arising from foreign currency transaction (including booking of forward contracts) remaining unsettled at the year end are translated at closing exchange rate prevailing at the end of the year and dealt within the Profit and Loss Account.

    Profit/Loss arising out of cancellation of forward contracts are taken to revenue in the year of cancellation.

    The translation gain/ loss arising on any foreign currency borrowing relating to a depreciable fixed asset has been charged to the Profit and Loss Account instead of capitalizing the same to the fixed asset.

12. Miscellaneous Expenditure

    Hitherto, Preliminary Expenses are written off over a period of five years. However, the balance has been fully written off during the year. However, in case of one subsidiary SCML, preliminary expenditure shall be written off fully in the year of commencement of commercial production.

13. Taxes on Income

    Tax expense comprises of current & 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. 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. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realization / liabilities.

    Minimum Alternate Tax (MAT) credit is recognized 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 Balance Sheet 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.

14. Revenue Recognition

    Items of Income and expenditure are recognized on accrual basis except stated otherwise. Sales are recorded on dispatch

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

of goods to the customer. Sales include Excise Duty, Sales Tax/ VAT (including remission as per the incentive scheme of the respective State Governments wherever applicable) and are net of trade discounts, rebates, and returns. Interest income is recognized on time proportion basis.

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

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

17. **Research and Development Expenditure**
Revenue expenditure is charged to the Profit and Loss Account and capital expenditure is added to the cost of fixed assets in the year in which they are incurred.

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

19. **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 different markets.

C. NOTES ON ACCOUNTS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	14,492.03	13,240.52
2. **Contingent Liabilities not provided for:**		
a) Bank Guarantees issued by Banks	821.19	342.11
b) Letters of Credit issued by Bank	6,714.70	425.59
c) Claims against the company not acknowledged as debts – Excise/VAT/Income-tax matters	632.01	62.05
d) Export obligation under EPCG scheme	25.34	–
e) Guarantee provided to banks on behalf of Contractors	671.83	243.27
3. Fixed Deposit Receipts pledged with the Bank	1,775.14	40.56
4. Amount of secured loans falling due for repayment within one year	3,080.14	3,805.25
5. Remuneration paid to Directors	202.84	188.08
6. Borrowing cost capitalized	368.72	6.10
7. Auditors' Remuneration:		
a) Audit fees	6.36	4.55
b) Tax Audit fees	1.14	0.95
c) Certification Works	4.25	1.92
d) Reimbursement of Expenses (including Service Tax)	0.15	0.38
Total	**11.90**	**7.80**

8. 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.

Schedule – 17 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

9. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and, hence disclosure relating to amounts unpaid at the year end, interest paid/payable under this Act has not been given

10. Sundry debtors include the following amounts due from companies under the same management :

(Rs. in Lacs)

Name of the Companies	Status	Amount Due as at		Maximum Amount O/s at any time during the year	
		31.03.2010	31.03.2009	2009-10	2008-09
Century Plyboards (India) Limited	Holding Co.	–	–	–	3.18
Meghalaya Power Limited	Fellow Subsidiary	–	–	58.26	16.54
Cent Ply Private Limited	Fellow Subsidiary	–	–	14.32	26.59
Shyam Energy Limited	Associate	–	–	–	0.32

11. Loans & Advances the following amounts due from companies under the same management.

(Rs. in Lacs)

Name of the Companies	Status	Amount Due as at		Maximum Amount O/s at any time during the year	
		31.03.2010	31.03.2009	2009-10	2008-09
Century Plyboards (India) Limited	Holding Company	–	–	2,300.00	2,048.66
Meghalaya Power Limited	Fellow subsidiary	1,084.60	173.42	2,853.98	284.63
Skipper Limited	Associate	–	–	500.00	–
Star India Cement Limited	Associate	75.00	75.00	75.00	75.00

12. Unhedged Foreign Currency Exposure:

(In Millions)

Unhedged Foreign Currency Exposure		Currency	As at 31.03.2010	As at 31.03.2009
1	FCNRB Term Loan	USD	2.28	5.03
2	FCNRB Demand Loan	USD	0.87	2.97
3	Buyers Credit	USD	0.33	0.33
			3.47	**8.33**

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

a) Names of the transacting related parties and description of relationships.

Holding Company	Century Plyboards (India) Limited (CPIL)
Associates	Cent Ply Private Limited (CPPL)
	Meghalaya Power Limited (MPL)
	Shyam Sel & Power Limited(SSPL)
	Skipper Limited (SL)
	Shyam DRI & Power Limited (SDPL)
	Star India Cement Limited(SICL)
	Shyam Century Cement Industries Limited (SCCIL)
Key management personnel	Mr. Sajjan Bhajanka (Chairman)
	Mr. Brij Bhushan Agarwal (Vice Chairman)
	Mr. Sanjay Agarwal (Executive Director)
	Mr. Prem Kumar Bhajanka (Executive Director)
	Mr. S.B.Roongta (Managing Director)
	Mr. Rajendra Chamaria (Vice Chairman & Managing Director)
	Mr. Pankaj Kejriwal (Executive Director)
	Ms. Payal Bhajanka (Executive Director)
	Mr. Sanjay Kr. Gupta (Chief Financial Officer)
	Mr. Carmel Suja
	Mrs. Clara Suja

Schedule – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

b) Details of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2010 are given hereunder: *(Rs. in Lacs)*

Sl No.	Types of transactions	Holding company		Subsidiaries		Fellow subsidiary and associates		Key managerial personnel	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Purchase transactions								
	CPIL	780.40	544.49	–	–	–	–	–	–
	MPL	–	–	27.77	–	–	–	–	–
	SSPL	–	–	–	–	–	–	–	–
	SL	–	–	–	–	–	–	–	–
2	Sale Transactions								
	MPL	–	–	75.43	153.82	–	–	–	–
	CPPL	–	–	31.76	69.94	–	–	–	–
	CPIL	–	3.21	–	–	–	–	–	–
3	Purchase of Capital Goods								
	MPL	–	–	65.16	–	–	–	–	–
	CPPL	–	–	2.09	–	–	–	–	–
	SSPL	–	–	58.34	24.55	–	–	–	–
	SL	–	–	43.11	13.37	–	–	–	–
4	Sale of Capital Goods								
	CPIL	–	0.31	–	–	–	–	–	–
	MPL	–	–	12.85	0.50	–	–	–	–
5	Services Rendered								
	MPL	–	–	–	18.21	–	–	–	–
6	Services Received								
	CPIL	2.70	–	–	–	–	–	–	–
7	Loan Taken								
	CPIL	1,300.00	–	–	–	–	–	–	–
8	Loan Given								
	CPIL	4,150.00	3,145.00	–	–	–	–	–	–
	SL	–	–	500.00	–	–	–	–	–
9	Reimbursement of Expenses/ Cost of Materials sold or given								
	CPIL	5.44	2.88	–	–	–	–	–	–
	MPL	–	–	414.57	299.00	–	–	–	–
	CPPL	–	–	–	0.13	–	–	–	–
	SSPL	–	–	–	1.71	–	–	–	–
	SCCIL	–	–	1.45	–	–	–	–	–
	SICL	–	–	0.23	3.13	–	–	–	–
10	Reimbursement of Expenses / Cost of materials purchased or taken								
	MPL	–	–	196.72	71.60	–	–	–	–
	CPIL	5.09	27.16	–	–	–	–	–	–
	SDPL	–	–	0.02	–	–	–	–	–
	SSPL	–	–	–	1.54	–	–	–	–
	CPPL	–	–	0.28	–	–	–	–	–
11	Share Application Money Paid								
	MPL	–	–	1,105.00	1,518.17	–	–	–	–
	SICL	–	–	–	75.00	–	–	–	–
12	Investments made								
	MPL	–	–	1,595.00	200.00	–	–	–	–
13	Interest paid								
	CPIL	–	–	–	–	–	–	–	–

Schedule – 17 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

b) Details of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2010 are given hereunder:

(Rs. in Lacs)

Sl No.	Types of transactions	Holding company		Subsidiaries		Fellow subsidiary and associates		Key managerial personnel	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
14	Interest received								
	CPIL	35.15	175.74	–	–	–	–	–	–
	SL	–	–	17.00	–	–	–	–	–
15	Remuneration Paid								
	S.B Roongta	–	–	–	–	–	–	3.64	3.28
	Payal Bhajanka	–	–	–	–	–	–	2.40	2.40
	Pankaj Kejriwal	–	–	–	–	–	–	12.00	12.00
	Rajendra Chamaria	–	–	–	–	–	–	36.00	24.00
	Sajjan Bhajanka	–	–	–	–	–	–	36.00	36.00
	Brij Bhushan Agarwal	–	–	–	–	–	–	36.00	36.00
	Sanjay Agarwal	–	–	–	–	–	–	36.00	36.00
	Prem Bhajanka	–	–	–	–	–	–	36.00	36.00
	Sanjay Kumar Gupta					–	–	21.14	18.30
	Carmel Suja	–	–	–	–	–	–	2.40	–
	Clara Suja					–	–	2.40	2.40
	Balance Outstanding:								
	1 Investment								
	MPL	–	–	1,795.00	200.00	–	–	–	–
	2 Loans & Advances paid	–	–	–	–	–	–	–	–
	MPL	–	–	1084.60	1,676.45	–	–	–	–
	SICL	–	–	75.00	75.00	–	–	–	–
	3 Creditors	–	–	–	–	–	–	–	–
	MPL Ltd	–	–	130.93	–	–	–	–	–

15. Earning per share (EPS)

(Rs. in Lacs)

	31.03.2010	31.03.2009
Profit after tax and minority interest attributable to Equity Shareholders	12,315.59	9,701.67
Equity Share Capital	4,192.14	4,192.14
Weighted Average No. of Equity Shares Outstanding for basic EPS (Face Value of Rs.10/- per share)	419.21	419.21
Weighted Average No. of Equity Shares Outstanding for diluted EPS (Face Value of Rs.10/- per share)	419.21	419.21
Basic Earning Per Share (Rs.)	29.38	23.14
Diluted Earning Per Share (Rs.)	29.38	23.14

16. Deferred Tax Liability / (Asset) as at March 31, 2010 comprises as under:

(Rs. in Lacs)

		Deferred Tax Liability/ (Assets) as at 01.04.2009	Current Year Charge/ (Credit)	Deferred Tax Liability/ (Asset) as at 31.03.2010
A	**Deferred Tax Liability on account of:**			
	Depreciation Difference	87.99	–	87.99
	Provision for Bad & Doubtful debts	0.31	–	0.31
	Total (A)	**88.30**	**–**	**88.30**
B	**Deferred Tax Assets on account of**			
	Depreciation Difference	(69.49)	(18.94)	(88.43)
	Gratuity & Leave Encashment	(30.12)	(14.85)	(44.97)
	Provision for Bad & Doubtful debts	(2.59)	(3.04)	(5.63)
	Total (B)	**(102.20)**	**(36.83)**	**(139.03)**
C	**Deferred Tax Liability/ (Assets) (A – B)**	**(13.90)**	**(36.83)**	**(50.73)**

Schedule – 17 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

17. Employee Defined Benefits:

a) Defined Contribution Plans

The Company has recognized an expense of Rs. 56.42 Lacs (Previous year Rs. 52.82 Lacs) towards the defined contribution plans.

