Cement Manufacturing Company Limited

Annual Report 2015-16

Shaping the future

Contents

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - 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 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe', 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 assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate 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. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

We are continuously undertaking future-focussed initiatives to capitalise on the upcoming boom in the infrastructure and real estate sector. To get bigger and better.

These initiatives have encouraged us to create a distinctive business model.

A model that intends on branding a commodity through widescale advertisements and celebrity endorsements resulting in top of mind recall and strong brand connect among institutional and retail customers.

Focusses on providing high quality and value-added products to downstream users for generating better margins.

Adopting better technologies and undertaking shop floor initiatives for enhancing operational efficiencies.

Moving ahead of competition by providing unique value-added services in the form of technical and certification programmes to impact buyer behaviour.

Driven by the prospects of sustainable growth through capacity expansion and backward integration to effectively manage overheads. Creating strong base in the North-East Region (NER) and then spreading to newer markets for volume growth.

At Cement Manufacturing Company Limited (CMCL), we have aggregated all these initiatives towards a singular mission:

Shaping the future

of the organisation while contributing towards the infrastructure development of the Eastern and NER of India.

Corporate Snapshot

CMCL is an extensively integrated Company engaged in the business of manufacturing clinker, cement and power.

It is the leading cement player in North-East India and amongst the fastest growing in East India.

Profile

CMCL, promoted by Mr. Sajjan Bhajanka, Mr. Sanjay Agarwal and Mr. Prem Kumar Bhajanka, commenced operations in 2001. The Company that started-off as a humble cement manufacturer is today one of the largest integrated cement manufacturer in the North-East Region (NER) with growing presence in the eastern region. The Company along with its subsidiaries Meghalaya Power Limited (MPL), Megha Technical & Engineers Pvt. Ltd. (MTEPL) and Star Cement Meghalaya Ltd. (SCML) has a combined manufacturing capacity of 2.60 million tonnes per annum (MMTPA) clinker, 3.70 MMTPA cement and 51 MW power.

Product portfolio

Clinker:
For sales in market and internal consumption for cement manufacturing.

Cement:
Grade "A" quality OPC (Ordinary Portland Cement), PPC (Portland Pozzolana Cement) and PSC (Portland Slag Cement) manufacturing.

Power:
Power generation for internal consumption.

Vision

Continue to remain among the best cement corporations in Eastern India with growth in allied areas.

Mission

To provide utmost satisfaction to the consumer through quality products and superior service.

To continuously upgrade the product through innovations and convergence of new technology and to produce the best quality at the lowest costs.

To safeguard and enhance shareholder value.

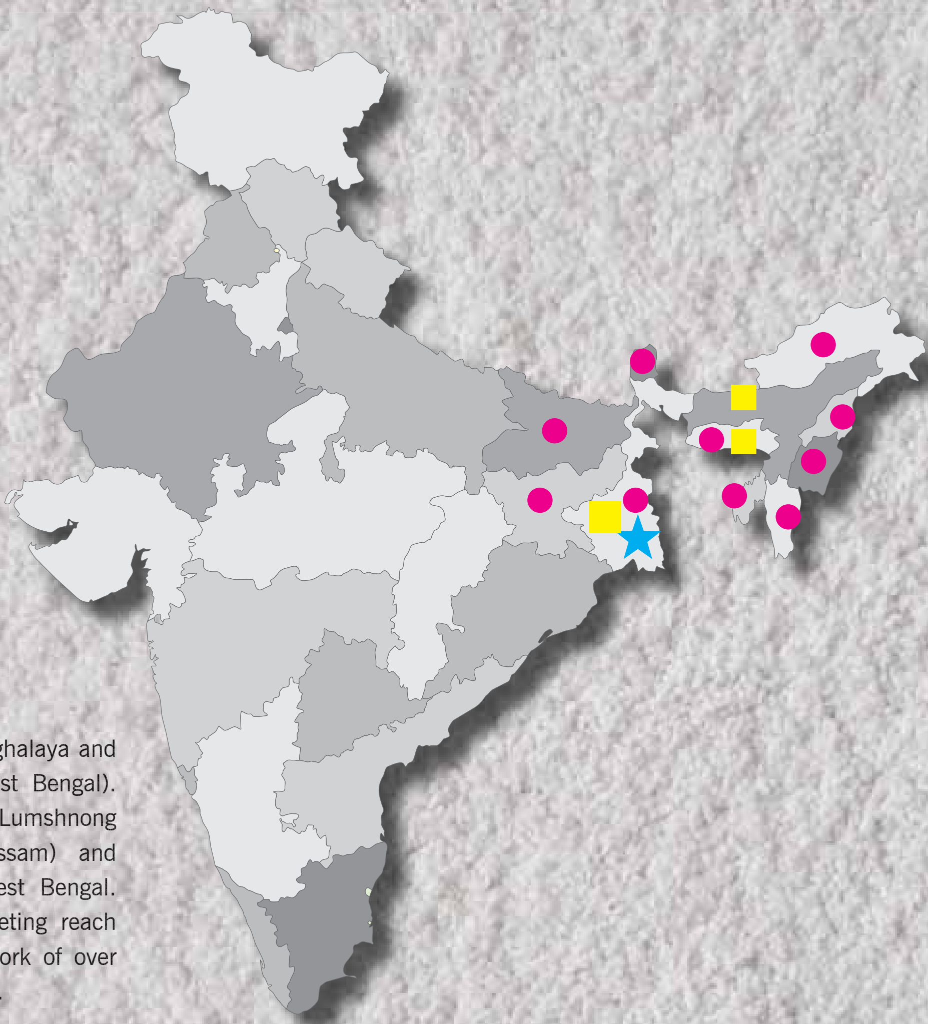
To respect the dignity of all employees and be instrumental in development of the country, while protecting the environment.

To utilise surpluses for the welfare of employees and the society at large.

11
States

2,380
dealers

8,700
retailers



Geographic presence

CMCL has registered office in Meghalaya and is headquartered in Kolkata (West Bengal). It has five manufacturing units in Lumshnong (Meghalaya) and Guwahati (Assam) and three hired grinding units in West Bengal. The Company enjoys wide marketing reach across 11 states through a network of over 2,380 dealers and 8,700 retailers.

Map not to scale, for illustrative purpose only

Certifications

- **Quality:**
  ISO 9001:2008
- **Environment protection:**
  ISO 14001:2004
- **Operational health and safety:**
  BS OHSAS 18001:2007

Clientele

The Company markets clinker and cement to grinding units in India, Nepal and Bhutan. Apart from retail sales, the Company's products are also sold to leading institutional customers owing to its high quality standards. Some of the brand enhancing institutional customers includes:

Oil India Limited

LARSEN & TOUBRO

एनटीपीसी NTPC

Directorate General of Supplies and Disposals

Financial Performance

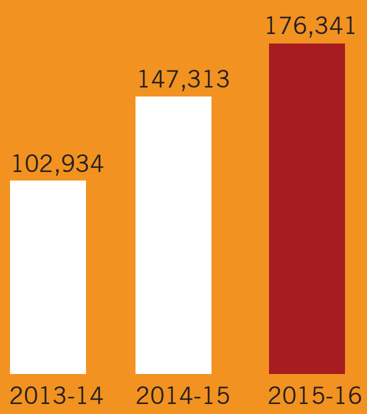
19.71%
Revenue growth over 2014-15

14.55%
Net Worth growth over 2014-15

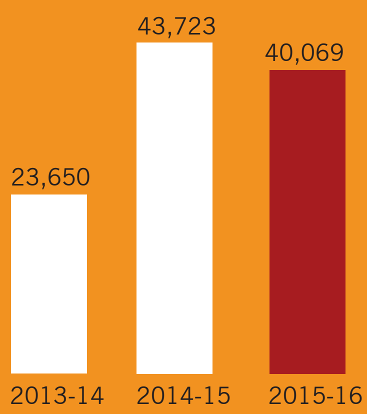
24%
Proportion of institutional sales in 2015-16

0.54
Debt: Equity as on March 31, 2016

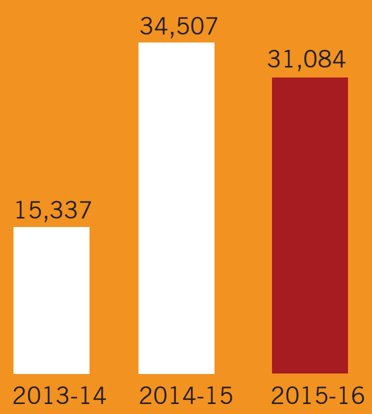
Gross Revenues (in ₹ lacs)



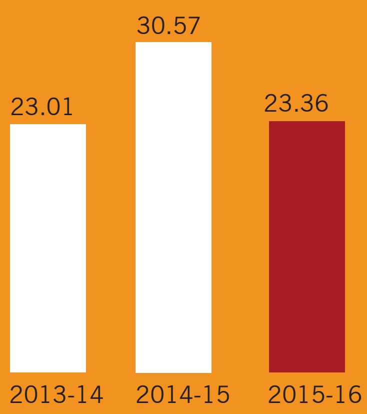
EBITDA (in ₹ lacs)



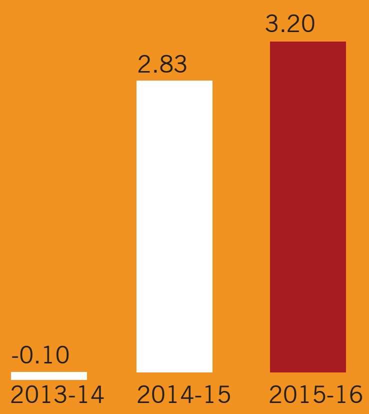
Cash Profit (in ₹ lacs)



EBITDA Margin (in %)



Earnings Per Share (in ₹)



Strengths that Drive us

Brand Equity:

CMCL is the most visible and reputed brand in the NER driven by extensive advertisements, celebrity endorsements and strong product quality. As a result of this, our institutional client base has witnessed a steady growth over the years comprising leading infrastructure and power companies.

Quality:

Our superior production process and quality control initiatives enable us to manufacture cement meeting international quality standard. Our focus on quality excellence resulted in the Company being ISO 9001:2008 certified and amongst the most preferred cement supplier in the NER.

Lowest Cost Manufacturer:

Our scale of production, backward integration for clinker and power and tax incentives reinforce our capabilities to make us emerge as the lowest cost manufacturer in the region.

Strategically Located:

CMCL's clinkering units are in close proximity to limestone and coal mines, while grinding units are in proximity to marketing locations resulting in cost and time savings due to decline in transit distance.

Distribution Network:

Our initiatives in regards to providing incentives and value-added technical services resulted in deepening trust among supply chain partners. This enabled us to expand our network and reach remotest areas in the region.

Robust Balance Sheet:

Our investments in capacity expansion have resulted in rising operational cash flows over the years which have been effectively utilised to pay off debt and reduce leverage to 0.54 as on March 31, 2016.

Chairman's Review

Dear Shareholders,

It gives me immense pleasure to present to you the 2015-16 annual report of the Company. The year has been a difficult one for the cement industry driven by subdued demand from the real estate and infrastructure sectors resulting in tumbling cement prices and tapering margins. The rise in limestone prices and rail freight further aggravated the situation. Amidst these grey clouds, the silver lining was the amendment in Mines and Minerals (Development and Regulation) Act, 1957 which shall stimulate merger and acquisition activities.

Even in these testing times, the Company performed better than the industry as total revenues increased 20% from ₹ 1,431.21 crore in 2014-15 to ₹ 1,716.33 crore in 2015-16 primarily driven by a 21.23% increase in cement sales volume from 2,169,251 lakh tonnes (LT) to 2,629,695 LT. However, the lower realisations and rising input costs resulted in EBITDA declining 8% from ₹ 437.23 crore in 2014-15 to ₹ 400.69 crore in 2015-16, while PAT increased 13% from ₹ 118.65 crore in 2014-15 to ₹ 134.04 crore due to reduction in depreciation.

This strong performance can be attributed to our focus on expansion and process enhancement initiatives for better capacity utilisation that led to a 13% and 23% increase in clinker and cement production respectively to 2,121,080 MT and 2,670,287 MT respectively in 2015-16.

Initiatives for shaping the future

The Company undertook various initiatives during the year that shall enable us to strengthen our position in the industry. These include:

- Creating the world's largest 'Durga' idol for Durga Puja, a key festival in Kolkata, as a major brand promotion initiative. The campaign was widely advertised through video, audio and print media across West Bengal, Assam, Bihar and Jharkhand leading to significant enhancement in brand value.
- Aggressive branding and expansion initiatives in the eastern region resulted in the proportion of sale coming from the region increased 38% from 670,871 MT in 2014-15 to 926,280 MT in 2015-16.
- Developed micro-level strategies to widen and deepen marketing reach across smaller regional pockets by creating dump points for every district or a cluster of small districts. This ensures timely availability of product and higher brand recall. The Company practices a combination of push (incentivising dealer and strengthening network) and pull (focus on product quality) strategy to enhance market share.
- Hired a 0.33 MMTPA grinding unit Portland Slag Cement (PSC) in West Bengal for catering to regional demand. High availability of slag in the vicinity shall ensure abundant raw material (slag) availability with minimal transportation cost.

Aggressive branding and expansion initiatives in the eastern region resulted in the proportion of sale coming from the region increased 38% from 670,871 MT in 2014-15 to 926,280 MT in 2015-16.

CMCL Business model

The Company intends to beat the commodity trap in the industry by focussing on a high volume-low leverage and high value business model.

High volume-low leverage game

- De-bottlenecking existing plants and process improvements for sweating existing assets to produce more with minor investments.
- Hiring grinding units rather than making capital investments.
- Providing value-added services through organising technical and certification programmes. The technical programme is a surrogate marketing strategy focussed on influencing buyer behaviour, while certification program focusses on imparting education for sharpening engineering skills.

Result:
Volume growth with negligible increase in leverage

High value game

- Branding through advertisements and celebrity endorsements.
- Quality consciousness by focus on grade 'A' cement quality and increasing proportion of value-added products that commands higher realisations.
- Focus on clearing debts on books to reduce interest cost burden.

Result:
Higher brand equity and realisations generating better margins.

Opportunities

The demand for cement is likely to improve in the coming years backed by revival in the two primary user segments i.e. infrastructure and real estate sector. The upcoming infrastructure boom in the country to sustain the economic growth momentum, especially in the power, roads and urban infrastructure sectors, would result in significant demand recovery for the cement industry. It is estimated that the country would require an investment of ₹ 31 lac crore towards infrastructure improvements during 2015-20. In the real estate sector, the 'Housing for All' and 'Smart Cities' projects are likely to create significant demand for cement. Apart from this, the New Real Estate Act, 2016 relaxation in FDI policies in real estate and amendments in REITs (Real Estate Investment Trust) policy shall reinforce buyer confidence in the real estate sector and boost demand, auguring well for the cement industry.

Message to Shareholders

At CMCL, we are attractively placed to capitalise on the upcoming opportunities and grow aggressively in the coming years. We further intend to expand capacities, focus on growth in operations outside NER and steadily reduce debt to become a debt-free Company over time. This shall enhance business sustainability and enable us to generate higher margins.

I take this opportunity to thank all our stakeholders for their continued trust and support. As we look forward to another exciting year, I would like to assure you that the fundamentals of the Company are stronger than ever and that we are prepared to grow and enhance shareholders' value.

Warm regards,

Sajjan Bhajanka
Chairman

Shaping the future by
Creating Brand Equity

When others just focussed on reinvesting cash flows in upgrading technology and expanding capacities, we thought differently.

We also focussed on making significant investments in developing brand equity through celebrity endorsements and media advertising resulting in a strong brand recall. We even undertake massive promotional campaigns in television, print media and radio during various festivals and important events to enhance our brand visibility.

In 2015-16, we undertook a unique branding initiative through creating the world's largest 'Durga idol' in Kolkata from our Star Cement during Durga puja which is a major festival in the West Bengal region. Apart from this, we regularly organise technical engagement programmes (for bringing together architect, engineers, masons, professors and industry experts for sharing knowledge and providing technical assistance) and provide on-site technical assistance through mobile vans.

As a result of these initiatives, the Star Brand is one of the most recognised and trusted brands in the NER with a growing presence in the Eastern Region.

Our strong fundamentals reflected in our numbers:

Revenue growth	EBITDA growth	PAT growth
41.27%	49.27%	45.86%

Three-year CAGR

Shaping the future by

Strengthening Fundamentals

When others just focussed on growing capacities and playing the volume game, we thought differently.

We started-off by putting in significant planning, effort and time in selecting the most strategic locations for setting-up manufacturing plants to enable us benefit from reduced logistics cost and widen our marketing reach across 11 states in the north-eastern and eastern regions of the country. We further strengthened our marketing reach by creating a robust network of over 2,380 dealers and 8,700 retailers that enables us to ensure that our products reaches the remotest corners of the respective states.

We invested heavily in branding through celebrity endorsements, widespread advertisements, organising knowledge-sharing programmes and providing on-site technical assistance enabling us tobecome a brand that is synonymous with quality and trust.

We focussed on acquiring modern technologies for operational efficiencies, manufacturing only top quality cement and backward integration.

Thus, at a time when most companies witnessed severe losses, networth erosion and tight liquidity driven by falling cement prices and rising raw material prices, we managed to strengthen our capital structure and deleverage business. With a net worth of ₹ 1,055.34 crore and debt of ₹ 575.05 crore, our gearing is at a low of 0.54 as on 31.03.2016.

Our strong fundamentals reflected in our numbers:

Net Worth growth

14.55%

₹ 921.30 crore
As on 31.03.2015

₹ 1,055.34 crore
As on 31.03.2016

Gearing growth

-21 basis points

0.75 As on 31.03.2015

0.54 As on 31.03.2016

Shaping the future by
Group Synergies

When others began diversifying operations to protect from dependability on one business, we thought differently.

We focussed on developing competencies and expertise in one business, avoiding any distractions and deviations. We strengthened, widened and deepened our presence in the sector by developing an impeccable business model through a network of group companies having synergies to achieve economies of scale, backward integration, optimal process efficiencies, efficient logistics management and strong marketing presence in the North-Eastern region (NER).

It is a result of these initiatives that we could adapt to and create our presence in newer regions of West Bengal, Bihar and Jharkhand that were already dominated by major national cement players.

Our group companies:

CMCL is the subsidiary Company of Star Ferro and Cement Ltd. CMCL, through its subsidiaries, has interests in the cement and power businesses. Its combined manufacturing capacities include:

2.60 MTPA

of clinker manufacturing capacity in Lumshnong (Meghalaya)

3.70 MTPA

of cement grinding capacity across Lumshnong, Sonapur (Guwahati, Assam), Kolkata (West Bengal)

51 MW

of power generation capacity in Lumshnong

Shaping the future by
Enhancing Shareholders' Value

When others focussed on expanding operations and growing capacities through external debt, we thought differently.

We instead chose to spread to newer regions and expand capacities through hiring grinding units. This provided us instant access to newer markets without putting stress on our balance sheet. As a result, our revenues grew in a higher proportion to increase in our finance costs.

Further, our reputation of scale, quality and supply reliability makes us a preferred supplier to some of the leading companies strengthening our position to make most from the rising infrastructure sector in the country.

It is a result of these initiatives that our business is relatively de-risked enabling us to maximise shareholders' return over the years.

Our dependability for shareholders: EPS Growth

13.07%

₹ 2.83
As on 31.03.2015

₹ 3.20
As on 31.03.2016

Shaping the future by

Seizing Opportunities in the North-East Region

When others focussed on the faster growing western, southern and northern regions of India, we thought differently.

We instead chose an area that was relatively untapped and lacked infrastructural development. Over the years, we have built our competencies in the region and scaled-up capacities making us the largest and the only integrated player in North-East region.

It is a result of this precious thinking, that, after years of neglect when this region is finally receiving its due importance for infrastructural development, we are competitively placed to make the most of these unfolding opportunities.

₹ 7,000 crore

Fund allocation to North-East India for developing railway infrastructure for 2016-17 fiscal.

₹ 130,000 crore

Investment by Government and private player in NER during the next 15 years for doubling oil and natural gas output, increasing refining capacity and expanding product pipelines.

The NER opportunity galore:

- **Massive power generation potential:** The NER, with an installed power capacity of 2,905 MW faces significant shortages in demand despite having an immense renewable power generation potential of over 58,000 MW from hydro power. The region needs significant investments in power in the coming years to meet the surging demand that is expected to rise to 5,075 MW by 2021-22 and 10,253 MW by 2031-32.

- **Connecting NER with rest of India:** The NER is relatively separated from rest of India due to lack of rail and road network and air connectivity. Thus, the Government of India has committed to invest a sum of ₹ 92,000 crore to develop the rail (create new and strengthen existing) and road network (6,400 km of Trans-Arunachal highway for connecting all district headquarters).

- **BBIN (Bangladesh, Bhutan, India and Nepal) initiative:** This agreement focusses on enhancing connectivity amongst the four countries in the form of electric grids, access to rail, road, air and port infrastructure.

- **Trilateral highway agreement:** The project shall involve construction of a 3,200 km India-Myanmar-Thailand trilateral highway forming part of Asian highway for facilitating seamless travel across the South-East Asian countries for boosting trade and economy among ASEAN countries.

- **Kaladan multi-modal project:** This is a ₹ 2,904 crore multi-modal transit transport project that involves construction of integrated port and Inland Water Transport (IWT) terminal at Sittwe (Myanmar), navigational channel along river Kaladan in Myanmar from Sittwe to Paletwa (Myanmar) and highway transhipment terminal at Paletwa. It focusses on providing alternative access route to NER for enhancing trade.

Industry Opportunities

Indian economic review

The Indian economy witnessed yet another strong performance amidst a rather weak global economic scenario. Boosted by a decline in commodity prices that led to increase in private consumption, the Indian economy grew strongly by 7.6% in 2015-16 compared to 7.2% in 2014-15. The measures taken by the Government under the charismatic leadership of Mr. Narendra Modi led to an overall improvement in the business scenario of the country and improvement in the geopolitical relations with other countries. Policies like 'Jan Dhan Yojana', 'Make in India', 'Start-up India', 'Digital India' and 'Swachh Bharat Abhiyan' have also led to positive development.

During the current fiscal year, all the sectors of the economy performed well especially the manufacturing and services that grew by 9.3% and 8.8% respectively. As on March 31, 2016, the repo rates declined 75 basis points from 7.50% in April, 2015 to 6.50%, inflation stood at 4.83%, fiscal deficit declined to 3.99% and forex reserves reached an all-time high of USD 359.76 billion.

