

KEEPING FAITH



MEGHA TECHNICAL AND ENGINEERS PRIVATE LIMITED
ANNUAL REPORT **2019-20**

Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written or oral, that we periodically make, contain forward looking statements that set out anticipated results based on management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion relating to future performance of the Company.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

1 Corporate information

2 Directors' Report

17 Financial Section

CORPORATE INFORMATION

CIN: U27107ML2002PTC006976

Board of Directors

Mr. Pankaj Kejriwal, *Managing Director*
Mr. Hari Prasad Agarwal, *Director*
Mr. Rajesh Kumar Agarwal, *Director*
Mr. Mangilal Jain, *Director (upto 31.03.2020)*
Mr. Santanu Ray, *Director*
Mr. Edielanaphika Gabriela Suja War, *Director*
Mr. Pramod Kumar Shah, *Director (w.e.f. 01.04.2020)*

Chief Financial Officer

Mr. Vivek Lahoti

Company Secretary

Mr. Mohit Mahana

Auditors

M/s. D.K.Chhajer & Co.
Chartered Accountants
Nilhat House,
11, R. N. Mukherjee Road, Kolkata – 700001

Bankers

State Bank of India

Registered Office & Works

Vill.: Lumshnong, P.O. Khaliehriat
Dist.: East Jaintia Hills
Meghalaya – 793210

Corporate Office

"Century House" P-15/1 Taratala Main Road,
CPT Colony, Taratala
Kolkata 700088

Guwahati Office

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

Delhi Office

281, Deepali
Pitampura, New Delhi – 110034

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting Eighteenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2020 and the Statement of Profit & Loss for the year ended on that date.

Financial Highlights

The highlights of the financial performance of the Company for the financial year ended 31st March, 2020 as compared to the previous financial year are as under:-

(₹ in Lakhs)

Particulars	2019-20	2018-19
Total Income	1792.01	2,196.40
Profit before Depreciation, Interest and Tax	580.73	1,292.59
Depreciation	157.85	202.91
Interest and Finance Charges	0.57	0.02
Profit/(Loss) before Tax	422.31	1,089.66
-Current Tax	115.90	163.02
-Income tax for earlier years	44.82	-
-Deferred Tax	3.00	(13.11)
Profit/(Loss) after Tax	258.59	939.75
Other comprehensive income for the year, net of tax	(1,523.37)	305.50
Total comprehensive income for the year	(1,264.78)	1245.25

Indian Cement Industry

Cement industry of the Country plays a vital role for economic development of the Country as well as generation of direct and indirect employment generation. Due to sudden outbreak of Covid-19 economic development of the country is likely to be affected. However, Government's various announcements and ongoing missions like development of 'Smart cities', 'Housing for all' etc., will have direct bearing on the sector. The cement industry of the country is expected to reach 550-600 MTPA by 2025.

Operational Performance

During the year under review, your Company produced 4,840 MT of Cement as against 3,450 MT in the previous year. In the year 2019-20, your Company has dispatched 5,492 MT of cement and sold 6,679 MT of cement as compared to 2,543 MT and 1,356 MT respectively recorded in the previous year.

During the Financial Year under review, your Company's total revenue stood at ₹ 1,792.01 Lakhs as against ₹ 2,196.40 Lakhs in

previous year. The profit before tax stood at ₹ 422.31 Lakhs as against ₹ 1,089.66 Lakhs in the previous year.

Marketing Performance

Your Company markets its product under the Brand name "STAR CEMENT" under a Brand agreement with its holding Company M/s. Star Cement Limited (SCL). Your Company along with its holding Company SCL undertook a lot of marketing initiatives during the year under review.

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

Share Capital

The paid up Equity Share Capital as on March 31, 2020 was ₹ 2,734.64 Lakhs. During the year under review, the Company has neither issued any shares with differential voting rights nor granted stock options or sweat equity shares.

Extract of Annual Return

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

Changes in Nature of Business, if any

There has not been any change in the nature of business.

Meetings of the Board

The Board meets at regular intervals to discuss and decide on the policies and strategies with respect to the business of the Company. During the year, Five (5) Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The meetings were held on 7th May, 2019; 31st July, 2019; 27th September, 2019; 5th November, 2019 and 06th February, 2020.

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

Name of the Director	Designation	No. of meetings	
		Held	Attended
Mr. Pankaj Kejriwal	Managing Director	5	3
Mr. Hari Prasad Agarwal	Non - Executive Director	5	5
Mr. Rajesh Kumar Agarwal	Non - Executive Director	5	5
Mr. Mangilal Jain #	Independent Director	5	5
Mr. Santanu Ray	Independent Director	5	5
Ms. Edielanaphika Gabriela Suja War	Non - Executive Director	5	1
Mr. Pramod Kumar Shah ##	Independent Director	-	-

Mr. Mangilal Jain ceased to be an independent director and director of the Company w.e.f. 31.03.2020

Mr. Pramod Kumar Shah was appointed as an additional director in independent category w.e.f. 01.04.2020.

Meetings of Independent Directors

During the year under review, a meeting of Independent Directors was held on 20th March, 2020 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors at their meeting also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

Compliance with the Secretarial Standards

The Company has complied with the applicable Secretarial Standards as recommended by the Institute of Company Secretaries of India.

Directors' Responsibility Statement

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

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 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 and they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act. Mr. Mangilal Jain (till 31st March, 2020), Mr. Santanu Ray and Mr. Pramod Kumar Shah (w.e.f. 01st April, 2020) are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

Your Board of Directors formed opinion that the Independent Directors of the Company are maintaining highest standard of integrity and possessing expertise, requisite qualifications

and relevant experience in the fields of Administration, General management, Accounts & Finance, Audit, Internal Audit, Taxation, Risk, Board procedures, Governance etc., for performing their role as Independent Directors of the Company. Regarding proficiency, all Independent Directors have registered themselves in the Data Bank maintained with the Indian Institute of Corporate Affairs (IICA), Manesar. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self- assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the data bank. Mr. Mangilal Jain (till 31st March, 2020) and Mr. Santanu Ray Independent Directors are exempted from qualifying 'online proficiency test' due to their relevant experience in listed companies and the Companies with Paid up equity Capital of ₹ 10 crores and more. However, Mr. Pramod Kumar Shah (appointed w.e.f. 01st April, 2020) will appear in 'online proficiency test' within the period of 1 (one) year from the date of inclusion of his name in the data bank.

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

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

Auditors & Auditors' Report

M/s. D. K. Chhajer & Co., Chartered Accountants (Firm Registration no. 304138E) Statutory Auditors of the Company, have been appointed by the members at the Fifteenth Annual General Meeting and shall hold office for a period of 5 years from the date of such meeting held on 11th September, 2017.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

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

Messrs Sanjib Das & Associates, Cost Accountants (Firm Registration Number 100751) as Cost Auditors of the Company for the financial year ended 31st March, 2020 in the Board Meeting held on 07th May, 2019. The remuneration proposed to be paid to them for the Financial year 2019-20, as recommended by audit committee, was ratified in the meeting of shareholders held on 27th September, 2019.

Messrs Sanjib Das & Associates, Cost Accountants (Firm Registration Number 100751) 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 Messrs Sanjib Das & Associates, Cost Accountants (Firm Registration Number 100751) as Cost Auditors of the Company for the Financial year 2020-21 subject to ratification of their remuneration by shareholders in the General Meeting of the Company.

The cost audit report for the Financial Year 2018-19 was filed with the Ministry of Corporate Affairs on 18th December, 2019.

Particulars of Loans, Guarantees or Investments

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

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

Related Party Transactions

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

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

Reserves

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

Dividend

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo 19-20

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

(A)	Steps taken towards Conservation of energy	since plant was not fully operational for entire financial year, no further steps were taken for conservation of energy and technical absorption.
(B)	Steps taken toward Technical Absorption	

- The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with specific objective of development of advanced systems and quality improvement. During the year under review, your Company incurred Revenue Expenditure of ₹0.01 Lakhs (Previous Year ₹ 1.08 Lakhs) and Capital expenditure of ₹NIL (Previous Year NIL) in Research & Development.

(C) Foreign Exchange Earnings and Outgo:

During the period under review, there were no Foreign Exchange earnings (Previous Year Nil) and no Foreign Exchange Outgo (Previous year Nil).

Corporate Social Responsibility (CSR)

Your Company believe that the literacy is key to the progress and without reaching the education at the remote part of the country, a nation cannot progress. Therefore, your Company is promoting education and providing non-formal education to the rural and tribal people through One Teacher School (OTS) i.e., Ekal Vidyalaya run by the Friends of Tribal Society (FTS). The projects aims to reach the education to every doorstep of the country.

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

Performance Evaluation of the Board

In accordance with the requirements of the Companies Act, 2013, the performance evaluation of the Board was carried out during the year under review. The Board follows a formal mechanism for the

evaluation of the performance of the Board as well as Committee. The evaluation reflected the overall engagement of the Board and the Committee.

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

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

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

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

Directors and Key Managerial Personnel

Mr. Mangilal Jain, Independent Director retired from the Board with effect from close of the business hours of 31st March, 2020 due to completion of his second and final terms of appointment as an Independent Director. Your Board of Directors record their appreciation for the valuable services and guidances rendered/given by Mr. Mangilal Jain during his association with the Company as a member of the Board and various Committees.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors appointed Mr. Pramod Kumar Shah (DIN: 00343256) as an Independent Director for a period of 5 (five) years effective from 1st April, 2020 upto 31st March, 2025 subject to approval of the shareholders of the Company by way of an Ordinary Resolution at the ensuing Annual General Meeting.