b) Defined Benefit Plans – As per Actuarial Valuation as at March 31, 2010 *(Rs. in Lacs)*

	2009-10		2008-09	
	Gratuity Others	Leave Encashment	Gratuity Others	Leave Encashment
I Expense recognized in the Statement of Profit and Loss Account for the year ended 31st March 2010				
1. Current Service Cost	16.52	13.89	14.04	12.84
2. Interest Cost	4.35	3.69	3.01	2.74
3. Employee Contribution	–	–	–	–
4. Expected Return on Plan Assets	–	–	–	–
5. Actuarial (Gains)/Losses	(2.23)	4.16	(0.51)	9.04
6. Past Service Cost	–	–	–	–
7. Settlement Cost	–	–	–	–
8. Losses/(gains) on acquisition/divesture	–	–	–	–
9. Total Expense	18.63	21.74	16.54	24.62
II Net Asset/(Liability) recognized in the Balance Sheet as at 31st March 2010				
1. Present Value of Defined Benefit Obligation	62.91	52.21	45.99	40.06
2. Fair Value of Plan Assets	–	–	–	–
3. Funded Status [Surplus/(Deficit)]	(62.91)	(52.21)	(45.99)	(40.06)
4. Net Asset/(Liability) as at 31st March 2010	(62.91)	(52.21)	(45.99)	(40.06)
III Change in Obligation during the year ended 31st March 2010				
1. Present value of Defined Benefit Obligation at the beginning of the year	46.04	40.18	29.44	28.59
2. Current Service Cost	16.52	13.89	14.04	12.84
3. Interest Cost	4.35	3.69	3.01	2.74
4. Settlement Cost	–	–	–	–
5. Past Service Cost	–	–	–	–
6. Employee Contribution	–	–	–	–
7. Liabilities assumed on acquisition/ (settled on divesture)	–	–	–	–
8. Actuarial (Gains) /Losses	(2.23)	4.16	(0.51)	9.04
9. benefits Payments	(1.76)	(9.71)	–	(13.15)
10. Present Value of Defined Benefit Obligation at the end of the year	62.91	52.21	45.99	40.06
IV Change in assets during the year ended March 2010				
1. Plan Assets at the beginning of the year	–	–	–	–
2. Assets acquired on amalgamation in previous year	–	–	–	–
3. Settlements	–	–	–	–
4. Expected return on plan assets	–	–	–	–
5. Contributions by employer	1.76	9.71	–	13.15
6. Actual Benefit Paid	(1.76)	(9.71)	–	(13.15)
7. Actuarial Gains/(Losses)	–	–	–	–
8. Plan Assets at the end of the year	–	–	–	–
9. Actual Return on plan assets	–	–	–	–

Schedule – **17** | **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

18. In pursuance of "Accounting Standard 28-Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, management is of the view that in the current financial year impairment of assets is not considered necessary.

19. Figures have been rounded off to the nearest Lacs.

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

In terms of our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Place: Gurgaon
Date: April 14, 2010

For & on behalf of the Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Consolidated Cash Flow Statement For the year ended March 31, 2010

(Rs. in Lacs)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Exceptional Items	**12,741.48**	**11,106.83**
Adjustments for :		
Depreciation	2,162.30	2,152.82
Unrealised Foreign Exchange (Gain) / Loss- Net	156.06	(955.88)
Profit/ Loss on Sale of Fixed Assets- Net	2.85	(2.10)
Interest Income	(65.11)	(190.31)
Interest Expenses	886.96	1,237.25
Miscellaneous Expenditure written off	51.98	14.42
Provision for Gratuity & Leave Encashment	29.11	27.99
Provision for Wealth Tax & FBT	1.80	0.57
Prior period items	(0.25)	(195.93)
Provision for Bad and Doubtful Debts (Net of adjustments)	24.72	8.79
Operating Profit before working Capital changes	**15,991.90**	**13,204.45**
Adjustments for :		
Trade receivables	407.83	627.54
Inventories	(1,140.78)	(294.07)
Other Receivables	(2129.57)	(2,070.96)
Trade Payables	1,060.44	(381.58)
Cash Generated from Operations	14,189.82	11,085.37
Direct Taxes- Refund / (Paid) - Net	(1,866.00)	(1,051.58)
Net Cashflow from Operating Activities	**12,323.83**	**10,033.80**
B CASH FLOW FROM INVESTING ACTIVITIES		
Loans from Companies and Public Bodies	(92.46)	15.94
(Purchase)/sale of Fixed Assets (including Capital WIP)- Net	(7,758.45)	(2,631.81)
Project Feasibility Expenses	(24.08)	–
(Purchase)/ sale of Investments	(,1596.56)	(200.00)
Interest Received	65.11	190.31
Net Cash used in Invesitng Activites	**(9406.53)**	**(2,625.55)**
C CASH FLOW FROM FINANCING ACTIVTIES		
Interest paid	(886.96)	(1,237.25)
Proceeds from /(Repayment of) Long Term Borrowings	1,506.74	(524.55)
Proceeds from /(Repayment of) Short Term Borrowings	1,293.84	(898.56)
Increase in Capital Reserve	(2.00)	(605.13)
Share issue Expenses	(12.50)	–
Dividend Paid	(3,144.10)	(2,096.07)
Corporate Dividend Tax Paid	(534.34)	(356.23)
Net Cash used in Financing Activities	**(1,779.32)**	**(5,717.79)**
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	1,138.08	1,690.46
Cash and Cash Equivalents		
Opening Balance	1,881.70	191.24
Closing Balance	**3,019.79**	**1,881.70**

As per our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Place: Gurgaon
Date: April 14, 2010

For & on behalf of Board

Sajjan Bhajanka
Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Sanjay Kr. Gupta
Chief Financial Officer

Y. K. Chaudhry
Company Secretary

Directors' Report

Dear members

Your Directors have pleasure in presenting the eight Annual Report, together with the audited financial accounts for the year ended March 31, 2010.

Industry scenario

The year 2009-10 would be marked as an important year for the Indian cement industry. When the year began, the Indian economy was in a recession amidst the global slowdown that was still prevailing. The cement industry then faced the prospects of a substantial cement capacity addition with no sign that demand would grow significantly. However, the forecasts were belied - demand was robust, capacity creation was delayed, cement plants achieved higher capacity utilisation and market prices were favourable. With commodity prices including fuel remaining subdued, most cement manufacturers were able to record good financial performances in 2009-10.

Financial Results

The highlights of the financial performance for the financial year ended March 31, 2010 as compared with the previous financial year were as under:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Net sales / income	25,308.25	20,971.06
Profit before interest, depreciation and tax	4,682.32	3,462.27
Interest and finance charges	(512.64)	(595.90)
Depreciation	(685.21)	(829.15)
Profit before tax	3,484.47	2,037.22
Prior period adjustment (Net)	(0.50)	61.38
Provision for taxation		
- Current tax	(599.89)	(230.11)
- Fringe benefit tax	–	(11.04)
- Deferred tax	10.08	30.23
Profit after tax	2,894.16	1,766.90
Balance (Dr) / Cr brought from previous years	2,477.66	710.76
Balance (Dr) / Cr carried to Balance Sheet	5,371.83	2,477.66

Performance

Your Company posted encouraging performance for 2009-10. The Company achieved capacity utilisation of 111% with production of 5,16,441 MT of cement as compared with 4,65,486 MT in the previous year. The sales realisation during the year was better and resulted in better operating margins and increased profitability. The net sales of the Company grew to Rs. 25,308.25 Lacs during 2009-10 as against Rs. 20,971.06 Lacs during 2008-09. The net profit of the Company rose by 63.79% from Rs. 1,766.90 Lacs to Rs. 2,894.16 Lacs during 2009-10. The gross sale realisation per MT of cement was higher by 16% as compared with last year's.

Marketing

During 2009-10 your Company sold 5,12,077.10 MT cement. The Company has a brand agreement with holding company Cement Manufacturing Company Limited (CMCL) for the use of the brand "STAR CEMENT". The Company enjoyed the benefits of aggressive branding activities that have already created excellent brand equity for Star Cement. The Company established an excellent distribution network in place consisting of more than 450 committed dealers with a total coverage of more than 1,100 cement outlets. It made its presence in almost all the areas of northeast and also make its' way in North Bengal. Company carries out various value enhancing schemes for its customers

- Unique concept of mobile vans with team of experts providing technical support to customers on-site
- Educating customers via 'SMS' helpline

With stringent quality control, prompt logistics, aggressive marketing strategies and untiring effort of our marketing team the Company was able to establish itself in the market.

Holding Company

Your Company is 99.96% subsidiary of Cement Manufacturing Company Limited (CMCL) which in turn is 70.48% subsidiary of Century Plyboards (I) Limited (CPIL).

Dividend

In order to conserve the resources for the future requirement, your Directors did not recommend any dividend for the year under review.

Directors

Mr. Hari Prasad Agarwal and Mr. Mangilal Jain, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment. The Board recommends their appointment at the ensuing Annual General Meeting.

Particulars of employees

There are no employees whose particulars are to be disclosed under Section 217(2A) of the Companies Act, 1956.

Employee relations

Your Company continues to maintain a constructive relationship with its employees through a positive environment so as to improve productivity and efficiency. Your Board would like to place on record their appreciation of the continued support rendered by all the employees of the Company.

Directors Responsibility Statement

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

1. That in the preparation of Annual accounts, the applicable accounting standards were followed and that there were no material departures.
2. That the Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors prepared the annual accounts on a going concern basis.

Audit Committee

The Audit Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors. Your Company has an Audit Committee at the Board level which addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities, disclosures of its financial information to ensure that the financial statement is correct, sufficient and correct and other facets of Company's operation that are vital concern to the Company. The Committee comprises Mr. Hari Prasad Agarwal, Mr. Sharan Bansal and Mr. Pankaj Kejriwal. The statutory and internal auditors of your Company are permanent invitees to the Audit Committee meetings.

During the year, the Audit Committee met on April 13, 2009 for the purpose of reviewing the annual financial statement for the year ended March 31, 2009. The Committee again met on June 24, 2009, September 17, 2009, December 03, 2009 and March 4, 2010 to fulfill the above roles.

Auditor's Report

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

Auditors

The Auditors' M/s Kailash B Goel & Co., Chartered Accountants, retired at the Annual General Meeting and being eligible, offer themselves for re-appointment.

Acknowledgement

Your Directors wish to acknowledge and are grateful for the excellent support received from the shareholders, banks, dealers, suppliers and other business associates. Your Directors recognise and appreciate the hard work and efforts put in by all the employees of the Company and their contribution to the progress of the Company in a very challenging environment.

For and on behalf of the Board

Hari Prasad Agarwal

Gurgaon, April 13, 2010 *Chairman*

Annexure - I

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earning and outgo as required under Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2010

A. Conservation of Energy

The specific energy consumption for year 2009-10 increased to 35.88 KWH / ton of cement as against 30.73 KWH/ton of cement in year 2008-09. The Company undertook following energy conservation measures:

1. Installation of VVVF drives for 810 FN2 bag filter fan.
2. Installation of VFD for 810 FN1 bag filter fan.
3. Installation of VFD in 960 FN1 bag filter fan.
4. Installation of VFDs in air compressors and water pumps.
5. Optimisation of plant lighting.