The outlook for the Indian economy remains strong driven by rising consumption from the revival of rural demand, above normal rainfall and rise in the wages due to implementation of seventh pay commission. While the ranking for ease of doing business in India has increased only marginally from 134 to 130, the Government intends to undertake various economic transformations over the next few years in a bid to bring India within the top 100 rankings. Initiatives like faster project clearances, paper work reduction, digitalisation, single window clearances and reducing number of days for commencing business are some of the areas that the Government focusses on improving.

Infrastructural growth is major focus area for growth along with increased emphasis on enhancing the agricultural sector. A combination of these factors shall result in economy growing by 7.6% in 2016-17. However, the Finance Minister, Mr. Arun Jaitley expects India to grow 8-8.5% driven by a good monsoon. (Source: Monetary Policy Report, April 2016, the Reserve Bank of India)

Indian cement industry

Overview

The cement industry in India plays a vital part in the economy contributing to the growth of the construction and infrastructure sector. India has nearly 550 operational cement units with a total capacity of 400 million tonnes (MMT) – the top 20 companies account for 70% of the total production, while 350 small scale units account for only 5%. The total cement production capacity in the country is expected to increase to an estimated 550 MMT by 2025. Currently, India is the second largest producer and consumer for cement globally. However, rising cost of production has been a major concern for the Indian players resulting in low priced cement being dumped from Pakistan and China. In a major move, the Government accepted the amendments in the 'Mines and Minerals (Development and Regulation) Act', 1957 which shall boost growth in the sector clearing various obstacles for merger and acquisition deals.

Performance in 2015-16

The cement production, owing to a muted demand from the real estate and infrastructure sector, witnessed a moderate growth of 5% from 270 MMT in 2014-15 to 282 MMT in 2015-16. During the year, the industry added 24 MMTPA of cement production capacity resulting in a decline in capacity utilisation from 71% in 2014-15 to 70% in 2015-16. The demand during the first three quarters of the fiscal was flat. However, the rising demand from east, increased infrastructure spending by Government and revival in the north and south Indian market led to improvement in the scenario during the fourth quarter.

Prices

The sluggish demand and price pressures from low priced imported cement led to a decline in the cement prices across all regions in India. In northern market, prices fell by ₹ 15-20/bag, in southern markets prices were relatively stable (with exception of Hyderabad where prices grew by ₹ 20/bag), in western markets prices fell by ₹ 15/bag and in eastern markets it fell by ₹ 5/bag. In near term, better capacity utilisation in western, northern and eastern market is likely to support prices, whereas the demand in the southern markets is likely to improve with moderate capacity utilisation.

Demand drivers

- **Rising focus on the infrastructure sector:**

  The Indian economy requires a significant investment of USD 1.5 trillion over the next ten years to bridge the infrastructure gap. This makes the sector a prime focus area. In its Union Budget 2016-17, the Government of India enhanced allocation to the infrastructure sector by 32% to ₹ 2.21 lac crore with major focus on railway infrastructure improvement and road construction. Other important infrastructure areas for the coming years include construction/expansion/modernisation of shipping ports, airports and metro railways.

  Further, the Government intends to undertake massive modernisation plan by connecting 700,000 villages with road network and developing high speed rail corridor for bullet train project that would connect the four major metropolitan cities.

- **Housing shortage:**

  The residential real estate segment in India is expected to witness a significant growth over the coming years driven by a massive housing shortage of 6 crore houses which is expected to further escalate with the increasing number of nuclear families. In order to meet this shortage, the Government of India came up with the 'Housing for All' project that intends to provide residential units to all the citizens by 2022. It is estimated that 11 crore houses needs to be constructed by 2022 to fulfil this objective.

- **Office space demand:**

  The growing economic activity in the country and improving policies is likely to spur business activities resulting in an estimated investment potential of USD 54-67 bn in Grade A office stock. Further, the removal of dividend distribution tax from REITs is expected to enhance demand for REITable office stock that generates steady cash flows in the form of rent.

- **Smart cities:**

  The Government's roll out of 100 smart cities initiative at an investment of ₹ 96,000 crore for sustaining population growth and migrations from rural areas is expected to generate a range of opportunities for the infrastructural development and real estate sector.

- **Rising disposable income:**

  The rise in wages owing to the enactment of the seventh pay commission shall enhance disposable income in the hands of consumers by an additional USD 15 billion. This is likely to boost demand for housing in India.

Outlook

The Indian cement industry, driven by various positive developments is expected to grow aggressively in the coming years. The sector is expected to add 16 MMTPA and 8 MMTPA of capacities in 2016-17 and 2017-18 respectively, while the demand is expected to grow by 6% and 7% respectively during the same period. The increasing demand would have to be met by increasing capacity utilisation.

Risk Management

Demand Risk

A slowdown in the infrastructural and real estate sector could result in decline in cement demand and negatively impact the Company's performance.

Risk Mitigation

- The current macro-economic scenario of the country is positively driven by favourable economic policies, stability in inflation and Government's commitment to fiscal targets. However, a major constraint to this is the lack of infrastructural facilities. The Government expects that in order to sustain the growth momentum in the economy, the country needs to invest USD 1.5 trillion towards the infrastructure segment over the next ten years.

- The introduction of new Real Estate Act, 2016 relaxation in the FDI policies and tax amendments in REITs along with the Government's 'Housing for All' and 'Smart Cities' projects are likely to create a significant demand for housing and office space.

- The acute housing shortfall (4.3 million in urban areas and 17 million in rural areas) and lack of proper infrastructural facilities in the north-eastern and eastern regions have impelled the Government to come up with the Vision 2020 and Act East Policy to boost economic and infrastructural development across these regions

Location Risk

Transportation costs accounts for a significant proportion of the total costs involved in cement production. Inability of the Company to choose a strategic location could result in increase in costs and make the Company's product non-viable.

Risk Mitigation

- The Company's plants are strategically located giving it a significant advantage over competitors. Its clinkering and power plants are in close proximity to raw material mines, while the grinding units (owned and hired) are located in a manner that it is closer to clinkering plants and marketing areas. Thus, the strategic locations of the plant facilitate reduction in costs and transit time enabling quicker inventory turnaround and improving supply reliability.

- Further, the location of the plants also provides tax exemption benefits in the form of fiscal incentives making CMCL amongst the least cost cement manufacturers.

Finance Risk

Inability of the Company to procure low-cost funds and manage own funds effectively can impact profitability.

Risk Mitigation

- The Company has a strong balance sheet with a networth of ₹ 1,055.34 crore and debt of ₹ 575.05 crore.

- The Company's debt:equity and interest cover stands comfortably at 0.54 and 2.75x respectively as on March 31, 2016 compared to 0.75 and 2.44x respectively as on March 31, 2015.

- The average cash flows from operations generated by the Company during the last three years is ₹ 197.25 crore which have been effectively utilised to pay-off debt amounting to ₹ 106 crore during 2015-16.

Marketing Risk

Ineffective marketing channels and supply chain network could negatively impact sales resulting in inventory pile-up and losses.

Risk Mitigation

- The Company undertakes significant branding activities through advertising (print, media and television commercial) and celebrity endorsements across the NER and eastern region. It spends nearly 2% of the total revenues on branding and marketing activities.

- In 2015-16, the Company undertook a massive brand promotion initiative in Kolkata (West Bengal) by making the world's largest "Durga idol" leading to immense popularity of the brand in the region.

- It has a strong distribution network enabling it to effectively market products effectively throughout the region. Further, programmes like 'Kismat ki Bori' and 'DhanVarsha' are arranged to incentivise the dealers, masons and customers.

- Initiated a unique surrogate marketing strategy through 'STARTECH' programme that provides technical information and training to masons and engineers for influencing their buying behaviour. The programme brings together architects, engineers, professors and experts for knowledge sharing and value enriching discussions.

- Servicing customers through a 24-hour toll-free number, SMS-based customer education helpline and on-site technical assistance through mobile vans that is manned by experts.

Competition Risk

Poor quality of products could lead to decline in sales and market share of the Company.

Risk Mitigation

- The Company follows strong quality control processes resulting in its product meeting the ISO 9001:2008 quality standards. High quality and reliability of products make it one of the most preferred and trusted cement suppliers.

- The Company, being amongst the first one to commercialise operations in the NER enjoys first mover advantage. Moreover, with growing experience in the region, the Company developed significant know-how of the market which enabled it to make important business decisions (selecting appropriate locations, undertaking expansion at the opportune moment, investing in plant modernisation and captive power plant and endorsements through popular regional celebrities) in its favour. As a result, despite rising competition, the Company still enjoys a 26% market share in the NER. A similar strategy is being followed to develop market in the eastern region.

Corporate Information

CIN: U26942ML2001PLC006663

Board of Directors

Mr. Sajjan Bhajanka
Chairman & Managing Director

Mr. Rajendra Chamaria
Vice Chairman & Managing Director

Mr. Sanjay Agarwal
Managing Director

Mr. Prem Kumar Bhajanka
Director

Mr. Pankaj Kejriwal
Director

Mr. Mangilal Jain
Director

Mrs. Clara Suja
Director

Mr. Manindra Nath Banerjee
Director

Auditors

Kailash B. Goel & Co.
Chartered Accountants
70, Ganesh Chandra Avenue, 1st Floor,
Kolkata - 700013

CEO

Mr. Sanjay Kumar Gupta

CFO

Mr. Dilip Kumar Agarwal

Company Secretary

Mr. Manoj Agarwal

Bankers & FI's

Allahabad Bank

Bank of Baroda

Corporation Bank

State Bank of India

Andhra Bank

NEDFI

HDFC Bank

Yes Bank

Registered Office

VIII: Lumshnong, P.O. Khaliehriat
Distt: East Jaintia Hills
Meghalaya - 793210

Lumshnong Plant

VIII: Lumshnong, P.O. Khaliehriat
Distt: East Jaintia Hills
Meghalaya - 793210

Sonapur Plant

Gopinath Bordoloi Road
VIII: Chamta Pathar
P.O. Sonapur, Kamrup Assam
Pin: 782402

Corporate Office

'Satyam Towers', 1st Floor,
Unit No. 9B, 3, Alipore Road
Kolkata - 700027

Guwahati Office

Mayur Garden, 2nd Floor,
Opp. Rajiv Bhawan, G.S.Road
Guwahati - 781005

Delhi Office

281, Deepali, Pitampura
New Delhi - 110034

Registrars & Share Transfer Agents

Maheswari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor,
Kolkata - 700001

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting Fifteenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2016 and the Statement of Profit & Loss for the year ended on that date.

FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company for the Financial Year ended 31st March, 2016 as compared to the previous financial year are as under:

(₹ In Lacs)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Net Sales / Income	171,633.40	143,120.91	141,692.78	111,408.52
Profit before Interest, Depreciation, Tax and extra ordinary items	40,069.11	43,723.31	16,618.59	17,599.61
Exceptional Items	(53.14)	1.83	(55.00)	(1.31)
Profit before Interest, Depreciation and Tax	40,015.97	43,725.14	16,563.59	17,598.30
Interest & Finance Charges	(8,336.76)	(8,738.44)	(4,913.04)	(4,452.40)
Depreciation	(17,149.21)	(22,374.29)	(6,064.49)	(8,645.70)
Profit/(Loss) before Tax	14,530.00	12,612.41	5,586.06	4,500.19
Provision for taxation:				
- Current Tax	(3,231.89)	(2,640.09)	(1,195.58)	(953.27)
- Less: MAT credit entitlement	2,973.55	2,640.09	1,195.58	953.27
- Net Current Tax	(258.34)	-	-	-
- Income Tax for earlier years	(34.79)	16.52	(41.59)	-
- Deferred Tax	(302.49)	(496.65)	85.90	102.44
- Minority Interest	(530.59)	(266.88)	-	-
Net Profit after Tax (after minority)	13,403.79	11,865.39	5,630.36	4,602.63
Add: Balance as per the last financial statement	60,284.57	52,443.43	36,836.29	36,257.92
Profit available for appropriation	73,688.36	64,308.82	42,466.65	40,860.54
Appropriations:				
Proposed Dividend on Equity Shares	-	(3,353.71)	-	(3,353.71)
Corporate Dividend Tax	-	(670.55)	-	(670.55)
Total	-	(4,024.26)	-	(4,024.26)
Balance carried forward to Balance Sheet	73,688.36	60,284.57	42,466.65	36,836.29

OPERATIONAL PERFORMANCE

Operational Performance of manufacturing units of your Company and its subsidiaries recorded growth over previous year. During the year under review clinker production of Lumshnong unit of the Company was at 492,055 MT as against 330,010 MT during FY 2014-15. Similarly, Company's subsidiary M/s. Star Cement Meghalaya Limited produced 1,629,025 MT of Clinker as against 1,549,349 MT during the FY 2014-15. On consolidated basis total clinker production during the year was at 2,121,080 MT as against 1,879,359 MT during FY 2014-15 recording a growth of 12.9%. In terms of capacity utilization, clinkerization unit of your Company was able to utilize 62.1% of its installed capacity as against 41.7% during the FY 2014-15. Similarly, the capacity utilization of clinkerization unit of its subsidiary M/s. Star Cement Meghalaya Limited was at 93.1% during FY 2015-16 as against 88.5% during the FY 2015-16. On consolidated basis, the capacity utilization of clinkerization units was at 83.4% during the FY 2015-16 as against 73.9% during FY 2014-15.

On the grinding front too, operations of grinding units have registered growth over previous year. During the year under review, total cement production on consolidated basis was at 2,670,287 MT (including hired grinding units) as against 2,171,666 MT during the FY 2014-15, recording a growth of 23%.

On sales side too your Company has been able to record growth in volume sold during the year under review. During the

FY 2015-16, you Company has been able to achieve sales volume of 2,629,695 MT of Cement as against 2,169,251 MT during the previous Financial Year, thus recording a growth of 21.2% over previous year.

With improvement in outlook of economy, your Company expects to improve its operational performance during the ensuing financial year.

ECONOMIC SCENARIO AND OUTLOOK

India as an economy fared well during the Financial Year 2015-16 as compared to most of the developing economies as also compared to developed economies. The signs of consolidation of Indian Economy which started reflecting during October-December Quarter of FY 2014-15 were sustained and confirmed during the year under review. During the quarter ended December 2014, the annual growth rate of Gross Domestic Product (GDP) was seen to improve at 7.5% as against 6.4% in the same quarter of 2013. As against 7.2% of GDP growth during Financial Year 2014-15, Indian Economy is expected to register GDP Growth rate of 7.6% during the FY 2015-16.Despite a weak monsoon for a second consecutive year, agriculture grew by 1.1% during the year under review. Food grain production is estimated to have increased by 0.5% in FY 2015-16, though there was lower production of rice, coarse cereals, oilseeds, and sugarcane. Improvement in private consumption was witnessed largely on account of a pickup in urban consumption, while rural consumption remained subdued as a result of two consecutive weak monsoons. Government consumption growth also stayed tepid as the Central Government boosted capital expenditure and curtailed current expenditure. Increase in capital expenditure undertaken by the Central Government helped investment growth to improve further during the year under review as compared to previous Financial Year.

Inflationary pressures were largely under control mainly on account of sharp fall witnessed in the prices of oil as also on account of base rate effect and softening of food prices. Wholesale Price Index (WPI) remained in negative territory during large part of the year under review whereas the retail inflation measured by Consumer Price Index (CPI) eased to a record low of 3.66% in August 2015. As against 2% of inflation witnessed in Wholesale Price Index (WPI) during the FY 2014-15, the year under review is likely to close in negative territory. Similarly, inflation rate measured in form of Consumer Price Index was at 5.18% as of February, 2016 against 6.4% during FY 2014-15.

Growth is expected to pick up during the ensuing Financial Year, helped by the Government's strengthening of public sector banks' capital and operations, private investment benefitting from corporate deleveraging, the financing of stalled projects and an uptick in bank credit.

As against this, Global economic growth slowed in FY 2015-16 to its weakest pace since the year 2008-09. This was mainly led by slower growth in emerging economies. China's real GDP growth was witnessed at 6.9% during the year 2015 which is one of the slowest in last 25 years reflecting a weaker growth in country's industrial sector. Growth in other emerging economies also slowed in 2015 and more particularly in commodity producing countries. All major developed economies are expected to see the growth momentum picking up. Despite expectations of a more robust recovery, developed economies continue to face considerable headwinds from the legacies of the global financial crisis, including subdued employment levels, elevated private and public sector debt, and financial sector fragilities.

CEMENT SCENARIO IN INDIA

India is one of the largest producer of Cement in world and only second to China. It accounts for nearly 8% of the total global production having close to 400 Million MT per annum installed capacity. The cement industry capacity doubled in the last decade, with about 70 Million MT added in the last three years alone. Cement, being a bulk commodity, is a freight intensive industry and transporting it over long distances can prove to be uneconomical. This has resulted in cement being largely a regional play with the industry divided into five main regions viz. North, South, West, East and the Central region. The Southern region of India has the highest installed capacity, accounting for about one-third of the country's total installed cement capacity.

On the consumption side, India has witnessed sustained growth in cement consumption since 2001. However, consumption growth has slowed down in last 4-5 years mainly on account of a slump in housing, infrastructure and commercial sector. The gap in the pace between capacity additions and actual demand has led to an excess capacity situation in the industry, resulting in sub-optimal utilization rates.

On Per Capita consumption front, cement in India still remains substantially low at about 195 kg which is less than 50% as compared with the world average and thus underlines the tremendous scope for growth in the Indian cement industry in the long term.

Cement is a cyclical commodity with a high correlation with GDP. The housing sector is the biggest demand driver of cement, accounting for about two-thirds of the total consumption. The other major consumers of cement include infrastructure, commercial construction and industrial construction.

First half of FY 2015-16 witnessed slowdown in consumption and demand growth. However, second half of the Financial Year started with up-tick in demand which further consolidated during the last quarter of the financial year. Housing sector is the major demand driver. The slow growth in cement sector is expected to remain a short-term phenomenon with the Government's focus on constructing 50 million houses under 'Housing for All' scheme by 2022. Government's other initiatives such as 100 smart cities, AMRUT cities, affordable housing as well as initiatives undertaken towards development of ports, roads, bridges, freight corridor, etc. are likely to provide further impetus to cement demand in India. This also gets reflected with Government's intention to unshackle the impediments in economic and infrastructural growth. The years ahead are expected to bring more cheers for Indian Cement Industry.

On the cost front power, fuel and logistic costs are the major cost drivers. Cost, quality and availability of coal are major cost driver for power as well as fuel so far as cement industry is concerned. Indian cement industry continued to face challenges on this front, both in terms of quality as well as prices. However, with all time low Baltic Dry Index (BDI), the landed cost of imported Petroleum Coke has been seen to be more cost effective for cement industry in terms of its cost as well as consistency in quality parameters. With unblocking of coal blocks and Governments intent to bring perceptible difference in power supply situation, both in terms of quantity and quality, it is expected that in years to come, the challenges currently being faced by Indian cement industry will be eased out.

SEVEN SISTERS AND EASTERN INDIA – A LAND OF OPPORTUNITIES FOR INDIAN CEMENT INDUSTRY

North Eastern India comprises of contiguous Seven Sister States namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura and the Himalayan state of Sikkim and located in eastern most part of country.

India's North East Region (NER) is endowed with huge untapped natural resources. However, despite being endowed with vast natural resources in terms of forests, biological diversity, hydroelectricity, the region has remained largely underdeveloped on account of poor infrastructure and limited connectivity, both within the region as well as with the rest of the country. The region, connected to the rest of India by a narrow stretch of land called the 'chicken's neck', needs infrastructure to support. Large Hydro potential that exists in NER and if exploited, has potential to export power to the power deficit northern and western regions of the country. This under development of the region presents a lot of opportunities for industrial and infrastructure growth within the region. Development of infrastructure such as roads, communications, and electricity supply to remote hilly area will result in better quality of life. The improvement in power generation will in turn help in establishing industries by annulling the effects of high transportation costs. Owing to proximity of the region with neighboring countries such as Bangladesh and Myanmar, the region has potential of augmenting trade.

On the socio-economic front, the region stands way below in comparison with the rest of India. Underdeveloped infrastructure has been one of major bottlenecks in development of region on socio-economic front. During recent years the Government has taken several steps to overcome these infrastructural bottlenecks to induce sustainable development in the region. The strong focus on roads, airports and hydropower developments are some of the key steps in this direction.

Realizing these opportunities your Company had started setting up its first cement plant in the State of Meghalaya of NER with a very small capacity of 0.3 Million MT more than a decade ago and started its commercial operations during later part of the FY 2004-05. The product and brand was well accepted in the markets of North East. Looking at the potential of the market, your Company kept on adding the capacity which has reached to the level of 2.60 Million MT per annum of Cement Clinker and around 3 Million MT of Cement in North East alone. With passage of time, your Company has been able to spread its foot print in the entire North Eastern Region in terms of its distribution network and enjoys a premium brand reputation commanding highest market share in North Eastern Region. Owing to the vast opportunities, markets of North Eastern Region continued to remain the focus market for your Company.

During the year under review the region witnessed infrastructure growth story getting realized on the ground with two major highway projects dedicated to NER on 1st May, 2015. Shillong Bye-pass Highway Project and four-lane Jorabat – Barapani section of NH-40 was opened for public on its completion. This has helped decongest the traffic in the city of Shillong from trucks and heavy vehicles coming from or moving towards North Eastern parts of Assam, Mizoram and Tripura apart from significant reduction in travel time and also ease of logistic operations for cement industry like your Company having factory in Meghalaya. Much awaited broad gauge conversion work of Silchar-Lumding railway line on a stretch of 210 Kms was completed and opened for Goods and Passenger Traffic during the year under review. Similarly, the capital town of the landlocked State of Tripura appeared on a broad-gauge railway network connecting Tripura with the rest of the country. The project consists of 79 major bridges, 340 minor bridges and 21 tunnels. The rail line brings Assam's underdeveloped but strategically important Barak Valley as well as State of Tripura on the broad gauge map. During the year under review, the State of Arunachal Pradesh was presented with second Broad Gauge connectivity with the commissioning of Balipara – Bhalukpong gauge conversion. Similarly, North Lakhimpur – Murkongselek and Balipara – Bhalukpong sections into broad-gauge. Commissioning of newly converted North Lakhimpur – Murkongselek section marked the completion of Rangiya – Murkongselek Gauge Conversion project running all along the North Bank of Brahmaputra. There are other major railway projects which are on a fast track of completion.

All the above developments present a promising future for cement industry in North East Region.