Mr. Pramod Kumar Shah is the fellow member of the Institute of Chartered Accountants of India and is possessing necessary expertise in finance, audit and internal audit. He is also in the Board of various Companies. Your Board of Directors feels that appointment of Mr. Pramod Kumar Shah as an Independent Director will be beneficial for the Company.

Mr. Pramod Kumar Shah has given his consent for appointment and has confirmed that he retains his status as Independent Director and does not suffer from any disqualifications for appointment.

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

The following personnel are Key Managerial Personnel of the Company:

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

Holding Company

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

Subsidiaries, Associates and Joint Venture

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

Deposits

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

Significant Material orders passed by the Courts or Regulators

(i) Company has received differential excise duty amounting to ₹ 6.32 crores in previous years on the basis of Order passed by the Shillong Bench and Guwahati Bench of Hon'ble High Court of Guwahati and the said order was on the basis of judgement of Hon'ble Supreme Court in the matter of M/s V.V.F Limited & others etc. Versus the Union of India allowing refund of 50% of differential excise duty as immediate relief. However on 22.04.2020, The Hon'ble Supreme court has reversed the judgement and allowed the subsequent and amended notifications issued by revenue authority which replaced the 100% excise benefit as envisaged in original notification no. 20/2007, with refund equivalent to specified percentage of Excise Duty Payable based on value addition and held that the amended notifications was clarificatory in nature and is not hit by doctrine of promissory estoppel. The objective of the amended notifications was to prevent tax evasion by some of the unscrupulous assesses by misusing the benefit granted vide the original notification and therefore doctrine of promissory estoppel cannot be invoked when the public interest warrants. The Company is preferring to Appeal before the appropriate Forum against the above judgement as the act

of some unscrupulous assessee cannot be considered as basis to implement a judgement that has an adverse impact on the genuine Manufacturers and the said act of the revenue authority cannot be said to be in public interest. Based on the Company's assessment on the outcome of the Appeal, supported by the advice of external legal counsel, the company is of the view that reversal of income previously booked in the accounts amounting to ₹ 12.64 crores not warranted. (Refer Note no. 40a of Notes to Accounts).

(ii) Company has received a refund of Education Cess and Secondary & Higher Education Cess amounting to ₹ 2.44 crores in previous years on the basis of the direction of the High Court of Meghalaya dated 30.08.2018 following the decision of the Supreme Court dated 10.11.2017 passed in SRD Nutrients Pvt. Ltd. Vs. Commissioner of Central Excise, Guwahati, However the Apex court in the matter of M/S Unicorn Industries Vs Union of India and Others have taken a contrary view and passed an order on 06.12.2019. Based on the later judgement a demand letter was raised by the department to refund back the amount granted. The Company has preferred an appeal before the appropriate Forum against the above demand letter, as the order dated 30.08.2018 has attained its finality and the refund was granted accordingly. Meghalaya High Court has stayed the said demand vide its order dated 16.06.2020. Based on legal opinions obtained by the Company there is every likelihood that the said demand will be quashed and therefore no provision have been taken in the books of account. (Refer Note no. 40b of Notes to Accounts).

Other than the aforesaid, there have been no significant and material orders passed by the Courts/ Regulators impacting the going concern status and future operations of the Company.

Material Changes and Commitments affecting the Financial Position of the Company

No material changes or commitments have occurred between the end of the financial year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

Adequacy of Internal Financial Control

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

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures

and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

Internal Control Over Financial Reporting

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

Policy on Prevention of Sexual Harassment

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

Risk Management

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

Committees of the Board

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

a. Audit Committee

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

During the year, the Committee met Four (4) times on 07th May, 2019; 31st July, 2019; 05th November, 2019 and 06th February, 2020. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of meetings	
			Held	Attended
Mr. Santanu Ray	Independent	Chairman	4	4
Mr. Mangilal Jain #	Independent	Member	4	4
Mr. Hari Prasad Agarwal	Non-Independent	Member	4	4
Mr. Pramod Kumar Shah ##	Independent	Member	-	-

Mr. Mangilal Jain ceased to be an independent director and director of the Company w.e.f. 31.03.2020

Mr. Pramod Kumar Shah was appointed as an additional director in independent category and the member of the said committee w.e.f. 01.04.2020

• Vigil mechanism

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

b. Nomination & Remuneration Committee

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

During the year under review, the Committee met Two (2) times to deliberate on the various matters. The Meetings were held on 07th May, 2019 and 06th February, 2020. The composition of the Committee and the attendance details of the members are given below:

Name	Category	Chairman/ Members	No. of meetings	
			Held	Attended
Mr. Santanu Ray	Independent	Chairman	2	2
Mr. Mangilal Jain #	Independent	Member	2	2
Mr. Hari Prasad Agarwal	Non-Independent	Member	2	2
Mr. Pramod Kumar Shah ##	Independent	Member	-	-

Mr. Mangilal Jain ceased to be an independent director and director of the Company w.e.f. 31.03.2020

Mr. Pramod Kumar Shah was appointed as an additional director in independent category and the member of the said committee w.e.f. 01.04.2020.

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 7th May, 2019. The composition of the Committee and the attendance details of the members are given below:

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

d. Finance Committee

The Finance Committee deals within the terms of reference defined by the Board and ensures their expeditious implementation.

During the year under review, the Finance Committee met Five (5) times to deliberate on the various matters. The Meetings were held on 22nd May, 2019; 31st May, 2019; 10th December, 2019; 05th March, 2020 and 20th March, 2020. 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. Pankaj Kejriwal	Executive	Chairman	5	Nil
Mr. Hari Prasad Agarwal	Non-Independent	Member	5	5
Mr. Rajesh Kumar Agarwal	Executive	Member	5	5

Human Resource Development & Industrial Relations

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

Particulars of Employees

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

Acknowledgement

Your Directors wish to acknowledge and are grateful for continuous support received from the shareholders, banks, financial institutions, dealers, suppliers and other stakeholders. The Directors regret the loss of life due to Covid-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. Your directors recognize and appreciate the hard work and efforts put in by all the employees of the Company and their contribution towards the progress of the organization.

For and on behalf of the Board of Directors

Pankaj Kejriwal **Hari Prasad Agarwal**

Place: Kolkata

Managing Director

Director

Date: 25th June, 2020

(DIN: 00383635)

(DIN: 00266005)

Annexure - 1

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2020

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. Registration & other details:

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

II. Principal business activities of the Company

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Cement	23941	100

III. Particulars of holding, subsidiary and associate companies

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Star Cement Limited (SCL) (Formerly Cement Manufacturing Company Limited) Village: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	L26942ML2001PLC006663	Holding	100.00	2(46)

IV. Share holding pattern

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) *Individual/ HUF	-	1	1	0.00	-	1	1	0.00	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	2,73,46,399	2,73,46,399	100.00	-	2,73,46,399	2,73,46,399	100.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub -total (A) (1)	-	2,73,46,400	2,73,46,400	100.00	-	2,73,46,400	2,73,46,400	100.00	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A) (1) + (A) (2)	-	2,73,46,400	2,73,46,400	100.00	-	2,73,46,400	2,73,46,400	100.00	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public shareholding (B) = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2,73,46,400	2,73,46,400	100.00	-	2,73,46,400	2,73,46,400	100.00	-

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

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2019]			Shareholding at the beginning of the year [As on 31-March-2020]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Star Cement Limited*	2,73,46,400	100.00	-	2,73,46,400	100.00	-	-
	Total	2,73,46,400	100.00	-	2,73,46,400	100.00	-	-

* Star Cement Limited holds 100% share along with the nominee Ms. Edielanaphika Gabriela Suja War.

(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
	At the beginning of the year						
	Changes during the year			No change during the year			
	At the end of the year						

(iv) Shareholding Pattern of top ten Shareholders

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

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
	At the beginning of the year						
	Changes during the year			NOT APPLICABLE			
	At the end of the year						

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1	Mr. Pankaj Kejriwal (Managing Director)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		-	-	-	-
2	Mr. Hari Prasad Agarwal (Non-Executive Director)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		-	-	-	-
3	Mr. Rajesh Kumar Agarwal (Non-Executive Director)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		-	-	-	-

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. Mangilal Jain (Independent Director)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		-	-	-	-
5	Mr. Santanu Ray (Independent Director)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		-	-	-	-
6	Ms. Edielanaphika Gabriela Suja War (Non-Executive Director)						
	At the beginning of the year	01.04.2019		1	0.00	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		1	0.00	1	0.00
7	Mr. Vivek Lahoti (Chief Financial Officer)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		-	-	-	-
8	Mr. Mohit Mahana (Company Secretary)						
	At the beginning of the year	01.04.2019		-	-	-	-
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2020		-	-	-	-

V. Indebtedness

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

(₹ in Lakhs)

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

** Trade Deposits have not been included

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	Mr. Pankaj Kejriwal	
	Designation	Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	48.30	48.30
	(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)	48.30	48.30
	Ceiling as per the Act	5% of the Net profit, calculated as per Section 198 of Companies Act, 2013 i.e. ₹21.04 Lakhs	