The results from the above conservation measures are encouraging.

Form for disclosures of particulars with respect to conservation of energy

Sl. No.		2009-10	2008-09
A	**Power and fuel consumption**		
1.	**Electricity**		
	A. Purchased		
	Unit (lacs KWH)	182.53	142.00
	Total amount (Rs. in Lacs)	888.97	509.51
	Rate/unit (Rs.)	4.87	3.59
	B Own generation		
	Through diesel generator		
	Unit (Lacs KWH)	34.18	164.70
	Units/ltr of HSD	3.59	3.54
	Total amount (Rs. In Lacs)	297.04	1440.68
	HSD const/unit generated (Rs./unit)	8.69	8.75
2	**C. Consumption per unit of production**		
	Electricity (KWH/T of cement)	35.88	30.73

B. Technological Absorption

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

Research and development (R&D)

Specific area in which R&D was carried out and implemented during 2009-10 are as under:

1. Gypsum optimisation study being conducted in Lab to improve the compressive strength and workability control, increasing the fly ash addition, with same level of compressive strength in cement and also has increased the volume of cement.
2. Study to increase fly ash addition with same level of compressive strength.
3. Installation of coal fired furnace in cement mill to improve mill out put.

Future plan of action

1. Improvement in coarse fines separation in the separator of cement mill by some modification / replacement of existing separator.
2. Feasibility of installation of pre-grinder in cement mill.
3. Installation of screening and crushing system for clinker to increase cement mill output.

Expenditure on Research and Development

(Rs. in Lacs)

Sl. No.	Particulars	2009-10	2008-09
a.	Capital Expenditure	Nil	0.10
b.	Revenue	3.44	7.21
	Total	3.44	7.31

Industrial Relation – The industrial relation situation in the Company remains harmonious and healthy at all levels.

Foreign exchange earnings and outgo

(Rs. in Lacs)

Sl. No.	Particulars	2009-10	2008-09
a.	Foreign exchange earnings	Nil	Nil
b.	Foreign exchange outgo	Nil	Nil
	Total	Nil	Nil

The Members of,
MEGHA TECHNICAL & ENGINEERS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of MEGHA TECHNICAL & ENGINEERS PRIVATE LIMITED as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred in paragraph 3 above, we report that :

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books.

   c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

   d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   e) On the basis of written representations received from the Directors as at 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to explanations given to us the said accounts read together with significant accounting policies and notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2010;

      ii. In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date ; and

      iii. in the case of Cash Flow Statement , of the Cash flows of the Company for the year ended on that date.

For Kailash B. Goel & Co.
Chartered Accountants

Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office : Gurgaon
Date : April 13, 2010

Annexure to the Auditors' Report

Annexure referred to in paragraph (3) of our report of even date

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   b) The fixed assets of the company are physically verified by management according to a phased programme designed to cover all the items over a period of two years, which is considered to be reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

   c) During the year, the Company has not disposed off any substantial part of its Fixed Assets and therefore do not affect the going concern assumption.

2. a) The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

   c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.

3. a) The Company has not granted any loans secured or unsecured to the companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The Company has taken an unsecured loan from a company covered under the register maintained u/s 301 of the Companies Act. The maximum amount involved during the year was Rs. 2007.16 Lacs and the year-end balance of loans taken from such Company was Rs 315.00 Lacs.

   b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.

   c) In respect of the aforesaid loans, the company is regular in repayment of the principal amounts as stipulated and has been regular in the repayment of interest.

   d) There is no overdue amount of loans taken from companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and other services. During the course of our audit, no major weakness has been noticed in the internal controls system in these areas.

5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

   b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Act and the Rules framed there under apply.

7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by

the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.

9. a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Cess and other statutory dues applicable to it. There were no arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

   b) According to the information and explanations given to us, there are no dues in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Cess that have not been deposited on account of any dispute.

10. The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in current and immediately preceding financial year.

11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks as at the Balance Sheet date.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the clause 4 (xiv) of the Order is not applicable to the Company.

15. In our opinion and on the basis of information and explanations given to us, the terms and conditions of guarantee given by the Company for loans taken by a body corporate from a bank, is not prima-facie prejudicial to the interests of the Company.

16. In our opinion and on the basis of information and explanations given to us, on an overall basis, the term loans were applied for the purposes for which the loans were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.

19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.

20. The Company has not raised any money through public issue during the year.

21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Kailash B. Goel & Co.
Chartered Accountants

Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office : Gurgaon
Date : April 13, 2010

Balance Sheet As at March 31, 2010

(Rs. in Lacs)

	Schedules	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2,734.64	2,734.64
Reserves and Surplus	2	6,381.24	3,487.08
		9,115.88	6,221.72
Loan Funds			
Secured Loans	3	4,028.57	4,873.78
Unsecured Loans	4	743.53	2,254.75
		4,772.09	7,128.53
Deferred Tax Liability		26.38	36.46
Total		**13,914.36**	**13,386.71**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		7,580.06	7,983.81
Less: Depreciation		2,103.29	1,827.10
Net Block		5,476.78	6,156.72
Capital Work in Progress		49.29	239.98
		5,526.07	6,396.70
Current Assets, Loans & Advances	6		
Current Assets			
Inventories		727.62	730.40
Sundry Debtors		4,737.98	3,869.88
Cash & Bank Balances		508.36	231.00
Loans & Advances		5,009.38	3,839.26
		10,983.34	8,670.54
Less: Current Liabilities & Provisions	7	2,595.05	1,690.34
Net Current Assets		8,388.29	6,980.20
Miscellaneous Expenditure	8	-	9.81
(to the extent not written off or adjusted)			
Total		**13,914.36**	**13,386.71**
Significant Accounting Policies & Notes on Accounts	16		

The Schedules referred to hereinabove form an Integral Part of the Balance Sheet

As per our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

For & on behalf of Board

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Deepak Madaan
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Place: Gurgaon
Date: April 13, 2010

Profit and Loss Account For the year ended March 31, 2010

(Rs. in Lacs)

	Schedules	2009-10	2008-09
INCOME			
Sales			
Gross Sales		29,293.00	24,158.94
Less : Sales Tax and VAT		2,350.80	1,462.65
Less : Excise Duty (Net)		1,760.30	1,799.56
Net Sales		25,181.90	20,896.73
Other Income	9	126.35	74.34
Increase / (Decrease) in Stock	10	189.01	(68.91)
Total		**25,497.26**	**20,902.15**
EXPENDITURE			
Cost of Materials	11	13,877.28	10,187.44
Manufacturing & Operating Expenses	12	1,434.06	2,329.33
Personnel Expenses	13	497.59	526.24
Selling, Administrative & Other Expenses	14	5,006.01	4,396.87
Interest & Finance Charges	15	512.64	595.90
Depreciation		685.21	829.15
Total		**22,012.79**	**18,864.93**
Profit before tax		**3,484.47**	**2,037.21**
Prior Period Adjustments (Net)		(0.50)	(61.38)
Provision for Taxation			
- Current Tax		599.89	230.11
- Excess Provision for Income Tax Written back		–	1.98
- Fringe Benefit Tax		-	11.04
- Deferred Tax		(10.08)	(30.23)
Profit after Tax		**2894.16**	**1,766.90**
Balance (Dr.)/ Cr. Brought Forward from last year		2,477.66	710.76
Balance (Dr.) / Cr. Carried to Balance Sheet		**5,371.83**	**2,477.66**
Basic Earning Per Shares (Face Value of Rs.10/- each)		10.58	6.46
Diluted Earning Per Shares (Face Value of Rs.10/- each)		10.58	6.46
Significant Accounting Policies & Notes on Accounts	16		

The Schedules referred to hereinabove form an Integral Part of the Balance Sheet

As per our report of even date

For & on behalf of Board

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Deepak Madaan
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Place: Gurgaon
Date: April 13, 2010

Schedules to the Balance Sheet As at March 31, 2010

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 1 SHARE CAPITAL		
Authorised Capital		
3,50,00,000 (3,50,00,000 as at 31.03.09) Equity Shares of Rs. 10/- each	3,500.00	3,500.00
Issued, Subscribed & Paid up		
2,73,46,400 (2,73,46,400 as at 31.03.09) Equity Shares of Rs. 10/- each fully paid up in cash.	2,734.64	2,734.64
Note: 2,73,36,400 (Previous Year 2,73,36,400) Equity Shares are held by Cement Manufacturing Company Limited (the Holding Company)		
Total	**2,734.64**	**2,734.64**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 2 RESERVES AND SURPLUS		
Capital Reserves		
Balance as per last Account	1,009.41	1,441.45
Addition/(Deduction) during the year	-	(432.04)
	1,009.41	1009.41
Surplus as per Profit & Loss Account	5,371.83	2,477.66
Total	**6,381.24**	**3,487.08**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 3 SECURED LOANS		
Rupee Term Loan		
- From Banks	2,998.93	3,798.96
Working Capital facilities from Banks	1,023.81	1,029.98
Hire Purchase Finance		
- From Bank	1.80	13.45
- From Bodies Corporate	4.02	31.40
Total	**4,028.57**	**4,873.78**

Notes:

1. Term loan from Banks are secured/to be secured by first charge on Fixed Assets of the Cement plant at Lumshnong, Meghalaya on Pari passu basis
2 Working Capital facilities from Banks are secured / to be secured by first charge on Current Assets of the Cement plant at Lumshnong, Meghalaya on Pari passu basis.
3 Term Loans and Working Capital facilities from Banks have been guaranteed by Holding Company
4 Hire Purchase Finance is secured by hypothecation of respective assets.

