

ENHANCING & ADVANCING



STAR CEMENT MEGHALAYA LIMITED

ANNUAL REPORT
2021-22

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Disclaimer:

This document contains statements about expected future events and financials of Star Cement Meghalaya Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to this Annual Report.

STAR CEMENT MEGHALAYA LIMITED

CIN: U63090ML2005PLC008011

Corporate Information

BOARD OF DIRECTORS

Mr. Sajjan Bhajanka
Director

Mr. Prem Kumar Bhajanka
Director
w.e.f. 13th August, 2021

Mr. Sanjay Agarwal
Director

Mr. Rajendra Chamaria
Director

Mr. Pankaj Kejriwal
Director

Mr. Tushar Bhajanka
Director
w.e.f. 1st February, 2022

Mr. Emlangky Lamare
Executive Director

Mrs. Clara Suja
Director

Mr. Pramod Kumar Shah
Independent Director

Mr. Nirmalya Bhattacharyya
Independent Director

AUDITORS

D.K. Chhajer & Co.,
Chartered Accountants
Nilhat House, 11, R.N. Mukherjee Road, Ground Floor
Kolkata - 700 001

COMPANY SECRETARY

Mr. Chandan Sharma
upto 28th February, 2022

Mr. Brij Mohan Jha
w.e.f. 16th May, 2022

CHIEF FINANCIAL OFFICER

Mr. Amit Kumar Singh
upto 15th February, 2022

Mr. Ravi Bharati
w.e.f. 1st March, 2022

REGISTRARS AND SHARE TRANSFER AGENTS

Maheshshwari Datamatics Pvt. Ltd.
23, R.N. Mukherjee Road, 5th Floor,
Kolkata - 700001

REGISTERED OFFICE AND WORKS

Vill.: Lumshnong, P.O: Khaliehriat
Dist: East Jaintia Hills, Meghalaya – 793 210

CORPORATE OFFICE

“Century House”, 2nd Floor,
P-15/1, Taratala Main Road, CPT Colony, Kolkata – 700088

DELHI OFFICE

Unit No. - DSM-517 to DSM-521, 5th Floor, D.L.F. Tower, Shivaji
Marg, Najafgarh Road, Delhi - 110015

BANKERS

State Bank of India
Indian Bank
IndusInd Bank

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting Seventeenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2022 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, 2022 as compared to the previous financial year are as under:-

(₹ in Lakhs)

Particulars	FY 21-22	FY 20-21
Total Income	76,823.15	59,841.72
Profit/(Loss) before Interest, Depreciation and Tax and exceptional items	11,426.86	9,018.96
Interest and Finance Charges	530.87	108.40
Depreciation	3,710.42	2,861.22
Profit/(Loss) before exceptional items and Tax	7,185.56	6,049.35
Exceptional Items	-	2,261.78
Profit / (Loss) before Tax	7,185.56	3,787.57
Provision for taxation:		
-Current Tax	252.42	-
- Income tax for earlier years	(3.27)	3.89
-Deferred Tax	3.81	(0.60)
Profit/(Loss) after Tax	6932.60	3,784.28
Other comprehensive income for the year, net of tax	(8.22)	1.12
Total comprehensive income for the year	6924.38	3,785.40

INDIAN ECONOMY – A RETROSPECT AND OUTLOOK

India emerged as one of the fastest growing economy of the world. Due to its robust democracy and strong market it is expected to be one of the top three economic powers in the world.

India's share of world export has been risen significantly indicating structural gains apart from bounce back from covid ravages. Supply side reforms have been key indicator of country's reforms.

Indian cement industry has tremendous potential for growth. Country's cement production capacity stood at 545 MT p.a. It is expected that the Indian cement demand to register a CAGR of 8% between FY 2021-24.

Government various initiatives like deregulation of sectors, ending of retrospective taxation, production linked incentive in certain sectors and rise in infrastructure spending are expected to be contributing factors for all round development and bring the economy back to development path.

Apart from the above, Government various ongoing policies like National Mineral Policy, National Policy on Software Products, National Electronics Policy, Agriculture Export Policy etc., and the initiatives like Urban Rejuvenation Mission like AMRUT and Smart Cities Mission. Government's various drives for helping infrastructure sector i.e., Housing for all, Smart Cities Mission and Swachh Bharat Abhiyan etc., will be contributing factors for development of the economy.

OPERATIONAL PERFORMANCE

During the year under review your Company produced 16,54,582 MT of Cement Clinker as against 14,75,660 MT in the previous year. There has been sharp rise in performance of your Company. On the capacity utilisation front, your Company was able to utilise 88.01% of its installed capacity during the FY 2021-22 as against 84.37% recorded during the FY 2020-21.

During the year your Company has sold 17,65,677 MT. of clinker against 14,11,689 MT. recorded in the last year and the Company has exported NIL as against 0.41 Lac MT of Cement Clinker to neighboring country of Nepal in the last year. Low volume of export was mainly due to low prices of clinker in Nepal and installation of new plants. There has been sharp rise in overall performance of your Company.

During the FY 2021-22, your Company has posted EBIDTA of ₹ 11,426.86 Lakhs and profit after tax amounting to ₹ 6,932.60 Lakhs. Your Company expects to increase the operational efficiencies in years to come.

During the year under review your Holding Company M/s. Star Cement Limited has undertaken various marketing initiatives in order to make the brand "**Star Cement**" more visible and attain top of mind recall. During the year your Holding Company continued with the Brand Television Commercial with Akshay Kumar as brand Ambassador, one of the biggest Stars of Bollywood. Association of Akshay Kumar being the

DIRECTORS' REPORT (Contd.)

brand ambassador caused an uplift on the brand perceptions and has had a positive impact on the saliency of Star Cement as a brand. The Brand Campaign of your Holding Company has the key message of highest one day strength which makes Star Cement ready for all challenges depicted with the tagline "Hain Tayyar Hum".

DIVIDEND

The Board of Directors of your Company, after considering holistically the relevant circumstances has decided that it would be prudent, not to recommend any Final Dividend for the Financial Year 2021-22 (Previous year NIL).

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2022 was ₹ 2,981.78 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.

ANNUAL RETURN

Pursuant to Provision of Section 134(3)(a) and Section 92(3) read with Rule 11 & 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the requirement to attach the Extract of Annual Return has been omitted vide Companies (Management and Administration) Amendment Rules, 2021. Since the Company does not possess any website thus, it is not required to upload the Annual Return on the website and to provide web link thereof on the Board's Report. Further, a copy of the Annual Return for the Financial Year 2021-22, shall be filed with the ROC.

CHANGES IN NATURE OF BUSINESS, IF ANY

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

MEETINGS OF THE BOARD

During the year under review Four (4) Board Meetings were convened and held on 08th June, 2021, 12th August, 2021, 01st November, 2021 and 25th January, 2022. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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

Sl. No.	Name of the Director	Category	No. of Meeting	
			Held	Attended
1.	Mr. Prem Kumar Bhajanka*	Non-Executive	4	1
2.	Mr. Sajjan Bhajanka	Non-Executive	4	4
3.	Mr. Sanjay Agarwal	Non-Executive	4	4
4.	Mr. Rajendra Chamaria	Non-Executive	4	1

Sl. No.	Name of the Director	Category	No. of Meeting	
			Held	Attended
5.	Mr. Pankaj Kejriwal	Non-Executive	4	1
6.	Mr. Tushar Bhajanka**	Non-Executive	2	2
7.	Mrs. Clara Suja	Non-Executive	4	1
8.	Mr. Pramod Kumar Shah	Independent Director	4	4
9.	Mr. Emlangky Lamare ***	Executive	4	1
10.	Mr. Nirmalya Bhattacharyya****	Independent Director	4	4

* Mr. Prem Kumar Bhajanka ceased to be Managing Director w.e.f. close of business hours of 12th August, 2021 and continuing as the Non-executive Director.

** On the recommendation of the Nomination & Remuneration Committee, the Board of Directors appointed Mr. Tushar Bhajanka (DIN: 09179632) as an Executive Director in Whole-time Category (Key Managerial Personnel) effective from 12th August, 2021 upto 31st March, 2024, however, due to personal reason, he resigned from the position of Whole-time Director w.e.f. close of the business hours of 31st January, 2022 and continuing as Non-Executive director.

*** Mr. Emlangky Lamare, Whole-time Director has been further appointed as the Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013 with effect from 1st February, 2022.

**** Appointment of Mr. Nirmalya Bhattacharyya as Director in Independent category was duly approved by the shareholders of the Company by way of special resolution passed in the Annual General Meeting held on 27th September, 2021.

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 25th March, 2022 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 AND INDIAN ACCOUNTING STANDARDS

The Company has complied with the applicable Secretarial Standards as recommended by the Institute of Company Secretaries of India. The Company has also complied with all relevant Indian Accounting Standards (Ind AS) referred to in Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 while preparing the Financial Statements.

DIRECTORS' REPORT (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 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. Pramod Kumar Shah and Mr. Nirmalya Bhattacharyya are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfill 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 two (2) years from the date of inclusion of their names in the data bank. Mr. Nirmalya Bhattacharyya (appointed w.e.f. 01st April, 2021) will appear in 'online proficiency test' within the period of two (2) years from the date of inclusion of his name in the data bank. Mr. Pramod Kumar Shah appeared in 'online proficiency test' within the period of one (1) year from the date of inclusion of his name in the data bank and has successfully qualified the test.