B. Remuneration to other Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Santanu Ray	Mr. Mangilal Jain	Ms. Edielanaphika Gabriela Suja War	
1	Independent Directors				
	Fee for attending Board /Committee meetings	0.48	0.45	-	0.93
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	0.48	0.45	-	0.93
2	Other Non-Executive Directors				
	Fee for attending Board /Committee meetings	-	-	0.05	0.05
	Commission	-	-	-	-
	Others, (remuneration paid for availing professional services)	-	-	2.20	2.20
	Total (2)	-	-	2.25	2.25
	Total (B)=(1+2)	0.48	0.45	2.25	3.18
	Total Managerial Remuneration				51.48
	Overall ceiling as per the Act	11% of Net profit as calculated as per Section 198 of Companies Act, 2013 i.e. ₹46.28 Lakhs			

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Vivek Lahoti	Mr. Mohit Mahana	
	Designation	CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	39.25	10.89	50.14
	(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	39.25	10.89	50.14

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

Annexure 2

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

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

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

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

2. The composition of the CSR Committee:

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

3. Average Net Profit of the Company for last 3 financial years: ₹641.15 Lakhs

4. Prescribed CSR expenditure (2% of amount) : ₹12.82 Lakhs

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

- Total amount to be spent for the financial year: ₹12.82 Lakhs
- Amount un-spent, if any: Nil
- Manner in which the amount spent during financial year is detailed below:

(₹ in Lakhs)

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.	Education Project: Education Project: To provide non-formal primary education through cost effective One Teacher school (O.T.S.) i.e. Ekal Vidyalaya.	Education	Throughout the Country	13.20	13.20	13.20	Through implementing agency i.e. Friends of Tribal Society

*Details of implementing Agency: Friends of Tribal Society

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: 25th June, 2020

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

Rajesh Kumar Agarwal
Director
(DIN: 00223718)

STATEMENT OF PARTICULARS OF EMPLOYEES

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

Sl. No.	Name of the Employees	Designation	Remuneration Received (₹ in Lakhs)	Nature of Employment	Qualification	Experience (Years)	Date of commencement of employment	Age (Years)	Last Employment	% of Equity Share held in the Company	Relation with Director, if any
1	Mr. Pradeep Purohit	Vice President - SCM	84.17	Permanent	B.COM; GDIMM	32	15.11.2004	53	T&L Limited	NIL	None
2	Mr. Vivek Lahoti	Chief Financial Officer	39.25	Permanent	CA	22	01.10.2008	45	Ambuja Cement Limited	NIL	None
3	Mr. Sanjay Kumar Chourasia	Manager - Quality Control	15.81	Permanent	B. Sc	21	06.09.2010	43	Adhunik Cement Ltd	NIL	None
4	Mr. Souren Ghosh	Senior Executive - Finance & Accounts	12.44	Permanent	B. Com	19	23.02.2007	41	Japha Comfeed India Private limited	NIL	None
5	Mr. Manoj Purohit	Assistant Manager - Logistic	11.97	Permanent	B.Com, Diploma in IIMM	12	16.11.2007	51	Self employed	NIL	None
6	Mr. Debanik Sarkar	Senior System Officer - IT	11.08	Permanent	BA, Diploma in Networking	14	20.06.2006	38	Xenities Infotech Private Limited	NIL	None
7	Mr. Mohit Mahana	Company Secretary & Compliance Officer	10.89	Permanent	B.Com, CS & LLB	10	15.09.2015	32	Great Eastern Energy Corporation Limited	NIL	None
8	Md. Shaikh Nazrul Islam	Assistant Manager - Branding	10.22	Permanent	B. Com	18	10.09.2014	42	DDB Marketing Services Pvt. Ltd	NIL	None
9	Mr. Pratik Sharma	Senior Executive - Finance & Accounts	9.72	Permanent	B. Com	12	01.08.2008	33	-	NIL	None
10	Mr. Utpal Borkakati	Assistant Manager- Finance & Accounts	9.66	Permanent	B.Com; M.Com	18	11.04.2009	46	Ozone Ayurvedis Ltd	NIL	None

INDEPENDENT AUDITORS' REPORT

To the Members of
MEGHA TECHNICAL & ENGINEERS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Megha Technical & Engineers Private Limited** (the "Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, the profit and other comprehensive income, changes in equity and the cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements

section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to Note 45 to the Financial Statements which explain the uncertainties and the management's assessment of the financial impact due to the lock-down and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances / developments as they evolve in the subsequent periods.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl. No.	Key Audit Matter	Auditor's Response
1	<p>Related Party Transactions Refer Note no. 39 to the Financial Statements</p> <p>We identified the accuracy and completeness of disclosure of related party transactions as set out in respective notes to the Financial Statements as a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of transactions with related parties during the year ended 31st March, 2020. the fact that the Related party transactions are subject to the compliance requirement under the Companies Act, 2013 and SEBI (LODR), 2015. 	<p>Our audit procedures in relation to the evaluation and disclosure of related party transactions included:</p> <ul style="list-style-type: none"> Obtaining an understanding of the Company's policies and procedures in respect of the capturing of related party transactions and how management ensures all transactions and balances with related parties have been disclosed in the Financial Statements. Obtaining an understanding of the Company's policies and procedures in respect of evaluating arms-length pricing and approval process by the audit committee and the board of directors. We have also reviewed the Transfer Pricing Report of the Company in this regard. Assessing management's evaluation of compliance with the provisions of Section 177 and Section 188 of the Companies Act, 2013 and SEBI (LODR), 2015. Evaluating the disclosures through reading of statutory information, books and records and other documents obtained during the course of our audit. <p>Our examination has showed that the Related Party Transactions have been evaluated and disclosed appropriately.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance changes in equity 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 relevant rules issued thereunder.

This responsibility also includes 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; selection and application of appropriate implementation and maintenance of 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.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of

the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

Due to COVID-19 pandemic and the consequential nationwide lockdown announced by the Central and State Government including travel restrictions, maintenance of social distancing etc., the audit team has performed the audit from remote location on the basis of data, scanned copies, documents, management estimates, assumptions, certificates and other information supplied electronically by the management on online platform. We have relied on Management's assurance of the authenticity, completeness and accuracy of these records electronically submitted to us. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lock-down restrictions imposed by the government and we have therefore, relied on the related alternative audit procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Consideration for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the Financial Statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016', 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 paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) Without prejudice to the issues described under "Other matter" section, 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts;
 - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under

Section 133 of the Act, read with relevant rules issued thereunder;

- (e) On the basis of the written representations received from the Directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2020 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";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditors 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 pending litigations on its financial position in its Financial Statements - Refer Note no. 40 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2020.

For D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.: 304138E

Niraj K Jhunjunwala

Partner

Membership No.: 057170

UDIN: 20057170AAAADD2372

Place: Kolkata

Date: 25th June, 2020

Annexure “A” to Independent Auditors’ Report

(Referred to under the heading “Report on Other Legal and Regulatory Requirements” in Paragraph 1 of our Independent Auditors’ report of even date)

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, 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 all the immovable properties are held in the name of the Company.
- ii. The inventory 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. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured, to companies, limited liability partnership firm, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)[(a), (b) and (c)] of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans or provided any guarantees or security to the parties cover under section 185 of the Act. In respect of loans and investments made by the Company, the provisions of Section 186 of the Act have been complied with.
- v. The Company has not accepted any deposits from the public during the year within the meaning of Sections 73 to 76 of the Act and the rules framed there under. Therefore, the provision of clause 3(v) of the order is not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain Cost Records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) The Company is generally regular in depositing the undisputed statutory dues, including provident fund, Employees’ State Insurance, Income tax, Goods and Service tax, Customs Duty, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2020 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, the details of disputed amount of Excise Duty and Cess not deposited by the Company are given below:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	51.31	2008-09 & 2009-10	CESTAT
The Central Excise Act, 1944	Excise Duty	244.18	May’07 to January’13	Meghalaya High Court
The Central Excise Act, 1944	Excise Duty	12.17	July’13 to March’14	CESTAT

- viii. The Company has not taken any loans from Bank, financial Institution or Government and has also not issued any debentures. Therefore, the provisions of Clause 3(viii) of the Order are not applicable to the company.
- ix. The Company has not raised any money by way of initial public offer/further public offer (including debt instruments)/ term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the company.

- x. In our opinion and 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 year.
- xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and 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 Section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Financial Statements, as required by the applicable Indian accounting standards.
- xiv. During the year the Company has not made any preferential allotment / private placements of shares/ fully/partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information & explanation given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with its directors or person connected with them. Accordingly, clause 3(xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause 3(xvi) is not applicable to the Company.