Simultaneous with expanding its horizon in the markets of North Eastern Region, your Company which started its network expand in the markets of West Bengal and Bihar during the latter part of Financial Year 2013-14 has further consolidated its presence in these markets during the year under review. States of West Bengal and Bihar have also remained under developed as compared to rest of India and has tremendous growth opportunities in infrastructure and housing sector, two major demand drivers of cement. During the year under review your Company has successfully driven the marketing campaign in these States to bring the recall of its brand "STAR CEMENT" at the top of people's mind. Looking at opportunities in these markets, your Company has further augmented its capacity in form of arrangements with grinding units in the State of West Bengal.

MARKET DEVELOPMENT

Despite slowdown in cement demand in rest of the country, growth in cement demand in North East was close to country's

GDP growth rate. During the year under review, cement demand in NER has grown by more than 7% over previous Financial Year. Over a period of time, cement import to NER from outside region has also reduced considerably. During the year under review less than 15% of cement was imported in the region from outside as against more than 17% during previous Financial Year. During the year under review your Company was able to sale 1,703,415 MT of cement in the markets of NER as against 1,498,380 MT during the FY 2014-15 and thus recording a growth of 13.7% over previous year.

Your Directors are pleased to report that markets of West Bengal and Bihar where brand "Star Cement" is relatively a new player as compared to its positioning in the markets of North Eastern Region, has fared well during the year under review. Your Company has been able to sale 926,280 MT of cement during the Financial Year 2015-16 in these markets as against 670,871 MT during the Financial Year 2014-15 registering a growth of 38% over previous year. To augment its capacity further in these markets, your company has made arrangements with one more grinding unit in the State of West Bengal during the year under review. With this arrangement, your Company has grinding arrangement of close to 1 Million MT of cement per annum. The capacity augmentation will help further in cutting down the logistic time to make the product available in these markets.

In line with Company's endeavor to focus trade segment of the business, your Company continued adding dealer and retail network across length and breadth of the North East Region as well as in the States of West Bengal and Bihar to make its foot prints more visible in these markets. At the close of the fiscal, your Company had dealer and retail network of more than 6000 spread across entire North East Region and 4000 in the States of West Bengal and Bihar.

During the year under review your Company has undertaken various marketing initiatives in order to make the brand **"STAR CEMENT"** more visible and attain top of mind recall. In the markets of North Bengal and Bihar, your Company launched its premium product **"Star Anti-Rust Cement"**. Marketing Campaign called **"Kismat Ki Bori"** was launched in various markets of North Eastern Regions and outside the region too. During the year under review your Company's branding initiative in form of **"Largest Idol of Goddess Durga"** was a huge success story. To make the brand more visible in remote areas, a block level branding campaign was undertaken. In addition, your Company has conducted various knowledge sharing events mainly related to construction techniques in form of **"Engineers' Workshop"** and **"Star Tech"** to impart training to engineers. Your Company has also conducted more than 50 **"Mason Certification Programme"** wherein masons were trained and their construction skills were certified jointly by your Company and local engineering institutes. These initiatives has helped your Company to promote the brand **"STAR CEMENT"** in a more effective manner in these markets and has also resulted into creation of better informed category of masons and engineers.

PRODUCTION AND COST DEVELOPMENTS

During the year under review, your Company has been able to leverage on the fixed cost on account of better volumes of production and sales and better capacity utilization.

FLY ASH

Your Company continued to promote environment friendly blended cement using fly ash and produced 1,873,424 MT of Portland Pozzolana Cement (PPC) (including from hired grinding units) on consolidated basis out of total production of 2,670,287 MT of cement during FY 2015-16. Usage of fly ash in cement is not friendly to environment only but also provides cost optimization. Your Company has been able to utilize the fly ash generated by power plant of its subsidiary M/s. Meghalaya Power Limited and such close access to fly ash provides competitive edge to your Company in term of cost. In addition, your Company has also made arrangements with major power plants like NTPC, Tata Power and few others to ensure its long term requirement of fly ash.

POWER COST

During the year under review too, your Company continued to source its power requirement for its Lumshnong unit from its subsidiary M/s. Meghalaya Power Limited under long term arrangement for supply of quality power at competitive rates and thus, has been able to reduce dependency on grid power. To optimize the power cost and to reduce dependency on State supplied grid power, your Company has been able to source its power requirement of its Grinding Unit at Guwahati from Indian Energy Exchange (IEX), in addition to sourcing of power from State Grid. The blend of sourcing has not only reduced power cost for your Company but also its quality and dependability.

LOGISTICS & FREIGHT

During the year under review, Company's initiative of re-aligning its distribution network by servicing long lead consumption markets through new grinding arrangements in West Bengal has resulted into reduction of weighted average lead distance which has further optimized freight cost while ensuring reduction in execution lead time.

Major thrust given on Railway transportation has resulted into better Rail co-efficient. Opening of new broad gauge connectivity in goods traffic in North Eastern Region during the year under review is expected to further optimize the Rail Road Mix of total load being transported. Effective utilization of Railway Sidings, containerized movement of cement to long lead destinations, augmentation in warehousing and transporters network were other major initiatives undertaken during the year under review.

Few of the major highlights of the performance are:

KEY PERFORMANCE HIGHLIGHTS

- Consolidated cement production was 2,670,287 MT during the year as against 2,171,666 MT during the previous financial year, registering a growth of 23%.
- Consolidated net sales were ₹ 171,502.94 Lacs during the year under review as compared to ₹ 143,042.78 Lacs during

the financial year 2014-15, registering a growth of 19.8 %.

- Consolidated EBIDTA was at ₹ 40,069.11 Lacs as compared to ₹ 43,723.31 Lacs during the immediate previous Financial Year.
- Consolidated profit before tax during the year 2015-16 was at ₹ 14,530.00 Lacs as against a profit of ₹ 12,612.41 Lacs in the year 2014-15.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2016 was at ₹ 4,192.14 Lacs. During the year under review, each equity share of ₹ 10/- was sub-divided into ten equity shares of ₹ 1/- each as per approval of shareholders in the meeting held on 28th March, 2016. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options or sweat equity shares.

EXTRACT OF ANNUAL RETURN

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

MEETINGS OF THE BOARD

During the year six (6) Board Meetings were convened and held on 28th April, 2015; 7th May, 2015; 22nd July, 2015; 24th September, 2015; 2nd November, 2015 and 8th February, 2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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

Name of the Director	Category	No. of Meetings	
		Held	Attended
Mr. Sajjan Bhajanka	Managing Director	6	6
Mr. Sanjay Agarwal	Managing Director	6	4
Mr. Rajendra Chamaria	Managing Director	6	2
Mr. B.B. Agarwal	Non-Executive Director	6	2
Mr. Prem Kumar Bhajanka	Non-Executive Director	6	4
Mr. Pankaj Kejriwal	Non-Executive Director	6	2
Mrs. Clara Suja	Non-Executive Director	6	1
Mr. Mangilal Jain	Independent Director	6	6
Mr. Manindra Nath Banerjee	Independent Director	6	5

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 21st March, 2016 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors at their meeting also inter alia assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year under review;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on going concern basis;
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

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

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Board has framed a Remuneration Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management staff. The remuneration policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and at other executive levels.

The remuneration policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.

AUDITORS & AUDITORS' REPORT

M/s. Kailash B. Goel & Co., Chartered Accountants (Firm Registration No. 322460E), Statutory Auditors of the Company, have been appointed by the members at the previous Annual General Meeting and shall hold office for a period of 2 years from the date of such meeting held on 26th May, 2015. The Board, in terms of Section 139 of the Companies Act, 2013 on recommendation of the Audit Committee, has recommended for the ratification of the appointment of Statutory Auditors from the conclusion of the ensuing AGM till the conclusion of the Sixteenth Annual General Meeting.

Members are requested to approve and ratify their appointment. Members are also requested to empower the Board for fixation of Auditors' Remuneration. The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration Number 000064) as Cost Auditors of the Company for the Financial Year ended 31st March, 2016 in the Board Meeting held on 28th April, 2015. The remuneration proposed to be paid to them for the Financial Year 2015-16, as recommended by audit committee, was ratified in the meeting of shareholders held on 26th May, 2015.

M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration Number 000064) have expressed their willingness to be appointed as Cost Auditors of the Company for ensuing financial year. The Board, on recommendation of the Audit Committee has appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the Financial Year 2016-17 subject to ratification of their remuneration by shareholders in the General Meeting of the Company.

The cost audit report for the Financial Year 2014-15 was filed with the Ministry of Corporate Affairs on 26th September, 2015.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Manoj Kumar Banthia, Practicing Company Secretary, of M/s. MKB & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and marked **Annexure-2.** The report is self-explanatory and do not call for any further comments.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not given any loan to any person falling under ambit of Section 186 of the Companies Act, 2013.

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

RELATED PARTY TRANSACTIONS

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

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

RESERVES

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

DIVIDEND

In order to conserve resources for future operations, your Directors do not recommend any dividend for the Financial Year 2015-16.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134 (3) (m) of the Companies Act, 2013 and rules framed there under is mentioned below:

(A) Steps taken toward Conservation of energy:

- Replacement of worn out plates in coal mill main bag filter to arrest false air;
- Replacement of Damaged dip tubes in cyclone has increased the efficiency of cyclone;
- Installation of VFD in primary crusher bag filter fan, tertiary crusher bag filter fan, New CSP compressor, new CSP top bag filter fan;
- Additional Capacitor Banks were added in HT motor circuit which resulted into improvement in power factor;

- LT Motors were optimized into Star-Delta connection resulting into reduction in power consumption;
- Higher Capacity Compressors were replaced with lower capacity to optimize the usage and power consumption;
- Replacement of higher capacity motor with lower capacity motors for cooler hydraulic drive and root blower ;
- Leakages were arrested in compressor airline;
- Replacement of conventional lights with LED bulbs.

(B) Steps taken toward Technical Absorption:

- Installation of vibrating screen before additive crusher has resulted into reduction into crusher jamming;
- Usage of Anti-Coating Bricks in Kiln has resulted into reduction in coating in Kiln;
- Installation of Dry Fly Ash Feeding System into classifier of Vertical Roller Mill instead of feeding fly ash at table of the mill has resulted into increase in efficiency of the Mill;
- Installation of new roto-packer with Human Manual Interface (HMI) system has resulted into less human errors in packing operations;
- The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with specific objective of development of advanced systems for quality improvement. During the year under review, your Company incurred Capital expenditure of ₹ 18.25 Lacs and Revenue Expenditure of ₹ 53.05 Lacs in Research & Development.

(C) Foreign Exchange Earnings and Outgo

During the period under review, Foreign Exchange Earning was ₹ 15.50 Lacs and the Foreign Exchange Outgo was ₹ 8,030.64 Lacs.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR)

Your Company as a responsible corporate citizen has created a separate CSR vertical within the Organization to focus upon CSR activities with the objective to create a more sustainable business model with participation of all stakeholders including community at large and has also aligned its practices in accordance with Schedule VII of the Companies Act, 2013.

CSR strategy of your Company has been designed which establishes strategic relationship with the State and Society in order to understand specific requirement of communities, to evaluate the same and to address the requirement for overall benefit of the society and community at large.

Your Company believes that human health condition and development of human resource is interrelated. Preventive and curative health care is the prime requirement of the pubic residing in Lumshnong Village area. During the year under review, your Company has contributed towards providing necessary health care services to the neighboring community. Special attention was given in the areas of ortho-care, gynecological treatment and pediatric care. Keeping in view lack of modern medical facilities in village area of Lumshnong, measures were taken to bring health care within the reach of villagers of Lumshnong Village. During the year under review your Company organized multi-specialty and theme based health camps from time to time for treatment in and around Lumshnong village in the State of Meghalaya and Sonapur in Assam for well-being of people residing in these villages. In the peripheral areas of plant locations, i.e. Lumshnong and Chamata Pathar, general health care clinics are being operated to provide preventive and curative health care services to the neighboring villagers round the year. Additionally, in line with the National Agenda of Swachh Bharat Abhiyan, your Company had contributed for creating awareness on health and hygiene by constructing low cost toilets in Chamata Pathar Village of Sonapur area.

Your Company believes that Education is the strongest and the most effective tool to bring substantial social change. Education allows every child to acquire the knowledge, skills, attitudes and values necessary to shape a sustainable future for himself as well as for society. Moreover, Education for Sustainable Development incorporates key environmental challenges like climate change into core subjects. Students are thus able to relate what they learn in the classroom to their real life actions and will increasingly be in a better position to take the lead in changing behaviors and adopting sustainable lifestyles. Keeping these objectives into mind, your Company imparts education in most modern newly built class-rooms to the under-privileged children of the nearby villages with complete free-ship. Lumshnong and Guwahati Grinding Unit being located in remote areas, your Company had contributed to foster educational environment by creating educational infrastructure, induction of tutorial classes , improvement of class rooms infrastructure etc. During the year under review, your Company offered Financial Aids and grants to few schools. Around 2000 students across 8 villages were touched by improving the quality and environment of educational institutes and their premises. Tutorial Classes and sessions were organized in Sonapur area to support students appearing State Board Examination, Assam-2016.

To support the challenges faced by differently-abled children, your Company offered its helping hand in form of meaningful financial aid to Guwahati Blind School, Assam and to encourage the effort of the school has also participated in felicitation of school students. Understanding the need of support during the hours it is actually required by people and offering helping hand during those testing times is always meaningful. During the year under review, your Company extended its support to community suffering from flood by organizing flood relief camps and distributing essentials in various districts of Assam. Similarly, in the State of Nagaland, your Company extended its help to families affected by fire.

In the area of development of rural infrastructure, during the Financial Year 2015-16, your Company, in consultation with

Durbar Shnong in Meghalaya and Development Committee in Sonapur, Assam, initiated work in 7 villages. These rural infrastructure initiatives are targeted for development and construction of roads, bridges, drainage facilities, community halls, Elaka Hall, Linking bridge and roads leading to schools and villages, play-ground, water storage facility, water distribution system and rural electrification & maintenance for overall welfare of local populace. Efforts were initiated to make villages self-sufficient and self-reliant in their requirements.

Efforts were made to provide primary education through One Teacher School i.e. Ekal Vidyalaya in the vicinity of plants and many other areas through the Implementing Agency. Your Company also contributed in Yoga for General Public for promotion of positive health under Preventive healthcare.

Annual Report on CSR as required to be annexed in terms of requirement of Section 135 of Companies Act, 2013 and rules framed thereunder is annexed herewith and marked **Annexure-3**.

EVALUATION OF THE BOARD'S PERFORMANCE

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

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

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

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. Rajendra Chamaria and Mr. Pankaj Kejriwal will retire by rotation and being eligible, offer themselves for re-appointment. In view of their considerable experience, your Directors recommend their re-appointment as Directors of the Company.

The following personnel are Key Managerial person of the Company:

1.	Mr. Sajjan Bhajanka	:	Managing Director
2.	Mr. Rajendra Chamaria	:	Managing Director
3.	Mr. Sanjay Agarwal	:	Managing Director
4.	Mr. Sanjay Kumar Gupta	:	Chief Executive Officer
5.	Mr. Dilip Kumar Agarwal	:	Chief Financial Officer
6.	Mr. Manoj Agarwal	:	Company Secretary

HOLDING, SUBSIDIARIES AND ASSOCIATE COMPANY

Star Ferro and Cement Limited continues to remain the Holding Company with a stake of 70.48% in your Company.

M/s. Star Cement Meghalaya Limited, M/s. Megha Technical & Engineers Private Limited, M/s. Meghalaya Power Limited and M/s. NE Hills Hydro Limited continue to remain subsidiaries of the Company.

Star Cement Meghalaya Limited is engaged in manufacturing of Cement Clinker and has a Clinkerization plant with an installed capacity of 1.75 MTPA. During the year under review, the Company manufactured 1,629,025 MT of clinker as against 1,549,349 MT in FY 2014-15.

Megha Technical Engineers Private Limited is engaged in the manufacture of cement and generation of power. During the year under review, the Company produced 255,422 MT of Cement.

Meghalaya Power Limited is engaged in generation of Power. During the year under review the Company generated 1831.14 Lac units of power.

NE Hills Hydro Ltd., wholly owned subsidiary of your Company is currently not operational.

AUDITED FINANCIAL STATEMENTS OF THE COMPANY'S SUBSIDIARIES

Pursuant to sub-section (3) of Section 129 of the Companies Act, 2013, the statement containing the salient features of the financial statement for the year ended March 31, 2016 for each of the Company's subsidiaries viz. Star Cement Meghalaya Limited (SCML), Megha Technical & Engineers Private Limited (MTEPL), Meghalaya Power Limited (MPL) and NE Hills Hydro Limited (NHHL) are annexed in the in **Form AOC – 1 and marked as Annexure-4**.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company have been prepared as per Accounting Standards-AS 21, as prescribed by the Institute of Chartered Accountants of India and has been included as a part of this Annual Report.

The detailed financial statements and audit reports of each of the subsidiaries of the Company are available for inspection at the Registered Office of the Company during office hours between 11 A.M. and 1 P.M. The Company will arrange to send the financial statements of the subsidiaries upon written request from a shareholder to the registered address of the said shareholder.

DEPOSITS

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

CHANGES IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROL

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

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

POLICY ON PREVENTION OF SEXUAL HARASSMENT

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

RISK MANAGEMENT

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

COMMITTEES OF THE BOARD

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

a. Audit Committee

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

During the year, the Meetings were held on 28th April, 2015, 22nd July, 2015, 2nd November, 2015 and 8th February, 2016. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meetings	
			Held	Attended
Mr. Mangilal Jain	Independent	Chairman	4	4
Mr. Manindra Nath Banerjee	Independent	Member	4	4
Mr. Sajjan Bhajanka	Non-Independent	Member	4	4

- **Vigil mechanism**

  A Vigil (Whistle Blower) mechanism provides a formal mechanism to the Employees and Directors to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

b. Nomination & Remuneration Committee

In accordance with the requirements of Section 178 of the Companies Act, 2013, the Committee identifies, screens and review individuals to assess eligibility of individual to be appointed as Director, Key Managerial Personnel and Senior Management staff, as and when required. The Committee also makes recommendations to the Board for such appointment and removal and carries out performance evaluation of all the directors.

During the year, the Committee met on 28th April, 2015. The composition of the Committee and the attendance details of the members are given below:

Name	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Mangilal Jain	Independent	Chairman	1	1
Mr. Manindra Nath Banerjee	Independent	Member	1	1
Mr. B.B. Agarwal	Non-Executive	Member	1	1

c. Corporate Social Responsibility Committee

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

During the year, the Committee met on 12th February, 2016. The composition of the Committee and the attendance details of the members are given below:

Name	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Sanjay Agarwal	Non-Independent	Chairman	1	1
Mr. B.B. Agarwal	Non-Independent	Member	1	1
Mr. Mangilal Jain	Independent	Member	1	1

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

The core of achieving business excellence lies in a committed, talented and focused workforce. People are the foremost stakeholders and are considered the building blocks of an organization. For achievement of business objectives, it is imperative to have a dedicated and talented pool of people.

The Company has always provided a congenial atmosphere for work to all sections of society. It has provided equal opportunities of employment to all irrespective to their caste, religion, colour, marital status and sex. The Company believes that human capital of the Company is its most valuable assets and its human resource policies are aligned towards this objective of the Company.

The Company adopts latest techniques in evaluating the potential and training needs of the employees at all levels. Designing of tailor-made training programs that fill the knowledge/skill gap and imparting in-house training in addition to utilizing external programs are significant functions of HR Department of the Company.

PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 framed thereunder in respect of the information on employees who were in receipt of remuneration of not less than ₹ 60 Lacs during the year or ₹ 5 Lacs per month during any part of the year forms part of this report and will be provided to any Member on a written request to the Company Secretary.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep sense of gratitude to the Banks, Central and State Governments and their departments and the Local Authorities, Customers, Vendors, Business Partners/Associates and Holding Company for their continued guidance and support.

Your Directors would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Company and dedicates the credit for the Company's achievements to them. Last but not least, your Directors express their gratitude to the shareholders of the Company for reposing their confidence and faith in the Management of the Company.

For and on behalf of the Board of Directors

SAJJAN BHAJANKA
Chairman
(DIN: 00246043)

Place: Kolkata
Date: 2nd May, 2016

Annexure-1 to Director's Report

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2016
[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	U26942ML2001PLC006663
2	Registration Date	2nd November, 2001
3	Name of the Company	Cement Manufacturing Company Limited
4	Category/Sub-category of the Company	Company limited by Shares / Non-Govt. Company
5	Address of the Registered office & contact details	Village: Lumshnong, P.O. : Khaliehriat, Dist.: East Jaintia Hills, Meghalaya - 793 210 Phone No. : 03655 - 278215
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 6, Mangoe Lane (Surendra Mohan Ghosh Lane) 2nd Floor, Kolkata – 700 001 Phone: 033-2248 2248; 033-2243 5029 Email id: mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Cement	23941	99.18
2	Cement Clinker	23941	0.82

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Star Ferro and Cement Limited Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	L27310ML2011PLC008564	Holding	70.48	2(46)
2	Megha Technical & Engineers Private Limited Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	U27107ML2002PTC006976	Subsidiary	100.00	2(87)
3	Star Cement Meghalaya Limited Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	U63090ML2005PLC008011	Subsidiary	87.49	2(87)
4	Meghalaya Power Limited Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya-793 210	U40108ML2002PLC006921	Subsidiary	51.00	2(87)
5	NE Hills Hydro Limited Satyam Towers, 3 Alipore Road, Unit No.-9B, Kolkata-700 027	U40104WB2007PLC116195	Subsidiary	100.00	2(87)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]*				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	11,736,311	-	11,736,311	28.00	119,455,050		119,455,050	28.50	0.50
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	29,547,500	-	29,547,500	70.48	295,475,000	-	295,475,000	70.48	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**41,283,811**	**-**	**41,283,811**	**98.48**	**414,930,050**	**-**	**414,930,050**	**98.98**	**0.50**
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of promoter (A) = (A) (1) + (A) (2)	**41,283,811**	**-**	**41,283,811**	**98.48**	**414,930,050**	**-**	**414,930,050**	**98.98**	**0.50**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institutions									
a) Bodies Corporate								-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	10,000	10,000	0.02	-	100,000	100,000	0.02	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	627,581	-	627,581	1.50	4,183,870	-	4,183,870	1.00	(0.50)
c) Others (specify)									
Sub-total (B)(2)	**627,581**	**10,000**	**637,581**	**1.52**	**4,183,870**	**100,000**	**4,283,870**	**1.02**	**(0.50)**
Total Public shareholding (B) =(B) (1) + (B) (2)	**627,581**	**10,000**	**637,581**	**1.52**	**4,183,870**	**100,000**	**4,283,870**	**1.02**	**(0.50)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**41,911,392**	**10,000**	**41,921,392**	**100.00**	**419,113,920**	**100,000**	**419,213,920**	**100.00**	**-**

* The Equity Shares of the Company were sub-divided/splitted from ₹ 10/- per share to ₹ 1/- per share pursuant to the shareholders resolution dated 28th March, 2016.