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) were appointed as the Statutory Auditors of the Company to hold office for five consecutive years starting from the conclusion of the 12th Annual General Meeting (AGM) held on 11th September, 2017 until the conclusion of the 17th Annual General Meeting of the Company to be held during the Financial Year 2021-22. The term of office of M/s. D. K. Chhajer & Co., as Statutory Auditors of the Company will conclude from the close of the forthcoming AGM of the Company.

Subject to the approval of the members of the Company, the Audit Committee and the Board of Directors during their respective meetings held on 16th May, 2022 have considered and recommended the appointment of M/s. Singhi & Co., Chartered Accountants (Firm Registration No.: 302049E) as the Statutory Auditors of the Company, to hold office from the conclusion of the 17th Annual General Meeting until the conclusion of the 22nd Annual General Meeting of the Company to be held in the year 2027.

M/s. Singhi & Co., Chartered Accountants (Firm Registration No.: 302049E) have given their consent for the proposed appointment as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting of the members of the Company. They have further confirmed that the said appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for appointment.

DIRECTORS' REPORT (Contd.)

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 B. G. Chowdhury & Co., Cost Accountants, (Firm Registration No.: 000064) as Cost Auditors of the Company for the financial year ended 31st March, 2022 in the Board Meeting held on 08th June, 2021. The remuneration proposed to be paid to them for the Financial Year 2021-22, as recommended by audit committee, was ratified in the meeting of shareholders held on 27th September, 2021.

Messrs B. G. Chowdhury & Co., Cost Accountants, (Firm Registration No.: 000064) have expressed their willingness to be re-appointed as Cost Auditors of the Company for ensuing financial year. The Board, on recommendation of the audit committee has re-appointed Messrs B. G. Chowdhury & Co., Cost Accountants, (Firm Registration No.: 000064) as Cost Auditors of the Company for the Financial Year 2022-23 subject to ratification of their remuneration by shareholders in the General Meeting of the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to Messrs B. G. Chowdhury & Co., Cost Auditors for the Financial Year 2022-23 is included in the Notice convening the Annual General Meeting.

The cost audit report for the Financial Year 2020-21 was filed with the Ministry of Corporate Affairs on 02nd November, 2021.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MKB & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and marked as **Annexure-1**. The report is self-explanatory and do not call for any further comments.

REPORTING OF FRAUD

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not made any investment or provided guarantee or security in connection with a loan to any person exceeding the limit specified in Section 186 of the Companies Act, 2013.

The Loans given by your Company to its Fellow Subsidiary falling under ambit of Section 186 (2) of the Companies Act, 2013 were within the limits prescribed. Details of the 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. In terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars of the material contract or arrangement entered into by the Company with related parties as referred to in section 188 in Form AOC-2 is attached and marked as **Annexure-2** of this report. 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.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(A) Steps taken toward Conservation of energy:

- UT pump relocated from Ground floor to 3rd floor, so that running load reduced to 80 amps from 130 amps resulting saving of 20 Kwh per hour.
- Energy saving paint is applied approx. 624 m² area at 8th & 7th floor PC Vessel, so that radiation

DIRECTORS' REPORT (Contd.)

losses reduced by 20oC, resulting 0.7 Kcal/Kg CLk savings of Sp Heat Consumption.

- Hot Dust bin blower optimised by utilising by pass damper, so that power consumption reduced by 4 kw per hour.
- HPSV light fitting replaced with LED light fittings resulting saving of 0.776 Lakhs Kwh per year

(B) Steps taken toward Technical Absorption:

- During the year under review, your Company incurred Revenue Expenditure of ₹ 7.80 Lakhs (P.Y. ₹ 13.71 Lakhs) and there was Capital expenditure of NIL (P.Y. NIL) in Research & Development.

(C) Foreign Exchange Earnings And Outgo

- During the period under review, Foreign Exchange Earning was NIL (Previous year ₹ 1,791.46 Lakhs) and Foreign Exchange Outgo was ₹ 1.21 Lakhs (Previous year ₹ 1,801.46 Lakhs).

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, your Company continued to make substantial contribution towards education, health & sanitation, livelihood enhancement and rural development which signifies a steady transformation of rural society both at social and economic levels.

Your Company has performed several CSR activities throughout the whole financial year for the wellbeing of the surrounding society.

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 as **Annexure- 3**.

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. Prem Kumar Bhajanka ceased to be the Managing Director w.e.f. close of business hours of 12th August, 2021 and continuing as the Non-executive Director.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors appointed Mr. Tushar Bhajanka (DIN: 09179632) as an Executive Director in Whole-time Category (Key Managerial Personnel) effective from 12th August, 2021 upto 31st March, 2024, however, due to personal reason, he resigned from the position of Whole-time Director w.e.f. close of the business hours of 31st January, 2022 and continuing as the Non-Executive director.

Appointment of Mr. Nirmalya Bhattacharyya as Director in Independent category was duly approved by the shareholders of the Company by way of special resolution passed in the Annual General Meeting held on 27th September, 2021

Mr. Emlangky Lamare, Whole-time Director has been further appointed as the Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013 with effect from 01st February, 2022.

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

Mr. Amit Kumar Singh ceased to be Chief Financial Officer with effect from close of business hours of 15th February, 2022. Mr. Chandan Sharma ceased to be Company Secretary of the Company effective from close of the business hours of 28th February, 2022. Your Board accords its appreciation for the valuable services rendered by Mr. Amit Kumar Singh & Mr. Chandan Sharma during their association with the Company.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors appointed Mr. Ravi Bharati as a Chief Financial Officer (Key Managerial Personnel) with effect from 01st March, 2022.

On the recommendation of the Nomination & Remuneration Committee, the Board of Directors appointed Mr. Brij Mohan Jha (Membership No. A58108) as a Company Secretary (Key Managerial Personnel) with effect from 16th May, 2022.

DIRECTORS' REPORT (Contd.)

The following are Key Managerial Personnel of the Company:

1. Mr. Prem Kumar Bhajanka - Managing Director (till 12th August, 2021)
2. Mr. Tushar Bhajanka - Whole-time Director (w.e.f. 12th August, 2021 upto 31st January, 2022)
3. Mr. Emlangky Lamare - Whole-time Director (w.e.f. 01st February, 2022)
4. Mr. Amit Kumar Singh - Chief Financial Officer (upto 15th February, 2022)
5. Mr. Ravi Bharati - Chief Financial Officer (w.e.f. 01st March, 2022)
6. Mr. Chandan Sharma - Company Secretary (upto 28th February, 2022)
7. Mr. Brij Mohan Jha - Company Secretary (w.e.f. 16th May, 2022)

HOLDING COMPANY

Your Company continues to remain subsidiary of M/s Star Cement Limited which holds 87.49% equity in the Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The Company does not have any subsidiary, associate and joint venture.

DEPOSITS

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

SIGNIFICANT MATERIAL ORDERS PASSED BY THE COURTS OR REGULATORS

- (i) The Director of Mineral resources, Meghalaya, Shillong vide its Demand notice dated 19th February, 2020 raised a demand against the Company for payment of royalty, MEPRF, VAT/GST for an amount of ₹ 12,346.64 Lakhs in pursuance to the National Green Tribunal (NGT) order dated 17th January, 2020 passed in O.A. No. 110 (THC)/2012 against the Company and other Cement and Power Companies in Meghalaya for alleged illegal coal procurement.

The Company has not purchased any illegal coal and has complied with all disclosure requirements of the various Government departments. The report of NGT Committee has been founded on the basis of assumptions and not on hard facts. The Company backed by the legal opinions, believed that it has a good case in the matter as the said order was issued on the basis of certain hypothetical assumptions and without giving any opportunity of being heard to the Company.

Accordingly, the Company has preferred an appeal before the Appex Court which is pending and accordingly

no provisions has been made in the accounts. (Refer Note no. 48 of Notes to Accounts).

- (ii) Additional Director General of Foreign Trade, Guwahati passed an Order-in-Original dated 28th August, 2021 by which it was held that the Company has failed to fulfil Export Obligation to export "Cement Clinker" under EPCG Scheme within a period of 8 years from the date of issuance of EPCG Authorisation for import of capital goods. Accordingly, ADGFT, Guwahati imposed a penalty of ₹ 3,11,56,111/- upon the Company.

The said Order-in-Original dated 28th August, 2021 was passed without considering the genuine fact that 50% of export obligation of the Company has already been fulfilled by it's Group Company. The Company, backed by the legal opinions, believed that it has a good case in the matter as the said order was passed on the basis of certain hypothetical assumptions.

Accordingly, the Company preferred an appeal before the Director General of Foreign Trade, Delhi challenging the Order-in-Original dated 28th August, 2021 passed by ADGFT, Guwahati. The said appeal is pending before the DGFT, Delhi. (Refer Note no. 48 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.

CREDIT RATINGS

Your Company enjoys a sound reputation for its prudent financial management and its ability to meet financial obligations. ICRA Limited, has reaffirmed the Company's short term rating to [ICRA]A1+ (pronounced ICRA A one plus) and the long term rating to [ICRA]AA- (pronounced as ICRA double A minus). The outlook on the long term rating is 'Stable'.