For D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.: 304138E

Niraj K Jhunjhunwala

Partner

Membership No.: 057170

UDIN: 20057170AAAADD2372

Place: Kolkata

Date: 25th June, 2020

Annexure “B” to Independent Auditors’ Report

(Referred to under the heading “Report on Other Legal and Regulatory Requirements” in Paragraph 2(f) of our Independent Auditors’ report of even date)

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

We have audited the internal financial controls over financial reporting of Megha Technical & Engineers Private Limited (“the Company”) as at 31st March, 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

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

Auditor's 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 Act, 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 ICAI. 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 unauthorized 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, read with impact of COVID- 19 stated in Emphasis of Matter paragraph in Independent Auditor's Report, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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 D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.: 304138E

Niraj K Jhunjhunwala

Partner

Place: Kolkata

Date: 25st June, 2020

Membership No.: 057170

UDIN: 20057170AAAADD2372

BALANCE SHEET as at 31st March, 2020

(₹ in Lakhs)

Particulars	Notes	31 March 2020	31 March 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3(a)	1,698.74	1,912.14
(b) Capital work-in-progress		37.89	57.11
(c) Right-of-use assets		2.71	-
(d) Intangible assets	3(b)	0.24	0.04
(e) Financial assets			
(i) Investments	4	8,688.95	10,678.05
(ii) Loans	5	14,784.97	15,612.97
(iii) Other financial assets	6	26.18	26.03
(f) Deferred tax assets (net)	7	1,903.40	1,532.98
(g) Non-current tax asset (net)	8	181.14	152.35
(h) Other non-current assets	9	26.41	44.79
Total non-current assets		27,350.63	30,016.46
(2) Current assets			
(a) Inventories	10	120.66	185.62
(b) Financial assets			
(i) Trade receivables	11	52.56	148.78
(ii) Cash and cash equivalents	12	194.21	140.60
(iii) Bank balances (other than (ii) above)	13	1,494.16	-
(iv) Loans	14	363.66	344.62
(c) Other current assets	15	912.11	995.70
Total current assets		3,137.36	1,815.32
Total assets		30,487.99	31,831.78
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	2,734.64	2,734.64
(b) Other equity	17	27,506.65	28,771.42
Total equity		30,241.29	31,506.06
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities (including lease liabilities)	18	32.28	30.44
(b) Employee benefit obligations	19	47.95	29.10
(c) Other non-current liabilities	20	15.33	56.11
Total non-current liabilities		95.56	115.65
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	21		
a) Total outstanding dues of micro and small enterprises		0.04	-
b) Total outstanding dues of creditors other than micro and small enterprises		13.95	44.08
(ii) Other financial liabilities (including lease liabilities)	22	80.37	99.04
(b) Employee benefit obligations	23	41.52	35.24
(c) Other current liabilities	24	15.26	31.71
Total current liabilities		151.14	210.07
Total liabilities		246.70	325.72
Total equity and liabilities		30,487.99	31,831.78
Summary of Significant accounting policies	1&2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.:304138E

Niraj K Jhunjhunwala

Partner

Membership No.: 057170

Place: Kolkata

Date : 25th June, 2020

For and on behalf of the Board of Directors

Vivek Lahoti

Chief Financial Officer

Mohit Mahana

Company Secretary

Hari Prasad Agarwal

Director

DIN : 00266005

Pankaj Kejriwal

Managing Director

DIN : 00383635

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2020

(₹ in Lakhs)

Particulars	Notes	31 March 2020	31 March 2019
INCOME			
Revenue from operations	25	449.19	361.64
Other income	26	1,342.82	1,834.76
Total income		1,792.01	2,196.40
EXPENSES			
Cost of materials consumed	27	129.05	85.08
(Increase)/ decrease in inventories	28	68.38	(70.13)
Employee benefit expenses	29	642.48	598.81
Finance costs	30	0.57	0.02
Depreciation and amortisation expenses	31	157.85	202.91
Other expenses	32	371.37	290.05
Total expenses		1,369.70	1,106.74
Profit before tax		422.31	1,089.66
Tax expense	33		
- Current tax		115.90	163.02
- Deferred tax		3.00	(13.11)
- Income tax for earlier years		44.82	-
Profit for the year		258.59	939.75
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	35	(9.48)	(2.52)
Income tax relating to above item		2.64	0.70
Changes in fair value of equity instruments (FVOCI)		(1,989.10)	361.14
Income tax relating to above item	33	472.57	(53.82)
Other comprehensive income for the year, (net of tax)		(1,523.37)	305.50
Total comprehensive income for the year		(1,264.78)	1,245.25
Earnings per equity share: (Face value of ₹ 10/- each)	34		
Basic earning per share (in ₹)		0.95	3.44
Diluted earning per share (in ₹)		0.95	3.44
Summary of Significant accounting policies	1&2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.:304138E

Niraj K Jhunjunwala

Partner

Membership No.: 057170

Place: Kolkata

Date : 25th June, 2020

Vivek Lahoti

Chief Financial Officer

Mohit Mahana

Company Secretary

For and on behalf of the Board of Directors

Hari Prasad Agarwal

Director

DIN : 00266005

Pankaj Kejriwal

Managing Director

DIN : 00383635

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2020

A. Equity share capital

(₹ in Lakhs)

Particulars	Amount
As at 1st April, 2018	2,734.64
Changes in equity share capital	-
As at 31st March, 2019	2,734.64
Changes in equity share capital	-
As at 31st March, 2020	2,734.64

B. Other equity

(₹ in Lakhs)

Particulars	Reserves and surplus	Items of other Comprehensive income	Total other equity
	Retained earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 1st April, 2018	21,650.83	5,875.35	27,526.18
Profit for the year (a)	939.74	-	939.74
Other comprehensive income (net of tax) (b)	(1.82)	307.32	305.50
Total comprehensive income for the year (a + b)	937.92	307.32	1,245.24
Balance as at 31st March, 2019	22,588.75	6,182.67	28,771.42

(₹ in Lakhs)

Particulars	Reserves and surplus	Items of other Comprehensive income	Total other equity
	Retained earnings	Equity Instruments through Other Comprehensive Income	
Balance as at 1st April, 2019	22,588.75	6,182.67	28,771.42
Profit for the year (a)	258.59	-	258.59
Other comprehensive income (net of tax) (b)	(6.84)	(1,516.53)	(1,523.36)
Total comprehensive income for the year (a + b)	251.75	(1,516.53)	(1,264.77)
Balance as at 31st March, 2020	22,840.51	4,666.14	27,506.65

The accompanying notes are an integral part of the financial statements

As per our report of even date

For D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.:304138E

Niraj K Jhunjunwala

Partner

Membership No.: 057170

Place: Kolkata

Date : 25th June, 2020

For and on behalf of the Board of Directors

Vivek Lahoti

Chief Financial Officer

Mohit Mahana

Company Secretary

Hari Prasad Agarwal

Director

DIN : 00266005

Pankaj Kejriwal

Managing Director

DIN : 00383635

CASH FLOW STATEMENT for the year ended 31st March, 2020

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
A Cash Flow From Operating Activities		
Profit before Tax	422.31	1,089.66
Adjustments for :		
Depreciation & amortisation (refer note no. 31)	156.65	202.91
Amortisation of right-of-use- assets	1.20	-
Interest income (refer note no. 26)	(1,341.21)	(1,824.09)
Interest expenses (refer note no. 30)	0.57	0.02
Allowance for bad & doubtful debts	-	(8.94)
(Profit)/Loss on sale of property, plant and equipment	(1.56)	(1.31)
Operating Profit before Working Capital changes	(762.04)	(541.75)
Adjustments for : (increase) / decrease		
(Increase)/Decrease in Trade Receivables	96.22	(68.01)
(Increase)/Decrease in Inventories	64.95	32.04
(Increase)/Decrease in Other receivables	911.59	(1,132.06)
(Increase)/Decrease in Other assets	(73.22)	(130.76)
Increase/(Decrease) in Trade payables	(30.09)	37.38
Increase/(Decrease) in Other liabilities	(48.93)	(61.05)
Cash Generated from Operations	158.48	(1,864.21)
Income Tax paid	-	-
Net Cash flow from Operating Activities	158.48	(1,864.21)
B Cash flow from Investing Activities		
Purchase of property, plant and equipment (including WIP)	86.53	18.96
Sale of property, plant and equipment	(13.12)	-
Interest received	1,316.45	1,806.09
Fixed Deposit / margin money given / matured	(1,494.16)	-
Net Cash used in Investing Activities	(104.30)	1,825.05
C Cash Flow from Financing Activities		
Interest paid	(0.27)	(0.02)
Payment of lease liability	(0.30)	-
Net Cash used in Financing Activities	(0.57)	(0.02)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	53.61	(39.18)
Cash and Cash Equivalents (refer note no. 12)		
Opening Balance	140.60	179.78
Closing Balance	194.21	140.60

The accompanying notes are an integral part of the financial statements

As per our report of even date

For D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.:304138E

Niraj K Jhunjhunwala

Partner

Membership No.: 057170

Place: Kolkata

Date : 25th June, 2020

For and on behalf of the Board of Directors

Vivek Lahoti

Chief Financial Officer

Mohit Mahana

Company Secretary

Hari Prasad Agarwal

Director

DIN : 00266005

Pankaj Kejriwal

Managing Director

DIN : 00383635

NOTES TO FINANCIAL STATEMENTS for the year ended 31st March, 2020

Note 1: Significant Accounting Policies for the year ended 31st March 2020

Corporate information

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

1. Significant Accounting Policies

1.1 Basis of Preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

The Company has adopted all the applicable Ind AS standards effective 1st April, 2017 and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- defined benefit plans – plan assets measured at fair value
- certain financial assets that are measured at fair value

(iii) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

(iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

1.2 Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting 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 Foreign Currency Transactions and Balances

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Megha Technical & Engineers Private Limited's functional and presentation currency.

Transactions in foreign currencies entered into by the Company are accounted at the exchange 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 foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income or other expenses.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

1.4 Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition, installation or construction (net of any recoverable amount, 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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Capital Work In Progress

Capital work in progress is carried at cost and includes any directly attributable cost incurred during construction period.

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.

Depreciation

Depreciation on Property, plant and equipment is provided on written down value (WDV) method for cement division and on straight line method for power division in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C', thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV/SLM method so as to depreciate the initial cost down to the residual value over the estimated useful lives. 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.

Impairment of non-financial 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.

1.5 Intangible Asset

An Intangible asset is 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 software and IT related expenditure is written off over a period of three years.