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 4 UNSECURED LOANS		
From Holding Company	315.00	2,007.16
Security Deposits	428.53	247.59
Total	**743.53**	**2,254.75**

(Rs. in Lacs)

Schedule – 5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2009	Additions	Deduction/ Adjustment	Total as on 31.03.2010	Upto 31.03.2009	For the Year	Deduction/ Adjustment	Total as on 31.03.2010	As on 31.03.2010	As on 31.03.2009
A) Power Division										
Plant & Machinery	704.31	–	–	704.31	128.17	33.45	–	161.63	542.68	576.13
Tools & Tackles	3.53	–	–	3.53	0.76	0.17	–	0.93	2.60	2.77
Office Equipments	0.73	–	–	0.73	0.11	0.03	–	0.15	0.58	0.61
Electrical Installation	3.49	–	–	3.49	0.50	0.17	–	0.66	2.82	2.99
Computers	1.20	0.37	–	1.57	0.69	0.25	–	0.94	0.63	0.51
Total Of Power Plant	**713.26**	**0.37**	**–**	**713.62**	**130.24**	**34.07**	**–**	**164.31**	**549.31**	**583.02**
B) Cement Division										
a) Fixed Assets										
Land	145.65	–	–	145.65	–	–	–	–	145.65	145.65
Factory Building	1,636.60	67.99	–	1,704.59	234.09	143.08	–	377.17	1,327.42	1,402.51
Non Factory Building	1,130.20	234.34	–	1,364.53	48.54	58.36	–	106.90	1,257.63	1,081.65
Plant & Machinery	2,766.79	4.89	548.71	2,222.97	890.70	281.93	285.20	887.43	1,335.54	1,876.09
Electrical Installation	972.30	–	–	972.30	238.68	102.05	–	340.73	631.57	733.61
Pollution Control Equipment	40.69	–	–	40.69	9.98	4.27	–	14.25	26.44	30.71
Tools & Tackles	45.69	3.85	–	49.54	10.73	5.15	–	15.88	33.66	34.95
Vehicles	361.79	26.39	201.72	186.46	201.40	26.71	123.82	104.29	82.17	160.40
Computers	69.55	3.34	–	72.89	36.75	13.24	–	49.99	22.89	32.79
Furniture & Fixture	48.41	2.89	–	51.30	7.17	7.78	–	14.95	36.35	41.24
Office Equipment	35.57	2.18	–	37.75	6.03	4.33	–	10.36	27.39	29.53
Total of (a)	**7,253.23**	**345.88**	**750.43**	**6,848.67**	**1,684.08**	**646.91**	**409.02**	**1,921.97**	**4,926.70**	**5,569.15**
b) Intangible Assets										
Computer Software	17.33	0.44	–	17.77	12.78	4.23	–	17.00	0.77	4.55
Total of (b)	**17.33**	**0.44**	**–**	**17.77**	**12.78**	**4.23**	**–**	**17.00**	**0.77**	**4.55**
Total of Cement Division (a+b)	**7,270.56**	**346.32**	**750.43**	**6,866.44**	**1,696.86**	**651.14**	**409.02**	**1,938.97**	**4,927.47**	**5,573.70**
Gross Total	**7,983.81**	**346.68**	**750.43**	**7,580.06**	**1,827.10**	**685.21**	**409.02**	**2,103.29**	**5,476.78**	**6,156.72**
Previous Year Figures	7,255.20	739.09	10.48	7,983.81	1,003.09	829.15	5.14	1,827.10	6,156.72	6,252.11

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 6 CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
Raw Materials	240.54	121.36
Finished Goods	203.14	14.13
Fuel, packing materials, Stores & Spares parts	283.94	594.91
	727.62	730.40
Sundry Debtors		
Secured, Considered Good		
Sale of Product		
Over Six Months	27.93	0.86
Other debts	218.72	141.85
	246.65	142.71
Unsecured		
Over Six Months		
I Sale of product - Considered Good	41.05	12.91
Sale of product - Considered Doubtful	8.98	1.99
Less: Provision for Bad & Doubtful debt	(8.98)	(1.99)
	41.05	12.91
II Claims due from Central Government - Considered Good	2,537.49	1,953.19
	2,578.54	1,966.11
Other Debts		
I Sale of product - Considered Good	869.32	886.24
II Claims due from Central Government - Considered Good	1,043.46	874.82
	1,912.79	1,761.06
	4,737.98	**3,869.88**
Cash & Bank Balances		
Cash In Hand	2.76	3.31
Cheques In Hand	276.55	29.34
Balances With Scheduled Banks:		
- Current Accounts	210.13	176.02
- Fixed Deposit Account	18.00	18.00
Balance with Non-Scheduled Bank:		
- Current Account	0.92	4.33
Meghalaya Rural Bank (Maximum amount due during the year 9.33 Lacs, Previous year Rs 18.09 Lacs)		
	508.36	**231.00**
Loans and Advances *(Unsecured, considered good)*		
Advances Recoverable in Cash or in kind or for value to be received	286.18	49.70
Advances against Capital Expenditure	18.06	21.96
Advances to Suppliers	30.47	62.71
Subsidies Receivable from Central / State Governments	4,198.18	3,405.10
Prepaid expenses	7.77	9.96
Deposits	38.98	30.49
Balances with / Receivable from Central Excise Department	429.73	259.34
	5,009.38	**3,839.26**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 7 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors (Trade)	636.37	299.13
Sundry Creditors - Micro,Small & Medium Enterprises (Refer to note no.8)	–	–
Sundry Creditors for Capital Expenditure	26.31	129.53
Advances from Customers	66.08	54.27
Retention Money	2.18	20.28
Statutory Liabilities	265.16	187.08
(including excise duty on finished goods Rs 0.32 Lacs, Rs 0.67 Lacs as at 31.03.09)		
Other Liabilities	1,476.11	985.40
Total (A)	**2,472.20**	**1,672.91**
Provisions		
For Gratuity	10.88	7.18
For Leave Encashment	12.42	9.59
For Taxation (net of advance)	99.55	0.66
Total (B)	**122.85**	**17.43**
Total (A+B)	**2,595.05**	**1,690.34**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 8 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenses		
Balance as per last Account	9.81	13.47
Less: Written off during the year	9.81	3.66
	–	**9.81**

Schedules to the Profit and Loss Account For the year ended March 31, 2010

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 9 OTHER INCOME		
Interest (Gross; TDS Rs. 0.14 Lac ,Previous year - NIL)	1.41	–
Insurance and Other Claims	45.67	10.79
Miscellaneous Income	79.27	63.55
	126.35	**74.34**

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 10 INCREASE/ (DECREASE) IN STOCK		
Finished Goods		
Opening Stock	14.13	83.05
Closing Stock	203.14	14.13
Increase /(Decrease)	**189.01**	**(68.91)**

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 11 COST OF MATERIALS		
Consumption of Raw Materials	13,143.46	9,403.97
Consumption of Stores & Spares	59.79	104.12
Packing Materials	674.02	679.35
	13,877.28	**10,187.44**

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 12 MANUFACTURING & OPERATING EXPENSES		
Power & Fuel	1,215.90	1,970.96
Excise Duty variation on opening / closing stock	25.32	(9.54)
Repairs & Maintenance		
- Building	6.20	6.66
- Plant & Machinery	30.73	25.49
- Others	19.62	14.32
Freight & Material Handling Expenses	74.19	71.11
Heavy Vehicle Running Expenses	62.09	250.34
	1,434.06	2,329.33

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 13 PERSONNEL EXPENSES		
Salaries, Wages & other Manpower Expenses	473.59	494.25
Contribution to Provident Fund	17.05	16.29
Welfare Expenses	6.95	15.70
	497.59	526.24

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 14 SELLING, ADMINISTRATIVE & OTHER EXPENSES		
Travelling and Conveyance	49.80	42.99
Bank Charges	27.08	20.99
Insurance(Net)	33.68	34.71
Rent, Rates & Taxes	117.40	103.62
Printing & Stationery	6.84	11.28
Postage, Telephone and Communication	10.87	15.23
Legal & Professional Fees	13.82	21.61
Auditors' Remuneration	1.80	1.50
Vehicle Running Expenses	23.26	31.05
Research & Development Expenses	3.44	7.22
Directors Remuneration	2.40	–
Charity & Donation	5.11	7.37
Miscellaneous Expenses	29.54	20.42
Preliminary Expenses Written Off	9.81	3.66
Advertisement & Publicity	111.17	9.55
Outward Freight Charges (Net)	3,724.96	3,114.50
Sales Promotion Expenses	102.13	112.05
Commission, Discount & Incentives on Sale	732.91	839.12
	5,006.01	4,396.87

(Rs. in Lacs)

	2009-10	2008-09
Schedule – 15 INTEREST & FINANCE CHARGES		
Fixed Loans	382.15	496.03
Others	130.49	99.87
	512.64	595.90

Schedule – 16 | SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. **System of Accounting**

   The financial statements were prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies act, 1956.The financial statements are prepared under the historical cost convention on an accrual basis and on the basis of going concern. Except otherwise mentioned, the accounting policies applied by the Company are consistent with those used in the previous year.

2. **Use of estimates**

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities 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.

3. **Fixed assets**

   Fixed assets are stated at their cost of acquisition, installation or construction (net of cenvat credit / other taxes, where ever applicable) less accumulated depreciation, amortization and impairment losses except freehold land which is carried at cost. Cost comprises the purchase price, installation and cost of bringing the asset to its working condition for intended use.

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.

5. **Depreciation**

   Depreciation on fixed assets of power division is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on other fixed assets is provided on written down value method at the rates and in the manner prescribed in schedule XIV to the Companies, Act, 1956 Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of put to use, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided up to the date on which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

6. **Inventories**

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

7. **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 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 recognised in the Profit and Loss Account.

8. **Borrowing costs**

   Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalised 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 recognised 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.

9. **Impairment of assets**

   The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on

Schedule – 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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 recognised impairment loss is further provided or reversed depending on changes in circumstances

10. Intangible asset

Intangible assets are recognised 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 software and IT related expenses are written off over a period of three years.

11. Foreign currency transactions

Foreign currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt with in the Profit and Loss Account.

All exchange differences other than those regarded as adjustment to the interest cost, arising from foreign currency transaction (including booking of forward contracts) remaining unsettled at the year end are translated at closing exchange rate prevailing at the end of the year and dealt with in the Profit and Loss Account.

Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

12. Miscellaneous expenditure

Hitherto, preliminary expenses were written off over a period of five years. However, the balance has been fully written off during the year.

13. Taxes on income

Tax expense comprises of 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. 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 recognised to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act'1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realised in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realisation / liabilities

14. Revenue recognition

Items of income and expenditure are recognized on accrual basis except stated otherwise. Cement division sales are recorded on dispatch of goods to the customer. Sales include excise duty, Sales tax and VAT and are net of trade discounts, rebates, and returns. Sales include the amount of sales tax and VAT remission in accordance with the respective incentive scheme. Interest income is recognised on time proportion basis.

15. Government grants / subsidies

Government grants/subsidies are recognised 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 recognised in the Profit and Loss Account 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.

16. Research and development expenditure

Revenue expenditure is charged to the Profit and Loss Account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

17. Provisions and contingencies

A provision is recognised 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 recognised nor disclosed in the financial statements.

18 Segment reporting

The Company identified that its business segments are the primary segments. The Company's business are organised and

Schedule – 16 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

managed separately accordingly to the nature of products/services, with each segment representing a strategic business unit that offers different product/services.

B. NOTES ON ACCOUNTS

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1.15	138.00
2. Contingent liabilities not provided for		
a) Bank guarantees issued by a bank	186.99	161.06
b) Export obligation under EPCG scheme	25.34	62.05
c) Guarantee provided to a Corporate Body / Bank on behalf of contractors	171.83	243.27
3. Fixed deposit receipts pledged with the bank	18.00	18.00
4. Secured loans falling due for repayment within one year	805.82	837.81
5. Director's remuneration	2.40	–

(Rs. in Lacs)

	2009-10	2008-09
6. Payment made to the Auditors' during the year:		
a) Statutory Audit fees	1.44	1.20
b) Tax audit fees	0.36	0.30
c) Certification Work	2.55	0.38
Total	**4.35**	**1.88**

7. In the opinion of the management and to the best of their knowledge and belief the value on realisation 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.

8. The company did not receive information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid at the year end, interest paid/ payable under this Act have not been given.

9. Hitherto, preliminary expenses were written off over a period of five years, However, the balance was fully written off during the year.

10. Sundry debtors include Rs. Nil (as at March 31, 2009 – Rs. Nil Lacs) due from Cement Manufacturing Company Limited (holding company). Maximum amount due during the year Rs. 59.09 Lacs (previous year – Rs. 246.55 Lacs).