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

DIRECTORS' REPORT (Contd.)

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.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016, during the year under review.

DETAILS OF DIFFERENCE IN VALUATION

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from

the Banks or Financial Institutions along with the reasons thereof, is not applicable.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

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

RISK MANAGEMENT

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

COMMITTEES OF THE BOARD

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

● **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 under review, the Audit Committee met Four (4) times to deliberate on the various matters. The Meetings were held on 08th June, 2021; 12th August, 2021; 1st November, 2021 and 24th January, 2022. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Nirmalya Bhattacharyya*	Independent	Chairman	4	4
Mr. Sajjan Bhajanka	Non- Executive	Member	4	4
Mr. Pramod Kumar Shah	Independent	Member	4	4

* Mr. Nirmalya Bhattacharyya was appointed as an Additional Director in Independent category and Chairman of the Audit Committee w.e.f. 1st April, 2021. 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 victimisation 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. Pursuant to the requirements of

the Act, the Company has established vigil mechanism for its directors and employees under the supervision of audit committee. A whistle blower policy setting out the vigil mechanism is already in place in your Company.

● **Nomination & Remuneration Committee**

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

DIRECTORS' REPORT (Contd.)

During the year under review, the Committee met Three (3) times to deliberate on the various matters. The Meetings were held on 08th June, 2021, 12th August, 2021 and 24th January, 2022. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Nirmalya Bhattacharyya*	Independent	Chairman	3	3
Mr. Sajjan Bhajanka	Non-Executive	Member	3	3
Mr. Pramod Kumar Shah	Independent	Member	3	3

* Mr. Nirmalya Bhattacharyya was appointed as an Additional Director in independent category & Chairman of the Nomination & Remuneration Committee w.e.f. 01st April, 2021.

● Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee was constituted as per the requirements of Section 135 of the Companies Act, 2013 at the Board level. During the year, your Company has carried out various activities as part of its CSR initiative. The focus areas have been health care, education, sustainable livelihood, infrastructure and social reform.

During the year, the Committee met two (2) times. The meetings were held on 08th June, 2021 and 24th January, 2022. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Sanjay Agarwal	Non-Executive	Chairman	2	2
Mr. Sajjan Bhajanka	Non-Executive	Member	2	2
Mr. Pramod Kumar Shah	Independent	Member	2	2

● 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 April, 2021, 13th May, 2021, 15th July, 2021, 15th November, 2021 and 25th January, 2022. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Sajjan Bhajanka	Non-Executive	Chairman	5	5
Mr. Sanjay Agarwal	Non-Executive	Member	5	5
Mr. Rajendra Chamaria	Non-Executive	Member	-	-

HUMAN AND INDUSTRIAL RELATIONS

Employee relationship with your Company continues to remain cordial and harmonious. Your Directors place on record their appreciation for the continued support rendered by the employees of the Company.

The Company is continuing its efforts in induction of local managerial and non-managerial employees and has conducted regular recruitment and training programs for development of required skills at the local level.

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 as **Annexure - 4** 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.

DIRECTORS' REPORT (Contd.)

ACKNOWLEDGEMENT

The Directors would like to express their grateful appreciation for the assistance and cooperation received from the Banks, financial Institutions, Government Authorities, Local authorities, customers, vendors, business partners/ associates and Holding Company for their continued guidance and support. 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 would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Company and dedicates the credit for the Company's achievements to them.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 16th May, 2022

Tushar Bhajanka
Director
(DIN: 09179632)

Sajjan Bhajanka
Director
(DIN: 00246043)

ANNEXURE-1

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
 The Members,

STAR CEMENT MEGHALAYA LIMITED

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India due to COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder [Not applicable to the Company during the audit period];
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;

- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI were not applicable.
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing companies, the following laws/acts are also, inter alia, applicable to the Company:
 - a) The Environment (Protection) Act, 1986
 - b) The Water (Prevention and Control of Pollution) Act, 1974
 - c) The Air (Prevention and Control of Pollution) Act, 1981
 - d) The Legal Metrology Act, 2009
 - e) The Petroleum Act, 1934
 - f) The Mines And Minerals (Development and Regulation) Act, 1957

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance

ANNEXURE - 1 (Contd.)

with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has passed Special Resolutions for

- i. appointment of Mr. Tushar Bhajanka as an Executive Director for the period from 12th August, 2021 to 31st March, 2024;
- ii. appointment of Mr. Emlangky Lamare as an Executive Director for a period from 08th February, 2021 to 07th February, 2024;
- iii. keeping register of Members and copies of annual return etc., at a place other than Registered Office of the Company.

This report is to be read with our letter of even date which is annexed as **Annexure – I** which forms an integral part of this report.

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

Raj Kumar Banthia
Partner
Membership no. 17190
COP no. 18428

Date: 16th May, 2022
Place: Kolkata
UDIN: A017190D000326367

ANNEXURE – I

To
The Members,

STAR CEMENT MEGHALAYA LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

Raj Kumar Banthia
Partner
Membership no. 17190
COP no. 18428

Date: 16th May, 2022
Place: Kolkata
UDIN: A017190D000326367

ANNEXURE - 2

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis – **NIL**
All transactions entered into by the Company during the year with related parties were on arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship – Star Cement Limited, Holding Company
 - (b) Nature of contracts/arrangements/transactions –
 - (i) Sale, purchase or supply of any goods or materials [Section 188(1)(a) of Companies Act, 2013]
 - (ii) Availing and Rendering of Services [Section 188(1)(d) of Companies Act, 2013]
 - (c) Duration of the contracts/arrangements/transactions - On-going transaction (Continuous)
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
The transaction with Star Cement Meghalaya Limited includes:
 - (i) Sale of Clinker, River Sand, Coal, Store and Spares Materials, Fixed Asset Items
 - (ii) Purchase of Iron Ore, Sand Stone, Store and Spare Materials, Cement, Limestone and Fixed Asset Items
 - (iii) Services availed and renderedThe transaction value for the FY 2021-22 with SCL was ₹ 99,173.36 Lakhs.
 - (e) Date(s) of approval by the Board, if any:
Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.
 - (f) Amount paid as advances, if any: NIL

For and on behalf of the Board of Directors

Place: Kolkata
Date: 16th May, 2022

Tushar Bhajanka
Director
(DIN: 09179632)

Sajjan Bhajanka
Director
(DIN: 00246043)

ANNEXURE – 3

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

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

1. A brief outline on the Company's CSR policy:

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and as per The Companies (Corporate Social Responsibility Policy) Rules, 2014 as and when amended. The main objective of the policy is to establish the basic principles and the general framework of action for management to undertake and fulfil its Corporate Social Responsibility.

2. The Composition of the CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sanjay Agarwal	Chairman (Non-Executive Director)	2	2
2	Mr. Sajjan Bhajanka	Member (Non-Executive Director)	2	2
3	Mr. Pramod Kumar Shah	Member (Independent Director)	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: Not Applicable

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
	Total		

6. Average Net Profit of the Company for last 3 financial years: ₹ 5,558.36 Lakhs

7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 111.17 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 111.17 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 188.91 Lakhs					NIL

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in Lakhs)	Amount spent in the current financial Year (₹ in Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
NOT APPLICABLE												
Total												

ANNEXURE - 3 (Contd.)

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (₹ in Lakhs)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Education -Scholarship for students, school bus services and development of school infrastructure	Item No. ii – Promoting Education	Yes	Meghalaya	Lumshnong	86.69	No	Lumshnong Village Local Area Welfare Trust	CSR00004263
2.	Rural & Infrastructure Development	Item No. x - Rural & Infrastructure Development	Yes	Meghalaya	Lumshnong	44.44	No	Lumshnong Village Local Area Welfare Trust	CSR00004263
3.	Health & Sanitation	Item No. i - Promoting health care including preventive health care	Yes	Meghalaya	Lumshnong	31.13	No	Lumshnong Village Local Area Welfare Trust	CSR00004263
4.	Contribution made to Vanvasi Raksha Foundation for helping people who works at forest	Item No. ii - Livelihood & Enhancement of Skill Building	No	Meghalaya	Lumshnong	10.00	Yes	Not Applicable	
5.	Livelihood & Enhancement Of Skill Building	Item No. ii - Livelihood & Enhancement of Skill Building	Yes	Meghalaya	Lumshnong	16.65	No	Lumshnong Village Local Area Welfare Trust	CSR00004263
Total						188.91			

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable – Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 188.91 Lakhs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ in Lakhs)
(i)	Two percent of average net profit of the Company as per section 135(5)	111.17
(ii)	Total amount spent for the Financial Year	188.91
(iii)	Excess amount spent for the financial year [(ii)-(i)]	77.74
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	77.74

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
NIL							
Total							

ANNEXURE - 3 (Contd.)