1.6 Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

1.7 Lease

As a Lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, an estimate of costs to be incurred in dismantling and removing or restoring the underlying asset and lease payments made at or before the commencement date less any lease incentives received. After the commencement date, the Right of use assets are measured applying the Cost model. They are subsequently measured at cost, less any accumulated depreciation, adjustments for any remeasurement of the lease liabilities and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At the commencement date of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO FINANCIAL STATEMENTS (Contd.)

As a Lessor:

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Operating lease payments are recognised as an income in the statement of profit and loss on a straight-line basis over the lease term, unless the receipt from lessee is structured to increase in line with expected general inflation and compensate for the lessor's expected inflation cost increase.

1.8 Government Grants and Subsidies

Government grants and 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. Grants related to assets which are recognized in the Statement of Financial Position as deferred income, are recognized to the Statement of profit or loss on a systematic basis over the useful life of the related assets by netting off with the related expense.

1.9 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Work in progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials & labour and a part of manufacturing overheads based on normal operating capacity.

Cost of Inventories excluding finished goods and work-in-progress 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.

1.10 Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the company's business model for managing the financial assets and the contractual terms of cash flows.

Measurement

At initial recognition, the company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The company classifies its debt instruments into the following categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collections of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments

The company subsequently measures all equity investments (except subsidiary, associate and joint venture) at fair value through profit or loss. However where the company's management makes an irrevocable choice on initial recognition to present fair value gains and

NOTES TO FINANCIAL STATEMENTS (Contd.)

losses on specific equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Impairment of financial assets

The company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derecognition of financial assets

A financial asset is derecognised only when

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset.

1.11 Trade receivables

Trade receivables are recognised initially at transaction price. Upon initial recognition of a receivable from a contract with a customer, any difference between the measurement of the receivable in accordance with Ind AS 109 and the corresponding amount of revenue recognised shall be presented as an expense. Subsequently, the trade receivables are measured at cost less expected credit losses. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience. The Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The loss allowance is measured at an amount equal to lifetime expected credit losses.

1.12 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.

1.13 Financial liabilities

Initial recognition and measurement

The company recognises all the financial liabilities on initial recognition at fair value minus, in the case of a financial liability not at fair value through Profit or Loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent measurement

All the financial liabilities are classified as subsequently measured at amortised cost, except for those measured at fair value through profit or loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

1.14 Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before

NOTES TO FINANCIAL STATEMENTS (Contd.)

the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.15 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.

1.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.18 (A) Revenue Recognition

Revenue from sale of goods is recognised when control of the products has been transferred. The domestic sales are accounted when the products are dispatched to the customers and export sales are accounted on the basis of bill of export / bill of lading. Delivery occurs when the product has been dispatched to the specific location and the risk of obsolescence/ loss has been transferred and there is no unfulfilled obligation that could affect the buyer's acceptance of the product as per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are dispatched as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue is exclusive of goods and service tax and net of discounts, sales returns and foreign exchange gain/(loss) .

Unfulfilled performance obligations

The Company provides certain benefits to customers for purchasing products from the Company. These provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide such benefits to the customer is a separate performance obligation. The transaction price is allocated to the product and the benefit to be provided on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of providing cost of such benefits. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. To the extent these benefits are not settled/disbursed till the end of a reporting period these are recorded.

A contract liability is recognised until the benefit is provided.

(B) Other Income

Interest income is recognised using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

1.19 Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after

NOTES TO FINANCIAL STATEMENTS (Contd.)

the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Defined Contribution Plan

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

(iii) 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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and transferred to retained earnings.

(iv) 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.

1.20 Tax Expenses

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 tax is computed on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred taxes are recognised in statement of profit and loss, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the taxes are recognised in other comprehensive income or directly in equity, respectively.

The deferred tax in respect of temporary 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.

1.21 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss before other comprehensive income 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 before other comprehensive income 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.

1.22 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

NOTES TO FINANCIAL STATEMENTS (Contd.)

to settle the obligation and in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. 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 also disclosed by way of notes to the accounts.

1.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.24 Dividends

Dividends paid (including dividend distribution tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders. The amount is recognised directly in equity.

2. Transition disclosure note

Adoption of a new accounting standard on Leases Ind AS 116

The Company has adopted Ind AS 116 'Leases' with effect from April 1, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 using modified retrospective method. Accordingly, the comparatives have not been retrospectively adjusted.

On transition, the adoption of this standard resulted in recognition of Right of Use Asset of ₹ 3.91 Lakhs and lease liability of ₹ 3.91 Lakhs as at April 1, 2019. At the year end the cumulative impact of applying this standard resulted in decrease in profit of ₹ 0.11 Lakhs, the result of which did not have any material impact on the profit before tax, profit for the year and earning per share for the year ended March 31, 2020.

Ind AS 116 will result in an increase in cash inflows from operating activities and decrease in cash inflows from financing activities on account of lease payments. The lease liabilities were discounted using the incremental borrowing rate of the company as at April 1, 2019. The Weighted Average incremental borrowing rate applied to lease liability as at April 1, 2019 is 8.81%.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. In statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous year to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability.

In the context of initial application, the company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020 : (₹ in Lakhs)

Particulars	Non-factory building
Balance as at April 1, 2019	-
Recognition on account of adoption of Ind AS 116	3.91
Additions	-
Depreciation	1.20
Balance as at March 31, 2020	2.71

The depreciation expense of ₹ 1.20 Lakhs on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.

The following is the movement in lease liabilities during the year ended March 31, 2020 :

(₹ in Lakhs)

Particulars	Lease Liabilities
Balance as at April 1, 2019	-
Recognition on account of adoption of Ind AS 116	3.91
Interest expense during the period	0.30
Payment of lease liabilities	1.39
Balance as at March 31, 2020	2.82

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 3(a) - Tangible Assets

(₹ in Lakhs)

Particulars	Land & Site Development	Factory Buildings	Non-Factory Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipments	Computers	Heavy Vehicles & Equipments	Vehicles	Tools & Tackles	Total
Gross Block											
As at 1 April 2018	384.50	714.62	801.34	727.60	10.19	4.84	4.94	1.44	38.54	5.50	2,693.51
Additions		4.07				1.00	1.82		2.58		9.47
Disposals/deductions/adjustments									2.54	0.01	2.55
As at 31 March 2019	384.50	718.69	801.34	727.60	10.19	5.84	6.76	1.44	38.58	5.49	2,700.43
Additions	0.11	-		1.41		0.05	-		4.26		5.82
Disposals/deductions/adjustments				78.31		1.89			22.69	-	102.88
As at 31 March 2020	384.61	718.69	801.34	650.70	10.19	4.01	6.76	1.44	20.15	5.49	2,603.37
Accumulated Depreciation											
As at 1 April 2018	-	131.30	70.39	334.67	5.20	1.17	0.88	-	17.89	2.38	563.88
Charge for the year		57.33	56.34	102.91	1.01	0.81	1.10	-	4.81	0.24	224.55
Disposals/deductions/adjustments									0.14		0.14
As at 31 March 2019	-	188.63	126.73	437.58	6.21	1.98	1.98	-	22.56	2.61	788.29
Charge for the year		51.79	44.17	69.24	0.47	1.14	0.91	-	3.93	0.10	171.75
Disposals/deductions/adjustments				33.10		1.84			20.55	(0.08)	55.41
As at 31 March 2020	-	240.43	170.90	473.72	6.67	1.28	2.88	-	5.93	2.80	904.62
Net Block											
As at 31 March 2019	384.50	530.06	674.61	290.03	3.98	3.86	4.78	1.44	16.02	2.87	1,912.14
As at 31 March 2020	384.61	478.27	630.44	176.98	3.51	2.73	3.88	1.44	14.21	2.69	1,698.74

Note :

During the year Company has sold property, plant and equipment amounting to ₹ 100.99 Lakhs (March 31, 2019 ₹ 1.89 Lakhs) and discarded ₹ 1.89 Lakhs (March 31, 2019 ₹ Nil)

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 3(b) - Intangible assets

(₹ in Lakhs)

Particulars	Intangible Assets
Gross Block	
As at 1st April 2018	0.22
Additions	-
Disposals/deductions/adjustments	-
As at 31st March 2019	0.22
Additions	0.35
Disposals/deductions/adjustments	-
As at 31st March 2020	0.57
Accumulated Amortisation	
As at 1st April 2018	0.17
Charge for the year	0.01
Disposals/deductions/adjustments	-
As at 31st March 2019	0.18
Charge for the year	0.15
Disposals/deductions/adjustments	-
As at 31st March 2019	0.34
Net Block	
As at 31st March 2018	0.04
As at 31st March 2020	0.24

Note :

During the year, the Company has sold property, plant and equipment amounting to ₹ 101.58 Lakhs (March 31, 2019 ₹ 9.54 Lakhs) and discarded ₹ 1.88 Lakhs (March 31, 2019 ₹ Nil)

Note: 4 - Investment in fellow subsidiary

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Investments in unquoted equity shares (FVOCI)		
Star Cement Meghalaya Limited	8,688.95	10,678.05
37,29,162 equity shares (37,29,162 as at 31st March 2019) of ₹ 10/- each fully paid up		
Total	8,688.95	10,678.05
Total non-current investments		
Aggregate amount of unquoted investments	8,688.95	10,678.05

Note: 5 - Loans - non current

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Unsecured, considered good		
- Security deposits	0.51	0.51
-Loans to related parties	14,784.46	15,612.46
Total	14,784.97	15,612.97

Terms of loan to related parties is long term in nature which is repayable in 5 Years.