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2015]			Shareholding at the end of the year [As on 31-March-2016]*			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Star Ferro and Cement Ltd.	29,547,500	70.48	-	295,475,000	70.48	-	-
2	Sajjan Bhajanka	3,657,292	8.72	-	35,625,000	8.50	-	(0.22)
3	Rajendra Chamaria	2,756,514	6.58	-	27,565,140	6.58	-	-
4	Rahul Chamaria	592,500	1.41	-	5,925,000	1.41	-	-
5	Sachin Chamaria	572,500	1.37	-	5,725,000	1.37	-	-
6	Kamakhya Chamaria	864,975	2.06	-	8,649,750	2.06	-	-
7	Prahlad Rai Chamaria	911,000	2.17	-	9,110,000	2.17	-	-
8	Laxmi Chamaria	428,000	1.02	-	4,280,000	1.02	-	-
9	Ratna Chamaira	335,975	0.80	-	3,359,750	0.80	-	-
10	Amritansh Chamaria	320,000	0.76	-	3,200,000	0.76	-	-
11	Kailash Prasad Chamaria	597,225	1.42	-	5,972,250	1.42	-	-
12	Gayatri Chamaria	257,000	0.61	-	2,570,000	0.61	-	-
13	Amit Agarwal	137,500	0.33	-	1,375,000	0.33	-	-
14	Sanjay Agarwal	94,791	0.23	-	-	0.00	-	(0.23)
15	Renu Chamaria	76,975	0.18	-	769,750	0.18	-	-
16	Vinay Chamaria	42,500	0.10	-	425,000	0.10	-	-
17	Jagdish Prasad Shah	28,000	0.07	-	280,000	0.07	-	-
18	Rishi Raj Shah	22,500	0.05	-	225,000	0.05	-	-
19	Uma Maskara	20,000	0.05	-	200,000	0.05	-	-
20	Rajesh Kumar Agarwal	11,066	0.03	-	-	0.00	-	(0.03)
21	Hari Prasad Agarwal	9,998	0.02	-	-	0.00	-	(0.02)
22	Prem Kumar Bhajanka	-	-	-	4,198,410	1.00	-	1.00
	Total	**41,283,811**	**98.48**	-	**414,930,050**	**98.98**	-	**0.50**

* The Equity Shares of the Company were sub-divided/splitted from ₹ 10/- per share to ₹ 1/- per share pursuant to the shareholders resolution dated 28th March, 2016.

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

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year*	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Mr. Sajjan Bhajanka**						
	At the beginning of the year	01.04.2015		3,657,292	8.72		
	Changes during the year	31.07.2015	Transfer	(94,792)	(0.22)	3,562,500	8.50
	At the end of the year	31.03.2016				35,625,000*	8.50
2	**Mr. Sanjay Agarwal**						
	At the beginning of the year	01.04.2015		94,791	0.23		-
	Changes during the year	31.07.2015	Transfer	(94,791)	(0.23)	-	-
	At the end of the year	31.03.2016				-	
3	**Mr. Rajesh Kumar Agarwal**						
	At the beginning of the year	01.04.2015		11,066	0.03		-
	Changes during the year	31.07.2015	Transfer	(11,066)	(0.03)	-	-
	At the end of the year	31.03.2016				-	

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year*	
				No. of shares	% of total shares	No. of shares	% of total shares
4	**Mr. Hari Prasad Agarwal**						
	At the beginning of the year	01.04.2015		9,998	0.02		-
	Changes during the year	31.07.2015	Transfer	(9,998)	(0.02)	-	-
	At the end of the year	31.03.2016				-	
5	**Mr. Prem Kumar Bhajanka**						
	At the beginning of the year	01.04.2015		-	-		
	Changes during the year	31.07.2015	Transfer	419,841	1.00	419,841	1.00
	At the end of the year	31.03.2016				4,198,410*	1.00

* The Equity Shares of the Company were sub-divided/splitted from ₹ 10/- per share to ₹ 1/- per share pursuant to the shareholders resolution dated 28th March, 2016.

(iv) Shareholding Pattern of top ten Shareholders

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

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year*	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Mr. Subham Agarwal**						
	At the beginning of the year	01.04.2015		627,581	1.50		
	Changes during the year	31.07.2015	Transfer	(209,194)	(0.50)	418,387	1.00
	At the end of the year	31.03.2016				4,183,870	1.00
2	**Mrs. Clara Suja**						
	At the beginning of the year	01.04.2015		10,000	0.02		
	Changes during the year	No Changes during the year					
	At the end of the year	31.03.2016				100,000	0.02

* The Equity Shares of the Company were sub-divided/splitted from ₹ 10/- per share to ₹ 1/- per share pursuant to the shareholders resolution dated 28th March, 2016.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year*	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Mr. Sajjan Bhajanka, Managing Director**						
	At the beginning of the year	01.04.2015		3,657,292	8.72		
	Changes during the year	31.07.2015	Transfer	(94,792)	(0.23)	3,562,500	8.50
	At the end of the year	31.03.2016				35,625,000	8.50
2	**Mr. Sanjay Agarwal, Managing Director**						
	At the beginning of the year	01.04.2015		94,791	0.23		
	Changes during the year	31.07.2015	Transfer	(94,791)	(0.23)	-	-
	At the end of the year	31.03.2016				-	-
3	**Mr. Rajendra Chamaria, Managing Director**						
	At the beginning of the year	01.04.2015		2,756,514	6.58		
	Changes during the year	No changes during the year					
	At the end of the year	31.03.2016				27,565,140	6.58

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year*	
				No. of shares	% of total shares	No. of shares	% of total shares
4	**Mr. Prem Kumar Bhajanka, Non-Executive Director**						
	At the beginning of the year	01.04.2015		-	-		
	Changes during the year	31.07.2015	Transfer	419,841	1.00	419,841	1.00
	At the end of the year	31.03.2016				4,198,410	1.00
5	**Mr. B.B. Agarwal, Non-Executive Director**						
	At the beginning of the year	01.04.2015		Nil	Nil		
	Changes during the year			Nil	Nil		
	At the end of the year	31.03.2016				Nil	Nil
6	**Mr. Pankaj Kejriwal, Non-Executive Director**						
	At the beginning of the year	01.04.2015		Nil	Nil		
	Changes during the year			Nil	Nil		
	At the end of the year	31.03.2016				Nil	Nil
7	**Mr. Mangilal Jain, Independent Director**						
	At the beginning of the year	01.04.2015		Nil	Nil		
	Changes during the year			Nil	Nil		
	At the end of the year	31.03.2016				Nil	Nil
8	**Mr. Manindra Nath Banerjee, Independent Director**						
	At the beginning of the year	01.04.2015		Nil	Nil		
	Changes during the year			Nil	Nil		
	At the end of the year	31.03.2016				Nil	Nil
9	**Mrs. Clara Suja, Non-Executive Director**						
	At the beginning of the year	01.04.2015		10,000	0.02		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2016				100,000	0.02
10	**Mr. Sanjay Kumar Gupta, Chief Executive Officer**						
	At the beginning of the year	01.04.2015		Nil	Nil		
	Changes during the year			Nil	Nil		
	At the end of the year	31.03.2016				Nil	Nil
11	**Mr. Dilip Kumar Agarwal, Chief Financial Officer**						
	At the beginning of the year	01.04.2015		Nil	Nil		
	Changes during the year			Nil	Nil		
	At the end of the year	31.03.2016				Nil	Nil
12	**Mr. Manoj Agarwal, Company Secretary**						
	At the beginning of the year	01.04.2015		Nil	Nil		
	Changes during the year			Nil	Nil		
	At the end of the year	31.03.2016				Nil	Nil

* The Equity Shares of the Company were sub-divided/splitted from ₹ 10/- per share to ₹ 1/- per share pursuant to the shareholders resolution dated 28th March, 2016.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount ₹/Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits**	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	30,094.31	15,008.00	-	45,102.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.08	-	-	0.08
Total (i+ii+iii)	**30,094.39**	**15,008.00**	**-**	**45,102.39**
Change in Indebtedness during the financial year#				
- Addition	9,896.03	14,245.23	-	24,141.26
- Reduction	(10,252.10)	(1,643.11)	-	(11,895.21)
Net Change	(356.07)	12,602.12	-	12,246.05
Indebtedness at the end of the financial year				
i) Principal Amount	29,738.24	27,610.12	-	57,348.36
ii) Interest due but not paid	-	56.66	-	56.66
iii) Interest accrued but not due	0.93	-	-	0.93
Total (i+ii+iii)	**29,739.17**	**27,666.78**	**-**	**57,405.95**

** Trade Deposits have not been included.

Loss on account of Exchange Fluctuation in respect of Loans in Foreign Currency has been included in addition in indebtedness. Similarly, gain on account of Exchange Fluctuation has been included in Reduction in indebtedness.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹/Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Name	Mr. Sajjan Bhajanka	Mr. Sanjay Agarwal	Mr. Rajendra Chamaria	
	Designation	**MD**	**MD**	**MD**	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60.00	60.00	66.00	186.00
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**60.00**	**60.00**	**66.00**	**186.00**
	Ceiling as per the Act	10 % of the Net profit as calculated under Section 198 of the Companies Act, 2013			

B. Remuneration to other Directors

(₹/Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
	Name	Mr. Mangilal Jain	Mr. Manindra Nath Banerjee	Mrs. Clara Suja	
1	Independent Directors				
	Fee for attending board/ committee meetings	0.50	0.43	-	0.93
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	**0.50**	**0.43**	**-**	**0.93**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
	Name	Mr. Mangilal Jain	Mr. Manindra Nath Banerjee	Mrs. Clara Suja	
2	Other Non-Executive Directors				-
	Fee for attending board/ committee meetings	-	-	0.05	0.05
	Commission	-	-	-	-
	Others, remuneration paid in professional capacity	-	-	2.40	2.40
	Total (2)	-	-	2.45	2.45
	Total (B)=(1+2)	0.50	0.43	2.45	3.38
	Total Managerial Remuneration (A+B)				**189.38**
	Overall Ceiling as per the Act	11% of the Net profit as calculated under Section 198 of the Companies Act, 2013			

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

(₹/Lacs)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name	Mr. Sanjay Kr. Gupta	Mr. Dilip Kr. Agarwal	Mr. Manoj Agarwal	
	Designation	**CEO**	**CFO#**	**CS**	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	84.78	-	41.89	126.67
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**84.78**	-	**41.89**	**126.67**

Mr. Dilip Kumar Agarwal, Chief Financial Officer draws salary from Star Ferro and Cement Limited, Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	87(1)	Delay in satisfaction of charge	₹ 650/-	RD	NA
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure-2 to Director's Report

SECRETARIAL AUDIT REPORT
Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Cement Manufacturing Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Cement Manufacturing Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, to the extent applicable, according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;**(not applicable to the company during the Audit Period)**

iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;**(not applicable to the company during the Audit Period)**

iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings , if applicable;

v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act"), or by SEBI; **(not applicable to the company during the Audit Period)**

vi) As identified by the Management, the following laws, inter alia, are specifically applicable to the Company:

a) Petroleum Act, 1934;

b) Explosives Rules, 2008;

(c) Mines & Minerals (Development and Regulation) Act, 1957;

(d) The Meghalaya Clincker Cess Act, 2015:

(e) The Meghalay Cement Cess Rules, 2011.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India; [Applicable from 1st July, 2015]

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

a) The Board of Directors of the Company is duly constituted with requisite number of Executive Directors, Woman and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has passed the following special resolutions which authorize the Board to exercise powers in relation thereto, but presently do not have any major bearing on the Company's affairs:

(i) Increase in borrowing limits under section 180(1)(c) of the Companies Act, 2013;

(ii) Sell, lease or dispose off, whole or substantially the whole of the undertaking of the Company under section 180(1) (a) of the Companies Act, 2013;

(iii) Increases in limits of inter corporate loans and investments or guarantees or security under section 186 of the Companies Act, 2013.

We further report that during the period there has been sub division/splitting of 60,000,000 (Six Crores) Equity shares of ₹ 10/-per share into 600,000,000 (Sixty Crores) Equity shares of Re. 1/- per share. The Board and shareholders have approved the sub division/splitting of shares thereby resulting in alteration in the Memorandum of Association and consequential amendments to the existing Articles of Association of the Company.

For MKB & Associates
Company Secretaries

Manoj Kumar Banthia
[Partner]
ACS no. 11470
COP no. 7596

Date: 2nd May, 2016
Place: Kolkata

Annexure-3 to Director's Report

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Companies Act, 2013, Rules made thereunder]

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

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

2. The composition of the CSR Committee

   - Mr. Sanjay Agarwal - Chairman
   - Mr. B.B. Agarwal - Non-Executive Director
   - Mr. Mangilal Jain - Independent Director

3. Average Net Profit of the Company for last 3 Financial Years: ₹ 2,026.22 Lacs

4. Prescribed CSR expenditure (2% of amount): ₹ 40.52 Lacs

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

   a) Total amount to be spent for the Financial Year: ₹ 40.52 Lacs

   b) Amount un-spent, if any: NIL

   c) Manner in which the amount spent during Financial Year is detailed below:

(₹/Lacs)

1	2	3	4	5	6	7	8
Sl. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects/Programs 1. Local area or other 2. Specify the state and district where project or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs, 2. Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct/ through implementing agency***
1.	Providing non-formal primary education through cost effective One Teacher school (O.T.S.) i.e. Ekal Vidyalaya to rural and tribal people.	Education	In various parts of India	20.00	20.00	20.00	Through implementing agency
2.	Yoga for General Public for promotion of positive health	Preventive healthcare	Kolkata	25.00	25.00	25.00	Through implementing agency
3.	Development activities like drinking water supply, Village Development	Preventive Health Care, poverty and Malnutrition	Assam and Meghalaya	17.34	17.34	17.34	Through implementing agency

* Details of implementing Agency: Friends of Tribal Society, Vivekananda Yoga Anusandhana Samsthana (VYASA) and Lumshnong Village Council

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

Place: Kolkata
Date: 2nd May, 2016

Sanjay Kumar Gupta
Chief Executive Officer

Sanjay Agarwal
Chairman – CSR Committee

Annexure-4

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries

Part "A": Subsidiaries

(₹ in Lacs)

Sl. No.	Name of the subsidiary	Megha Technical & Engineers Pvt. Ltd.	Star Cement Meghalaya Ltd.	Meghalaya Power Ltd.	NE Hills Hydro Ltd.
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A	N.A	N.A	N.A
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A	N.A	N.A	N.A
3	Share Capital	2,734.64	2,981.78	1,713.06	7.00
4	Reserves & Surplus	21,622.11	43,037.29	9,164.31	-
5	Total Assets	29,271.45	84,789.95	30,079.88	7.33
6	Total Liabilities	29,271.45	84,789.95	30,079.88	7.33
7	Investments	2,983.33	-	-	2.70
8	Turnover	14,800.01	52,854.90	11,052.69	-
9	Profit Before Taxation	735.41	6,802.19	1,472.07	-
10	Provision for Taxation	250.70	-	389.23	-
11	Profit After Taxation	484.71	6802.19	1082.84	-
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100.00	87.49	51.00	100.00

The following information shall be furnished:

1 Names of subsidiaries which are yet to commence operations: NE Hills Hydro Limited

2 Names of subsidiaries which have been liquidated or sold during the year: N.A.

Part "B": Associates and Joint Ventures

The Company does not have Associate / Joint Venture, hence the requirements under this part is not applicable to the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 2nd May, 2016

Dilip Kumar Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN: 00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Chairman & Managing Director
DIN: 00246171

Financial Statements

Independent Auditors' Report

To the Members of Cement Manufacturing Company Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Cement Manufacturing Company Limited ('the Company'), which comprise the balance sheet as at 31st March, 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

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

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

   (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) on the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of its pending litigations on its financial position in its financial statements – Refer Note 2.31 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 2nd May, 2016

Annexure-A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended 31st March, 2016, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were observed.

(iii) The Company has not granted loan to any body corporate covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). So the provisions of paragraph 3(iii) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.

(v) On the basis of our examination of books and records of the Company, in our opinion and according to the information and explanations given to us, the Company has not accepted deposits during the year and therefore the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable except as detailed below:

Nature of Due	Amount (₹ Lacs)
Cement Clinker Cess	28.52

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

Name of the Statute	Nature of dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	72.92	2005-06 & 2006-07	CESTAT
The Central Excise Act, 1944	Excise Duty	370.45	Apr-09 to Mar-12	CESTAT
The Central Excise Act, 1944	Excise Duty	57.18	2009-10 to 2013-14	CESTAT
The Central Excise Act, 1944	Excise Duty	46.09	June 2014	Deputy Commissioner, Central Excise-Shillong
The Central Excise Act, 1944	Excise Duty	105.93	April 2014	Commissioner, Central Excise-Shillong
The Central Excise Act, 1944	Excise Duty	13.71	2006-07 and 2007-08	CESTAT

(viii) Based on our audit procedures and as per the information & explanation given by the management, the Company has not defaulted in repayment of dues to Financial Institution or Banks. The Company has not issued any debentures.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 2nd May, 2016

Annexure-B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Cement Manufacturing Company Limited** ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 2nd May, 2016

Balance Sheet
as at 31st March, 2016

(₹ in Lacs)

	Note	31.03.2016	31.03.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	4,192.14	4,192.14
Reserves and Surplus	2.2	53,006.56	47,376.19
		57,198.70	**51,568.33**
Non-Current Liabilities			
Long Term Borrowings	2.3	28,573.80	23,177.14
Other Long Term Liabilities	2.5	7,628.03	6,219.12
Long Term Provisions	2.6	159.62	150.76
		36,361.45	**29,547.01**
Current Liabilities			
Short Term Borrowings	2.7	22,805.75	15,874.60
Trade Payables		14,747.34	10,182.00
Other Current Liabilities	2.8	18,233.93	14,419.93
Short Term Provisions	2.9	118.65	4,084.05
		55,905.66	**44,560.59**
Total		**149,465.80**	**125,675.93**
ASSETS			
Non-Current Assets			
Fixed Assets			
-Tangible Assets	2.10	26,332.34	30,845.29
-Intangible Assets	2.10	12.28	12.84
-Capital Work in Progress		4,071.93	2,151.88
		30,416.54	**33,010.01**
Non Current Investments	2.11	23,878.43	23,878.43
Deferred Tax Asset (Net)	2.4	85.90	-
Long Term Loans and Advances	2.12	18,474.78	16,919.12
Other non-current assets	2.13	48.20	5.99
		72,903.85	**73,813.55**
Current Assets			
Inventories	2.14	8,506.31	5,246.48
Trade Receivables	2.15	34,736.92	22,720.68
Cash and Cash equivalents	2.16	806.49	1,197.87
Short Term Loans and Advances	2.17	32,512.22	22,697.35
		76,561.95	**51,862.38**
Total		**149,465.80**	**125,675.93**
Significant accounting policies and notes on accounts	1 & 2		
The accompanying notes are an integral part of the financial statements			

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place: Kolkata
Date: 2nd May, 2016

For and on behalf of the Board of Directors

Dilip Kr. Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Statement of Profit and Loss
for the year ended 31st March, 2016

(₹ in Lacs)

	Note	2015-16	2014-15
Income			
Revenue from Operations (Gross)	2.18	148,433.04	117,759.95
Excise Duty		(6,833.82)	(6,398.07)
Revenue from Operations (Net)		141,599.22	111,361.87
Other Income	2.19	93.56	46.64
Total Revenue		**141,692.78**	**111,408.52**
Expenses			
Cost of Materials consumed	2.20	43,214.48	38,692.32
Purchase of Traded Goods		15,791.59	4,647.96
(Increase)/Decrease in Inventories	2.21	(849.44)	751.59
Employee Benefit Expenses	2.22	6,224.40	5,087.39
Finance Costs	2.23	4,913.04	4,452.40
Depreciation and Ammortization Expenses		6,064.49	8,645.70
Other Expenses	2.24	60,693.16	44,629.65
Total Expenses		**136,051.72**	**106,907.01**
Profit/(loss) before exceptional and extraordinary items and tax		5,641.06	4,501.51
Exceptional items		(55.00)	(1.31)
Profit/(loss) before tax		5,586.06	4,500.19
Tax Expenses			
- Current Tax		1,195.58	953.27
Less: MAT Credit entitlement		(1,195.58)	(953.27)
- Net Current Tax		-	-
- Income Tax for Earlier year		41.59	-
- Deferred Tax		(85.90)	102.44
Profit /(loss) for the year		5,630.36	4,602.63
Earnings Per Equity Share-(refer note no 2.35)			
Basic Earning Per Share		1.34	1.10
Diluted Earning Per Share		1.34	1.10
Significant accounting policies and notes on accounts	1 & 2		
The accompanying notes are an integral part of the financial statements			

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place: Kolkata
Date: 2nd May, 2016

For and on behalf of the Board of Directors

Dilip Kr. Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Cash Flow Statement

for the year ended 31st March, 2016

(₹ in Lacs)

	PARTICULARS	2015-16	2014-15
A	**Cash Flow from Operating Activities**		
	Net Profit/(Loss) before Tax	5,586.06	4,500.19
	Adjustments for :		
	Depreciation	6,064.49	8,645.70
	Unrealised Foreign Exchange Gain /(Loss) - Net	-	(40.00)
	(Profit)/ Loss on Sale of Fixed Assets	8.22	22.92
	Interest Income	(47.26)	(25.80)
	Finance Costs	4,913.04	4,452.40
	Income Tax for Earlier years	(41.59)	-
	Provision for Income Tax & Wealth Tax	-	1.57
	Provision for Bad and Doubtful Debts (Net of adjustments)	(35.14)	1.43
	Operating Profit before working capital changes	**16,447.81**	**17,558.42**
	Adjustments for :		
	(Increase)/Decrease in Trade receivables	(11,981.10)	(12,820.15)
	(Increase)/Decrease in Inventories	(3,259.83)	1,821.67
	(Increase)/Decrease in Loans & Advances and other assets	(12,470.54)	(9,973.59)
	Increase/(Decrease) in Trade Payables, Other Liabilities and Provisions	5,856.79	6,823.59
	Cash Generated from Operations	**(5,406.87)**	**3,409.93**
	Direct Taxes Paid	1,100.00	665.00
	Net Cashflow from Operating Activities	**(4,306.87)**	**4,074.93**
B	**Cash Flow from Investing Activities**		
	(Purchase)/Sale of Fixed Assets (including WIP)-Net*	(3,357.45)	(2,322.14)
	Fixed Deposits/Margin Money Given/(Repaid)	(4.74)	185.40
	Interest Received	47.26	25.80
	Net Cash used in Investing Activities	**(3,314.93)**	**(2,110.94)**
C	**Cash Flow from Financing Activities**		
	Interest paid	(4,913.04)	(4,452.40)
	Proceeds from /(Repayment of) Long Term Borrowings / Liabilities**	5,249.78	(2,666.25)
	Proceeds from /(Repayment of) Short Term Borrowings	6,931.14	5,916.96
	Net Cash used in Financing Activities	7,267.89	(1,201.69)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(353.91)**	**762.30**
	Cash and Cash Equivalents		
	Opening Balance	1,141.40	379.09
	Closing Balance	787.48	1,141.40

*Excluding notional foreign exchange loss of ₹ 121.79 lacs, P.Y. ₹ 135.84 Lacs capitalized in accordance with para 46A of AS-11.