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing
					NIL			
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) – Not Applicable

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) – Not Applicable

Place: Kolkata

Date: 16th May, 2022

Emlangky Lamare

Wholetime Director

(DIN: 09048856)

Sanjay Agarwal

Chairman – CSR Committee

(DIN: 00246132)

ANNEXURE 4

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. Alok Gupta	A.V.P. Civil	69.17	Permanent	B.E. Civil	33	14th April, 2007	57	Shree Cement Limited	NIL	None
2	Mr. Manoj Sovasaria	General Manager - Supply Chain Management	50.13	Permanent	B.Com (Hons), P.G.D.B.A.	30	1st October, 2002	48	Barak Valley Cements Limited	NIL	None
3	Mr. Ramesh Chand Pareek	General Manager - Accounts	50.07	Permanent	Commerce Graduate	40	1st July, 2014	60	Barak Valley Cements Limited	NIL	None
4	Mr. Sushil Kumar Kulshrestha	General Manager - Process	36.79	Permanent	M.Sc, PGDC, MBA (Operation)	29	16th October, 2012	52	Loesche India Private Limited	NIL	None
5	Mr. Yugal Kishore Singh	Senior General Manager - Quality Control	33.79	Permanent	M. Sc (In-Organic Chemistry) PG Diploma in Mkt. & Sales	29	14th November, 2017	57	-	NIL	None
6	Mr. Jyoti Prakash Sinha	Deputy General Manager - Stores & Purchase	29.52	Permanent	Diploma in Materials Management	35	25th May, 2011	56	Buckau Wolf India Limited	NIL	None
7	Mr. Arun Kumar Sharma	Sr. Manager - Purchase	28.01	Permanent	Commerce Graduate	27	3rd September, 2012	56	Heidelberg Cement India Limited	NIL	None
8	Mr. Sandeep Jalan	General Manager - Supply Chain Management	24.34	Permanent	Graduate	24	1st November, 2009	54	-	NIL	Brother-in-law of Shri Rajendra Chamaria
9	Mr. Rakesh Kumar	Assistant General Manager - HR	21.82	Permanent	MBA, B.Sc (H)	21	26th December, 2013	48	Electrical Manufacturing Limited	NIL	None
10	Mr. Sauraditya Das	Senior Manager - Sales & Marketing	20.82	Permanent	B.Com, PMBA	22	9th July, 2012	51	Adhunik Cement	NIL	None

For and on behalf of the Board of Directors

Tushar Bhajanka

Director
(DIN: 09179632)

Sajjan Bhajanka

Director
(DIN: 00246043)

Place: Kolkata
Date: 16th May, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Star Cement Meghalaya Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Financial Statements of Star Cement Meghalaya Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended including 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 31st March, 2022, 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 of the Financial Statements 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the relevant provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

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. 47 to the Financial Statements).</p> <p>The Company operates within a conglomerate of group entities. These entities operate in the same line of business as the Company and have significant transactions amongst themselves during the year.</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, 2022 necessitated to be at arm's length, significant cash flow between parties, inter-Company contracts and common management amongst other things. the fact that Related party transactions are subject to the compliance requirement under the Companies Act 2013 and SEBI (LODR) 2015. 	<p>Our principal 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. Assessing the management's evaluation of compliance with the provisions of Section 177 and Section 188 of the Act 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>

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sl. No.	Key Audit Matter	Auditor's Response
2	<p>Litigation, Claims and Contingent Liabilities (Refer Note no. 48 to the Financial Statements and Note no. 1.22 of the significant accounting policies of the Financial Statements)</p> <p>Provisions and contingent liability disclosures may arise from indirect tax proceedings, legal proceedings, including regulatory and other government/department proceedings, as well as investigations by authorities and commercial claims.</p> <p>The Company applies significant judgement in estimating the likelihood of the future outcome in each case and in determining the provisions or disclosures required for each matter. These estimates could change significantly over time as new facts emerge and each legal case progresses.</p> <p>The Company is involved in legal proceedings on disputed tax demands. The Company's management has assessed that the probability of success of the demand is remote and accordingly has not provided for the disputed demands.</p> <p>This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources</p>	<p>Our principal audit procedures to assess the appropriateness of provisions and adequacy of disclosures included:</p> <ul style="list-style-type: none"> - Reviewing the outstanding litigations against the Company for consistency with the previous years. Enquiring and obtaining explanations for movement during the year. - Reading the latest correspondence between the Company and the various tax/legal authorities - Discussing the status of significant litigation with the Company's in-house Legal Counsel and other senior management personnel and assessing their responses. - On sample basis, examining the Company's legal expenses and reading the minutes of the board meetings, in order to ensure all cases have been identified. - With respect to tax matters, discussing with the Company's tax officers, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws. - For those matters where management concluded that no provisions should be recorded, considering the adequacy and completeness of the Company's disclosures with regard to facts and circumstances of the legal and litigation matters <p>On the basis of the above procedures performed, we considered the management's assessment in respect of contingencies and provision for taxes and other litigations and claims to be reasonable and disclosures to be appropriate</p>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, 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.

Responsibilities of Management and Those Charged with Governance for the 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, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls with reference to Financial Statements 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.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 with reference to Financial Statements 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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020, ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in 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) 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), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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 with reference to the Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" wherein we have expressed an unmodified opinion;
- (g) 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, as amended, 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. 48 to the Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2022.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entity(ies) ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entity(ies) ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the Management representations under sub-clauses (a) and (b) above, contain any material misstatement.

- v. The Board of Directors of the Company have not proposed / paid any dividend for the year ended 31st March, 2022, hence, no compliance of Section 123 of the Act was required.
3. With respect to the matter to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us.

For **D.K. Chhajer & Co.**
Chartered Accountants
 Firm Registration No.: 304138E

Manoj K Roongta
Partner

Place: Kolkata
 Date: 16th May, 2022

Membership No.: 057761
 UDIN: 22057761AJBWS6127

ANNEXURE A TO THE INDEPENDENT AUDITOR'S 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) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified at reasonable intervals of time. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the Financial Statements are held in the name of the Company as at the Balance Sheet date.
- (d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) or intangible assets or both during the year. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.
- (e) Based on the information and explanations given to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its Financial Statements does not arise.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) The Company has not been sanctioned any working capital facility from financial institutions. The Company has been sanctioned working capital limits in excess of ₹ 5 Crores, in aggregate, at points of time during the year from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock and book debt statements, filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters other than those as set out below:

Name of Bank	Aggregate working capital limits sanctioned (₹ Lakhs)	Nature of Current Asset offered as Security	Quarter Ended	Amount Disclosed as per Quarterly Return (₹ In Lakhs)	Amount as per books of Accounts (₹ In Lakhs)	Difference	Reason for Difference
State Bank of India and consortium of Banks	7,500	Refer Note Below	June'21	18,040.68	17,489.25	551.43	Certain debtors such as those who have outstanding balances of more than 90 days and inter-Company balances are eliminated while filing bank return.
			Sept'21	14,387.66	15,410.98	(1,023.32)	
			Dec'21	11,493.48	14,122.49	(2,629.01)	
			Mar'22	16,449.33	17,148.22	(698.90)	

Note: Working capital facilities from banks are secured by pari passu first charge on current assets and pari passu second charge on property, plant and equipment of the Company's cement clinker unit at Lumshnong, Meghalaya.

Also refer Note 55 to the financial statements.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has neither made any investments in nor provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has granted an unsecured loan to a Company, in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, to firms and limited liability partnerships.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans to any other entity as below

Particulars	Loans (₹ In Lakhs)
Aggregate amount during the year	
- Subsidiaries	-
- Joint Ventures	-
- Associates	-
- Others*	135.00
Balance outstanding as on 31st March, 2022 with respect to above cases	
- Subsidiaries	-
- Joint Ventures	-
- Associates	-
- Others*	1748.71

* The above amounts are included in Note 14 to the Financial Statements.

(b) According to the information and explanations given to us and based on the audit procedures

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of loans/ advances in nature of loans			
- Repayable on demand (A)	₹ 1,748.71 Lakhs	-	-
- Agreement does not specify any terms or period of repayment (B)	-	-	-
Total (A+B)	₹ 1,748.71 Lakhs	-	-
Percentage of loans/advances in nature of loans to the total loans	56.43%	-	-

iv. According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities in contravention of provisions of Section 185 of the Act. The Company has not made any investments or guarantees and securities to the parties covered under Section 186 of the Act. In respect of loans made by the Company, the provisions of Section 186 of the Act have been complied with.

conducted by us, in our opinion, the terms and conditions of the grant of unsecured loans are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of unsecured loan given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of unsecured loan given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties. Further, the Company has not given any advances in the nature of loans to any party.

(f) Based on our audit procedures, according to the information and explanation made available to us, the Company has granted loans repayable on demand, details of which are as follows:-

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Accordingly, reporting under 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

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

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) In our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Income tax, Goods and Service tax, Custom Duty, Cess and other statutory dues, as

applicable, with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the details of dues of Income Tax, Excise Duty, Export obligations, Royalty, VAT/GST/MEPRF on Coal and Cess not deposited by the Company on account of any dispute 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
Income Tax Act, 1961	Demand Payable	2930.76	AY 2017-18	Additional Commissioner of Income Tax/ Income Tax Officer, National E-Assessment centre, Delhi
Income Tax Act, 1961	Demand Payable	21.81	AY 2018-19	Additional Commissioner of Income Tax/ Income Tax Officer, National E-Assessment centre, Delhi
Foreign Trade (Development & Regulation) Act, 1992	Export Obligation	368.88	2011-19	Director General of Foreign Trade, GOI, Udyog Bhawan, New Delhi
CGST Act, 2017	RCM Liability on Royalty	1,320.00	July'2017	Joint/Additional Commissioner of Central Goods & Service Tax, Central GST Commissionerate, Shillong
MMDR, GST & VAT ACT	Royalty, MEPRF, GST/VAT	12,346.64	2014-15 to 2018-19	Director of Mineral Resources, Meghalaya

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that have not been recorded in the books of account.

- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us and the records of the Company examined by us, during the year, the Company has not taken any term loans from any lender. Accordingly, reporting under Clause 3 (ix) (c) of the Order is not applicable to the Company.

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

- (e) During the year ended 31st March, 2022, the Company did not have any subsidiaries, associates or joint ventures as defined under the Act. Accordingly, reporting under Clause 3(ix)(e) of the Order is not applicable to the Company.

- (f) During the year ended 31st March, 2022, the Company did not have any subsidiaries, associates or joint ventures as defined under the Act. Accordingly, reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.

- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, reporting under Clause 3(x)

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- xi. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, carried out in accordance with the generally accepted auditing practices in India, a report under Section 143 (12) of the Act, in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed by us with the Central Government, during the year and upto the date of this Report. Further, as informed by the Company, the Cost Auditor of the Company has not filed any report under Section 143(12) of the Act with the Central Government in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year and upto the date of this Report. Accordingly, reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us, there were no whistleblower complaints received during the year by the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the 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, the transactions with related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its Directors or persons connected with them. Accordingly, reporting on compliance with the provisions of Section 192 of the Act under Clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations provided to us during the course of audit, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- xvii. The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year. Accordingly, reporting under Clause 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, reporting under Clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- xx. (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring transfer to a Fund specified in Schedule VII to the Act or a special account in compliance with the provisions of sub-section (5) of Section 135 of the Act. Accordingly, reporting under Clause 3 (xx) (a) of the Order is not applicable to the Company for the year.
- (b) In respect of ongoing projects, the Company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Accordingly, reporting under Clause 3 (xx) (b) of the Order is not applicable to the Company.
- xxi. During the year ended 31st March, 2022, the Company did not have any subsidiaries, associates or joint ventures as defined under the Act. Accordingly, reporting under Clause 3(xxi) of the Order is not applicable to the Company.

For **D.K. Chhajer & Co.**
Chartered Accountants
Firm Registration No.: 304138E

Manoj K Roongta
Partner
Membership No.: 057761
UDIN: 22057761AJBWMS6127

Place: Kolkata
Date: 16th May, 2022

ANNEXURE B TO THE INDEPENDENT AUDITOR'S 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 with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls with reference to Financial Statements of **Star Cement Meghalaya Limited** ("the Company") as at 31st March, 2022, 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 with reference to Financial Statements

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisation of the management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2022, 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

Manoj K Roongta
 Partner

Place: Kolkata
 Date: 16th May, 2022

Membership No.: 057761
 UDIN:22057761AJBWMS6127

BALANCE SHEET

AS AT 31ST MARCH, 2022

(₹ in Lakhs)

Particulars	Notes	31st March, 2022	31st March, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	26,266.94	21,327.61
(b) Capital work-in-progress	3.1	4,990.92	1,552.02
(c) Right-of-use assets	3.2	265.23	4.59
(d) Intangible assets	3.3	2.73	4.03
(e) Financial assets			
(i) Loans	4	1,350.00	4,850.00
(ii) Other financial assets	5	3,691.73	184.59
(f) Deferred tax assets (net)	6	9,864.39	9,080.23
(g) Non current tax asset (net)	7	470.64	106.91
(h) Other non-current assets	8	3,495.73	1,893.69
Total non-current assets		50,398.31	39,003.67
(2) Current assets			
(a) Inventories	9	9,029.31	11,926.94
(b) Financial assets			
(i) Current Investment	10	3,500.00	-
(ii) Trade receivables	11	8,118.91	11,008.56
(iii) Cash and cash equivalents	12	173.19	1,878.62
(iv) Bank balances other than (ii) above	13	8,147.50	4,495.00
(v) Loans	14	1,748.71	2,624.54
(vi) Other financial assets	15	653.70	372.71
(c) Other current assets	16	8,063.88	10,958.48
Total current assets		39,435.20	43,264.85
Total assets		89,833.51	82,268.52
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	2,981.78	2,981.78
(b) Other equity	18	75,823.32	68,898.94
Total equity		78,805.10	71,880.72
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	-	18.74
(ii) Other financial liabilities	20	8.21	10.30
(iii) Lease liabilities	21	243.96	1.07
(b) Provisions	22	12.85	119.10
(c) Other non current liabilities	23	801.74	954.06
Total non-current liabilities		1,066.76	1,103.27
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	132.42	789.98
(ii) Trade payables	25		
a) Total outstanding dues of micro enterprises and small enterprises		4.31	137.09
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,104.27	3,119.24
(iii) Lease Liabilities	26	27.42	3.72
(iv) Other financial liabilities	27	3,047.99	2,584.13
(b) Provisions	28	98.17	63.66
(c) Other current liabilities	29	1,547.07	2,586.71
Total current liabilities		9,961.65	9,284.53
Total liabilities		11,028.41	10,387.80
Total equity and liabilities		89,833.51	82,268.52
Significant Accounting Policies	1 & 2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For D. K Chhajer & Co.Chartered Accountants
Firm Registration No.: 304138E**Manoj K Roongta**Partner
Membership No. : 057761**Ravi Bharati**

Chief Financial Officer

Tushar BhajankaDirector
DIN: 09179632**Brij Mohan Jha**

Company Secretary

Sajjan BhajankaDirector
DIN:00246043Place : Kolkata
Date: 16th May, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

Particulars	Notes	31st March, 2022	31st March, 2021
INCOME			
Revenue from operations	30	76,028.20	58,954.09
Other income	31	794.95	887.63
Total income		76,823.15	59,841.72
EXPENSES			
Cost of materials consumed	32	6,464.29	5,290.68
Changes in inventories of finished goods and work-in-progress	33	2,666.13	(1,602.18)
Employee benefit expenses	34	3,869.87	3,277.62
Finance costs	35	530.87	108.40
Depreciation and amortisation expenses	36	3,710.42	2,861.22
Other expenses	37	52,396.01	43,856.63
Total expenses		69,637.59	53,792.37
Profit before exceptional item & tax		7,185.56	6,049.35
Exceptional items		-	2,261.78
Profit before tax		7,185.56	3,787.57
TAX EXPENSES			
-Current tax	39	252.42	-
-Income Tax for Earlier years		(3.27)	3.89
-Deferred tax		3.81	(0.60)
Total tax expense		252.96	3.29
Profit for the year		6,932.60	3,784.28
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements gain/(loss) of post-employment benefit obligations	41	(12.63)	1.73
Income Tax related to above		4.41	(0.61)
Other comprehensive income for the year (net of tax)		(8.22)	1.12
Total comprehensive income for the year		6,924.38	3,785.40
Earnings per equity share (face value of ₹ 10/- each)			
Basic earning per share (In ₹)	40	23.25	12.69
Diluted earning per share (In ₹)	40	23.25	12.69
Significant Accounting Policies & Notes on Accounts	1 & 2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For D. K Chhajer & Co.
Chartered Accountants
Firm Registration No.: 304138E

Manoj K Roongta
Partner
Membership No. : 057761

Ravi Bharati
Chief Financial Officer

Tushar Bhajanka
Director
DIN: 09179632

Place : Kolkata
Date: 16th May, 2022

Brij Mohan Jha
Company Secretary

Sajjan Bhajanka
Director
DIN:00246043

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	7,185.56	3,787.57
Adjustments for :		
Depreciation [refer note 36]	3,710.42	2,861.22
Profit/ loss on sale of property,plant & equipment	(1.34)	0.12
Interest Income [refer note 31]	(793.61)	(887.63)
Interest Expenses [refer note 35]	530.87	108.40
Provision for Leave Encashment	56.95	44.18
Provision for Gratuity	54.07	138.57
Loss on Discard of Fixed Assets	-	27.68
Operating Profit before working Capital changes	10,742.92	6,080.11
Adjustments for :		
(Increase)/Decrease in Inventories	2,897.63	1,329.91
(Increase)/Decrease in Trade receivables	2,889.65	(6,187.25)
(Increase)/Decrease in Other receivables	4,375.83	1,561.38
(Increase)/Decrease in Other assets	781.58	3,498.16
(Increase)/Decrease in Trade and Other payables	1,852.26	(416.39)
(Increase)/Decrease in Other liabilities and provision	(627.68)	709.23
Cash Generated form Operations	22,912.19	6,575.14
Income Tax Paid	(1,050.00)	(390.00)
Net Cash flow from Operating Activities	21,862.19	6,185.14
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property ,Plant and Equipment (including CWIP)	(12,087.53)	(1,030.79)
Sale of Property ,Plant and Equipment (including CWIP)	1.54	7.64
Investments in Fixed Deposits/Margin Money (Net)	(7,440.62)	(4,485.85)
(Purchase)/ sale of Investments	(3,500.00)	
Interest Received	680.22	548.07
Net Cash used in Investing Activities	(22,346.39)	(4,960.93)
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowings / Liabilities	(18.74)	(54.37)
Repayment of Short Term Borrowings	(657.56)	607.02
Interest paid	(520.25)	(107.99)
Payment for Lease Liability	(24.69)	(3.90)
Net Cash used in Financing Activities	(1,221.23)	440.76
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(1,705.43)	1,664.94
Cash and Cash Equivalents [refer note 12]		
Opening Balance	1,878.62	213.68
Closing Balance	173.19	1,878.62

Notes:

- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7).