Note: 6 - Other financial assets - non current

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Deposits with original maturity of more than 12 months	26.18	26.03
Total	26.18	26.03

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 7 - Deferred tax assets (net)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Deferred tax assets		
Expenditure allowable for tax purposes upon payment	6.99	17.90
Property, plant and equipment : impact of difference between tax depreciation and depreciation/ amortization charged	6.46	-
MAT credit entitlement	2,929.43	3,031.22
Deferred tax liabilities		
Property, plant and equipment : impact of difference between tax depreciation and depreciation/ amortization charged	-	(4.09)
Fair valuation of equity shares	(1,039.48)	(1,512.05)
Deferred tax assets	1,903.40	1,532.98

Mat Credit Entitlement of ₹ 51.17 Lakhs (₹ 50.79 Lakhs as at 31st March 2019) adjusted with Provision for taxation

Note: 8 - Non-current tax assets (net)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Advance income tax (net of provision for taxation of ₹ 115.90 Lakhs as at 31st March, 2020, ₹ 686.24 Lakhs as at 31st March, 2019)	181.14	152.35
Total	181.14	152.35

Note: 9 - Other non-current assets

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Unsecured, considered good		
Deposits with statutory authority	26.29	26.76
Capital advances		
-Unsecured considered good	0.12	18.03
Total	26.41	44.79

Note: 10 - Inventories

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Raw materials	8.66	4.70
Finished goods (Including in transit ₹ Nil, as on 31st March 2019 ₹ 18.76 Lakhs)	12.72	81.10
Fuels, packing materials, etc.	29.82	13.77
Stores and spares parts	69.46	86.05
Total	120.66	185.62

Note: 11 - Trade receivables

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
a) Secured		
Considered good	3.16	103.04
	3.16	103.04
b) Unsecured		
Considered good	49.40	45.74
Considered doubtful	81.28	81.28
Less: Allowance for doubtful trade receivable	(81.28)	(81.28)
	49.40	45.74
Total	52.56	148.78

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 12 - Cash and cash equivalents

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Cash in hand	1.55	7.09
Cheques in hand	144.30	43.61
Balances with banks		
- Current accounts	48.36	89.90
Total	194.21	140.60

Note: 13 - Bank balances (other than (ii) above)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
In Fixed Deposit accounts including interest with original maturity of more than 3 months and upto 12 months	1,494.16	-
Total	1,494.16	-

Note: 14 - Loans - current

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Unsecured, considered good		
- Security deposit	18.27	18.27
- Others	345.39	326.35
Total	363.66	344.62

Note: 15 - Other current assets

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Advances to suppliers	7.88	5.94
Advances for services and expenses	0.65	0.65
Advances to employees	14.88	9.85
Less: Allowance for doubtful advances	(5.93)	(7.02)
Prepaid expenses	9.09	13.21
Subsidies/ incentives receivable from central/ state government	838.80	922.92
Balances with/ receivable from statutory/ government authorities	46.73	50.15
Total	912.11	995.70

Note: 16 - Equity share capital

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
1. Authorised capital		
3,50,00,000 (3,50,00,000 as at 31st March 2019) Equity Shares of ₹ 10/- each	3,500.00	3,500.00
2. Issued, subscribed & fully paid up shares		
2,73,46,400 equity shares (2,73,46,400 as at 31st March 2019) Equity Shares for ₹ 10/- each fully paid up in cash.	2,734.64	2,734.64

a) Terms/ rights attached to equity shares

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

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

b) Reconciliation of number of shares outstanding

Equity shares	31 March 2020	31 March 2019
	No. of shares	No. of shares
At the beginning of the year	2,73,46,400	2,73,46,400
Issued during the year	-	-
Outstanding at the end of the year	2,73,46,400	2,73,46,400

c) Shares held by Holding Company

Name of the Holding Company	31 March 2020	31 March 2019
	No. of shares	No. of shares
Star Cement Limited (Formerly Cement Manufacturing Company Limited)	2,73,46,400	2,73,46,400

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

Name of the Holding Shareholders	31 March 2020	31 March 2019
	No. of Shares % of holding	No. of Shares % of holding
Star Cement Limited (Formerly Cement Manufacturing Company Limited)	2,73,46,400	2,73,46,400
	(100%)	(100%)

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

Note: 17 - Other equity

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Reserve and surplus		
Retained earnings		
Opening balance	22,588.75	21,650.83
Profit/(loss) for the year	258.59	939.74
Items of other comprehensive income directly recognised in retained earnings		
Remeasurements of post-employment benefit obligations (net of tax)	(6.84)	(1.82)
	22,840.51	22,588.75
Items of other comprehensive income		
Equity Instruments through Other Comprehensive Income		
Opening balance	6,182.67	5,875.35
Change in fair value of equity instruments (FVOCI)	(1,989.10)	361.14
Deferred tax	472.57	(53.82)
	4,666.14	6,182.67
Total Other Equity	27,506.65	28,771.42

Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of its investments in equity securities in other comprehensive income. These changes are accumulated within the equity instruments (FVOCI) reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

Note: 18 - Other financial liabilities (including lease liabilities)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Security deposit	30.44	30.44
Lease Liability Payable	1.84	-
Total	32.28	30.44

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 19 - Employee benefit obligations

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Provisions for employee benefits		
- Gratuity	47.95	29.10
Total	47.95	29.10

Note: 20 - Other non current liabilities

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Deferred government grant	15.33	56.11
Total	15.33	56.11

Note: 21 - Trade payables

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
a) Total outstanding dues of micro and small enterprises	0.04	-
b) Total outstanding dues of creditors other than micro and small enterprises	13.95	44.08
Total	13.99	44.08

Note: 22 - Other financial liabilities (including lease liabilities)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Others		
-Retention money	6.85	7.21
-Salary and bonus to employees	23.23	26.74
-Other liabilities	49.32	65.09
-Lease Liability Payable	0.97	-
Total	80.37	99.04

Note: 23 - Employee benefit obligation

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Provision for employee benefits:-		
- Leave encashment	36.79	31.35
- Gratuity	4.73	3.89
Total	41.52	35.24

Note: 24 - Other current liabilities

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Current portion of Deferred government grant	2.70	15.13
Statutory Liabilities	12.52	13.27
Advances from customers	0.04	3.31
Total	15.26	31.71

Note: 25 - Revenue from operations

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Sale of products	449.19	92.92
Other operating income		
-Others	-	268.72
Total	449.19	361.64

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 26 - Other income

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Interest income on financial assets measured at amortised cost		
- Loans	1341.21	1,302.00
Dividend Income	-	522.08
Miscellaneous income	1.61	10.68
Total	1342.82	1834.76

Note: 27 - Cost of materials consumed

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Inventory at the beginning of the year	4.70	29.71
Add : Purchases	133.02	60.07
	137.72	89.78
Less : Inventory at the end of the year	8.67	4.70
Total	129.05	85.08

Note: 28 - (Increase)/ decrease in inventories

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Opening stock	81.10	10.97
Closing stock	12.72	81.10
(Increase) / decrease	68.38	(70.13)

Note: 29 - Employee benefit expenses

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Salaries and wages	598.80	559.19
Contribution to provident fund and other funds	35.07	31.95
Welfare expenses	8.61	7.67
Total	642.48	598.81

Note: 30 - Finance costs

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Interest expense		
- On Others	0.57	0.02
Total	0.57	0.02

Note: 31 - Depreciation and amortisation expenses

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Depreciation on property, plant and equipment (Refer Note 3(a))	156.49	202.90
Depreciation on leased assets	1.21	-
Amortisation on intangible assets (Refer Note 3(b))	0.15	0.01
Total	157.85	202.91

Depreciation is net off amortisation of government grants amounting to ₹ 15.25 Lakhs as at 31st March, 2020 (₹ 21.65 Lakhs as at 31st March, 2019)

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 32 - Other expenses

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Consumption of stores & spare parts	27.08	12.11
Packing materials	10.77	13.98
Power & fuel	42.99	23.04
Repairs & maintenance		
- Building	19.77	6.91
- Plant & machinery	1.28	1.84
- Others	1.25	4.70
Insurance	8.69	14.23
Rent, rates & taxes	37.67	10.56
Heavy vehicle / equipment running expenses	0.72	13.80
Research and Development Expenses	0.01	1.09
Charity & donation	2.00	-
Corporate social responsibility (Refer Note 41)	13.20	11.00
Travelling and conveyance	37.55	39.22
Advertisement & publicity	-	29.51
Sales promotion expenses	0.31	0.32
Outward freight charges	112.78	41.53
Commission, discount & incentives on sale	8.35	0.21
Miscellaneous expenses	46.95	66.00
Total	371.37	290.05

Miscellaneous expenses include expense paid to auditor (Refer note 42)

Note: 33 - Income Tax expense

(a) Amount recognized in Profit or Loss

(₹ in Lakhs)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
(a) Income tax expense		
(i) Current tax		
Current tax on profits for the year	115.90	163.02
Total Current tax expense	115.90	163.02
(ii) Deferred tax		
Deferred tax expense	3.00	(13.11)
Total Deferred tax expense	3.00	(13.11)
(iii) Income tax for earlier years		
Income tax expense for earlier years	44.82	-
Total Income tax expense	44.82	-
Income tax expenses	163.72	149.91