11. Sundry debtors include Rs. Nil (as at March 31, 2009 – Rs. Nil Lacs) due from Century Plyboards (I) Ltd., the ultimate holding company. Maximum amount due during the year Rs. Nil (previous year – Rs. 3.18 Lacs)

12. Sundry debtors include Rs. Nil (As at March 31, 2009 – Rs. Nil) due from Star Cement Meghalaya Ltd, a fellow subsidiary. Maximum amount due during the year Rs. 4.66 Lacs (previous year – Rs. Nil)

13. Sundry debtors include Rs. Nil (As at March 31, 2009 – Rs. Nil) due from Meghalaya Power Ltd, a fellow subsidiary. Maximum amount due during the year Rs. 31.64 Lacs (previous year – Rs. Nil)

14. Sundry debtors include Rs. Nil (as at March 31, 2009 – Rs. Nil) due from Cent Ply Private Limited, a subsidiary of ultimate holding company. Maximum amount due during the year Rs. 5.64 Lacs (previous year – Rs. 0.77 Lacs)

15. Sundry creditors include Rs. 691.96 Lacs (as at March 31, 2009 – Rs. 368.20 Lacs) due to Cement Manufacturing Company Limited (holding company).

16. Loans and advances include Rs. Nil (As at March 31, 2009 – Rs. Nil) due from Century Plyboards (I) Ltd., the ultimate holding company. Maximum amount due during the year Rs. Nil (previous year – Rs. 100 Lacs)

17. In pursuance of "Accounting Standard 28-Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, management is of the view that in the current financial year impairment of assets is not considered necessary.

Schedule – 16 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

18. Segment Reporting

(Rs. in Lacs)

SL No.	Particulars	2009-10			2008-09		
		Cement Division	Total Division	Power	Cement Division	Total Division	
1	External revenue	396.14	2,5071.30	25,467.44	1,507.22	19,394.90	20,902.15
2	Inter-segment revenue	29.02	–	29.02	27.21	23.67	50.88
3	Results	59.66	3,936.65	3,996.31	(10.46)	2,643.58	2,633.12
4	Other information						
	- Segment assets	743.24	15,766.17	16,509.41	730.35	16,173.80	16,904.14
	- Segment liabilities	90.47	7,177.12	7,267.59	6.86	8,812.01	8,818.87
	- Capital expenditure	0.37	346.32	346.68	–	524.63	524.63
	- Depreciation	34.07	651.14	685.21	34.02	795.13	829.15
	- Non-cash expenses other than depreciation	–	9.81	9.81	0.20	3.46	3.66

19. Earnings Per Share

(Rs. in Lacs)

Particulars	31.03.2010	31.03.2009
Profit/(Loss) after taxation as per Profit and Loss Account and attributable to equity shareholders	2,894.16	1,766.90
Number of equity shares outstanding for basic EPS (weighted average)	2,73,46,400	2,73,46,400
Earning per share (basic) (Rs.)	10.58	6.46
Earning per share (diluted) (Rs.)	10.58	6.46

20. The Deferred Tax Liability / (Asset) as at March 31, 2009 comprises as under:

(Rs. in Lacs)

Particulars	Deferred Tax Liability/ (Asset) as at 01.04.2009	Current Year Charge/ (Credit)	Deferred Tax Liability/ (Asset) as at 31.03.2010
A. Deferred Tax Liability			
On account of timing difference between books & tax depreciation	43.08	(1.64)	41.44
Total	**43.08**	**(1.64)**	**41.44**
B. Deferred Tax Assets			
Provision for gratuity & leave encashment and doubtful debts	(6.62)	(8.44)	(15.06)
Total	**(6.62)**	**(8.44)**	**(15.06)**
Deferred Tax Liability / (Assets) (A-B)	**36.46**	**(10.08)**	**26.38**

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

a) Names of the transacting related parties and description of relationships

Holding Company	Cement Manufacturing Company Ltd (CMCL)
	Century Plyboards (I) Ltd (CPIL) - Ultimate Holding Company
Associates	Meghalaya Power Limited (MPL) - Fellow Subsidiary
	Cent Ply (P) Limited (CPL) - Fellow Subsidiary
	Shyam Sel & Power Limited (SSPL)
	Skipper Limited (SL)
	Star Cement Meghalaya Limited (SCML) - Fellow Subsidiary
Key management personnel	Pankaj Kejriwal - Director
	Hari Prasad Agarwal - Director
	Sharan Bansal - Director
	Devendra Bansal - Director
	Carmel Suja - Director
	Mangi Lal Jain - Director

Schedule – 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

b) During the year following transactions were carried with the related parties in the ordinary course of business. Disclosure of transactions between the Company and related parties and the status of outstanding balance as at March 31, 2010

(Rs. in Lacs)

Sl No.	Types of transactions	Holding company		Associate / Fellow subsidiaries Companies		Key managerial personnel	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Sale of power						
	CMCL	353.08	1422.51	–	–	–	–
	SCML	–	–	4.66	–	–	–
	MPL	–	–	–	57.33	–	–
2	Sale of cement						
	MPL	–	–	46.18	71.42	–	–
	CPL	–	–	9.18	0.77	–	–
	CPIL	–	3.21	–	–	–	–
3	Purchase transactions						
	CMCL	11133.73	9494.94	–	–	–	–
	CPIL	–	27.22	–	–	–	–
	MPL	–	–	275.38	–	–	–
	SL	–	–	–	2.23	–	–
4	Cost of material/reimbursement of expenses paid						
	CMCL	1223.97	489.97	–	–	–	–
	CPIL	0.08	–	–	–	–	–
	MPL	–	–	5.05	30.92	–	–
	SCML	–	–	1.54	–	–	–
5	Cost of material/reimbursement of expenses received						
	CMCL	1040.24	519.07	–	–	–	–
	MPL	–	–	26.10	74.64	–	–
	SCML	–	–	27.53	–	–	–
6	Serviced received						
	CMCL	10.33	9.31	–	–	–	–
7	Services rendered						
	CMCL	–	20.76	–	–	–	–
	MPL	–	–	–	18.21	–	–
8	Purchase of fixed assets						
	CMCL	–	9.42	–	–	–	–
9	Sale of fixed assets						
	CMCL	137.50	0.57	–	–	–	–
	MPL	–	–	12.85	0.50	–	–
	SCML	–	–	193.08	–	–	–
10	Loans and advances received						
	CMCL	1605.00	2000.00	–	–	–	–
11	Loans and advances given						
	CPIL	–	100.00	–	–	–	–
12	Interest received						
	CPIL	–	5.36	–	–	–	–
13	Interest given						
	CMCL	78.87	9.26	–	–	–	–
14	Remuneration						
	Carmel Suja	–	–	–	–	2.40	–
15	Balance outstanding on account of						
	A Creditors						
	CMCL	691.96	368.20	–	–	–	–
	B Loans received						
	CMCL	315.00	2007.16	–	–	–	–
	C Loans given						
	MPL	–	–	–	3.03	–	–
	D Guarantee obtained						
	CMCL	4022.74	4828.93	–	–	–	–

Schedule – 16 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

22. Employee Defined Benefits:
   a) Defined Contribution Plans
   The Company recognised an expense of Rs.17.05 Lacs (previous year Rs 16.29 Lacs) towards the defined contribution plans.

   b) Defined Benefit Plans – As per actuarial valuation as at March 31, 2010

Particulars	2009-10		2008-09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
I Expense recognized in the Statement of Profit and Loss Account for the year ended March 31, 2010				
1. Current service cost	4.28	4.37	3.74	4.40
2. Interest cost	0.72	0.88	0.45	0.61
3. Employee contribution	–	–	–	–
4. Expected return on plan assets	–	–	–	–
5. Actuarial (gains)/losses	(1.30)	0.73	(1.19)	0.40
6. Past service cost	–	–	–	–
7. Settlement cost	–	–	–	–
8. Losses/(gains) on acquisition/divesture	–	–	–	–
9. Total expense	3.70	5.98	3.01	5.41
II Net asset/(liability) recognised in the Balance Sheet as at March 31, 2010				
1. Present value of defined benefit obligation	10.88	12.42	7.18	9.59
2. Fair value of plan assets	–	–	–	–
3. Funded status [surplus/(deficit)]	(10.88)	(12.42)	(7.18)	(9.59)
4. Net asset/(liability) as at March 31, 2010	(10.88)	(12.42)	(7.18)	(9.59)
III Change in obligation during the year ended March 31, 2010				
1. Present value of defined benefit obligation at the beginning of the year	7.18	9.59	4.17	5.72
2. Current service cost	4.28	4.37	3.74	4.40
3. Interest cost	0.72	0.88	0.45	0.61
4. Settlement cost	–	–	–	–
5. Past service cost	–	–	–	–
6. Employee contribution	–	–	–	–
7. Liabilities assumed on acquisition/(settled on divesture)	–	–	–	–
8. Actual (gains/losses)	(1.30)	0.73	(1.19)	0.40
9. Benefit payments	–	(3.15)	–	(1.54)
10. Present value of defined benefit obligation at the end of the year	10.88	12.42	7.18	9.59
IV Change in assets during the year ended March 31, 2010				
1. Plan assets at the beginning of the year	–	–	–	–
2. Assets acquired on amalgamation in previous year	–	–	–	–
3. Settlements	–	–	–	–
4. Expected return on plan assets	–	–	–	–
5. Contributions by employer	–	3.15	–	1.54
6. Actual benefit paid	–	(3.15)	–	(1.54)
7. Actuarial gains/(losses)	–	–	–	–
8. Plan assets at the end of the year	–	–	–	–
9. Actual return on plan assets	–	–	–	–

Schedule – 16 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

23. Information pursuant to provisions of paragraphs 3, 4–C and 4-D of Part –II of Schedule VI to the Companies Act, 1956.

a) Licensed & Installed Capacities and Production

	2009–10	2008–09
i) Licensed Capacity	NA	NA
ii) Installed Capacity		
– Power Generation	9 MVA	9 MVA
– Cement (MT)	4,62,000	4,62,000
iii) Production / Generation		
– Power (KWH)	34,17,940	1,64,69,988
– Cement (MT)	5,16,441.50	4,65,486.35

b) Sales

	Units	2009-10		2008-09	
		Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
i) Power*	KWH	30,84,031	357.74	1,61,59,013	1,479.84
ii) Cement**	MT	5,12,077.10	28,906.25	4,66,401.10	22,651.89

Note: *Excludes 3,33,909 KWH (previous year 3,10,975 KWH) for captive use.