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2022 (CONTD.)**

3. For the purpose of Standalone Cash Flow Statement, Cash and Cash Equivalents comprises the followings:

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Cash on hand	30.06	29.56
Cheques on hand	20.80	43.52
Balance with Banks	122.33	1,805.55
Total	173.19	1,878.62

Note:

Significant non-cash movement in borrowings during the year include:

a) recognition of finance leases ₹ Nil (31st March, 2021: ₹ Nil)

As per our report of even date

For and on behalf of the Board of Directors

For D. K Chhajer & Co.

Chartered Accountants
Firm Registration No.: 304138E

Manoj K Roongta

Partner
Membership No. : 057761

Place : Kolkata
Date: 16th May, 2022

Ravi Bharati

Chief Financial Officer

Brij Mohan Jha

Company Secretary

Tushar Bhajanka

Director
DIN: 09179632

Sajjan Bhajanka

Director
DIN:00246043

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2022

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Amount
As at 1st April, 2020	2,981.78
Changes in equity share capital	-
As at 31st March, 2021	2,981.78
Changes in equity share capital	-
As at 31st March, 2022	2,981.78

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1st April, 2020	17,416.22	47,697.31	65,113.53
Profit for the year (a)	-	3,784.28	3,784.28
Other comprehensive income -: Remeasurement gain/(loss) on Defined Benefit Plans (net of tax) for the year (b)	-	1.13	1.13
Total comprehensive income for the year (a + b)	-	3,785.41	3,785.41
Balance as at 31st March, 2021	17,416.22	51,482.72	68,898.94

(₹ in Lakhs)

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1st April, 2021	17,416.22	51,482.72	68,898.94
Profit for the year (a)	-	6,932.60	6,932.60
Other comprehensive income -: Remeasurement gain/(loss) on Defined Benefit Plans (net of tax) for the year (b)	-	(8.22)	(8.22)
Total comprehensive income for the year (a + b)	-	6,924.38	6,924.38
Balance as at 31st March, 2022	17,416.22	58,407.10	75,823.32

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors

For D. K Chhajer & Co.Chartered Accountants
Firm Registration No.: 304138E**Manoj K Roongta**Partner
Membership No. : 057761**Ravi Bharati**

Chief Financial Officer

Tushar BhajankaDirector
DIN: 09179632Place : Kolkata
Date: 16th May, 2022**Brij Mohan Jha**

Company Secretary

Sajjan BhajankaDirector
DIN:00246043

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2022

SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Star Cement Meghalaya Limited ("the Company") is a Public Limited Company domiciled in India and incorporated on 22nd December, 2005 as per the provisions of Companies Act 1956. The Company is engaged in manufacturing of Cement Clinker. The manufacturing unit of the Company is located at Lumshnong, Meghalaya. The Company is selling its product across North Eastern and Eastern states of India and also exporting to Bhutan and Nepal.

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], amendments thereto and other relevant provisions of the Act.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors on 16th May, 2022.

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:

- Net defined benefit asset/liability which is Fair value of plan assets less present value of defined benefit obligations
- Certain financial assets and financial liabilities 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) held primarily for the purpose of trading and other criteria set out in the Schedule III to the Act.

(iv) Rounding off amounts

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

1.2 Use of Estimates

The preparation of financial statements is in conformity with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and

presentation requirements of Division II of Schedule III to the Companies Act, 2013 which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of 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.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period. Revisions in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below:

- Classification of legal matters and tax litigation
- Defined benefit obligations
- Useful life of property, plant and equipment
- Leases Ind AS 116

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 (₹), which is Star Cement Meghalaya 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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

currency monetary assets and liabilities of the Company are recognised as income or expenses in the Statement of Profit and Loss. All other foreign exchange gains or losses are presented in the statement of profit or 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.

The Company has adopted the provisions of para D13AA of Ind AS 101, "First- Time Adoption of Indian Accounting Standards" for recognizing exchange differences for long-term foreign currency monetary items as on the date of Ind AS adoption, as per the provision of para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates". Accordingly, exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable property, plant and equipment's are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

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, amortisation and impairment losses if any, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to working condition for its intended use. Railway sidings the ownership of which vests with the Railway authorities are depreciated over five years.

Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred

Capital Work in Progress

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

Property, plant and equipment not ready for their intended use as on the balance sheet date are disclosed as "Capital work-in-progress". Such items are classified to the appropriate category of property, plant and equipment when completed and ready for their intended use. Advances given towards acquisition/ construction of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advances under "Other non-current assets"

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, until the project is ready for its intended use are capitalised.

Depreciation

Depreciation on Property, plant and equipment is provided on Written Down Value (WDV) method in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C' thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV method so as to depreciate the initial cost down to the residual value over the estimated useful lives. Office building is owned by the Company and is amortised using the straight- line method over the period of lease of land on which it is constructed. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

1.5 Intangible Asset

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 Leases

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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company recognises 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 recognised, 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 recognises 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.

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 recognised 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 recognised in the Statement of Profit and Loss as deduction from related item of expenditure. Grants related to assets which are recognised in the Balance Sheet as deferred income, are recognised to the Statement of Profit and 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 realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Work in progress, traded goods 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 good and WIP) is computed on weighted average basis.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

Net realisable 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.

Raw materials, stores and spare parts, fuel and packing material:

Raw materials, stores and spares and fuel and packing material are valued at lower of cost and net realisable value. Cost includes purchase price, other costs incurred in bringing the inventories to their present location and condition, and taxes for which credit is not available. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.

Work-in-progress, finished goods and stock in trade:

Work-in-progress, finished goods and stock in trade are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Cost of Stock-in-trade includes cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on weighted average basis.

Net realisable 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 (FVTPL): 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 associate) 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 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 Company 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and demand deposits with banks and other short-term highly liquid investments/deposits that are readily convertible into cash which are subject to insignificant risk of changes in value with an original maturity of three months or less.

Cash and cash equivalent includes cash on hand, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, cash at bank, and bank overdraft and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Cash and cash equivalents consist of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Company's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are generally held for a period of three months or less from the date of acquisition. These short-term highly liquid instruments are open-ended debt funds that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

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 Borrowings

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 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 capitalised as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time for its intended use to get ready for its intended use. All other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing cost includes exchange differences arising from relevant foreign currency borrowings to the extent

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

that they are regarded as an adjustment to the interest cost.

1.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company 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, 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).

Revenue is recognised at fair value of the consideration specified in the contract, net of the estimated volume discount, taxes collected on behalf of customer, sales returns and foreign exchange gain/(loss). No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 60 days depending on the specific terms agreed to with customers concerned, which is consistent with the market practice.

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/dispensed till the end of a reporting period these are recorded.

A contract liability is not recognised until the benefit is provided.

(B) Other Income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Dividend income is recognised when right to receive is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

1.19 Employee Benefits

(i) Short-term obligations

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

within 12 months after 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

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

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 Balance Sheet date.

1.20 Tax Expenses

Tax expense comprises current tax and deferred tax. Provision for 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 the 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 tax is 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 recognised to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period

1.21 Earnings Per Share

Basic earnings per share is 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

1.22 Provisions and Contingencies

A Provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are 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 (CODM).

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief

Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments

1.24 Dividends

Dividends paid (including dividend distribution tax thereon) is recognised 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 other equity.

2. 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

3. PROPERTY, PLANT AND EQUIPMENT

Particulars	(₹ in Lakhs)										Total	
	Land & Site Development	Factory Building	Non Factory Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Computers	Vehicles & Equipments	Tools & Tackles			
Gross carrying Value												
At 1st April, 2020	3,233.93	7,030.13	2,195.67	29,820.59	75.71	11.40	49.58	1,880.82	166.06			44,463.88
Addition	410.68	36.68	12.06	194.78	0.65	3.94	12.48	391.52	2.15			1,064.94
Disposals/deductions/adjustment	-	-	-	29.09	0.37	0.04	4.95	76.74	1.40			112.59
At 1st April, 2021	3,644.61	7,066.81	2,207.72	29,986.28	75.99	15.30	57.11	2,195.60	166.81			45,416.23
Addition	169.54	36.70	131.68	1,569.56	26.38	5.54	31.58	6,703.35	148.33			8,822.66
Disposals/deductions/adjustment	-	-	-	0.56	1.91	-	-	16.91	-			19.37
At 31st March, 2022	3,814.15	7,103.51	2,339.40	31,555.28	100.46	20.84	88.69	8,882.04	315.14			54,219.52
Accumulated Depreciation												
At 1st April, 2020	-	2,307.89	831.75	16,708.89	41.18	6.25	38.84	1,041.70	96.17			21,072.66
charge for the year	-	449.38	146.38	2,207.47	8.78	2.32	6.36	254.17	18.36			3,093.22
Disposals/deductions/adjustment	-	-	-	20.60	0.29	0.02	4.33	50.88	1.14			77.26
At 1st April, 2021	-	2,757.27	978.13	18,895.76	49.67	8.55	40.87	1,244.99	113.39			24,088.62
charge for the year	-	412.47	137.32	1,925.42	9.20	3.12	15.76	1,356.70	22.44			3,882.44
Disposals/deductions/adjustment	-	-	-	0.51	1.91	-	-	16.06	-			18.48
At 31st March, 2022	-	3,169.74	1,115.45	20,820.67	56.96	11.67	56.63	2,585.63	135.83			27,952.58
Net Carrying Value												
At 31st March, 2022	3,814.15	3,933.77	1,223.96	10,734.61	43.49	9.17	32.06	6,296.41	179.31			26,266.94
At 31st March, 2021	3,644.61	4,309.54	1,229.59	11,090.52	26.32	6.75	16.24	950.61	53.42			21,327.61