** Represents Cash and Bank Balances as indicated in Note-2.16 and excludes ₹ 19.01 lacs, (P.Y. ₹ 56.47 lacs) being Bank Balances with restrictive use and maturity of more than three months.

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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Dilip Kr. Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Place: Kolkata
Date: 2nd May, 2016

Notes to Financial Statement

Corporate Information

Cement Manufacturing Company Limited (the company) is a public limited company domiciled in India and incorporated on 2nd November, 2001 under the provisions of Companies Act, 1956. The company is engaged in the manufacturing and selling of Cement Clinker & Cement. The manufacturing units are located at Lumshnong, Meghalaya and Guwahati, Assam. The Company is selling its product across north eastern and eastern states of India.

1. Significant Accounting Policies

1.1 Basis of Preparation

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

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

1.2 Use of Estimates

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

1.3 Fixed Assets

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

1.4 Capital Work In Progress

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

1.5 Expenditure during construction period

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

1.6 Depreciation

Depreciation on Fixed Assets is provided on Written Down Value (WDV)method in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing deprecation specified in Part 'C' thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV method so as to depreciate the initial cost down to the residual value over the estimated useful lives. Useful lives, components and residual amounts are reviewed annually. Depreciation on amount capitalized pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' is provided over the balance useful life of depreciable capital assets. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.7 Investments

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

Notes to Financial Statements (contd.)

1.8 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials & labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of Inventories is computed on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.9 Retirement Benefits:

(i) Defined Contribution Plan

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

(ii) Defined Benefit Plan

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

(iii) Other Long-term benefits

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

Actuarial gain/losses, if any, are recognized in the statement of profit and loss.

1.10 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 recognized as expense in the period in which they are incurred. Borrowing cost includes exchange differences arising from relevant foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost.

1.11 Impairment of Assets:

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

1.12 Foreign Currency Transactions and Balances

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

1.13 Taxes on Income

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

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

Notes to Financial Statements (contd.)

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

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

1.14 Intangible Asset

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

1.15 Research and Development Expenditure

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

1.16 Provisions and Contingencies

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

1.17 Cash & Cash Equivalents

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

1.18 Earnings Per Share

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

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

1.19 Revenue Recognition

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

1.20 Government Grants and Subsidies

Government grants / subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants in the nature of recoupment/ reimbursement of any particular item of expenses are recognized in the 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.

Notes to Financial Statements (contd.)

2.1 Share Capital

(₹ in Lacs)

	31.03.2016	31.03.2015
Authorised Capital		
600,000,000 (60,000,000 as at 31.03.15) Equity Shares of ₹ 1/- (P.Y. ₹ 10/-) each fully paid up	6,000.00	6,000.00
Issued, Subscribed & fully Paid-up shares		
419,213,920 (41,921,392 as at 31.03.15) Equity Shares of ₹ 1/- (P.Y. ₹ 10/-) each fully paid up	4,192.14	4,192.14

a Terms/Rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 1/- per share. Each holder of Equity shares is entitlled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No. of Shares	No. of Shares
At the beginning of the year	419,213,920	41,921,392
Issued during the year	-	-
Outstanding at the end of the year	419,213,920	41,921,392

c Shares held by Holding Company

	No. of Shares	No. of Shares
Star Ferro and Cement Limited	295,475,000	29,547,500

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

Name of the Shareholders	No. of Shares % of holding	No. of Shares % of holding
Star Ferro and Cement Limited	295,475,000	29,547,500
	70.48%	70.48%
Mr. Sajjan Bhajanka	35,625,000	3,657,292
	8.50%	8.72%
Mr. Rajendra Chamaria	27,565,140	2,756,514
	6.58%	6.58%

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

During the year the Company has subdivided equity shares having face value of ₹ 10/- each into 10 shares having face value of ₹ 1 /- each. Consequently the number of shares as at 31st March, 2015 is not comparable.

Notes to Financial Statements (contd.)

2.2 Reserves & Surplus

(₹ in Lacs)

	31.03.2016	31.03.2015
Capital Reserve		
Balance as per last Account	6,719.90	6,719.90
Addition/(Deduction) during the year	-	-
	6,719.90	**6,719.90**
General Reserve		
Balance as per last Account	3,820.00	3,820.00
Addition/(Deduction) during the year	-	-
	3,820.00	**3,820.00**
Surplus as per Profit & Loss Account		
Balance as per last Account	36,836.28	36,257.92
Profit /(loss) for the year	5,630.36	4,602.63
Amount available for appropriation	**42,466.64**	**40,860.54**
Less: Appropriations		
Proposed Dividend	-	(3,353.71)
Corporate Dividend Tax	-	(670.55)
Total Appropriations	-	(4,024.26)
Net Surplus in the statement of profit and loss	**42,466.64**	**36,836.29**
Total Reserves and Surplus	**53,006.55**	**47,376.19**

2.3 Long Term Borrowings

(₹ in Lacs)

	31.03.2016	31.03.2015
Term Loans		
Rupee Loans from Banks (Secured)	13,848.03	13,778.03
Rupee Loans from a Financial Institution (Secured)	3,000.00	-
Foreign Currency Loan from a Bank (Secured)	2,158.90	3,414.10
Loans and Advances from Related Party (UnSecured)		
- From a subsidiary	13,208.00	8,708.00
- From a Director	2,256.66	3,300.00
Other Loans & Advances		
- Hire Purchase Finance from banks (Secured)	127.69	27.58
	34,599.28	**29,227.71**
Less: Current Maturities of long term borrowings	(6,025.48)	(6,050.56)
	28,573.80	**23,177.14**

1. Rupee Term Loan of ₹ 2,185.58 lacs from a bank is repayable in further 5 equal quarterly instalments ending on June, 2017. The Loan is secured by pari passu first charge on current assets and first charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya.
2. Rupee Term Loan of ₹ 6,662.45 lacs from banks are repayable in further 15 unequal quarterly instalments ending on December, 2019. Rupee Term Loan of ₹ 5,000.00 lacs from a bank is repayable in 16 equal quarterly instalments commencing from June, 2017. Foreign Currency loan of ₹ 2158.90 lacs from a bank is repayable in further 14 unequal quarterly instalments ending on December, 2019. The loans are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the Company's cement grinding unit at Guwahati, Assam.
3. Rupee Term Loan of ₹ 3,000.00 lacs from a financial institution is repayable in 16 equal quarterly instalments commencing from January, 2017. The loan is to be secured by first charge on fixed assets of Cement Plant at Lumshnong, Meghalaya of Megha Technical & Engineers Private Limited, a wholly owned subsidiary of the Company.
4. The term loans are also secured by personal guarantees of some of the directors of the Company.
5. Hire Purchase Finance is secured by hypothecation of respective vehicles and is repayable within four years having varying date of payment.
6. The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

Notes to Financial Statements (contd.)

2.4 Deferred Tax Liabilities (Net)

(₹ in Lacs)

	31.03.2016	31.03.2015
Deferred Tax liability		
- Fixed assets	-	-
Gross deferred tax liability	**-**	**-**
Deferred Tax Assets		
- Gratuity & Leave encashment	16.17	-
- Fixed Assets	58.69	-
- Trade receivable	11.03	-
Gross deferred tax asset	**85.90**	**-**
Net Deferred Tax (Assets)/Liability	**(85.90)**	**-**

2.5 Other Long Term Liabilities

(₹ in Lacs)

	31.03.2016	31.03.2015
- Security Deposit	7,327.41	5,922.69
- Retention Money	300.62	296.42
	7,628.03	**6,219.12**

2.6 Long Term Provisions

(₹ in Lacs)

	31.03.2016	31.03.2015
Provisions for employee benefits		
- Leave Encashment	96.75	99.53
- Gratuity	62.87	51.23
	159.62	**150.76**

2.7 Short Term Borrowings

(₹ in Lacs)

	31.03.2016	31.03.2015
Working Capital facilities from Banks		
- Cash Credit (Secured)	10,603.63	9,745.06
- Foreign Currency Demand Loan (Secured)	-	3,129.54
	10,603.63	**12,874.60**
Short Term Loan		
- From Banks (Unsecured)	9,245.23	3,000.00
- Foreign Currency Demand Loan from a Bank (unsecured)	2,956.89	-
	22,805.75	**15,874.60**

a. The above amount includes		
Secured borrowings	10,603.63	12,874.60
Unsecured borrowings	12,202.12	3,000.00

b. Working Capital facilities of ₹ 2,131.82 Lacs from banks are secured by first pari passu charge on current assets of Lumshnong unit and second pari passu charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya.

c. Working capital facilities of ₹ 8,471.81 Lacs from banks are secured by pari passu first charge on current assets and pari passu second charge on fixed assets of the company's cement grinding unit at Guwahati, Assam.

d. The Working capital facilities have been guaranteed by some of the Directors of the Company.

e. Short term loan from banks is due for repayment on June, 2016 and Foreign Currency demand loan from a bank is due for repayment on September, 2016.

Notes to Financial Statements (contd.)

2.8 Other Current Liabilities

(₹ in Lacs)

	31.03.2016	31.03.2015
Current Maturities of long term borrowings	6,025.48	6050.56
Interest accrued but not due on borrowings	0.93	0.08
Other Payables		
- Statutory Liabilities (including excise duty on finished goods ₹ 58.85 Lacs, ₹ 38.96 Lacs as at 31.03.15)	1,316.03	858.50
- Creditors-Micro, Small & Medium Enterprises (refer note no. 2.26)	-	-
- Creditors for capital goods	150.79	176.42
- Advances from customer	2,136.05	1077.78
- Salary and Bonus to employees	203.93	166.23
- Other Liabilities	8,400.70	6090.34
	18,233.93	**14,419.93**

2.9 Short Term Provisions

(₹ in Lacs)

	31.03.2016	31.03.2015
Provisions for Employee Benefits		
- Leave Encashment	85.12	23.94
- Gratuity	33.53	35.86
	118.65	**59.80**
Others		
- Proposed Dividend	-	3353.71
- Corporate Dividend Tax	-	670.55
	-	**4,024.26**
	118.65	**4,084.05**

Notes to Financial Statements (contd.)

2.10 Fixed Assets

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.15	Additions	Deduction / Adjustment	Total as on 31.03.16	Upto 31.03.15	For the year	Deduction / Adjustment	Total as on 31.03.16	As on 31.03.16	As on 31.03.15
TANGIBLE ASSETS										
A. Cement Plant at Lumshnong, Meghalaya										
Land & Site Development	2,005.76	188.33	-	2,194.10	-	-	-	-	2,194.10	2,005.76
Factory Building	4,254.44	12.29	-	4,266.73	2,320.26	181.70	-	2,501.96	1,764.77	1,934.18
Non Factory Building	2,223.65	42.29	-	2,265.93	961.04	124.43	-	1,085.47	1,180.46	1,262.61
Plant, Machinery & Equipments	13,886.09	230.06	5.30	14,110.85	9,707.48	790.02	4.06	10,493.44	3,617.42	4,178.61
Furniture & Fixtures	337.77	5.80	0.09	343.48	253.87	20.74	0.08	274.54	68.95	83.89
Office Equipments	320.43	3.58	-	324.01	276.56	17.86	-	294.42	29.59	43.87
Computers	330.77	16.43	-	347.20	303.63	15.66	-	319.28	27.91	27.14
Vehicles	1,018.08	83.56	34.73	1,066.91	729.37	82.31	27.58	784.11	282.80	288.71
Tools & Tackles	245.14	2.86	5.56	242.44	188.97	20.61	4.57	205.02	37.42	56.16
Total of Tangible Assets (A)	**24,622.13**	**585.21**	**45.68**	**25,161.66**	**14,741.19**	**1,253.33**	**36.28**	**15,958.24**	**9,203.42**	**9,880.94**
B. Cement Grinding Unit at Guwahati, Assam										
Land & Site Development	1,652.11	46.52	-	1,698.63	-	-	-	-	1,698.63	1,652.11
Factory Building	2,737.21	301.77	-	3,038.98	426.05	219.96	-	646.02	2,392.97	2,311.16
Non Factory Building	1,931.52	180.51	-	2,112.04	710.00	405.69	-	1,115.69	996.35	1,221.52
Plant, Machinery & Equipments	23,858.77	46.21	-	23,904.98	8,611.84	3,955.37	-	12,567.22	11,337.76	15,246.92
Furniture & Fixtures	210.58	107.51	5.68	312.41	103.77	32.87	3.25	133.39	179.02	106.82
Office Equipments	81.61	38.33	-	119.95	48.31	22.96	-	71.26	48.68	33.31
Computers	162.78	49.69	-	212.47	89.62	54.80	-	144.43	68.04	73.16
Vehicles	577.25	180.56	4.04	753.77	372.46	74.69	1.66	445.49	308.29	204.80
Tools & Tackles	236.65	19.04	-	255.70	122.10	34.41	-	156.51	99.19	114.55
Total-B	**31,448.50**	**970.14**	**9.72**	**32,408.92**	**10,484.15**	**4,800.76**	**4.91**	**15,280.00**	**17,128.92**	**20,964.35**
Total of Tangible Assets (A+B)	**56,070.63**	**1,555.35**	**55.40**	**57,570.58**	**25,225.34**	**6,054.09**	**41.20**	**31,238.24**	**26,332.34**	**30,845.29**
C. INTANGIBLE ASSETS										
Computer Software	**119.72**	**9.94**	**-**	**129.67**	**106.88**	**10.51**	**-**	**117.39**	**12.28**	**12.84**
Total Fixed Assets-(A + B +C)	**56,190.35**	**1,565.29**	**55.40**	**57,700.25**	**25,332.23**	**6,064.60**	**41.20**	**31,355.63**	**26,344.62**	**30,858.13**
Previous Year's figures	54,397.59	2,037.82	245.06	56,190.35	16,869.93	8,645.70	183.41	25,332.23	30,858.13	37,527.66

a. During the year Company has discarded fixed assets amounting to ₹ 5.68 Lacs, (Previous Year ₹ 1.17 Lacs) and sold fixed assets amounting to ₹ 49.72 Lacs, (Previous Year ₹ 243.89 Lacs).

b. Deprecation for the year includes preoperative depreciation of ₹ 0.11 Lacs , (Previous Year Nil) of proposed cement grinding unit at Siliguri.

Notes to Financial Statements (contd.)

2.11 Non Current Investments

(₹ in Lacs)

	31.03.2016	31.03.2015
Trade Investments (valued at cost unless stated otherwise)		
Investment in Unquoted Equity Instruments		
Investment in Subsidiaries		
Megha Technical & Engineers Private Limited	2,734.64	2,734.64
27,346,400 (27,346,400 as at 31.03.15) Equity Shares of ₹ 10/- each fully paid up		
Star Cement Meghalaya Limited	17,414.67	17,414.67
26,088,656 (26,088,656 as at 31.03.15) Equity Shares of ₹ 10/- each fully paid up		
Meghalaya Power Limited	3,568.31	3,568.31
8,736,620 (8,736,620 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
NE Hills Hydro Limited	7.00	7.00
70,000 (70,000 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Investment in Others		
Adonis Vyapaar Private Limited	32.32	32.32
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Apanapan Viniyog Private Limited	32.32	32.32
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Ara Suppliers Private Limited	32.32	32.32
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Arham Sales Private Limited	32.32	32.32
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Non Trade Investments (valued at cost unless stated otherwise)		
Investment in Quoted Equity Instruments		
Reliance Power Limited	24.54	24.54
8,743 (8,743 as at 31.03.15) Equity Shares of ₹ 10/- each fully paid up		
	23,878.43	**23,878.43**
Aggregate amount of Quoted investment (market Value ₹ 4.31 lacs as on 31.03.16)	24.54	24.54
Aggregate amount of Unquoted investments	23,853.90	23,853.90

2.12 Long Term Loans and Advances

(₹ in Lacs)

	31.03.2016	31.03.2015
Capital Advances		
Unsecured, Considered Good	2,457.62	2,327.03
	2,457.62	**2,327.03**
Security Deposits		
Unsecured,Considered Good	363.20	343.75
	363.20	**343.75**
Other Loans and Advances		
Unsecured, Considered Good		
-Subsidies Receivable from Central/State Governments	5,848.91	5,848.91
-Subsidies/Incentives Receivable from Central/State Governments	1,025.00	927.51
-Advance Income Tax (net of provision for taxation), including MAT Credit Entitlement	8,780.05	7,471.92
	15,653.97	**14,248.33**
	18,474.78	**16,919.12**

Notes to Financial Statements (contd.)

2.13 Other Non Current Assets

(₹ in Lacs)

	31.03.2016	31.03.2015
Others		
Balance with banks held as margin money deposits with original maturity of more than 12 months	48.20	5.99
	48.20	**5.99**

2.14 Inventories

(₹ in Lacs)

	31.03.2016	31.03.2015
Raw Materials [including in transit ₹ 210.30 lacs, As at 31.03.15 ₹ 131.62 lacs]	1,729.64	772.78
Work-In-Process	27.09	9.67
Finished Goods [including in transit ₹ 605.28 lacs, As at 31.03.15 ₹ 393.43 lacs]	2,291.25	1,714.00
Stock in Trade [including in transit ₹ 38.39 lacs, As at 31.03.15 ₹ 13.92 lacs]	348.74	93.97
Fuels, packing materials, etc.	2,127.60	715.38
Stores & Spares parts	1,981.99	1,940.68
	8,506.31	**5,246.48**

2.15 Trade Receivables

(₹ in Lacs)

		31.03.2016	31.03.2015
Secured Considered Good			
Over Six months		229.72	117.63
Other debts		4,310.48	3,962.44
		4,540.20	**4,080.08**
Unsecured			
Over Six Months			
I	Considered Good	1,163.32	224.58
	Considered Doubtful	62.06	97.20
	Less: Provision for Doubtful Debts	(62.06)	(97.20)
		1,163.32	**224.58**
II	Claims due from Central Government-Considered Good	9,142.78	4,017.03
Other Debts			
I	Considered Good	17,302.04	11,846.90
II	Claims due from Central Government-Considered Good	2,588.58	2,552.10
		34,736.92	**22,720.68**

Note : Periodically, the Company evaluates realisability of all customer dues. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could effect the customers's ability to settle. The Company normally provides for debtor dues outstanding for six months or longer from the invoice date, at the Balance Sheet date. The Company pursues the recovery of the dues, in part or full.

2.16 Cash & Cash Equivalents

(₹ in Lacs)

	31.03.2016	31.03.2015
Cash on Hand	64.55	41.53
Cheques In Hand	56.49	437.36
Balance with Banks		
- In current accounts/cash credit accounts	666.44	650.87
- In Fixed Deposit accounts with original maturity of upto 3 months	-	11.64
Balance with banks held as margin money deposits with original maturity of more than 3 months and upto 12 months	19.01	56.47
	806.49	**1,197.87**

Notes to Financial Statements (contd.)

2.17 Short Term Loans and Advances

(₹ in Lacs)

	31.03.2016	31.03.2015
Loans and advances to related parties		
Unsecured, Considered Good		
-Advances Recoverable from an Associate	35.00	35.00
	35.00	**35.00**
Others		
Unsecured, Considered Good		
-Advances to suppliers	340.78	290.68
-Loan and advances to employees	70.55	64.85
-Balances with Statutory/Government authorities	2,645.63	3,677.98
-Subsidies /Incentives Receivable from Central/State Governments	26,223.14	15,874.83
-Advances for Services & Expenses	3,048.55	2,610.70
-Prepaid expenses	148.57	143.31
Unsecured, Considered Doubtful		
-Loan and advances to employees	8.08	-
Less: Provision for Bad & Doubtful advances	(8.08)	-
	32,477.22	**22,662.35**
	32,512.22	**22,697.35**

2.18 Revenue from Operations

(₹ in Lacs)

	2015-16	2014-15
Sale of Products		
Domestic	147,376.74	117,555.43
Add: Captive Consumption	-	-
Export	608.72	-
	147,985.46	**117,555.43**
Other Operating Income		
Shortage Recovery of Cement & Clinker	312.41	128.29
Others	**135.17**	**76.22**
Revenue from operation (gross)	**148,433.04**	**117,759.95**

	2015-16	2014-15
Details of Products Sold		
Cement	147,140.60	115,301.00
Gypsum	-	77.38
Clinker	844.86	2,177.06
	147,985.46	**117,555.43**

2.19 Other Income

(₹ in Lacs)

	2015-16	2014-15
Interest Income on		
-Bank deposits	5.66	12.21
-others	41.60	13.59
Miscellaneous Income	46.30	20.85
	93.56	**46.64**

Notes to Financial Statements (contd.)

2.20 Cost of Materials Consumed

(₹ in Lacs)

	2015-16	2014-15
Inventory at the beginning of the year	772.78	1161.97
Add: Purchases	44,171.35	38,303.12
	44,944.12	39,465.10
Less :Inventory at the end of the year	1,729.64	772.78
Cost of Materials Consumed	**43,214.48**	**38,692.32**

	2015-16	2014-15
Details of Raw materials Consumed		
Limestone	1,457.04	773.60
Shale	98.38	69.77
Iron Mill Scale	19.45	53.97
Gypsum	747.18	250.51
Fly ash	7,619.19	5,749.73
Clinker	33,204.90	31,775.09
Others	68.35	19.65
	43,214.48	**38,692.32**

2.21 (Increase) /Decrease in Inventories

(₹ in Lacs)

	2015-16	2014-15
Work in Process		
Opening Stock	9.67	23.55
Closing Stock	27.09	9.67
	(17.42)	**13.88**
Finished Goods		
Opening Stock	1,714.00	2,545.68
Closing Stock	2,291.25	1,714.00
	(577.25)	**831.67**
Stock in Trade		
Opening Stock	93.97	-
Closing Stock	348.74	93.97
	(254.77)	**(93.97)**
(Increase) /Decrease	**(849.44)**	**751.59**

	2015-16	2014-15
Details of Finished goods		
Cement	2,155.22	1,472.36
Clinker	136.03	241.64
	2,291.25	**1714.00**

2.22 Employee Benefit Expenses

(₹ in Lacs)

	2015-16	2014-15
Salaries & Wages	5,709.14	4,730.83
Contribution to Provident Fund and other funds	199.11	158.20
Welfare Expenses	316.15	198.35
	6,224.40	**5,087.39**

Notes to Financial Statements (contd.)