**Includes 207.25MT, value Rs. 6.22 Lacs (previous year 789MT, value - Rs.23.67 Lacs) for captive use.

c) Stock of Finished Goods

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
i) Opening Stock – Cement	360.15	14.13	1824.30	83.05
ii) Closing Stock – Cement	4,061.30	203.14	360.15	14.13
iii) Shortage and handling loss among others	663.25	NA	550.55	NA

d) Raw Materials Consumed (100% Indigenous):

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
i) Clinker	3,51,311.03	11,521.81	3,23,011.51	8,366.67
ii) Gypsum	8,064.73	130.68	1,917.74	37.38
iii) Fly ash	1,68,443.78	1,490.97	1,47,575.98	999.94
iv) Total		13,143.46		9,403.97

Schedule – **16** **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

e) Value of imported and indigenous Stores, Spare parts, Components consumed and their percentage to total consumption:

	2009-10		2008-09	
	Value (Rs. Lacs)	%	Value (Rs. Lacs)	%
Stores, Spare parts and Components				
i) Imported	–	–	–	–
ii) Indigenous	59.79	100	104.12	100

24. Figures have been rounded off to the nearest Rs. in Lacs.

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

In terms of our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

For & on behalf of Board

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Deepak Madaan
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Place: Gurgaon
Date: April 13, 2010

Balance Sheet Abstract

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet Abstract and Companies General Business Profile

I. Registration Details:

Registration No. 13-06976 of 2002-03

State Code : 1 3

Balance Sheet Date 3 1 | 0 3 | 2 0 1 0

II. Capital Raised during the year *(Amount in Lacs)*

Public Issue	Bonus Issue
NIL	NIL
Right Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in Lacs)*

Total Liabilities	Total Assets
13914.36	13914.36

Sources of Funds

Paid Up Capital	Reserves and Surplus
2734.64	6381.24
Share Application	Unsecured Loans
NIL	743.53
Secured Loans	Deferred Tax Liability
4028.57	26.38

Application of Funds:-

Net Fixed Assets	Investments
5526.07	NIL
Net Current Assets	Misc. Expenditure
8388.29	NIL
Accumulated Losses	
NIL	

IV Performance of the Company *(Amount in Lacs)*

Turnover (Incl. Other Income)	Total Expenditure
25497.26	22012.79
Profit / (Loss) before Tax	Profit / (Loss) after Tax
3484.47	2894.16
Earning per Share (Rs.)	Dividend Rate (%)
10.58	NIL

V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)

2 5 2 3 Portland Cement

Others – Not Specified

Product description

1. Cement
2. Power

For & on behalf of Board

Place: Gurgaon
Date: April 13, 2010

Deepak Madaan
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Cash Flow Statement For the year ended March 31, 2010

(Rs. in Lacs)

Particulars	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Exceptional Items	**3,483.67**	**2,038.18**
Adjustments for :		
Depreciation	685.21	829.15
Prior Period Expenses	(0.50)	(61.38)
Interest Income	–	(1.34)
Interest Expenses	512.64	597.24
Provision for Direct Tax	99.55	0.66
Provision for Gratuity & Leave Encashment	9.68	6.87
Provision for Bad & Doubtful Debts	(8.98)	1.99
(Profit)/ Loss on Sale of Fixed Assets	0.80	(0.96)
Miscellaneous Expenditure written off	9.81	3.66
Operating Profit before working Capital changes	**4,791.89**	**3,414.07**
Adjustments for :		
Trade receivables	(868.09)	(1,928.39)
Inventories	2.78	42.95
Other Receivables	(1,170.12)	(964.52)
Trade Payables	691.56	(416.07)
Cash Generated form Operations	**3,448.02**	**148.04**
Direct Taxes- Refund / (Paid) - Net	(487.00)	(225.21)
Net Cashflow from Operating Activities	**2,961.02**	**(77.17)**
B CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase)/sale of Fixed Assets (including WIP)- Net	185.42	(529.77)
Interest Received	–	1.34
Net Cash used in Invesitng Activites	**185.42**	**(528.43)**
C CASH FLOW FROM FINANCING ACTIVTIES		
Interest paid	(512.64)	(597.24)
Proceeds from /(Repayment of) Long Borrowings	(839.05)	(919.98)
Proceeds from /(Repayment of) working capital Borrowings	(6.17)	528.37
Proceeds from /(Repayment of) Short Borrowings	(1,511.22)	2,166.41
Increase /(Decrease) in Capital Reserve	–	(432.03)
Net Cash used in Financing Activities	**(2,869.07)**	**745.52**
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	277.36	139.92
Cash and Cash Equivalents		
Opening Balance	231.00	91.08
Closing Balance	**508.36**	**231.00**

As per our report of even date;

For **Kailash B Goel & Co.**
Chartered Accountants

For & on behalf of Board

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Deepak Madaan
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Place: Gurgaon
Date: April 13, 2010

Directors' Report

Dear members

Your Directors have the pleasure in presenting the fifth Annual Report, together with the Audited Balance Sheet as at March 31, 2010.

1. **Working Results**

   The Company did not commence commercial operations during 2009-10. Your Company did not prepare the Profit and Loss Account.

2. **Dividend**

   The Company in absence of commercial operation and revenue generation did not recommend any dividend declaration.

3. **Clinkerization project**

   The project of 1.75 million tonne clinkerisation plant is under implementation. The civil work of the project is at an advance stage and orders have been placed for critical and long delivery equipments. The project has already received the necessary State Government approvals and environmental clearances from the Central Government. Funds for the project have been tied up and a team of qualified and experienced professionals is in place for supervising the implementation of the project. In view of the progress of the project and arrangement made by your Company, no difficulty is envisaged in successful implementation of the project.

4. **Deposits**

   The Company did not accept any deposits during 2009-10, within the meaning of Section 58A of the companies Act, 1956 and the rules made thereunder.

5. **Auditors' Report**

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

6. **Auditors**

   The Company received a letter from M/s Kailash B. Goel & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limit u/s 224(1)(b) of the Companies Act, 1956. Your Directors request you to appoint Auditor for the year 2010-11 and to fix their remuneration.

7. **Holding Company**

   Your Company continues to be 100% subsidiary of Cement Manufacturing Company Limited.

8. **Directors**

   Mr. S. B. Roongta & Mr. Mangi Lal Jain, the Directors of the Company are retiring by rotation and being eligible, offer themselves for re-appointment.

9. **Industry outlook in North-East**

   India is the world's second largest producer of cement after China. With the boost given by the government to various infrastructure projects, road networks and housing facilities, growth in the cement consumption is anticipated in the coming years. The North Eastern Region (NER) grew at CAGR of 13% as against an all India CAGR of 7-8%. With new policy initiatives and announcement of fiscal packages by the Government of India, industrial expansion and growth is focused towards the northeastern region, the demand for cement is also on rise. The demand in the region is catching up with rest of the Country. This is likely to continue in the coming years as the Government with its increased attention on the industrial growth of the region.

10. **Particulars of employees**

    There were no employee whose particulars are to be disclosed under Section 217(2A) of the Companies Act, 1956.

11. **Directors' Responsibility Statement**

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

    1. That in the preparation of Annual Accounts, the applicable accounting standards were followed and there are no material departures.
    2. That the Directors have selected appropriate accounting policies and applied them consistently and

made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company as at March 31, 2010.

3. That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. That the Directors prepared the annual accounts on going concern basis.

12. Conservation of energy and technology absorption

The Company is yet to commence operations and hence the same is not applicable to the Company.

13. Capital structure

During 2009-10, the authorised share capital of the Company has been increased from Rs. 5,00,00,000 to Rs. 30,00,00,000 by creating further 2,50,00,000 equity shares at Rs. 10 each ranking pari-passu in all respects to the shares already issued. The paid-up share capital of the Company increased from Rs. 4,93,75,060 to Rs. 12,93,75,060 by issuing eighty lacs equity shares of Rs. 10 each at a premium of Rs. 70 each to its holding Company.

14. Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee had been constituted by the Board. The Constitution of the Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956. Five meetings of the Committee were held during the year i.e. on 13th April 2009, 24th June 2009, 20th August 2009, 3rd December 2009 and 4th March 2010.

The Audit Committee so constituted advises the management on the areas where internal audit can be improved. The minutes of the meetings of the Audit Committee are placed before the Board. The Committee is endowed with the powers to reviews the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

15. Foreign exchange earnings and outgo

(Amount in Rs.)

Sl. No.	Particulars	2009-10	2008-09
1.	Foreign exchange earnings	Nil	Nil
2.	Foreign exchange outgo	1,33,49,299	3,01,65,360

16. Acknowledgement

We acknowledge the commitment, dedication, devotion and contribution of our employees at all levels, for their performances which enable the Company to achieve substantive improvements in performance. The Directors would like to express their grateful appreciations for the assistance and cooperation received from the various government, semi-government and local authorities. We would also take the opportunity to acknowledge the sincere appreciation and unstinted assistance and cooperation from our bankers and would wish to place on record their deep sense of appreciation and gratitude.

For and on behalf of the Board

Place: Gurgaon
Date: April 13, 2010

Sajjan Bhajanka
Chairman

Auditors' Report

To the Members of,
STAR CEMENT MEGHALAYA LIMITED

1. We have audited the attached Balance Sheet of **STAR CEMENT MEGHALAYA LIMITED** as at 31st March, 2010 and Cash Flow Statement for the year ended on that date annexed thereto. The company has not prepared Profit and Loss Account for the year ended 31st March 2010 since it is yet to commence commercial operations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003(as amended) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annexed a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) In our opinion the Balance Sheet and the Cash Flow Statement dealt with by this report is in agreement with the Books of Accounts;

   d) In our opinion the Balance Sheet and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956;

   e) On the basis of written representations received from the Directors as at 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

   f) In our opinion and to the best of our information and according to explanations given to us the said accounts read together with significant accounting policies and notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2010;and

      ii. in the case of Cash Flow Statement , of the Cash flows of the Company for the year ended on that date.

For Kailash B. Goel & Co.
Chartered Accountants

Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office : Gurgaon
Date : April 13, 2010

Annexure referred to in paragraph (3) of our report of even date

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   b) The fixed assets of the company are physically verified by management according to a phased programme designed to cover all the items over a period of two years, which is considered to be reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

   c) During the year, the Company has not disposed off any substantial part of its Fixed Assets and therefore do not affect the going concern assumption.

2. a) The inventory of stores and spares, except materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

   c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.

3. a) The Company has not granted any loans secured or unsecured to the companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The Company has taken an unsecured loan from a company covered under the register maintained u/s 301 of the Companies Act. The maximum amount involved during the year was Rs. 175.00 Lacs and the year-end balance of loans taken from such Company was NIL.

   b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.

   c) In respect of the aforesaid loans, the company is regular in repayment of the principal amounts as stipulated and has been regular in the repayment of interest.

   d) There is no overdue amount of loans taken from companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in these areas.

5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered.

   b) According to the information and explanations given to us, the transaction made in pursuance of such contracts and arrangements entered in the register maintained under Section 301 of the companies Act, 1956 and exceeding the value of rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Act and the Rules framed there under apply.

7. In our opinion, the Company is not required to have an internal audit system commensurate with the size of the Company and nature of its business.

8. Though, the Central Government of India has prescribed

maintenance of cost records u/s 209 (1)(d) of the Companies Act, 1956 for the product of the company but the same will be applicable only after the company starts it's commercial operation.

9. a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

   b) According to the information and explanations given to us, there are no dues in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Cess that have not been deposited on account of any dispute.

10. Since the Company has not yet started commercial operations, Clause 4(x) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.

11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders as at the Balance Sheet date.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinon, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

16. In our opinion and on the basis of information and explanations given to us, on an overall basis, the term loans were applied for the purposes for which the loans were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003(as amended), are not applicable to the Company.

20. The Company has not raised any money through public issue during the year.

21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Kailash B. Goel & Co.
Chartered Accountants

Arun Kumar Sharma
Partner
Membership No. 57329

Camp Office : Gurgaon
Date : April 13, 2010

Balance Sheet As at March 31, 2010

(Amount in Rs.)