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

3.1 Capitalisation of Expenditures

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Balance at the beginning of the year included in capital work-in-progress	1,552.02	1,356.07
Add : Expenditure during construction for projects	9,666.08	355.66
Less : Capitalised during the year	6,227.18	159.72
Balance at the end of the year included in capital work-in-progress	4,990.92	1,552.02

Ageing of Capital work-in-progress as at 31st March, 2022

(₹ in Lakhs)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	4,540.43	165.84	129.27	155.38	4,990.92
Projects temporarily suspended	-	-	-	-	-

Ageing of Capital work-in-progress as at 31st March, 2021

(₹ in Lakhs)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	583.06	360.39	476.14	132.42	1,552.01
Projects temporarily suspended	-	-	-	-	-

There are no projects whose cost has exceeded its budget or has overrun its completion time.

3.2 Right-of-use assets

(₹ in Lakhs)

Particulars	Non Factory Building
Gross Carrying Value	
At 1st April, 2020	2.34
Addition (Transitional impact on adoption of Ind AS 116)	6.88
Disposals	-
At 1st April, 2021	9.22
Addition	280.65
Disposals	-
At 31st March, 2022	289.87
Accumulated Depreciation	
At 1st April, 2020	1.04
Charge for the year	3.59
Disposals/deductions/adjustment	-
At 1st April, 2021	4.63
Charge for the year	20.01
Disposals/deductions/adjustment	-
At 31st March, 2022	24.64
Net Carrying Value	
At 31st March, 2022	265.23
At 31st March, 2021	4.59

3.3 Intangible Assets

(₹ in Lakhs)

Particulars	Computer Software
Gross carrying Value	
At 1st April, 2020	8.14
Addition	3.20
Disposals/deductions/adjustment	-
At 1st April, 2021	11.34
Addition	1.64
Disposals/deductions/adjustment	-
At 31st March, 2022	12.98

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

(₹ in Lakhs)

Particulars	Computer Software
Accumulated Amortisation	
At 1st April, 2020	5.88
Amortisation	1.43
Disposals/deductions/adjustment	-
At 1st April, 2021	7.31
Amortisation	2.94
Disposals/deductions/adjustment	-
At 31st March, 2022	10.25
Net Carrying Value	
At 31st March, 2022	2.73
At 31st March, 2021	4.03

Note :

- a) During the year Company has discarded /sold property,plant & equipment amounting to ₹ 19.37 Lakhs (₹ 112.59 Lakhs as on 31st March, 2021)

4. LOANS - NON CURRENT

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Loans (unsecured- considered good)		
Loan to related party (refer note no. 47)	1,350.00	4850.00
	1,350.00	4,850.00

Term loan to related party (fellow subsidiary) is long term in nature i.e. receivable in 5 years.

5. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Balances with banks held as Margin money deposits with original maturity of more than 12 months	176.59	176.59
Interest on Margin money with original maturity of more than 12 months	3.72	0.13
In Fixed Deposit accounts with original maturity of more than 12 months	3,500.00	-
Interest on Fixed Deposit accounts with original maturity of more than 12 months	3.82	-
Security deposits	7.60	7.87
	3,691.73	184.59

5.1 The bank balance disclosed above represents margin money against bank guarantee.

6. DEFERRED TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Deferred tax assets		
MAT credit entitlement	9,864.39	9,080.23
	9,864.39	9,080.23

7. NON CURRENT TAX ASSET (NET)

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Advance income tax & TDS Receivable (Net of Provision for Taxation of ₹ 1506.61 Lakhs, as at 31st March, 2022 and ₹ 1416.48 Lakhs as on 31st March, 2021)	470.64	106.91
	470.64	106.91

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

8. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Capital advances (refer note 8.1 below)		
Secured, considered good	1,187.74	92.07
Unsecured, considered good	2,299.72	1,793.35
Security deposits	8.27	8.27
	3,495.73	1,893.69

8.1 Capital Advances includes advance against land of ₹ 1,741.37 Lakhs. The Company is in the process of getting registration in its name.

9. INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Raw materials (including in transit as at 31st March, 2022 - ₹ Nil & 31st March, 2021 ₹ Nil)	1,615.49	831.08
Work - in - process	278.17	183.00
Finished goods (including in transit as at 31st March, 2022 - ₹ Nil & 31st March, 2021 ₹ Nil)	1,045.76	3,807.06
Fuels & lubricants	3,514.73	5,189.62
Store & spare parts	2,575.16	1,916.18
	9,029.31	11,926.94

10. CURRENT INVESTMENT

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Investment in Bond -quoted		
9.56 % State Bank of India Series 1 NCD Perpetual Bond, 350 units (FV ₹ 10 Lakhs)	3,500.00	-
	3,500.00	-
Aggregate market value of Quoted investment	3,734.98	-
Aggregate amount of impairment in value of investments	-	-

11. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Unsecured, considered good		
Trade receivable	8,118.91	11,008.56
Receivable which have significant increase in credit risk	14.72	-
Less : Allowance for credit losses	(14.72)	-
	8,118.91	11,008.56

There is no debts due by directors and other officers of the Company or any of them either severally jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a member

Ageing of outstanding trade receivables as on 31st March, 2022 from due date of payment

(₹ in Lakhs)

Particulars	Not Due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed - Considered Good	5,447.24	2,658.19	13.48	-	-	-	8,118.91
Disputed - Considered Good	-	14.72	-	-	-	-	14.72
Less : Allowance for credit losses	-	-	-	-	-	-	(14.72)
Total Trade Receivables							8,118.91

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

Ageing of outstanding trade receivables as on 31st March, 2021 from due date of payment

(₹ in Lakhs)

Particulars	Not Due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed - Considered Good	10,982.89	25.66	-	0.01	-	-	11,008.56
Disputed - Considered Good	-	-	-	-	-	-	-
Less : Allowance for credit losses	-	-	-	-	-	-	-
Total Trade Receivables							11,008.56

12. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Cash on hand	30.06	29.56
Cheques on hand	20.80	43.52
Balances With Banks:		
'- In Current Accounts	122.33	281.72
- In Fixed Deposit accounts with original maturity of upto 3 months	-	1,523.83
	173.19	1,878.62

13. BANK BALANCES OTHER THAN NOTE 12 ABOVE

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Balance with banks held as margin money with original maturity of more than 3 months and upto 12 months [Refer note 13.1 below]	0.50	-
In Fixed Deposit accounts with original maturity of more than 12 months	8,147.00	4,495.00
	8,147.50	4,495.00

13.1 The bank balance disclosed above represents margin money against bank guarantee.

14. LOANS - CURRENT

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Unsecured, considered good		
Others		
- Loans to Body Corporate (Other than related parties)	1,748.71	2,624.54
	1,748.71	2,624.54

15. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Unsecured, considered good		
- Security Deposit	0.59	1.65
- Interest Accrued but not due		
Fixed Deposit	215.10	140.34
Bond	108.17	-
Others	151.83	230.72
- Interest Receivable on Bond	178.01	-
	653.70	372.71

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

16. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Unsecured , considered good		
-Stamp Papers in Hand	0.40	0.40
-Advances to suppliers for goods	3,834.98	3,303.02
-Advances against services & Expenses	245.30	6.26
-Advances to employee	15.50	13.21
-Balances with statutory/Government authorities	77.78	141.02
-Subsidies/ incentives receivable from central/State government	3,676.75	7,332.51
-Prepaid expenses	196.51	155.55
-Interest/Claim Receivable	16.66	6.51
Unsecured , considered doubtful		
-Advance to supplier	4.35	4.35
Less: Allowance for bad & doubtful advances	(4.35)	(4.35)
	8,063.88	10,958.48

17. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Authorised Capital		
3,00,00,000 (3,00,00,000 as at 31st March, 2021) Equity Shares of ₹ 10/- each)	3,000.00	3,000.00
Issued, subscribed & paid up		
2,98,17,818 (2,98,17,818 as at 31st March, 2021) Equity Shares of ₹ 10/- each fully paid)	2,981.78	2,981.78
	2,981.78	2,981.78

a) **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends 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 equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity Share Capital	No. of Shares	No. of Shares
At the beginning of the year	2,98,17,818	2,98,17,818
Buyback during the Year	-	-
Outstanding at the end of the year	2,98,17,818	2,98,17,818

c) **Shares held by holding Company**

Star Cement Limited	No. of Shares	No. of Shares
Equity shares of ₹ 10/- each fully paid	2,60,88,656	2,60,88,656
(All the shares are held by M/s Star Cement Limited, the Holding Company and its nominees)		

d) **Details of shareholders holding more than 5% of Equity Shares in the Company**