2.23 Finance Costs

(₹ in Lacs)

	2015-16	2014-15
Interest Expense		
-On Fixed Loans	1,496.91	2,144.51
-On Other Loans	3,089.96	2,021.38
Exchange Fluctuation (Gain)/loss to the extent considered as an adjustment to borrowing costs	169.75	126.55
Other finance Costs	156.42	159.96
	4,913.04	**4,452.40**

2.24 Other Expenses

(₹ in Lacs)

	2015-16	2014-15
Consumption of Stores & Spares	725.37	798.80
Packing Materials	3,503.30	3,428.16
Power & Fuel	9,455.06	7,573.75
Repairs & Maintenance		
- Building	135.21	249.43
- Plant & Machinery	653.85	321.06
- Others	265.03	158.87
Heavy Vehicle / Equipment Running Expenses	329.61	561.17
Excise duty variation on opening/closing stock	98.87	(87.02)
Travelling and Conveyance	927.34	663.56
Insurance	148.95	177.11
Rent, Rates & Taxes	942.25	1,093.18
Research & Development Expenses	53.05	38.38
Charity & Donation	65.64	43.75
Miscellaneous Expenses	1,499.08	1,086.95
CSR Expenses	62.34	40.00
Advertisement & Publicity	2,919.67	2,129.11
Outward Freight Charges	24,134.66	18,130.75
Sales Promotion Expenses	2,688.89	1,879.92
Commission & Incentives	12,084.99	6,342.72
	60,693.16	**44,629.65**

Notes to Financial Statements (contd.)

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

2.26 Based on the information/documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(₹ in Lacs)

Particulars		**2015-16**	**2014-15**
(i)	Principal amount remaining unpaid to any supplier at the end of the accounting year (including retention money against performance)	-	-
(ii)	Interest due on above	-	-
Total of (i) & (ii)		-	
(iii)	Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.01	-
(iv)	Amount paid to the suppliers beyond the respective appointed date.	0.58	-
(v)	Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.		-	-

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

2.28 Against company's claim for refund of differential excise duty, Hon'ble High Court at Guwahati (Shillong Bench) vide its order dated 12th September, 2012, has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety in line with the Interim Order dated 13th January, 2012 passed by Hon'ble Supreme Court in case of "VVF Ltd and others". Based on the said judgment of the Hon'ble High Court in favour of the company and legal opinion obtained by the company, the differential excise duty refund of ₹ 223.19 Lacs (P.Y. ₹ 385.28 Lacs) has been recognized as revenue in the book of accounts.

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

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

a) Gross Amount required to be spent by the Company during the year is ₹ 40.52 Lacs , (P.Y. ₹ 37.30 Lacs)

b) Amount spent during the year on:

(₹ in Lacs)

Particulars	**2015-16**	**2014-15**
Education	20.00	40.00
Preventive healthcare	25.00	-
Health Care, poverty and Malnutrition	17.34	-
	62.34	**40.00**

Notes to Financial Statements (contd.)

2.30 Related party Disclosures

A	Names of the related parties where control exists	Nature of relationship
	Star Ferro and Cement Limited (SFCL)	Holding Company
	Megha Technical & Engineers Private Limited (MTEPL)	Subsidiary Company
	Star Cement Meghalaya Limited (SCML)	Subsidiary Company
	Meghalaya Power Limited (MPL)	Subsidiary Company
	NE Hills Hydro Limited (NEHL)	Subsidiary Company
B	**Others-with whom transactions have taken place during the year**	
I	**Names of other related parties**	**Nature of relationship**
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP
	Shyam Century Ferrous Limited (SCFL)	Enterprises influenced by KMP
II	**Key Management Personnel**	
	Names of other related parties	**Nature of relationship**
	Mr. Sajjan Bhajanka	Chairman & Managing Director
	Mr. Rajendra Chamaria	Vice Chairman & Managing Director
	Mr. Sanjay Agarwal	Managing Director
	Mr. Prem Kumar Bhajanka	Director
	Mr. Sanjay Kumar Gupta	CEO
	Mr. Manoj Agarwal	Company Secretary
III	**Relatives of Key Management Personnel**	
	Names of the related parties	**Nature of relationship**
	Mr. Rahul Chamaria	Son of Mr. Rajendra Chamaria
	Mr. Sachin Chamaria	Son of Mr. Rajendra Chamaria

Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2016

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Subsidiaries		Enterprises influenced by KMP		Key Management Personnel	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1	**Purchase Transactions**								
	SCFL	-	-	-	-	23.12	16.36	-	-
	MTEPL	-	-	-	1.37	-	-	-	-
	MPL	-	-	3661.57	2,832.42	-	-	-	-
	SCML	-	-	32701.66	32,609.26	-	-	-	-
	CPIL	-	-	-	-	-	2.40	-	-
2	**Sale Transactions**								
	MTEPL	-	-	875.82	2,284.86	-	-	-	-
	SCML	-	-	8.21	11.45	-	-	-	-
	MPL	-	-	1.98	21.61	-	-	-	-
	CPIL	-	-	-	-	9.12	6.79	-	-
3	**Purchase of Capital Goods**								
	MTEPL	-	-	0.41	-	-	-	-	-
5	**Services Rendered**								
	MTEPL	-	-	4.85	7.16	-	-	-	-
6	**Services Received**								
	SCML	-	-	13.77	8.04	-	-	-	-

Notes to Financial Statements (contd.)

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Subsidiaries		Enterprises influenced by KMP		Key Management Personnel	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
7	**Loan & advances Taken**								
	MTEPL	-	-	11,500.00	-	-	-	-	-
8	**Loan & advances repaid**								
	MTEPL	-	-	7000.00	500.00	-	-	-	-
	Mr. Prem Bhajanka	-	-	-	-	-	-	1350.00	-
9	**Interest Paid**								
	MTEPL	-	-	1103.49	989.02	-	-	-	-
10	**Remuneration Paid**								
	Mr. Sajjan Bhajanka	-	-	-	-	-	-	60.00	48.00
	Mr. Rajendra Chamaria	-	-	-	-	-	-	66.00	48.00
	Mr. Sanjay Agarwal	-	-	-	-	-	-	60.00	48.00
	Mr. Sanjay Kumar Gupta	-	-	-	-	-	-	84.78	73.72
	Mr.Rahul Chamaria	-	-	-	-	-	-	30.00	30.00
	Mr. Sachin Chamaria	-	-	-	-	-	-	24.00	24.00
	Mr. Manoj Agarwal	-	-	-	-	-	-	41.89	36.85
11	**Loans & advances taken**								
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	250.00	3300.00
12	**Interest paid**								
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	297.00	48.42
13	**Balance Outstanding as at 31.03.16**								
	Creditors								
	MPL	-	-	344.16	176.66	-	-	-	-
	SCML	-	-	1537.99	4008.48	-	-	-	-
	Debtors								
	MPL	-	-	1.98	-	-	-	-	-
	Advance :(Given)								
	SICL	-	-	-	-	35.00	35.00	-	-
	Loans :(Taken)								
	MTEPL	-	-	13208.00	8708.00	-	-		-
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	2256.66	-
	Guarantees Obtained								
	Mr. Sajjan Bhajanka	-	-	-	-	-	-	41206.92	37692.13
	Mr. Rajendra Chamaria	-	-	-	-	-	-	36206.92	37692.13
	Mr. Sanjay Agarwal	-	-	-	-	-	-	39206.92	37692.13
	Guarantees Provided								
	MTEPL	-	-	1800.00	2500.00	-	-	-	-
	SCML	-	-	8654.77	29565.81	-	-	-	-
	Investments:								
	MTEPL	-	-	2734.64	2734.64	-	-	-	-
	SCML	-	-	17,414.67	17,414.67	-	-	-	-
	MPL	-	-	3,568.31	3,568.31	-	-	-	-
	NE Hills Hydro Limited	-	-	7.00	7.00	-	-	-	-

Notes to Financial Statements (contd.)

2.31 Contingent Liabilities

(₹ in Lacs)

	31.03.2016	31.03.2015
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances)	125.23	-
Claims against the company not acknowledge as debts – Excise VAT/Income Tax matters/Royalty etc.	666.29	1,274.98
Guarantee provided to banks against borrowings of subsidiaries	1,0454.77	32,065.81
Bill of exchange discounted with banks	17.22	386.73
Duty saved under EPCG scheme	17.62	17.62
Bank Guarantees issued by Banks	289.21	221.27
Letters of Credit issued by Bank	162.22	18.43
Solvent surety furnished to Excise Department against differential excise duty refund (Refer note no 2.28)	920.20	920.20

Note: Based on discussion with the solicitors / favorable decisions in similar cases/legal opinion taken by the Company, the management believes that the Company has a good chance of success in cases mentioned herein-above and hence, no provision there against is considered necessary.

2.32 Payments to Auditors

(₹ in Lacs)

	31.03.2016	31.03.2015
As Auditor		
-Statutory Audit Fees	9.00	9.00
-Tax Audit Fees	2.00	2.00
In Other Capacity		
Certification Fees and other services.	2.68	9.53
Total	**13.68**	**20.53**

2.33 Employee Defined Benefits

Defined Contribution Plans

(a) The Company has recognized an expense of ₹ 199.11 Lacs (Previous Year – ₹ 158.20 Lacs) towards the defined contribution plans.

(b) The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company. The following tables summarize the components of net benefit expenses recognized in statement of profit and loss and the funded status and amounts recognized in the balance sheet for gratuity. Under leave encashment scheme, the company allows its employees to encash accumulated leave over and above thirty days at any time during the year. The scheme is not funded by company.

		2015-16		2014-15	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	**Expense recognized in the Statement of Profit and Loss**				
1.	Current Service Cost	53.18	56.51	37.14	40.77
2.	Interest Cost	17.59	12.25	12.39	7.64
3.	Employee Contribution	-	-	-	-
4.	Expected Return on Plan Assets	(10.20)	-	(6.75)	-
5.	Actuarial (Gains)/Losses	17.72	29.78	10.56	45.39
6.	Past Service Cost	-	-	-	-
7.	Settlement Cost	-	-	-	-
8.	Losses/(Gains) on acquisition/divesture	-	-	1.42	-
9.	Total Expense	78.29	98.54	54.76	93.80

Notes to Financial Statements (contd.)

		2015-16		2014-15	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
II	**Net Asset/(Liability) recognized in the Balance Sheet**				
1.	Present Value of Defined Benefit Obligation	254.58	181.87	183.92	123.47
2.	Fair Value of Plan Assets	158.18	-	96.84	-
3.	Funded Status [Surplus/(Deficit)]	(96.40)	(181.87)	(87.08)	(123.47)
4.	Net Asset/ (Liability)	(96.40)	(181.87)	(87.08)	(123.47)
III	**Change in Obligation during the Year**				
1.	Present value of Defined Benefit Obligation at the beginning of the year	183.92	123.47	125.86	67.49
2.	Current Service Cost	53.18	56.51	37.14	40.77
3.	Interest Cost	17.59	12.25	12.39	7.64
4.	Settlement Cost	-	-	-	-
5.	Past Service Cost	-	-	-	-
6.	Employee Contribution	-	-	-	-
7.	Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
8.	Actuarial (Gains)/Losses	15.75	29.78	10.56	45.39
9.	Benefits Payments	(15.86)	(40.14)	(2.02)	(37.81)
10.	Present Value of Defined Benefit Obligation at the end of the year	254.58	181.87	183.92	123.47
IV	**Change in assets during the Year**				
1.	Plan Assets at the beginning of the year	96.84	-	72.28	-
2.	Assets acquired on amalgamation in previous year	-	-	-	-
3.	Settlements	-	-	-	-
4.	Expected return on plan assets	10.2	-	6.75	-
5.	Contributions by employer	68.97	40.14	20.66	37.81
6.	Actual Benefit Paid	(15.86)	(40.14)	(2.02)	(37.81)
7.	Actuarial Gains/(Losses)	(1.97)	-	(0.83)	-
8.	Plan Assets at the end of the year	158.18	-	96.84	-
9.	Actual Return on plan assets	8.23	-	5.92	-
V	**The major categories of plan assets as a percentage of the fair value of total plan assets**				
1.	Funded with insurer	100%		100%	-
VI	**The Principal actuarial assumptions are as follows**				
	Discount rate	8.00%	8.00%	8.25%	8.00%
	Expected Return on plan assets	8.00%	-	9.00%	-
	Salary Increase	6.00%	6.00%	5.00%	5.00%

Withdrawal rates (Varying between per annum depending upon the duration and age of the employees) Varying between 8% per annum to 1% per annum depending on duration and age of the employees.

2.34 The Company had exercised the option given in paragraph 46A of the Accounting Standard 11 (AS-11) “The Effects of Changes in Foreign Exchange Rates”. Accordingly, the Company has depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign Currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance use life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the year ended 31st March, 2016 is ₹ 120.38 lacs, (P.Y. ₹ 136.57 lacs). The unamortized portion carried forward as at 31st March, 2016 is ₹ 561.47 lacs, (as at 31.03.15 ₹ 482.42 lacs).

Notes to Financial Statements (contd.)

2.35 Earning Per Share (EPS)

(₹ in Lacs)

	31.03.2016	31.03.2015
Profit/(Loss) Attributable to Equity Shareholders	5,630.36	4,602.63
Equity Share Capital	4,192.14	4,192.14
Weighted average number of equity shares outstanding for basic EPS (Face value of ₹ 1/-per share)	419,213,920	419,213,920
Weighted average number of equity shares outstanding for diluted EPS (Face value of ₹ 1/-per share)	419,213,920	419,213,920
Basic Earnings Per Share (₹)*	**1.34**	**1.10**
Diluted Earnings Per Share (₹)*	**1.34**	**1.10**

* Earning per share of previous year has been restated to make them comparable due to subdivision of Share of ₹ 10/- each to 10 shares of ₹ 1 /- each.

2.36 Capital Work-in-Progress includes

(₹ in Lacs)

	31.03.2016	31.03.2015
Expenditure during construction for project as under		
Opening Balance	2,151.88	1,692.99
Addition during the year	3,564.76	2,103.32
Less: Capitalized during the year	1,644.71	1,644.43
Balance included in capital work in progress	**4,071.93**	**2,151.88**

2.37 Donations to Political Parties

(₹ in Lacs)

Name of the Party	31.03.2016	31.03.2015
Bharatiya Janta Party	-	1.65

2.38

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

	2015-16		2014-15	
	(₹ in Lacs)	%	(₹ in Lacs)	%
Stores & Spares				
Imported	65.73	9.06	41.55	5.20
Indigenous	659.64	90.94	757.25	94.80
	725.37	**100.00**	**798.80**	**100.00**

b) Value of Export calculated on FOB basis

(₹ In Lacs)

	2015-16	2014-15
Cement	105.10	47.23

c) Expenditure incurred in foreign currency:

(₹ in Lacs)

	2015-16	2014-15
Interest	193.29	242.59
Stores, Spare parts and Components	92.22	41.56
Others	0.76	17.68
Total	**286.27**	**301.83**

Notes to Financial Statements (contd.)

d) Unhedged Foreign Currency Exposure:

	As on 31.03.2016			As on 31.03.2015		
	Foreign Currency	In Million	₹ in Lacs	Foreign Currency	In Million	₹ in Lacs
ECB	USD	3.25	2,158.90	USD	5.45	3,414.10
FCNRB-Demand Loan	USD	4.46	2,956.89	-	-	-
FCNRB Demand Loan	-	-	-	USD	5.00	3,129.54

2.39 The Ministry of Corporate Affairs (MCA) vide notification dated 29th August, 2014 has amended Schedule II to the Companies Act, 2013 requiring mandatory componentization of fixed assets for financial statements in respect of financial years commencing on or after 1st April, 2015. During the year, the Company has undertaken the componentization of fixed assets w.e.f. 1st April, 2015 on the basis of technical evaluation and useful life thereof. Consequent to the same, the Depreciation expenses is higher by ₹ 8.62 Lacs and profit before tax is lower by ₹ 8.62 Lacs for the year ended 31st March, 2016.

2.40 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.**
Firm Registration No. 322460E
Chartered Accountants

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place: Kolkata
Date: 2nd May, 2016

For and on behalf of the Board of Directors

Dilip Kr. Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Independent Auditors' Report On Consolidated Financial Statements

To The Members Of Cement Manufacturing Company Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cement Manufacturing Company Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31st March, 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. We did not audit the financial statements of a subsidiary (NE Hills Hydro Limited), whose financial statements reflect total assets worth of ₹ 7.33 Lacs as at 31st March, 2016. These financial statements and other financial information have been audited by other auditor whose report have been furnished to us and our opinion is based solely on the report of the other auditor.

2. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its Subsidiary Companies incorporated in India, none of the Directors of the Group Companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that Company in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 2.28 to the consolidated financial statements;

ii. The Group and its jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 2nd May, 2016

Annexure-A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of Cement Manufacturing Company Limited ("the Holding Company") and its subsidiary companies except NE Hills Hydro Limited which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary Companies except NE Hills Hydro Limited, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 2nd May, 2016

Consolidated Balance Sheet
as at 31st March, 2016

(₹ in Lacs)

	Note	31.03.2016	31.03.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	4,192.14	4,192.14
Reserves and Surplus	2.2	101,342.06	87,938.27
		105,534.20	**92,130.41**
Minority Interest		5,303.70	4,773.11
Non-Current Liabilities			
Long Term Borrowings	2.3	38,433.05	50,247.33
Deferred Tax Liabilities (Net)	2.4	1,168.57	866.08
Other Long Term Liabilities	2.5	9,318.89	8,362.35
Long Term Provisions	2.6	267.75	222.76
		49,188.26	**59,698.51**
Current Liabilities			
Short Term Borrowings	2.7	36,474.61	18,928.83
Trade Payables		14,038.73	7,701.83
Other Current Liabilities	2.8	35,901.74	31,628.95
Short Term Provisions	2.9	148.09	4,108.30
		86,563.17	**62,367.91**
Total		**246,589.34**	**218,969.94**
ASSETS			
Non-Current Assets			
Fixed Assets			
-Tangible Assets	2.10	91,897.59	102,781.92
-Intangible Assets	2.10	15.99	14.88
-Capital Work in Progress (including pre-operative expenses)		4,897.05	4,097.18
		96,810.62	**106,893.98**
Non Current Investments	2.11	152.86	152.86
Long Term Loans and Advances	2.12	43,596.26	39,675.30
Other Non Current Assets	2.13	54.86	44.91
		140,614.60	**146,767.05**
Current Assets			
Inventories	2.14	20,916.41	10,914.48
Trade Receivables	2.15	44,880.17	30,980.39
Cash and Cash Equivalents	2.16	2,376.09	2,030.85
Short Term Loans and Advances	2.17	37,802.07	28,277.17
		105,974.74	**72,202.88**
Total		**246,589.34**	**218,969.94**
Significant accounting policies and notes on accounts	1 & 2		
The accompanying notes are an integral part of the financial statements			

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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Dilip Kr. Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Place: Kolkata
Date: 2nd May, 2016

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2016

(₹ in Lacs)

	Note	2015-16	2014-15
Income			
Revenue from Operations (Gross)	2.18	176,341.11	147,312.78
Excise Duty		(4,838.17)	(4,270.00)
Revenue from Operations (Net)	2.19	171,502.94	143,042.78
Other Income		130.46	78.13
Total Revenue		**171,633.40**	**143,120.91**
Expenses			
Cost of Materials consumed	2.20	20,620.81	16,791.04
Purchase of Traded Goods		15,948.63	4,971.92
(Increase)/Decrease in Inventories	2.21	(2,018.39)	1,192.42
Employee Benefit Expenses	2.22	10,780.14	9,076.29
Finance Costs	2.23	8,336.76	8,738.44
Depreciation and Amortization Expenses		17,149.21	22,374.29
Other Expenses	2.24	86,233.10	67,365.93
Total Expenses		**157,050.26**	**130,510.33**
Profit/(Loss) before exceptional and extraordinary items and tax		14,583.14	12,610.58
Exceptional items		(53.14)	1.83
Profit /(loss)before tax		14,530.00	12,612.41
Tax Expenses			
- Current Tax		3,231.89	2,640.09
Less: MAT Credit entitlement		(2,973.55)	(2,640.09)
- Net Current Tax		258.34	-
- Income Tax for Earlier year		34.79	(16.52)
- Deferred Tax		302.49	496.65
Profit/(loss) for the year		**13,934.38**	**12,132.28**
- Minority Interest		(530.59)	(266.88)
Profit/(loss) for the year (After Miniority Interest)		**13,403.79**	**11,865.39**
Earnings Per Equity Share-(refer note no. 2.35)			
Basic Earning Per Share		3.20	2.83
Diluted Earning Per Share		3.20	2.83
Significant accounting policies and notes on accounts	1 & 2		
The accompanying notes are an integral part of the financial statements			

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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Dilip Kr. Agarwal
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Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Place: Kolkata
Date: 2nd May, 2016

Consolidated Cash Flow Statement
for the year ended 31st March, 2016

(₹ in Lacs)

PARTICULARS		2015-16	2014-15
A	**Cash Flow from Operating Activities**		
	Net Profit/(Loss) before Tax and Exceptional Items	14,583.14	12,610.58
	Adjustments for :		
	Depreciation	17,149.21	22,374.29
	Foreign Exchange Gain / (Loss) - Net	(44.69)	(39.22)
	(Profit)/ Loss on Sale of Fixed Assets - Net	-	-
	Interest Income	(130.46)	(78.13)
	Finance Cost	8,336.76	8,738.44
	Provision for Wealth Tax	-	(1.82)
	Income Tax for earlier year	(34.79)	-
	Provision for Bad and Doubtful Debts (Net of adjustments)	(47.53)	(5.10)
	Operating Profit before Working Capital changes	**39,811.64**	**43,599.04**
	Adjustments for :		
	(Increase)/Decrease in Trade Receivables	(13,852.26)	(18,474.00)
	(Increase)/Decrease in Inventories	(10,001.93)	4,632.56
	(Increase)/Decrease in Loans & Advances and other assets	(10,859.20)	(7,847.48)
	Increase/(Decrease) in Trade Payables, Other Liabilities and Provisions	7,449.65	6,336.95
	Cash Generated from Operations	**12,547.91**	**28,247.07**
	Direct Taxes-Refund / (Paid) - Net	(2,845.00)	(2,075.00)
	Net Cash Flow from Operating Activities	**9,702.91**	**26,172.07**
B	**Cash Flow from Investing Activities**		
	(Purchase)/Sale of Fixed Assets (including Capital WIP)*	(8,168.59)	(4,335.52)
	(Purchase)/Sale of Fixed Assets	89.18	(0.00)
	Fixed Deposits/Margin Money Given/(Repaid)	27.52	186.60
	Interest Received	130.46	78.13
	Net Cash used in Investing Activities	**(7,921.43)**	**(4,070.78)**
C	**Cash Flow from Financing Activities**		
	Interest paid	(8,336.76)	(8,738.44)
	Proceeds from /(Repayment of) Long Term Borrowings / Liabilities*	(10,607.79)	(14,239.80)
	Proceeds from /(Repayment of) Short Term Borrowings	17,545.79	1,928.68
	Increase in Capital Reserve/Share Capital	-	18.36
	Net Cash used in Financing Activities	**(1,398.77)**	**(21,031.20)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**382.71**	**1,070.09**
	Cash and Cash Equivalents		
	Opening Balance	**1,974.37**	**904.28**
	Closing Balance**	**2,357.08**	**1,974.37**

*Excluding notional foreign exchange loss of ₹ 1005.12 lacs (P.Y. ₹ 747.24 lacs) capitalized in accordance with para 46A of AS-11

** Represents Cash and Bank Balances as indicated in Note-2.16, and excludes ₹ 19.01 lacs (P.Y. ₹ 56.47 lacs) being Bank Balances with restrictive use and maturity of more than three months.