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Profit before tax	422.31	1,089.66
Tax at the Indian tax rate of 27.82% (2018-19 - 27.82%)	117.49	303.14
Differences on which no deferred tax has been recognised		
Items not deductible/taxable under tax	(1.59)	5.12
Impact of change in tax rate during the year	-	(145.24)
Tax credit of earlier years reversed	3.00	(13.11)
Other adjustments	44.82	-
Income tax expenses	163.72	149.91

(c) The tax rate used for the year 2018-19 and 2019-20 reconciliation above is the corporate tax rate 27.82% (25% + surcharge 7% + education cess 4%) and 27.82% (25% + surcharge 7% + education cess 4%) respectively payable on taxable profit under the Income Tax Act, 1961.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 34 - Earnings per share**(a) Basic earnings per share**

Particulars	31 March 2020	31 March 2019
Basic earnings per share attributable to the equity holders of the Company (in ₹)	0.95	3.44

(b) Diluted earnings per share

Particulars	31 March 2020	31 March 2019
Diluted earnings per share attributable to the equity holders of the Company (in ₹)	0.95	3.44

(c) Reconciliations of earnings used in calculating earnings per share

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Profit attributable to equity holders of the company used in calculating basis earnings per share	258.59	939.75
Profit attributable to equity holders of the company used in calculating diluted earnings per share	258.59	939.75

(d) Weighted average number of equity shares used as the denominator

Particulars	31 March 2020	31 March 2019
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,73,46,400	2,73,46,400
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	2,73,46,400	2,73,46,400

Note: 35 - Disclosure as per Ind AS 19, 'Employees Benefit'**(a) Leave obligations and Leave travel allowance**

Under leave encashment scheme, the Company allows its employees to encash accumulated leave over and above thirty days at any time during the year. Hence, the entire amount of the provision is presented under current. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Leave obligations not expected to be settled within the next 12 months	34.83	29.53

(b) Post-employment obligations**Gratuity**

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.

(i) The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in Lakhs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2018	65.08	(42.36)	22.72
Current service cost	6.93	-	6.93
Interest expense/(income)	4.70	(3.26)	1.44
Total amount recognised in profit or loss	11.63	(3.26)	8.37
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.51	0.51
Actuarial (gain)/loss from change in financial assumptions	0.33	-	0.33
Actuarial (gain)/loss from unexpected experience	1.68	-	1.68
Total amount recognised in other comprehensive income	2.01	0.51	2.52
Employer contributions/ premium paid	-	(0.62)	(0.62)
Benefits paid	(8.15)	8.15	-
31st March 2019	70.57	(37.58)	32.99

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April 2019	70.57	(37.58)	32.99
Current service cost	8.06	-	8.06
Interest expense/(income)	4.78	(2.63)	2.15
Total amount recognised in profit or loss	12.84	(2.63)	10.21
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.25)	(0.25)
Actuarial (gain)/loss from change in financial assumptions	5.53	-	5.53
Actuarial (gain)/loss from unexpected experience	4.21	-	4.21
Total amount recognised in other comprehensive income	9.74	(0.25)	9.49
Employer contributions/ premium paid	-	(0.01)	(0.01)
Benefits paid	(4.64)	4.64	-
31st March 2020	88.51	(35.83)	52.68

(ii) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31 March 2020	31 March 2019
Discount rate	7.00%	7.70%
Expected return on plan asset	7.00%	7.70%
Salary growth rate	6.00%	6.00%
Withdrawal Rate	1%-8%	1%-8%
Mortality rate	IALM (2006-08) Table	IALM (2006-08) Table

(iii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in Lakhs)

Particulars	Impact on defined benefit obligation			
	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	(80.77)	97.49	(64.47)	77.64
Salary growth rate (-/+ 1%)	(97.15)	80.96	(77.29)	64.74
Withdrawal Rate (-/+ 1%)	(89.23)	87.70	(71.55)	69.46

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(iv) The major categories of plans assets

The defined benefit plans are funded with an insurance company of India. The Company does not have any liberty to manage the funds provided to insurance companies.

(v) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(vi) Defined benefit liability and employer contributions

Expected contributions to post-employment benefits plans for the year ending 31st March 2021 are ₹ 11.10 Lakhs.

The weighted average duration of the defined benefit obligation is 5.59 years (31st March 2019 : 5.98 years). The expected maturity analysis of undiscounted gratuity is as follows:

(₹ in Lakhs)

Particulars	Less than a year	Between 2-5 years	Over 5 years
31st March 2020	4.73	21.34	41.70
31st March 2019	3.89	2.27	29.02

Note: 36 - Fair Value Measurement

Financial instruments by category

(₹ in Lakhs)

Particulars	31 March 2020			31 March 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments in unquoted equity instruments	-	8,688.95	-	-	10,678.05	-
Other financial assets	-	-	26.18	-	-	26.03
Loans	-	-	15,148.63	-	-	15,957.60
Trade receivable	-	-	52.56	-	-	148.78
Cash and cash equivalent	-	-	194.21	-	-	140.60
Bank balances (other than (ii) above)	-	-	1,494.16	-	-	-
	-	8,688.95	16,915.74	-	10,678.05	16,273.01
Financial liabilities						
Security deposits	-	-	30.44	-	-	30.44
Trade payable	-	-	13.99	-	-	44.08
Retention money	-	-	6.85	-	-	7.21
Salary and bonus to employees	-	-	23.23	-	-	26.74
Other liabilities	-	-	49.31	-	-	65.09
Other financial liabilities	-	-	2.82	-	-	-
	-	-	126.64	-	-	173.56

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis.
- the fair value of all assets and liabilities

NOTES TO FINANCIAL STATEMENTS (Contd.)

(iii) Fair value of financial assets and liabilities measured at fair value - recurring fair value measurements (₹ in Lakhs)

Particulars	31 March 2020			31 March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investment in equity instruments	-	-	8,688.95	-	-	10,678.05
Total financial assets	-	-	8,688.95	-	-	10,678.05

(iv) Fair value of financial assets and liabilities measured at amortised cost (₹ in Lakhs)

Particulars	31 March 2020		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security Deposits and margin money	26.69	26.69	26.55	26.55
Total financial assets	26.69	26.69	26.55	26.55
Financial liabilities				
Security Deposit	30.44	30.44	30.44	30.44
Lease Liability	1.85	1.85	-	-
Total financial liabilities	32.29	32.29	30.44	30.44

The carrying amounts of all other financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature. The carrying amounts of loans given are at floating rate of interest hence are considered to be close to the fair value.

The fair values for financial instruments were calculated based on cash flows discounted using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) above.

Note: 37 - Capital Management

(a) Risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amount mentioned under total equity in Balance Sheet is considered as Capital.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The management also considers the cash flows projection and level of liquid assets necessary to meet these on a regular basis.

(i) Financing arrangements

The Company has no borrowings and hence the undrawn borrowing facilities at the end of the reporting period is nil.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities - 31st March, 2020*

(₹ in Lakhs)

Particulars	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Trade payable	13.99	-	-	-	13.99
Other liabilities	79.19	-	-	-	79.19
Lease Liabilities	1.18	1.45	0.65	-	3.28
Total financial liabilities	94.36	1.45	0.65	-	96.46

Contractual maturities of financial liabilities - 31st March, 2019*

(₹ in Lakhs)

Particulars	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Trade payable	44.08	-	-	-	44.08
Other liabilities	99.04	-	-	-	99.04
Total financial liabilities	143.12	-	-	-	143.12

* Security deposits received from customers has not been included in the above maturity profile as the repayment of the same cannot be reasonably estimated.

Note: 38 - Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of customer base
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed facilities
Market risk – price risk	Investments in equity securities	Sensitivity analysis	Continuous monitoring of Company's performance

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying 30 days credit terms. Outstanding customer receivables are regularly monitored. Further the Company receives security deposit from its customers which mitigates the credit risk. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

(₹ in Lakhs)

Particulars	Not due	Less than 6 months	More than 6 Months and upto 1 years	More than 1 years	Provision	Total
As on 31st March, 2020	0.14	8.22	0.86	124.61	(81.28)	52.56
As on 31st March, 2019	105.08	-	-	124.98	(81.28)	148.78

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department. For banks and financial institutions, only high rated banks/institutions are accepted.

Financial Assets are considered to be of good quality and there is no significant credit risk.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31st March, 2020 and 31st March, 2019 is the carrying amounts as illustrated in Note 36.

(ii) Interest rate risk & Interest rate risk exposure

The Company has no borrowings and hence the undrawn borrowing facilities at the end of the reporting period is nil. Hence, interest rate risk is not applicable.

(iii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the company in equity securities and classified in the balance sheet as at fair value through other comprehensive income. The Company has investment in unquoted equity securities. The Company's Board of Directors reviews and approves all investment decisions.