	Schedules	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	12,93,75,060	4,93,75,060
Share Application Money(Pending Allotment)		52,83,000	8,67,03,000
Reserve & Surplus	2	56,00,00,000	–
Loan Funds			
Secured Loans	3	27,35,68,445	62,90,666
Total		**96,82,26,505**	**14,23,68,726**
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		10,06,92,087	1,16,02,224
Less : Depreciation		1,29,83,683	32,67,425
Net Block		8,77,08,405	83,34,799
Capital Work in Progress	5	33,37,17,189	–
Pre-operative Expenditure (Pending Allocation)	6	5,72,78,686	81,47,812
		47,87,04,280	1,64,82,611
Current Assets, Loans & Advances	7		
Current Assets			
Inventories		5,73,27,212	–
Cash & Bank Balances		17,96,63,658	36,67,447
Loans & Advances		28,48,63,127	15,54,50,316
		52,18,53,997	15,91,17,763
Less: Current Liabilities & Provisions	8	3,39,57,483	3,36,07,360
Net Current Assets		48,78,96,513	12,55,10,403
Miscellaneous Expenditure (to the extent not written off or adjusted)	9	16,25,712	3,75,712
Total		**96,82,26,505**	**14,23,68,726**
Significant Accounting Policies & Notes on Accounts	10		

The Schedules referred to hereinabove form an Integral Part of the Balance Sheet

As per our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Place: Gurgaon
Date: April 13, 2010

For & on behalf of Board

Manoj Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

(Amount in Rs.)

	31.03.2010	31.03.2009
Schedule – 1 SHARE CAPITAL		
Authorised Capital	30,00,00,000	5,00,00,000
300,00,000 (50,00,000 as at 31.03.09) Equity Shares of Rs 10/- each		
Issued, Subscribed & Paid up		
1,29,37,506 (49,37,506 as at 31.03.09) Equity Shares of Rs.10/- each fully paid up in cash	12,93,75,060	4,93,75,060
Note: 1,29,37,500 (49,37,500 as at 31.03.09) Equity Shares are held by Cement Manufacturing Company Limited(Holding Company)		
Total	**12,93,75,060**	**4,93,75,060**

(Amount in Rs.)

	31.03.2010	31.03.2009
Schedule – 2 RESERVES AND SURPLUS		
Securities Premium		
Addition during the year	56,00,00,000	–
Total	**56,00,00,000**	–

(Amount in Rs.)

	31.03.2010	31.03.2009
Schedule – 3 SECURED LOANS		
Rupee Term loan from Banks	27,01,27,145	–
Hire Purchase Finance from Banks	34,41,300	62,90,666
Total	**27,35,68,445**	**62,90,666**

Notes:

Term loans from Banks are secured / to be secured by first charge on fixed assets of the Company's purpose cement clinker plant at Lumshnong, Meghalaya on pari passu basis and second charge on current assets of the company on pari passu basis.

Term loans from Banks have been guranteed by the holding Company.

Hire Purchase Finance is secured by hypothecation of respective assets.

(Amount in Rs.)

Schedule – 4 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	As on 01.04.2009	Additions	Deduction/ Adjustment	Total as on 31.03.2010	Upto 31.03.2009	For the Year	Adjustment	Total As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land & Site Development	–	1,57,91,948	–	1,57,91,948	–	–	–	–	1,57,91,948	–
Plant , Machinery & Equipments	–	2,74,57,972	–	2,74,57,972	–	16,79,847	–	16,79,847	2,57,78,125	–
Furniture & Fixture	–	1,98,858	–	1,98,858	–	27,875	–	27,875	1,70,983	–
Office Equipment	–	1,83,103	–	1,83,103	–	1,763	–	1,763	1,81,340	–
Computers	31,720	19,51,160	–	19,82,880	7,474	94,305	–	1,01,779	18,81,101	24,246
Heavy Vehicles & Equipments	1,11,20,504	4,02,06,132	–	5,13,26,636	32,50,694	74,64,746	–	1,07,15,440	4,06,11,196	78,69,810
Vehicles	4,50,000	22,24,684	–	26,74,684	9,257	3,64,876	–	3,74,133	23,00,551	4,40,743
Tools & Tackles	–	8,74,621	–	8,74,621	–	15,718	–	15,718	8,58,903	–
Total (A)	**1,16,02,224**	**8,88,88,477**	–	**10,04,90,701**	**32,67,425**	**96,49,130**	–	**1,29,16,555**	**8,75,74,147**	**83,34,799**
Previous year	77,01,000	39,01,224	–	1,16,02,224	–	32,67,425	–	32,67,425	83,34,799	77,01,000
INTANGIBLE ASSETS										
Coputer Software	–	2,01,386	–	2,01,386	–	67,128	–	67,128	1,34,258	–
Total (B)	–	**2,01,386**	–	**2,01,386**	–	**67,128**	–	**67,128**	**1,34,258**	–
Previous Year	–	–	–	–	–	–	–	–	–	–
Total (A + B)	**1,16,02,224**	**8,90,89,863**	–	**10,06,92,087**	**32,67,425**	**97,16,258**	–	**1,29,83,683**	**8,77,08,405**	**83,34,799**
Previous Year	77,01,000	39,01,224	–	1,16,02,224	–	32,67,425	–	32,67,425	83,34,799	77,01,000

(Amount in Rs.)

	As on 01.04.2009	Additions	Deduction/ Adjustments	As at 31.03.2010
Schedule – 5 CAPITAL WORK IN PROGRESS				
Mines Development	–	26,72,283	–	26,72,283
Fixed Assets in Store	–	2,03,058	–	2,03,058
Materials lying with contractor	–	21,21,04,009	–	21,21,04,009
Buildings				
- Factory Buildings	–	4,95,62,751	–	4,95,62,751
- Non Factory Building	–	1,09,46,196	–	1,09,46,196
Plant & Machinery		5,61,25,490		5,61,25,490
Electrical & Water Installations	–	2103,402	–	21,03,402
Total	**–**	**33,37,17,189**	**–**	**33,37,17,189**
Previous Year's figures	–	–	–	–

Note:- Land shown above are pending registration in the name of the Company.

(Amount in Rs.)

	31.03.2010	31.03.2009
Schedule – 6 PRE-OPERATIVE EXPENSES		
Audit Fees	46,348	34,348
Bank Charges	55,83,562	1,12,684
Contribution to Provident Fund	44,951	–
Depreciation	1,29,83,683	32,67,425
Electricity Charges	60,54,100	60,320
Freight & Forwarding Inward	4,11,121	–
General Expenses	92,119	38,756
Gift, Charity & Donation	6,71,358	–
Interest & Finance Charges (Net)	2,61,030	9,31,575
Insurance Charges	4,16,417	–
Miscellaneous Expenses	8,49,447	7,65,535
Postage, Telephone and Communication	63,781	17,793
Printing & Stationary	5,68,376	1,89,303
Professional & Consultancy Charges	1,08,18,385	9,28,403
Rates & Taxes	14,79,081	6,38,176
Repair & Maintenance Expenses	1,82,193	–
Salary & Allowances	90,91,532	8,54,931
Service Charges	33,148	33,148
Travelling & Conveyance	12,61,015	2,39,608
Vehicles Running Expenses	57,79,362	35,807
Welfare Expenses	5,87,677	–
Total	**5,72,78,686**	**81,47,812**

(Amount in Rs.)

	31.03.2010	31.03.2009
Schedule – 7 CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventory		
Fuel & lubricants	1,09,379	–
Stores & Spares	5,72,17,833	–
Total (A)	**5,73,27,212**	–
Cash & Bank Balances		
Cash in Hand	2,72,734	765,524
Cheques in Hand	20,13,890	–
Balance with Scheduled Banks		
Current Account	38,81,603	2,044,713
Fixed Deposits	17,34,70,500	–
Balance with a Non- Scheduled Bank		
- Current Account		
Meghalaya Rural Bank	24,931	857,210
(Maximum amount due during the year Rs.15,04,332/-) (Previous Year- Rs.21,42,950/-)		
Total (B)	**17,96,63,658**	**3,667,447**
Loans and Advances *(Unsecured, considered good)*		
Advances Recoverable in cash or in kind or for value to be received	5,07,35,542	2,249,754
Advances Against Capital Expenditure	21,73,45,112	153,128,713
Deposits	1,61,250	11,250
Interest Accrued on Fixed Deposit	50,72,885	–
CST Refundable	10,37,795	–
Advance Tax	6,06,231	60,599
Receivable from Central Excise Department	99,04,312	–
Total (C)	**28,48,63,127**	**155,450,316**
Total (A + B + C)	**52,18,53,997**	**159,117,763**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 8 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors- Micro, Small and Medium Enterprises (Refer note no.8 of notes on accounts)	–	–
Sundry Creditors for Capital Goods	42,05,326	2,88,382
Sundry Creditors for Expenses	2,35,07,552	3,32,18,035
Interest Accrued but not due	25,301	–
Statutory Liabilities	11,73,338	8,564
Other Liabilities	46,73,134	81,033
Total (A)	**3,35,84,650**	**3,35,96,014**
Provisions		
For Gratuity	1,47,834	–
For Leave Encashment	2,24,999	–
For Fringe Benefit Tax	–	11,346
Total (B)	**3,72,833**	**11,346**
Total (A+B)	**3,39,57,483**	**3,36,07,360**

(Rs. in Lacs)

	31.03.2010	31.03.2009
Schedule – 9 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenses		
Balance as per last Account	3,75,712	2,00,712
Addition during the year	12,50,000	1,75,000
Written off during the year	–	–
Total	**16,25,712**	**3,75,712**

Schedule – 10 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. **System of Accounting**

   The financial statements were prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements were prepared under historical cost convention on an accrual basis and on the basis of going concern and in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. **Use of estimates**

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities 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.

3. **Fixed assets**

   Fixed Assets are stated at cost of acquisition, installation or construction (net of cenvat credit, 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 other attributable cost of bringing the asset to its working condition for its intended use.

4. **Depreciation**

   Depreciation on Fixed Assets is provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Continuous process plants are identified based on a technical assessment and depreciated at the specified rate as per schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of put to use, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided up to the date on which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

5. **Revenue recognition**

   Expenses to the extent considered payable unless specifically stated to be otherwise are accounted for on mercantile basis.

6. **Foreign currency transactions**

   Foreign currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt with in the Profit and Loss Account. All exchange differences other than those regarded as adjustment to the interest cost, arising from foreign currency transaction (including booking of forward contracts) remaining unsettled at the year end are translated at closing exchange rate prevailing at the end of the year and dealt with in the Profit and Loss Account. Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation. The translation gain/ loss on any foreign currency borrowing relating to a depreciable fixed asset has been charged to the Profit and Loss Account instead of capitalizing it to the fixed asset.

7. **Miscellaneous expenditure**

   Preliminary expenses shall be fully written off in the year of commencement of commercial production.

8. **Taxes on income**

   Provision for the current tax and deferred tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961. 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 recognised to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act,1961. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the assets will be realised in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realisation / liabilities.

9. **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 recognised 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 recognised impairment loss is further provided or reversed depending on changes in circumstances.