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

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Dilip Kr. Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Place: Kolkata
Date: 2nd May, 2016

Notes to Consolidated Financial Statement

Principles of Consolidation

(a) 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.

(b) The excess/shortfall of cost to the Company of its investments in the subsidiary companies, over the net assets at the time of acquisition in the subsidiaries as on the date of investment is recognised in the financial statements as goodwill/capital reserve as the case may be.

(c) The subsidiary companies considered in the financial statements are as follows

Name	Country of Incorporation	% of Voting Power as on 31.03.2015
Megha Technical & Engineers Private Limited (MTEPL)	India	100.00
Star Cement Meghalaya Limited (SCML)	India	87.49
Meghalaya Power Limited (MPL)	India	51.00
NE Hills Hydro Limited (NeHHL)	India	100.00

(d) The parent and the subsidiaries provide depreciation on Written Down Value method except the Power Division of MTEPL, where depreciation is provided on Straight-Line Method (SLM) in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing deprecation specified in Part ‘C’ thereof. The parent and subsidiaries have adopted uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the Company’s separate financial statements.

(e) In terms of Accounting Standard-21 notified under Companies (Accounting Standards) Rules, 2006, Minority interest has been computed in respect of non –fully owned subsidiaries and adjusted against the consolidated income of the group in order to arrive at the net income attributable to shareholders of the Company.

(f) 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.

1. Significant Accounting Policies

1.1 Basis of Preparation

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

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

1.2 Use of Estimates

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

Notes to Consolidated Financial Statement (contd.)

1.3 Fixed Assets

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

1.4 Capital Work In Progress

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

1.5 Expenditure during construction period

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

1.6 Depreciation

Depreciation on Fixed Assets is provided on Written Down Value method ,except the Power Division of MTEPL, where depreciation is provided on Straight-Line Method (SLM), in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C' thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV Method so as to depreciate the initial cost down to the residual value over the estimated useful lives. Useful lives, components and residual amounts are reviewed annually. Depreciation on amount capitalized pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' is provided over the balance useful life of depreciable fixed assets. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.7 Investments

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

1.8 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Work in Progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials & labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of Inventories is computed on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.9 Retirement Benefits

(i) Defined Contribution Plan

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

(ii) Defined Benefit Plan

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

Notes to Consolidated Financial Statement (contd.)

(iii) Other Long-term benefits

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

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

1.10 Borrowing 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 relevant foreign currency borrowings to the extent that they are regarded as adjustment to the interest cost.

1.11 Impairment of Assets

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

1.12 Foreign Currency Transactions and Balances

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

1.13 Revenue Recognition

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

1.14 Intangible Assets

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

1.15 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.

Notes to Consolidated Financial Statement (contd.)

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 adjusts MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.16 Government Grants and Subsidies

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

1.17 Research and Development Expenditure

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

1.18 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.

1.19 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.

1.20 Cash & Cash Equivalents

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

1.21 Earnings Per Share

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

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

Notes to Consolidated Financial Statement (contd.)

2.1-Share Capital

(₹ in Lacs)

	31.03.2016	31.03.2015
Authorised Capital		
600,000,000 (60,000,000 as at 31.03.15) Equity Shares of ₹ 1/- (P.Y. ₹ 10/-) each fully Paid up	6000.00	6000.00
Issued, Subscribed & fully Paid-up shares		
419,213,920 (41,921,392 as at 31.03.15) Equity Shares of ₹ 1/- (P.Y. ₹ 10/-) each fully Paid up	4192.14	4192.14

a Terms/Rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1/- per share. Each holder of Equity shares is entitlled to one vote per share. The Company declares and pays dividend in Indian rupees.The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No. of Shares	No. of Shares
At the beginning of the year	419,213,920	41,921,392
Issued during the year	-	-
Outstanding at the end of the year	419,213,920	41,921,392

c Shares held by Holding Company

	No. of Shares	No. of Shares
Star Ferro and Cement Limited	295,475,000	29,547,500

d Details of Shareholders holding more than 5% of Equity Share Capital

Name of the Shareholders	No. of Shares % of holding	No. of Shares % of holding
Star Ferro and Cement Limited	295,475,000	29,547,500
	70.48%	70.48%
Mr. Sajjan Bhajanka	35,625,000	3,657,292
	8.50%	8.72%
Mr. Rajendra Chamaria	27,565,140	2,756,514
	6.58%	6.58%

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

During the year the Company has subdivided equity shares having face value of ₹ 10/- each into 10 shares having face value of ₹ 1 /- each. Consequently the number of shares as at 31st March, 2015 is not comparable.

Notes to Consolidated Financial Statement (contd.)

2.2 Reserves & Surplus

(₹ in Lacs)

	31.03.2016	31.03.2015
Capital Reserve		
Balance as per last Account	23,833.70	23,833.70
Addition/(Deduction) during the year	-	-
	23,833.70	**23,833.70**
General Reserve		
Balance as per last Account	3,820.00	3,820.00
Addition during the year	-	-
	3,820.00	**3,820.00**
Surplus as per Profit & Loss Account		
Balance as per last Account	60,284.57	52,443.43
Profit/(loss) for the year	13,403.79	11,865.39
Amount available for appropriation	**73,688.36**	**64,308.83**
Less: Appropriations		
Proposed Dividend	-	(3,353.71)
Corporate Dividend Tax	-	(670.55)
Total Appropriations	-	(4,024.26)
Net Surplus in the statement of profit and loss	**73,688.36**	**60,284.57**
Total Reserves and Surplus	**101,342.06**	**87,938.27**

2.3 Long Term Borrowings

(₹ in Lacs)

	31.03.2016	31.03.2015
Term Loans		
- Rupee Loans from Banks (Secured)	30,408.80	36,420.75
- Rupee Loans from a Financial Institution (Secured)	3,000.00	-
- Rupee Loans from a Body Corporate (Secured)	2,895.02	3,997.77
- Foreign Currency Loan from Banks (Secured)	18,563.43	25,073.34
Loans and Advances from Related Party (Unsecured)		
- From a Director (Unsecured)	2,256.66	3,300.00
Other Loans & Advances		
- Hire Purchase Finance from a Body Corporate (Secured)	0.14	23.45
- Hire Purchase Finance from Banks (Secured)	380.93	302.60
	57,504.99	**69,117.90**
Less: Current Maturities of long term borrowings	19,071.94	18,870.57
	38,433.05	**50,247.33**

1. Rupee Term Loan of ₹ 2,185.58 Lacs from a bank is repayable in further 5 equal quarterly instalments ending on June, 2017. The Loan is secured by pari passu first charge on current assets and pari passu first charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya.

2. Rupee Term Loans of ₹ 6,662.45 Lacs from banks are repayable in further 15 unequal quarterly instalments ending on December, 2019. Rupee Term Loan of ₹ 5,000.00 Lacs from a bank is repayable in 16 equal quarterly instalments commencing from June, 2017. Foreign Currency Loan of ₹ 2,158.89 Lacs from a bank is repayable in further 14 unequal quarterly instalments ending on December, 2019. The loans are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the Company's cement grinding unit at Guwahati, Assam.

3. Rupee Term Loan of ₹ 3,000.00 Lacs for the Company's cement grinding unit at Guwahati, Assam availed from a financial institution is repayable in 16 equal quarterly instalments commencing from January, 2017. The loan is to be secured by first charge on fixed assets of Cement Plant at Lumshnong, Meghalaya of Megha Technical & Engineers Private Limited, a wholly owned subsidiary of the Company.

4. Rupee Term Loans of ₹ 14,714.05 Lacs from banks and ₹ 2,895.02 Lacs from a body corporate are repayable in further 15 unequal quarterly instalments ending on December, 2019. Foreign Currency Loan of ₹ 6,186.10 Lacs are repayable in further 14 unequal quarterly instalments ending on December, 2019. Term Loans are secured by first charge on the fixed assets of the subsidiary's Cement clinker plant at Lumshnong, Meghalaya on pari passu basis.

Notes to Consolidated Financial Statement (contd.)

5. Rupee Term Loan of ₹ 1,846.72 Lacs from a bank is repayble in further 16 unequal quarterly installments ending on March 2020. Foreign currency loan of ₹ 9,402.68 Lacs from a bank is repayble in further 15 unequal quarterly installments ending on December 2019 and Foreign currency loan of ₹ 815.76 Lacs from a bank is repayable by 31st March 2017. These Term Loans are secured by first charge on the fixed assets of the subsidiary's power plants at Lumshnong, Meghalaya on pari-passu basis.

6. Hire Purchase Finance of ₹ 127.69 Lacs is secured by hypothecation of Company's vehicles and is repayable within two to four years having varying date of payment.

7. Hire Purchase Finance from Banks and Body Corporates of ₹ 253.38 Lacs is secured by hypothecation of susidiary's vehicles / equipments and is repayable within three years having varying date of payment.

8. Term Loans of ₹ 31,072.08 Lacs from Banks have been guaranteed by some of the Directors of the Company.

9. The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

2.4 Deferred Tax Liabilities (Net)

(₹ in Lacs)

	31.03.2016	31.03.2015
Deferred Tax liability		
- Fixed assets	1,261.99	866.08
Gross deferred tax liability	**1,261.99**	**866.08**
Deferred Tax Assets		
- Gratuity & Leave Encashment	23.70	-
- Fixed Assets	58.69	-
- Trade Receivable	11.03	-
Gross deferred tax asset	**93.42**	**-**
Net Deffered Tax Liability	**1,168.57**	**866.08**

2.5 Other Long Term Liabilities

(₹ in Lacs)

	31.03.2016	31.03.2015
- Security deposit	8,935.65	7,636.89
- Retention Money	383.25	725.45
	9,318.89	**8,362.35**

2.6 Long Term Provisions

(₹ in Lacs)

	31.03.2016	31.03.2015
Provisions for employees		
- Leave Encashment	161.22	145.87
- Gratuity	106.53	76.89
	267.75	**222.76**

2.7 Short Term Borrowings

(₹ in Lacs)

	31.03.2016	31.03.2015
Working Capital facilities from Banks		
- Cash Credit (Secured)	20,022.49	12,799.29
- Foreign Currency Demand Loan (Secured)	-	3,129.54
	20,022.49	**15,928.83**
Short Term Loan		
- From Banks (Unsecured)	11,245.23	3,000.00
- Foreign Currency Demand Loan from a Bank (Unsecured)	2,956.89	-
- From a Body Corporate (Unsecured)	2,250.00	-
	36,474.61	**18,928.83**

a. The above amount includes

Secured borrowings	20,022.49	15,928.83
Unsecured borrowings	16,452.12	3,000.00

Notes to Consolidated Financial Statement (contd.)

b. Working Capital facilities of ₹ 2,131.82 Lacs from banks are secured by first pari passu charge on current assets and second pari passu charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya.The Working capital facilities from banks have also been guaranteed by some of the Directors of the Company.

c. Working capital facilities of ₹ 8,471.81 Lacs from banks are secured by pari passu first charge on current assets and pari passu second charge on fixed assets of the Company's cement cement grinding unit at Guwahati, Assam.

d. Working capital facilities of ₹ 1,196.63 Lacs from banks are secured by first charge on current assets and second charge on fixed assets of subsidiary's Cement Grinding unit at Lumshnong, Meghalaya on pari passu basis.

e Working capital facilities of ₹ 5,640.34 Lacs from banks are secured by first charge on current assets and second charge on fixed assets of subsidiary's Clinker unit at Lumshnong, Meghalaya on pari passu basis.

f. Cash credit of ₹ 2,581.89 Lacs from a bank is secured by first charge on subsidiary's current assets and second charge on fixed assets of subsidiary's power plants at Lumshnong, Meghalaya.

g. Short Term Borrowings of ₹ 23,700 Lacs from Banks have been guaranteed by some of the Directors of the Company.

h. Short term loan from banks is due for repayment on June, 2016 and Foreign Currency demand loan from a bank is due for repayment on September, 2016.

i. Short term loan from a body corporate of subsidiaries is due for repayment on November, 2016.

2.8 Other Current Liabilities

(₹ in Lacs)

	31.03.2016	31.03.2015
Current Maturities of long term borrowings	19,071.94	18,870.57
Interest accrued but not due on borrowings	138.87	41.43
Other Payables		
-Statutory Liabilities (including excise duty on finished goods of ₹ 73.38 Lacs, ₹ 54.59 Lacs as at 31.03.15)	2,068.04	1,523.85
-Creditors-Micro, Small & Medium Enterprises	-	-
-Creditors for Capital goods	150.79	176.42
-Advances from customer	2,186.02	1,221.04
-Salary and Bonus to employees	296.61	256.75
-Other Liabilities	11,989.47	9,538.88
	35,901.74	**31,628.95**

2.9 Short Term Provisions

(₹ in Lacs)

	31.03.2016	31.03.2015
Provisions for Employee Benefits		
- Gratuity	50.06	47.45
- Leave Encashment	98.03	36.60
	148.09	**84.05**
Others		
- Proposed Dividend	-	3,353.71
- Corporate Dividend Tax	-	670.55
	-	**4,024.26**
	148.09	**4,108.30**

Notes to Consolidated Financial Statement (contd.)

2.10 Fixed Assets

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2015	Additions	Deduction / Adjustment	Total as on 31.03.2016	Upto 31.03.2015	For the year	Deduction / Adjustment	Total as on 31.03.2016	As on 31.03.2016	As on 31.03.2015
A. TANGIBLE ASSETS										
Land & Site Development	6,153.12	890.22	-	7,043.34	-	-	-	-	7,043.34	6,153.12
Factory Building	18,650.97	1,505.29	-	20,156.26	5,434.79	1,256.73	-	6,691.52	13,464.74	13,216.18
Non Factory Building	8,003.02	889.42	-	8,892.44	2,896.10	1,037.74	-	3,933.84	4,958.60	5,106.92
Plant, Machinery & Equipments	121,928.49	1,973.81	132.67	123,769.63	45,361.39	14,007.77	55.04	59,314.12	64,455.51	76,567.10
Furniture & Fixtures	716.09	130.51	5.85	840.75	456.53	75.63	3.39	528.76	311.99	259.56
Office Equipments	487.28	49.05	-	536.33	385.42	49.01	-	434.43	101.90	101.86
Computers	686.11	98.09	0.37	783.83	563.52	90.14	0.31	653.36	130.47	122.59
Vehicles	3,321.12	773.52	81.15	4,013.49	2,268.22	511.12	64.68	2,714.66	1,298.83	1,052.90
Tools & Tackles	1,144.67	39.36	5.56	1,178.47	942.97	107.86	4.57	1,046.26	132.21	201.70
Total-A	**161,090.87**	**6,349.27**	**225.60**	**167,214.54**	**58,308.94**	**17,135.99**	**127.98**	**75,316.95**	**91,897.59**	**102,781.92**
Previous Year's figures	150,400.45	10,968.61	278.19	161,090.87	36,168.06	22,351.41	210.53	58,308.94	102,781.92	114,232.38
B. INTANGIBLE ASSETS										
Computer Software	**152.35**	**14.44**	**-**	**166.79**	**137.47**	**13.33**	**-**	**150.80**	**15.99**	**14.88**
Previous Year's figures	144.64	7.87	0.16	152.35	114.75	22.89	0.16	137.47	14.88	29.89

a. During the year the Company and its Subsidiaries has discarded fixed assets amounting to ₹ 130.43 Lacs, (Previous Year ₹ 2.08 Lacs) and sold fixed assets amounting to ₹ 95.17 Lacs, (Previous Year ₹ 276.11 Lacs).

b. Deprecation for the year includes preoperative depreciation of ₹ 0.11 Lacs, (Previous Year Nil) of proposed cement grinding unit at Siliguri.

Notes to Consolidated Financial Statement (contd.)

2.11 Non Current Investments

(₹ in Lacs)

	31.03.2016	31.03.2015
Trade Investments (valued at cost unless stated otherwise)		
Investment in Unquoted Equity Instruments		
Ribhoi Engineering Company Private Limited	2.70	2.70
27,000 (27,000 as at 31.03.15) Equity Shares of ₹ 10/- each fully paid up		
Adonis Vyapaar Pvt. Ltd.	31.42	31.42
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Apanapan Viniyog Pvt. Ltd.	31.42	31.42
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Ara Suppliers Pvt Ltd	31.36	31.36
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Arham Sales Pvt. Ltd.	31.42	31.42
323,190 (323,190 as at 31.03.15) Equity Share of ₹ 10/- each fully paid up		
Non Trade Investments (valued at cost unless stated otherwise)		
Investment in Quoted Equity Instruments		
Reliance Power Limited	24.54	24.54
8,743 (8,743 as at 31.03.15) Equity Shares of ₹ 10/- each fully paid up		
	152.86	**152.86**
Aggregate amount of Quoted investment (market Value ₹ 4.31 lacs as on 31.03.2016)	24.54	24.54
Aggregate amount of Unquoted investments	128.32	128.32

2.12 Long Term Loans and Advances

(₹ in Lacs)

	31.03.2016	31.03.2015
Capital Advances		
Unsecured, Considered Good	4,305.81	3,788.74
	4,305.81	**3,788.74**
Security Deposits		
Unsecured, Considered Good	802.51	814.12
	802.51	**814.12**
Other Loans and advances		
Unsecured, Considered Good		
- Balances with Statutory/Government authorities	1,840.22	1,469.26
- Subsidies/Incentives Receivable from Central/State Governments	21,219.50	21,219.50
- Advance Income Tax (net of provision for taxation),including MAT Credit Entitlement	15,428.21	12,383.68
	38,487.94	**35,072.45**
	43,596.26	**39,675.30**

2.13 Other Non Current Assets

(₹ in Lacs)

	31.03.2016	31.03.2015
Others		
Balance with banks held as margin money deposits with original maturity of more than 12 months	54.86	44.91
	54.86	**44.91**

Notes to Consolidated Financial Statement (contd.)

2.14 Inventories

(₹ in Lacs)

	31.03.2016	31.03.2015
Raw Materials	2,798.85	1,657.80
Work-In-Process	226.39	191.75
Finished Goods [including in transit ₹ 636.91 Lacs, As at 31.03.15 ₹ 450.48 Lacs and Power inventory (with MeSCL) ₹ 1,183.99 Lacs, P.Y. ₹ 593.05 Lacs]	4,403.85	2,674.87
Stock in Trade [including in transit ₹ 38.39 Lacs, As at 31.03.15 ₹ 13.92 Lacs]	348.74	93.97
Fuels, packing materials, etc.	9,289.51	2,508.62
Stores & Spares parts	3,849.07	3,787.47
	20,916.41	**10,914.48**

2.15 Trade Receivables

(₹ in Lacs)

	31.03.2016	31.03.2015
Secured Considered Good		
Over Six months	253.24	145.96
Other debts	4,757.15	4,453.75
	5,010.39	**4,599.71**
Unsecured		
Over Six Months		
I Considered Good	1,236.46	329.70
Considered Doubtful	140.44	187.96
Less: Provision for Doubtful Debts	(140.44)	(187.96)
	1,236.46	**329.70**
II Claims due from Central Government-Considered Good	14,650.82	5,899.03
Other Debts		
I Considered Good	18,999.94	15,496.26
II Claims due from Central Government-Considered Good	4,982.57	4,655.68
	23,982.50	**20,151.94**
	44,880.17	**30,980.39**

Note : Periodically, the Company evaluates realisability of all customer dues. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could effect the customers's ability to settle. The Company and its Subsidiaries normally provides for debtor dues oustanding for six months or longer from the invoice date , at the Balance Sheet date. The Company and its subsidaries pursues the recovery of the dues, in part or full.

2.16 Cash & Cash Equivalents

(₹ in Lacs)

	31.03.2016	31.03.2015
Cash on Hand	81.30	64.87
Cheques In Hand	1,102.67	1,012.89
Balance with Banks		
- In current accounts/cash credit accounts	1,173.11	884.97
- In Fixed Deposit accounts with original maturity of upto 3 months	-	11.64
Balance with banks held as margin money deposits with original maturity of more than 3 months and upto 12 months.	19.01	56.47
	2,376.09	**2,030.85**

Notes to Consolidated Financial Statement (contd.)