Sensitivity

The table below summarizes the impact of increases/decreases of the share prices on the Company's equity:-

Particulars	Impact on total comprehensive income before tax	
	31 March 2020	31 March 2019
Increase by 5% (2019: 5%)	434.45	533.90
Decrease by 5% (2019: 5%)	(434.45)	(533.90)

* Holding all other variables constant

Note: 39 - Related Party Disclosures

I. Names of the Related parties where control exists

Sl. No.	Names of the Related parties where control exists	Nature of relationship
A	Star Cement Limited (Formerly Cement Manufacturing Company Limited) (SCL)	Holding Company
	Star Cement Meghalaya Limited (SCML)	Fellow Subsidiary
	Meghalaya Power Limited (MPL)	Fellow Subsidiary
	NE Hills Hydro Limited (NEHL)	Fellow Subsidiary
	Star Century Global Cement Private Limited	Fellow Subsidiary
B	Other related parties	
	Key Management Personnel	
	Mr. Pankaj Kejriwal	Managing Director
	Mr. Vivek Lahoti	Chief Financial Officer
	Mr. Mohit Mahana	Company Secretary
	Key Management Personnel of Parent Company	
	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	Chief Executive Officer
	Mr. Manoj Agarwal	Chief Financial Officer
	Mr. Debabrata Thakurta	Company Secretary
	Relatives of Key Management Personnel of Parent Company	
	Mr. Rahul Chamaria	Son of Mr. Rajendra Chamaria, Vice Chairman & Managing Director
	Mr. Sachin Chamaria	Son of Mr. Rajendra Chamaria, Vice Chairman & Managing Director
	Enterprises influenced by KMP of parent company	
	Nefa Udyog (NU)	Enterprises influenced by KMP
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP
Shyam Century Ferrous Limited (SCFL)	Enterprises influenced by KMP	
Profound Cement Work Limited (Formerly Star India Cement Limited) (PCWL)	Enterprises influenced by KMP	

NOTES TO FINANCIAL STATEMENTS (Contd.)

- II. During the year following transactions were carried with the related parties in the ordinary course of business. Disclosure of transactions between the Company and the related parties and the status of their outstanding balances. (₹ in Lakhs)

Sl. No.	Type of Transactions	Holding Company		Fellow Subsidiaries		Key Management Personnel	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1	Purchase Transactions						
	SCL	-	5.17	-	-	-	-
	SCML	-	-	167.79	78.83	-	-
	MPL	-	-	26.26	18.34	-	-
2	Sale Transactions						
	SCL	20.21	7.77	-	-	-	-
	SCML	-	-	0.92	0.14	-	-
	MPL	-	-	-	0.01	-	-
3	Sale of Capital Asset						
	SCL	8.65	0.01	-	-	-	-
4	Services Received						
	SCL	0.18	-	-	-	-	-
	NU	-	-	0.27	0.50	-	-
5	Loans Given						
	SCL	-	1,550.00	-	-	-	-
6	Loans Received Back						
	SCL	551.54	257.00	-	-	-	-
7	Interest Received						
	SCL	1,264.15	1,233.16	-	-	-	-
	MPL	-	-	47.05	49.20	-	-
8	Remuneration Paid						
	Mr. Pankaj Kejriwal	-	-	-	-	48.30	48.30
	Mr. Vivek Lahoti	-	-	-	-	39.25	35.51
	Mr. Mohit Mahana	-	-	-	-	10.89	9.41

(₹ in Lakhs)

Sl. No.	Type of Transactions	Holding Company		Fellow Subsidiaries	
		2019-20	2018-19	2019-20	2018-19
	Balance Outstanding				
A	Sundry Creditors				
	MPL	-	-	1.39	12.10
B	Loans Given				
	SCL	14,284.46	15,112.46	-	-
	MPL	-	-	500.00	500.00
C	Share Capital				
	SCL	2,734.64	2,734.64	-	-
D	Investments				
	SCML	-	-	8,688.95	10,678.05

* Investment measured at fair value.

NOTES TO FINANCIAL STATEMENTS (Contd.)

III. Key management personnel compensation

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Short-term employee benefits	98.44	93.22
Post-employment benefits *	-	-
Long-term employee benefits*	-	-
Total compensation	98.44	93.22

Note :

* Post employment benefits and long term employee benefits are determined on the basis of actuarial valuation for the Company as a whole and hence segregation is not available.

Note: 40 - Contingent Liabilities & Commitments

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Claims against the company not acknowledged as debts- Excise / VAT / Income Tax matters etc.	962.83	917.49

- (a) Supreme Court vide its Judgement dated 22.04.2020 in the matter of M/s V.V.F Limited & others versus the Union of India has reversed the Judgement of the Hon'ble Supreme Court in the matter of M/s V.V.F Limited & others Vs the Union of India based on which Shillong Bench and Guwahati Bench of Hon'ble High Court of Guwahati has passed the order in favour of the Company and company has claimed refund of 50% of differential Excise duty against furnishing of surety bond. The Company is preferring an appeal before the appropriate Forum against the above judgement. It is to be noted that misuse of benefit granted by some unscrupulous assessee cannot be made a ground to deny the benefits to genuine manufacturers and cannot be termed as in public interest. It can also not be said that the subsequent notifications are only clarificatory in nature and are not hit by doctrine of promissory estoppel as denial of promised benefits will hurt the genuine manufacturer who have changed their position on the basis of promise by the state. Based on the legal advice obtained by the company from External Counsel as well as its own assessment there is every likelihood of reversal of the said judgement and appeal will be allowed and hence no reversal of income amounting to ₹ 1,264.28 Lakhs which was previously booked in the books of accounts is required.
- (b) On the basis of the direction of the High Court of Meghalaya dated 30.08.2018 following the decision of the Supreme Court dated 10.11.2017 passed in SRD Nutrients Pvt. Ltd. Vs. Commissioner of Central Excise, Guwahati, Company has received a refund of Education Cess and Secondary & Higher Education Cess amounting to ₹ 244.18 lakhs in previous years. However, the Apex court vide its order dated 06.12.2019 have taken a contrary view in the matter of M/S Unicorn Industries Vs Union of India and Others. Based on the later judgement a demand letter was raised by the department to refund back the amount granted. As the order dated 30.08.2018, has attained its finality and the refund was granted accordingly, the Company has preferred an appeal before the appropriate Forum against the above demand letter. Meghalaya High Court has stayed the said demand vide its order dated 16-06-2020. Based on the legal advice obtained by the company from External Counsel as well as its own assessment there is every likelihood that the said demand will be quashed and therefore no provision have been taken in the books of account.

Note: 41 - Corporate Social Responsibility

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

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

- a) Gross Amount required to be spent by the Company during the year is ₹ 12.82 Lakhs (31st March 2019 : ₹ 10.47 Lakhs)

- b) Amount spent during the year on:

(₹ in Lakhs)

Nature of Expenditure	2019-20	2018-19
Education	13.20	11.00
Total	13.20	11.00

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 42 - Payment to Auditors

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
As Auditor		
- Audit Fees	2.50	2.50
Total	2.50	2.50

Note: 43 - Segment reporting

(₹ in Lakhs)

Sl. No.	Particulars	2019-20				2018-19			
		Power	Cement	Unallocated	Total	Power	Cement	Unallocated	Total
1	External Revenue	-	429.51	-	429.51	-	354.55	-	354.55
	Inter Segment Adjustment	19.68	-	-	19.68	7.09	-	-	7.09
	Total Revenue	19.68	429.51	-	449.19	7.09	354.55	-	361.64
2	Results Profit/ (Loss)	(54.03)	(775.83)	-	(829.86)	(55.92)	(869.19)	-	(925.11)
3	Interest & Finance Charges (Net)	-	-	1,342.25	1,342.25	-	-	2,103.46	2,103.46
4	Other un-allocable expenses net of unallocable income	-	-	(90.08)	(90.08)	-	-	(88.69)	(88.69)
5	Total Profit before Tax	-	-	-	422.31	-	-	-	1,089.66
6	Other Information								
	- Segment Assets	86.25	19,809.39	10,592.35	30,487.99	140.28	19,480.47	12,211.03	31,831.78
	- Segment Liabilities	-	246.70	-	246.70	-	325.71	-	325.71
	- Capital Expenditure	-	(38.54)	-	(38.54)	-	(3.15)	-	(3.15)
	- Depreciation	51.66	106.19	-	157.85	53.85	149.06	-	202.91

Notes :

- (a) Business Segments: The business segments have been identified on the basis of the products/activities of the Company. Accordingly, the Company has identified following business segments
- Cement - Manufacturing of Cement
 - Power - Generation of Power
- (b) Geographical Segments: The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

Note: 44 - Micro, Small and Medium Enterprises

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 Lakhs)

Particulars	31 March 2020	31 March 2019
(i) Principal amount remaining unpaid to any supplier at the end of the accounting year (including retention money against performance)	0.04	-
(ii) Interest due on above	-	-
Total of (i) & (ii)	0.04	-
(iii) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.11	-
(iv) Amount paid to the suppliers beyond the respective appointed date.	3.68	-
(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.	-	-
(vii) 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.	-	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note: 45 -

The operations of Company were impacted, due to temporary shutdown of all plants following nationwide lockdown announced by the Government of India in view of COVID-19, pandemic. The Company has made detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its property, plant and equipment, loans and other assets, intangible assets, right of use assets, investments, inventories and trade receivables. Based on current indicators of future economic conditions, it is expected to recover the carrying amount of these assets. The management does not foresee any risks in the Company's ability to continue as going concern and meeting its liabilities as and when they fall due. It will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Note: 46 -

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

Note: 47 -

The financial statements are approved by the Audit Committee at its meeting held on 25th June, 2020 and by the Board of Directors on the same date.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For D. K. Chhajer & Co.

Chartered Accountants

Firm Registration No.:304138E

Niraj K Jhunjunwala

Partner

Membership No.: 057170

Place: Kolkata

Date : 25th June, 2020

For and on behalf of the Board of Directors

Vivek Lahoti

Chief Financial Officer

Mohit Mahana

Company Secretary

Hari Prasad Agarwal

Director

DIN : 00266005

Pankaj Kejriwal

Managing Director

DIN : 00383635

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