10. Retirement benefits

i) Defined contribution plan

Employees benefits in the form of provident fund, ESIC and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the 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 recognised in the Profit and Loss Account.

11. Provisions and contingencies

A provision is recognised 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. A contingent liability of an outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

12. Incidental expenditure during construction period

The preoperative expenditure will be capitalised by allocation to appropriate assets at the time of commencement of commercial production.

B. NOTES ON ACCOUNTS

(Amount in Rs.)

	As at 31.03.2010	As at 31.03.2009
1. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for	84,67,10,194	54,36,28,947
2. Contingent Liabilities not provided for:		
a) Letters of credit issued by banks	45,56,34,130	–
3. Fixed Deposit Receipts pledged with the bank	17,34,58,000	–
4. Borrowing cost capitalised	58,96,501	–
5. Amount of secured loans falling due for repayment in next 12 months	30,04,825	32,85,842
6. Payment made to the Auditors' during the year		
a) Statutory audit fees	12,000	10,000
b) Certification and other works	8,826	3,000
Total	**20,826**	**13,000**

7. In the opinion of the management and to the best of their knowledge and belief the value on realisation 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.

8. The Company did not receive information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and, hence disclosures relating to amounts unpaid at the year end, interest paid /payable under this Act are not given.

9. Sundry Creditors include the following amounts due to the Companies under the same management:

(Amount in Rs.)

Name of the Companies	Status	Amount due as at	
		31.03.2010	31.03.2009
Cement Manufacturing Company Limited	Holding company	1,73,00,607	3,32,18,035
Meghalaya Power Limited	Fellow subsidiary	18,58,403	–

Schedule – 10 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

10. Loans and advances include the following amounts due from Companies under the same management:

(Amount in Rs)

Name of the Companies	Status	Amount Due as at		Maximum Amount O/s at any time during the year	
		31.03.2010	31.03.2009	2009-10	2008-09
Megha Technical & Engineers Pvt. Ltd.	Fellow subsidiary	–	–	–	2,27,800
Meghalaya Power Limited	Fellow subsidiary	74,41,695	–	3,98,97,688	–

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

Holding Company	Cement Manufacturing Company Limited (CMCL)
	Century Plyboards (I) Ltd. (CPIL) (Ultimate Holding Company)
Associates	Megha Technical & Engineers Pvt. Ltd (MTEPL) (Fellow Subsidiary)
	Meghalaya Power Limited (MPL) (Fellow Subsidiary)
	Cent Ply Pvt. Limited (CPPL) (Fellow Subsidiary)
	Shyam Sel & Power Limited (SSPL)
	Skipper Limited (SL)

a) Names of the transacting related parties and description of relationships.

b) Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2010 are given hereunder:

(Amount in Rs)

Sl No.	Types of transactions	Holding company		Subsidiaries		Fellow subsidiary and associates		Total	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Purchase transactions								
	CMCL	1,72,28,190	–	–	–	–	–	1,72,28,190	–
	CPPL	–	–	2,08,742	–	–	–	2,08,742	–
	MTEPL	–	–	1,97,73,903	–	–	–	1,97,73,903	–
	MPL	–	–	79,73,671	–	–	–	79,73,671	–
	SSPL	–	–	–	–	10,88,925	–	10,88,925	–
	SL	–	–	–	–	40,05,414	–	40,05,414	–
2	Services received								
	CPIL	2,70,037	–	–	–	–	–	2,70,037	–
3.	Reimbursement of expenses / cost of materials paid								
	CMCL	4,32,05,314	3,81,76,786	–	–	–	–	4,32,05,313	3,81,76,786
	MTEPL	–	–	27,53,387	–	–	–	27,53,387	–
	MPL	–	–	47,39,505	42,536	–	–	47,39,505	42,536
4.	Reimbursement of expenses / cost of materials received								
	CMCL	48,56,421	11,09,870	–	–	–	–	48,56,421	11,09,870
	MTEPL	–	–	1,54,309	–	–	–	1,54,309	–
	MPL	–	–	2,46,29,974				2,46,29,974	–
5.	Loans taken								
	CMCL	1,75,00,000	–	–	–	–	–	1,75,00,000	–
6.	Interest paid								
	CMCL	13,39,589	–	–	–	–	–	13,39,589	–
7.	Share application money received								
	CMCL	55,85,80,000	10,77,03,000	–	–	–	–	55,85,80,000	10,77,03,000

Schedule – 10 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

(Amount in Rs)

Sl No.	Types of transactions	Holding company		Subsidiaries		Fellow subsidiary and associates		Total	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
8.	Guarantees obtained								
	CMCL	4,00,00,00,000	–	–	–	–	–	4,00,00,00,000	–
	Balance outstanding account of								
	A. Share application money received								
	CMCL	52,83,000	8,67,03,000	–	–	–	–	52,83,000	8,67,03,000
	B. Advances								
	MPL	–	–	74,41,694	–	–	–	74,41,694	–
	C. Creditors								
	CMCL	1,73,00,607	3,32,18,035	–	–	–	–	1,73,00,607	3,32,18,035
	MPL	–	–	18,58,403	–	–	–	18,58,403	–
	D. Guarantees								
	CMCL	27,01,27,145	–	–	–	–	–	27,01,27,145	–

12. Employee Defined Benefits:

a) Defined Contribution Plans

The Company recognised an expense of Rs. 39,778 (previous year Rs Nil) towards the defined contribution plans.

b) Defined Benefit Plans – As per actuarial Valuation as at March 31, 2010

	2009-10		2008-09	
	Gratuity Others	Leave Encashment	Gratuity Others	Leave Encashment
I Expense recognised in the statement of Profit and Loss Account for the year ended March 31, 2010				
1. Current Service Cost	98,503	1,50,000	4,649	9,866
2. Interest cost	6,099	9,470	186	470
3. Employee contribution	–	–	–	–
4. Expected return on plan assets	–	–	–	–
5. Actuarial (gains)/Losses	38,583	53,770	(186)	1,423
6. Past service cost	–	–	–	–
7. Settlement cost	–	–	–	–
8. Losses/(gains) on acquisition/divesture	–	–	–	–
9. Total expense	1,43,185	2,13,240	4,649	11,759
II Net asset/(Liability) recognised in the Balance Sheet as at March 31, 2010				
1. Present value of defined benefit obligation	1,47,834	2,24,999	4,649	11,759
2. Fair value of plan assets	–	–	–	–
3. Funded status [surplus/deficit]	(1,47,834)	(2,24,999)	(4,649)	(11,759)
4. Net asset/(Liability) as at March 31, 2010	(1,47,834)	(2,24,999)	(4,649)	(11,759)

Schedule – 10 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS** *(Contd.)*

b) Defined Benefit Plans – As per Actuarial Valuation as at March 31, 2010 *(Contd...)*

	2009-10		2008-09	
	Gratuity Others	Leave Encashment	Gratuity Others	Leave Encashment
III Change in obligation during the year ended March 31, 2010				
1. Present value of defined benefit obligation at the beginning of the year	4,649	11,759	–	–
2. Current service cost	98,503	1,50,000	4,649	9,866
3. Interest cost	6,099	9,470	186	470
4. Settlement cost	–	–	–	–
5. Past Service cost	–	–	–	–
6. Employee contribution	–	–	–	–
7. Liabilities assumed on acquisition/ (settled on divesture)	–	–	–	–
8. Actuarial (gains)/Losses	38,583	53,770	(186)	1,423
9. Benefit payments	–	–	–	–
10. Present value of defined benefit obligation at the end of the year	1,47,834	2,24,999	4,649	11,759
IV Change in assets during the year ended March 2010				
1. Plan assets at the beginning of the year	–	–	–	–
2. Assets acquired on amalgamation in previous year	–	–	–	–
3. Settlements				
4. Expected return on plan assets	–	–	–	–
5. Contributions by employer	–	–	–	–
6. Actual benefit paid	–	–	–	–
7. Actuarial (gains)/(Losses)	–	–	–	–
8. Plan assets at the end of the year	–	–	–	–
9. Actual return on plan assets	–	–	–	–

13. Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part –II of Schedule VI to the Companies Act, 1956.

a) Expenditure in foreign currency: Nil

b) Value of imports (CIF):

(Amount in Rs)

	2009-10	2008-09
Capital goods	1,33,49,299	Nil

14. Figures have been rounded off to the nearest Rupee

15. Previous year's figures were regrouped and/or rearranged wherever necessary, to confirm to current year's classification

16. Schedule "1" to "10" forms an integral part of the accounts

As per our report of even date

For **Kailash B Goel & Co.**
Chartered Accountants

For & on behalf of Board

CA. Arun Kumar Sharma
Partner
Membership No.: 57329

Manoj Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

Place: Gurgaon
Date: April 13, 2010

Balance Sheet Abstract

Statement Pursuant to Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and Company General Business Profile

I. Registration Details

Registration No. 13-08011 of 2005-06

State Code : 1 3

Balance Sheet Date 3 1 | 0 3 | 2 0 1 0

II. Capital Raised during the year

Public Issue	NIL
Bonus Issue	NIL
Right Issue	NIL
Private Placement	80000000

III. Position of Mobilisation and Deployment of Funds

Total Liabilities	968226505
Total Assets	968226505

Sources of Funds

Paid Up Capital	129375060
Reserves and Surplus	560000000
Share Application	5283000
Unsecured Loans	NIL
Secured Loans	237568445
Deferred Tax Assets/ Liability	NIL

Application of Funds

Net Fixed Assets	87708405
Investments	NIL
Net Current Assets	487896513
Misc. Expenditure	1625712
Accumulated Losses	NIL
Capital Work in progress (Including Pre-operative Expenses)	390995875

IV Performance of the Company

Turnover (Incl. Other Income)	NIL
Total Expenditure	NIL
Profit / (Loss) before Tax	NIL
Profit / (Loss) after Tax	NIL
Earning per Share (Rs.)	NIL
Dividend Rate (%)	NIL

V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)	Product description
NIL	NIL

For & on behalf of Board

Place: Gurgaon
Date: April 13, 2010

Manoj Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

Notes

Notes

Corporate information

Board of Directors

Sajjan Bhajanka, Chairman

Brij Bhushan Agarwal, Vice Chairman

Rajendra Chamaria, Vice Chairman & Managing Director

Shrikrishna Brahmadutt Roongta, Managing Director

Prem Kumar Bhajanka, Executive Director

Sanjay Agarwal, Executive Director

Sajan Kumar Bansal, Director

Mangi Lal Jain, Director

Pankaj Kejriwa, Executive Director

Clara Suja, Director

Auditors

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

Company Secretary

Y.K. Chaudhry

Bankers

State Bank of India
Oriental Bank of Commerce
UCO Bank
North Eastern Development Finance Corporation Limited
Union Bank of India
Corporation Bank
Allahabad Bank
Bank of Baroda
Axis Bank Limited

Registered Office & Works

Vill.:- Lumshnong, P.O. Khaliehriat
Distt.:- Jaintia Hills
Meghalaya – 793 200

Corporate Office

'Satyam Towers' 1st Floor, Unit No. 98
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 – 110 034

Registrars & Share Transfer Agents

Maheswari Datamatics Pvt. Ltd.
6, Mango Lane, 2nd Floor,
Kolkata – 700 001