2.17 Short Term Loans and Advances

(₹ in Lacs)

	31.03.16	31.03.15
Loans and advances to related parties		
Unsecured, Considered Good		
- Advances recoverable from an enterprise influenced by KMP	35.00	35.00
	35.00	**35.00**
Others		
Unsecured ,Considered Good		
- Advances to suppliers	790.79	1,388.78
- Loan and advances to employees	84.84	87.93
- Balances with Statutory/Government Authorities	3,978.62	5,220.32
- Subsidies /Incentives Receivable from Central/State Governments	29,303.52	18,486.01
- Advances for Services & Expenses	3,230.32	2,723.45
- Income Tax Refund Receivable	77.21	-
- Prepaid expenses	301.14	335.67
Unsecured, Considered Doubtful		
- Loan and advances to employees/Suppliers	19.23	-
Less: Provision for Bad & Doubtful advances	(18.60)	-
	37,767.07	**28,242.17**
	37,802.07	**28,277.17**

2.18 Revenue from Operations

(₹ in Lacs)

	2015-16	2014-15
Sale of Products		
Domestic	171,960.41	143,274.54
Add: Captive Consumption	17.26	71.02
Export	3,807.53	3,620.85
	175,785.20	**146,966.41**
Other Operating Income		
Shortage Recovery of Cement & Clinker	356.00	152.06
Others	199.91	194.31
Revenue from operation (gross)	**176,341.11**	**147,312.78**

	2015-16	2014-15
Details of Products Sold		
Cement	161,718.20	134,705.90
Gypsum	-	77.38
Power	-	504.37
Clinker	14,049.74	11,607.75
	175,767.94	**146,895.39**

2.19 Other Income

(₹ in Lacs)

	2015-16	2014-15
Interest Income on		
- Bank deposits	6.47	21.77
- others	41.97	29.92
Miscellaneous Income	82.02	26.44
	130.46	**78.13**

Notes to Consolidated Financial Statement (contd.)

2.20 Cost of Materials Consumed

(₹ in Lacs)

	2015-16	2014-15
Inventory at the beginning of the year	1,657.80	1,790.96
Add: Purchases	21,761.86	16,657.87
	23,419.66	**18,448.83**
Less :Inventory at the end of the year	2,798.85	1,657.80
Cost of Materials Consumed	**20,620.81**	**16,791.04**

	2015-16	2014-15
Details of Raw materials Consumed		
Limestone	6,470.16	5,758.79
Shale	419.20	292.73
Iron Mill Scale	188.40	442.76
Gypsum	798.08	253.06
Fly ash	7,489.30	5,655.07
Others including freight on clinker	5,165.25	4,105.22
Iron Ore (Fine)	90.43	283.40
	20,620.81	**16,791.04**

2.21 (Increase) /Decrease in Inventories

(₹ in Lacs)

	2015-16	2014-15
Work in Process		
Opening Stock	191.75	289.92
Closing Stock	226.39	191.75
	34.64	**(98.17)**
Finished Goods		
Opening Stock	2,674.87	3,863.09
Closing Stock	4,403.85	2,674.87
	1,728.98	**(1,188.22)**
Stock in Trade		
Opening Stock	93.97	-
Closing Stock	348.74	93.97
	254.77	**93.97**
(Increase) /Decrease	**(2,018.39)**	**1192.42**

	2015-16	2014-15
Details of Finished goods		
Cement	2,961.75	1681.70
Power	1,183.99	570.42
Clinker	258.11	422.75
	4,403.85	**2674.87**

2.22 Employee Benefit Expenses

(₹ in Lacs)

	2015-16	2014-15
Salaries & Wages	10,029.03	8,522.57
Contribution to Provident Fund	297.09	250.16
Welfare Expenses	454.03	303.55
	10,780.14	**9,076.29**

Notes to Consolidated Financial Statement (contd.)

2.23 Finance Costs

(₹ in Lacs)

	2015-16	2014-15
Interest Expense		
- On Fixed Loans	5,267.64	6,804.53
- Others	2,673.83	1,559.05
Exchange Fluctuation (Gain)/loss to the extent considered as an adjustment to borrowing costs	169.75	126.55
Other finance Costs	225.54	248.31
	8,336.76	**8,738.44**

2.24 Other Expenses

(₹ in Lacs)

	2015-16	2014-15
Consumption of Stores & Spares	1,089.50	1,186.88
Packing Materials	3,959.02	4,079.66
Power & Fuel	21,545.21	17,200.41
Repairs & Maintenance		
- Building	370.60	530.22
- Plant & Machinery	2,146.24	1,411.02
- Others	386.47	238.47
Heavy Vehicle / Equipment Running Expenses	978.67	1,565.24
Excise duty variation on opening/closing stock	175.74	(120.76)
Travelling and Conveyance	1,140.79	844.13
Insurance	301.24	370.45
Rent, Rates & Taxes	1,472.80	1,498.22
Research & Development Expenses	79.84	54.77
Charity & Donation	158.69	151.17
Miscellaneous Expenses	2,281.10	1,801.00
CSR Expenses	191.38	102.00
Advertisement & Publicity	3,330.10	2,501.04
Outward Freight Charges	29,598.47	24,260.18
Sales Promotion Expenses	3,463.94	2,117.74
Commission & Incentives	13,563.31	7,574.08
	86,233.10	**67,365.93**

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

2.26 Against Company's and its Subsidiary's (Megha Technical & Engineers Private Limited) claim for refund of differential excise duty, Hon'ble High Court at Guwahati (Shillong Bench) vide its order dated 12th September, 2012, has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety in line with the Interim Order dated 13th January, 2012 passed by Hon'ble Supreme Court in case of "VVF Ltd and others". Based on the said judgment of the Hon'ble High Court, in favour of the Company and its subsidiary Megha Technical & Engineers Private Limited and legal opinion obtained by the Company and its subsidiary Megha Technical & Engineers Private Limited , the differential excise duty refund of ₹ 223.19 Lacs (P.Y. ₹ 803.30 Lacs) have been recognized as revenue in the book of accounts.

Notes to Consolidated Financial Statement (contd.)

2.27 Capital and Other Commitments (to the extent not provided for)

(₹ in Lacs)

	As at 31.3.2016	As at 31.3.2015
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	125.23	-

2.28 Contingent Liabilities

(₹ in Lacs)

	As at 31.3.2016	As at 31.3.2015
Claims against the Company not acknowledged as debts - Excise /Income Tax Matters/ Royalty etc.	1,072.18	2,794.49
Guarantee provided to banks on behalf of Contractors	-	80.91
Duty Saved under EPCG scheme	1,001.48	1,001.04
Bills of exchange discounted with banks	17.22	386.73
Bank Guarantees issued by banks	699.35	431.17
Letter of Credits issued by banks	162.22	183.83
Solvent surety furnished to Excise Department against differential excise duty refund (refer note No. 2.26)	2,131.40	2,131.40

Note: Based on discussion with the solicitors/favourable decisions in similar cases/legal opinion taken by the Company, the management believes that the Company has a good chance of success in cases mentioned here-in-above and hence, no provision there against is considered necessary.

2.29 Borrowing Cost Capitalized

(₹ in Lacs)

	2015-16	2014-15
Borrowing Cost Capitalized	-	61.69

2.30 Unhedged Foreign Currency Exposure

	As at 31.03.2016			As at 31.03.2015		
	Foreign Currency	In Million	₹ in Lacs	Foreign Currency	In Million	₹ in Lacs
FCNRB Term Loan	USD	1.23	815.76	USD	2.74	1,714.99
FCNRB Demand Loan	USD	4.46	2,956.89	USD	5.00	3,129.54
ECB Loan	USD	110.69	17,747.67	USD	166.68	23,358.35

2.31 Related Party Disclosures

A	**Names of the related parties where control exists**	**Nature of relationship**
	Star Ferro and Cement Limited(SFCL)	Holding Company
B	**Others-with whom transactions have taken place during the year**	
I	**Names of other related parties**	**Nature of relationship**
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP
	Shyam Century Ferrous Limited (SCFL)	Enterprises influenced by KMP
II	**Key Management Personnel**	
	Names of other related parties	**Nature of relationship**
	Mr. Sajjan Bhajanka	Chairman & Managing Director
	Mr. Rajendra Chamaria	Vice Chairman & Managing Director
	Mr. Sanjay Agarwal	Managing Director
	Mr. Pankaj Kejriwal	Managing Director in subsidiary
	Mr. Prem Kumar Bhajanka	Managing Director in subsidiary
	Mr. Sanjay Kr. Gupta	CEO
	Mr. Vishal Agarwal	CFO in subsidiary

Notes to Consolidated Financial Statement (contd.)

	Mr. Vivek Lahoti	CFO in subsidiary
	Mr. Swarup Chand Kayal	CFO (w.e.f 01.08.15) in subsidiary
	Mr. Manoj Agarwal	Company Secretary
	Mr. Mohit Mahana	Company Secretary (continued upto 18.05.15) & (w.e.f 15.09.15) in subsidiary
	Ms. Nupur Burman	Company Secretary (continued upto 31.01.16) in subsidiary
	Mr. Kamal Kishore Sewoda	Company Secretary (w.e.f 08.02.16 to 18.03.16) in subsidiary
	Mr. Divyang Jain	Company Secretary (w.e.f 22.08.15 to 14.09.15) in subsidiary
III	**Relatives of Key Management Personnel**	
	Names of the related parties	**Nature of relationship**
	Mr. Rahul Chamaria	Son of Mr. Rajendra Chamaria
	Mr. Sachin Chamaria	Son of Mr. Rajendra Chamaria

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Enterprises influenced by KMP		Key Managerial/ Relatives of KMP	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1	**Purchase Transactions**						
	SCFL	-	-	23.12	16.36	-	-
	CPIL	-	-	-	7.47	-	-
2	**Sale Transactions**						
	SCFL	-	-	-	505.59	-	-
	CPIL	-	-	9.12	6.79	-	-
3	**Loan Given**						
	SCFL	-	-	-	200.00	-	-
4	**Loan given received**						
	SCFL	-	-	-	200.00	-	-
5	**Interest received**						
	SCFL	-	-	-	5.40	-	-
6	**Remuneration Paid**						
	Mr. Sajjan Bhajanka	-	-	-	-	60.00	48.00
	Mr. Sanjay Agarwal	-	-	-	-	60.00	48.00
	Mr. Rajendra Chamaria	-	-	-	-	66.00	48.00
	Mr. Pankaj Kejriwal	-	-	-	-	42.00	42.00
	Mr. Prem Kumar Bhajanka	-	-	-	-	60.00	48.00
	Mr. Sanjay Kr. Gupta	-	-	-	-	84.78	73.72
	Mr. Rahul Chamaria	-	-	-	-	30.00	30.00
	Mr. Sachin Chamaria	-	-	-	-	24.00	24.00
	Mr. Manoj Agarwal	-	-	-	-	41.89	36.85
	Mr. Vivek Lahoti	-	-	-	-	27.04	12.88
	Mr. Pramod Mundhra	-	-	-	-	-	4.93
	Mr. Mohit Mahana	-	-	-	-	3.53	4.51
	Ms. Nupur Burman	-	-	-	-	3.63	3.81
	Mr. Vishal Agarwal	-	-	-	-	7.80	4.03
	Mr. Kamal Kishore Sewoda	-	-	-	-	0.46	-
	Mr. Divyang Jain	-	-	-	-	0.36	-
	Mr. Swarup Chand Kayal	-	-	-	-	9.61	-
7	**Loans & advances taken**						
	Mr. Prem Kumar Bhajanka	-	-	-	-	250.00	3300.00
8	**Loans & advances repaid**						
	Mr. Prem Kumar Bhajanka	-	-	-	-	1350.00	-
9	**Interest paid**						
	Mr. Prem Kumar Bhajanka	-	-	-	-	297.00	48.42
10	**Balance Outstanding:**						
A	**Share Capital**						
	SFCL	2954.75	2954.75	-	-	-	-
	SCFL	-	-	-	3,373.50	-	-

Notes to Consolidated Financial Statement (contd.)

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Enterprises influenced by KMP		Key Managerial/ Relatives of KMP	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
B	**Loans & Advances paid**						
	SICL	-	-	35.00	35.00	-	-
C	**Loans & Advances taken**						
	Mr. Prem Kumar Bhajanka	-	-	-	-	2256.66	3300.00
D	**Guarantees Obtained**						
	Mr. Sajjan Bhajanka	-	-	-	-	56,772.08	56,103.07
	Mr. Rajendra Chamaria	-	-	-	-	36,206.92	37,692.13
	Mr. Sanjay Agarwal	-	-	-	-	39,206.92	37,692.13
	Mr. Prem Kumar Bhajanka	-	-	-	-	13,399.40	15,345.96

2.32 Segment Reporting

(₹ in Lacs)

Sl No		2015-16				2014-15			
		Power	Cement	Others	Total	Power	Cement	Others	Total
A	**Revenue (Gross)**								
	External Sales*	17.26	175,767.94	-	175,785.20	575.39	146,391.02	-	146,966.41
	Inter Segment Sales	10,460.75	39,775.23	-	50,235.98	9,190.51	39,746.83	-	48,937.34
	Elimination	(10,460.75)	(39,775.23)	-	(50,235.98)	(9,190.51)	(39,746.83)	-	(48,937.34)
	Total Revenue (Gross)	17.26	175,767.94	-	175,785.20	575.39	146,391.02	-	146,966.41
B	**Results**								
	Segment Result	2,404.21	19,988.34	-	22,392.55	1,685.59	19,083.82	-	20,769.41
	Unallocated Income/ (Expenses) (Net)	-	-	-	527.35	-	-	-	579.61
	Interest & Finance Charges (Net)	-	-	-	(8,336.76)	-	-	-	(8738.44)
	Operating Profit				14,583.14			-	12610.58
	Exceptional Income	-	-	-	(53.14)			-	1.83
	Provision for Taxation	-	-	-	(3,231.89)	-	-	-	(2,640.09)
	Mat Credit Entitlement	-	-	-	2,973.55	-	-	-	2,640.09
	Income Tax for earlier year	-	-	-	(34.79)	-	-	-	16.52
	Deferred Tax (Net)	-	-	-	(302.49)	-	-	-	(496.65)
	Profit after Tax (before minority interest)	-	-	-	13,934.38	-	-	-	12,132.28
	Other Information								
A	**Total Assets**								
	Segment Assets	30,050.22	212,902.49		242,952.71	28,998.98	183,215.21	-	212,214.19
	Unallocated Corporate/Other Assets	-	-	3,688.62	3,688.62	-	-	6,755.75	6,755.75
B	**Total Liabilities**								
	Segment Liabilities	17,148.05	116,188.77		133,336.82	17,911.09	103,177.54	-	121,085.63
	Unallocated Corporate/Other Liabilities	-	-	2,414.61	2,414.61	-	-	977.79	977.79
C	**Capital Expenditure**	**1,103.22**	**5,834.76**	**-**	**6,937.98**	**1,158.95**	**3,713.28**	**-**	**4,872.23**
D	**Depreciation**	**1,959.34**	**15,189.87**	**-**	**17,149.21**	**2,051.33**	**20,322.96**	**-**	**22,374.29**

*External Sales include captive consumption

2.33 Employee Defined Benefits

a) Defined Contribution Plans - The Company has recognized an expense of ₹ 297.09 Lacs (Previous Year ₹ 250.16 Lacs) towards the defined contribution plans.

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

c) Under leave encashment scheme, the Company allows its employees to encash accumulated leave over and above thirty days at any time during the year. The scheme is not funded by the Company.

Notes to Consolidated Financial Statement (contd.)

d) Defined Benefit Plans – As per Actuarial Valuation as at 31st March, 2016

		2015-16		2014-15	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	**Expense recognized in the Statement of Profit and Loss**				
1.	Current Service Cost	78.55	78.93	57.55	57.80
2.	Interest Cost	27.98	17.72	20.16	11.69
3.	Employee Contribution	-	-	-	-
4.	Expected Return on Plan Assets	(16.67)	-	(12.21)	-
5.	Actuarial (Gains)/Losses	30.25	52.30	16.49	62.88
6.	Past Service Cost	-	-	-	-
7.	Settlement Cost	-	-	-	-
8.	Losses/(gains) on acquisition/divesture	(0.05)	-	1.42	-
9.	Total Expense	120.06	148.94	83.41	132.38
II	**Net Asset/(Liability) recognized in the Balance Sheet**				
1.	Present Value of Defined Benefit Obligation	404.33	259.26	293.32	182.46
2.	Fair Value of Plan Assets	247.75	-	168.98	-
3.	Funded Status [Surplus/(Deficit)]	(156.58)	(259.26)	(124.34)	(182.46)
4.	Net Asset/ (Liability)	(156.58)	(259.26)	(124.34)	(182.46)
III	**Change in Obligation during the Year**				
1.	Present value of Defined Benefit Obligation at the beginning of the year	293.33	182.46	210.68	109.74
2.	Current Service Cost	78.55	78.93	57.55	57.80
3.	Interest Cost	27.98	17.72	20.16	11.69
4.	Settlement Cost	-	-	-	-
5.	Past Service Cost	-	-	-	-
6.	Employee Contribution	-	-	-	-
7.	Liabilities assumed on acquisition/(settled on divesture)	-	-	(1.73)	-
8.	Actuarial (Gains)/Losses	27.41	52.30	16.49	62.88
9.	Benefits Payments	(22.93)	(72.15)	(9.82)	(59.66)
10.	Present Value of Defined Benefit Obligation at the end of the year	404.33	259.26	293.33	182.46
IV	**Change in assets during the Year**				
1.	Plan Assets at the beginning of the year	168.99	-	137.11	-
2.	Assets acquired on amalgamation in previous year	-	-	-	-
3.	Settlements	-	-	-	-
4.	Expected return on plan assets	16.67	-	12.21	-
5.	Contributions by employer	87.81	72.15	32.04	59.66
6.	Actual Benefit Paid	(22.93)	(72.15)	(9.82)	(59.66)
7.	Actuarial Gains /(Losses)	(2.79)	-	(2.56)	-
8.	Plan Assets at the end of the year	247.74	-	168.98	-
9.	Actual Return on plan assets	11.16	-	8.54	-
V	**The major categories of plan assets as a percentage of the fair value of total plan assets**				
1.	Funded with insurer	100%	-	100%	-
VI	**The Principal actuarial assumptions are as follows**				
Discount rate		8.00%	8.00%	8.25%	-
Expected Return on plan assets		8.00%	-	9.00%	-
Salary Increase		6.00%	6.00%	5.00%	-
Withdrawal rates (Varying between per annum depending upon the duration and age of the employees)		Varying between 8% per annum to 1% per annum depending on duration and age of the employees			

Notes to Consolidated Financial Statement (contd.)

2.34 The Company and its subsidiaries Star Cement Meghalaya Limited and Meghalaya Power Limited have exercised the option under in paragraph 46A of the Accounting Standard11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company and its subsidiaries Star Cement Meghalaya Limited and Meghalaya Power Limited has depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign Currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance useful life of such assets. The depreciated portion of net foreign exchange (gain)/ loss on such long term foreign currency monetary items for the year ended 31st March, 2016 of the Company is ₹ 691.69 Lacs, (P.Y. ₹ 713.90 Lacs). The unamortized portion carried forward as at 31st March, 2016 is ₹ 4,948.40 Lacs, (as at 31.03.15 ₹ 4,170.02 Lacs).

2.35 Earning Per Share (EPS)

(₹ in Lacs)

	31-03-2016	31-03-2015
Profit/(Loss) Attributable to Equity Shareholders	13,403.79	11,865.39
Equity Share Capital	4,192.14	4,192.14
Weighted average number of equity shares outstanding for basic EPS (Face Value of ₹ 1/- Per Share)	419,213,920	419,213,920
Weighted average number of equity shares outstanding for diluted EPS (Face Value of ₹ 1/- Per Share)	419,213,920	419,213,920
Basic Earnings Per Share (₹)*	3.20	2.83
Diluted Earnings Per Share (₹)*	3.20	2.83

* Earning per share of previous year has been restated to make them comparable due to subdivision of Share of ₹ 10/- each to 10 shares of ₹ 1 /- each.

2.36 The Ministry of Corporate Affairs (MCA) vide notification dated 29th August, 2014 has amended Schedule II to the Companies Act, 2013 requiring mandatory componentization of fixed assets for financial statements in respect of Financial Years commencing on or after 1st April, 2015. During the year, the Company and its subsidiaries has undertaken the componentization of fixed assets w.e.f. 1st April, 2015 on the basis of technical evaluation and useful life thereof. Consequent to the same, the Depreciation expenses of the Company and its subsidiaries is higher by ₹ 26.22 Lacs and profit before tax of the Company and its subsidiaries is lower by ₹ 26.22 Lacs for the year ended 31st March, 2016.

2.37 Donations to Political Parties

(₹ in Lacs)

Name of the Party	2015-16	2014-15
Bharatiya Janta Party	-	1.65

Notes to Consolidated Financial Statement (contd.)

2.38 Additional Information pursuant to Schedule III of the Companies Act, 2013

Sl. No.	Name of the entity in the	Net Assets i.e. total assets minus total liabilities				Share in profit /(loss)			
		As % of consolidated profit or loss		Amount (₹ in Lacs)		As % of consolidated profit or loss		Amount (₹ in Lacs)	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
	Parent	50.21%	51.88%	55,649.15	50,273.98	40.38%	37.89%	5,626.91	4,597.25
	Subsidiaries								
	Indian								
1	Megha Technical & Engineers Pvt. Ltd.	19.45%	21.77%	21,563.26	21,096.35	3.06%	15.41%	425.86	1,869.59
2	Star Cement Meghalaya Ltd.	23.11%	19.48%	25,617.66	18,875.09	48.79%	42.21%	6,798.77	5,120.79
3	Meghalaya Power Ltd.	2.44%	1.94%	2,704.13	1,884.99	3.96%	2.29%	552.25	277.77
4	NE Hills Hydro Ltd.	0.00%	0.00%	-	-	-	-	-	-
	Minority Interest in subsidiaries	4.79%	4.93%	5,303.70	4,773.11	3.81%	2.20%	530.59	266.88
	TOTAL	**100%**	**100%**	**110,837.90**	**96,903.52**	**100%**	**100%**	**13,934.38**	**12,132.28**

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

2.40 Previous year figures has been regrouped and reclassified to conform to this year's classification.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place: Kolkata
Date: 2nd May, 2016

For and on behalf of the Board of Directors

Dilip Kr. Agarwal
Chief Financial Officer

Sajjan Bhajanka
Chairman & Managing Director
DIN:00246043

Manoj Agarwal
Company Secretary

Rajendra Chamaria
Vice-Chairman & Managing Director
DIN:00246171

Notes

Notes

STARCEMENT
Solid Setting

Registered Office:
Vill: Lumshnong, P.O.: Khaliehriat,
Dist: East Jaintia Hills, Meghalaya - 793 210
CIN: U26942ML2001PLC006663

Concept, Content & Design
WYATT Prism COMMUNICATIONS (info@wyatt.co.in) | print anderson +91 9903058982