Name of the Shareholders	No. of Shares (% of holding)	No. of Shares (% of holding)
Star Cement Limited, holding Company	2,60,88,656 87.49%	2,60,88,656 87.49%
Megha Technical & Engineers Private Limited, subsidiary of Holding Company	37,29,162 12.51%	37,29,162 (12.51%)

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

e) **The following table shows the change in promoter holding during the year**

S I. No.	Promoter Name	FY 21-22		% Change during the FY 21-22
		No. of Shares	% of Total Shares	
1	Star Cement Limited	26088656	87.49%	-
2	Megha Technical & Engineers Private Limited	3729162	12.51%	-

The following table shows the change in promoter holding during the year

S I. No.	Promoter Name	FY 20-21		% Change during the FY 20-21
		No. of Shares	% of Total Shares	
1	Star Cement Limited	26088656	87.49%	-
2	Megha Technical & Engineers Private Limited	3729162	12.51%	-

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

18. OTHER EQUITY

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Securities premium		
Opening balance	17,416.22	17,416.22
Addition/ (deduction) during the year	-	-
Closing Balance	17,416.22	17,416.22
Retained earnings		
Opening balance	51,482.72	47,697.31
Profit / (loss) for the year	6,932.60	3,784.28
	58,415.32	51,481.59
Remeasurements of gain/(loss) post-employment benefit obligations	(8.22)	1.13
Closing	58,407.10	51,482.72
Total	75,823.32	68,898.94

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act

Retained earnings

This reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations.

19. BORROWINGS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Secured		
Long term maturities of finance lease obligations		
Deposits from Customers		
- Hire purchase finance from banks (Refer Note 19.1)	18.74	73.12
	18.74	73.12
Less:- Current maturities of long term borrowings	(18.74)	(54.38)
	-	18.74

19.1 Hire Purchase Finance @ 9% p.a. is secured by hypothecation of respective vehicles / equipments and as on 31st March, 2022 4 nos. Installment are due.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

20. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Security deposits	8.21	10.30
	8.21	10.30

21. LEASE LIABILITIES (NON-CURRENT)

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Lease Liabilities (Refer Note 45)	243.96	1.07
	243.96	1.07

22. PROVISIONS (NON-CURRENT)

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Provision for employees benefits		
- Gratuity (Refer Note 41)	12.85	119.10
	12.85	119.10

23. OTHER NON CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Deferred government grant	801.74	954.06
	801.74	954.06

24. BORROWINGS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Secured - Repayable on demand		
Working capital facilities from banks (secured)		
- Cash credit (secured)	113.68	735.60
- WCDL (Un-secured)	-	-
Hire Purchase Loan	18.74	54.38
	132.42	789.98

Working capital facilities of ₹ 113.68 Lakhs (31st March, 2021 ₹ 735.60) from banks are secured by pari passu first charge on current assets and pari passu second charge on property, plant and equipment of the Company's cement clinker unit at Lumshnong, Meghalaya.

25. TRADE PAYABLES

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
MSME Creditors [refer note 52]	4.31	137.09
Trade Payables other than above	5,104.27	3,119.24
	5,108.58	3,256.32

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

Ageing of outstanding trade payables as on 31st March, 2022 from due date of payment

(₹ in Lakhs)

Sr No.	Particulars	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i)	Undisputed - MSME	-	4.31	-	-	-	4.31
(ii)	Undisputed - Other than MSME	2,785.64	2,299.64	2.00	6.83	10.16	5,104.27

Ageing of outstanding trade payables as on 31st March, 2021 from due date of payment

(₹ in Lakhs)

Sr No.	Particulars	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i)	Undisputed - MSME	-	137.09	-	-	-	137.09
(ii)	Undisputed - Other than MSME	2158.92	934.59	12.04	3.80	9.89	3,119.24

26. LEASE LIABILITIES

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
- Lease Liabilities (Refer Note 45)	27.42	3.72
	27.42	3.72

27. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Interest accrued but not due on borrowings	0.14	0.53
- Salary and bonus to employees	96.76	58.82
- Retention money	27.74	11.80
Other Liabilities		
- Creditors for expenses	674.18	481.11
- Other payable	2,249.17	2,031.87
	3,047.99	2,584.13

28. PROVISIONS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Provision for employees benefits (Refer Note 41)		
- Gratuity	41.22	19.48
- Leave encashment	56.95	44.18
	98.17	63.66

29. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Statutory liabilities	1,394.30	2,394.50
Advances from customers	0.45	3.33
Current portion deferred of deferred government grant	152.32	188.88
	1,547.07	2,586.71

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

30. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Sale of products		
Domestic	74,978.82	57,039.06
Export	-	1,862.16
	74,978.82	58,901.22
Other operating income		
Freight Income (Own)	999.70	-
Sale of Scrap	49.68	52.87
Revenue from operations	76,028.20	58,954.09

Note:

a) Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Revenue as per contract price	76,028.20	58,954.09
Less: Discounts and incentives	-	-
Revenue as per statement of profit and loss	76,028.20	58,954.09

31. OTHER INCOME

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Interest income on		
-Bank deposits	415.90	162.92
-Bond	16.26	-
- Interest on Loan	361.45	724.71
- Miscellaneous Receipts	1.34	-
	794.95	887.63

32. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Inventory at the beginning of the year	831.08	774.11
Add: Purchases	7,248.70	5,347.65
	8,079.78	6,121.76
Less : Inventory at the end of the year	1,615.49	831.08
	6,464.29	5,290.68

Details of Raw Material Consumed

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Lime Stone	5,489.94	4,546.74
Shale	570.78	366.23
Others	403.57	377.71
	6,464.29	5,290.68

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

33. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Finished goods		
Opening stock	3,807.06	2,087.56
Closing stock	1,045.76	3,807.06
	2,761.30	(1,719.50)
Work in process		
Opening stock	183.00	300.32
Closing stock	278.17	183.00
	(95.17)	117.32
	2,666.13	(1,602.18)

34. EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

	31st March, 2022	31st March, 2021
Salaries & wages	3,708.71	3,159.15
Contribution to provident fund and other funds	66.39	52.36
Staff Welfare expenses	94.77	66.11
	3,869.87	3,277.62

34.1: Employee cost is inclusive of remuneration paid to Directors & Key Management Personnel. (Refer Note No. 47)

35. FINANCE COSTS

(₹ in Lakhs)

	31st March, 2022	31st March, 2021
- On loans measured at amortised cost [including interest on Lease ₹ 10.63 Lakhs (31st March, 2021 ₹ 0.41 Lakhs)	32.43	26.91
Other borrowing costs	498.44	81.49
	530.87	108.40

36. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lakhs)

	31st March, 2022	31st March, 2021
Depreciation on property, plant and equipment	3,687.47	2,856.20
Depreciation on Right of use Assets	20.01	3.59
Amortisation of intangible assets	2.94	1.43
Total	3,710.42	2,861.22

36.1 Depreciation is net off amortisation of Government Grant of ₹ 188.88 Lakhs as at 31st March, 2022 and ₹ 237.01 Lakhs as at 31st March, 2021

36.2 Depreciation for the year includes ₹ 6.08 Lakhs (31st March, 2021 ₹ Nil) capitalised as pre-operative expenses.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

37. OTHER EXPENSES

	(₹ in Lakhs)	
	31st March, 2022	31st March, 2021
Consumption of stores & spares	153.79	272.06
Power & fuel	25,847.26	24,137.60
Repairs & maintenance		
- Buildings	166.87	108.12
- Plant & machinery	1,227.20	433.82
- Others	85.14	47.43
Heavy vehicle / equipment running expenses	458.95	333.81
Travelling and conveyance	111.73	124.25
Insurance	58.80	78.45
Rates & taxes	23.88	34.96
Rent	32.09	33.32
Research & development expenses	7.80	13.71
Charity & donation [refer note *]	72.75	53.27
CSR expenses [refer note 50]	188.91	183.75
Miscellaneous expenses (including payment to auditors, refer note 43)	595.39	466.38
Advertisement & publicity	0.03	-
Carriage outward (Including Fleet operating expenses)	23,325.27	17,402.07
Sales promotion expenses	38.68	42.90
Commission/ incentives	1.47	90.74
	52,396.01	43,856.63

* Charity & Donation includes ₹ Nil (31st March, 2022 : ₹ Nil) paid to political parties.

38. ASSETS PLEDGED/HYPOTHECATED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	(₹ in Lakhs)	
Particulars	31st March, 2022	31st March, 2021
Current		
Financial assets		
First charge		
Trade receivables	8,118.91	11,008.56
Inventory	9,029.31	11,926.94
Total current assets pledged/hypothecated as security	17,148.22	22,935.50
Non-current		
First charge		
Property, plant and equipment, CWIP	31,257.86	22,879.64
Total non-currents assets pledged/mortgaged as security	31,257.86	22,879.64
Total assets pledged/hypothecated as security	48,406.08	45,815.14

39. INCOME TAX EXPENSE

39.1: Tax expense change in Profit or loss

	(₹ in Lakhs)	
Particulars	31st March, 2022	31st March, 2021
(a) Current tax		
Current tax on profits for the year	252.42	-
Total current tax expense	252.42	-
(b) Deferred tax		
Deferred tax benefit	3.81	(0.60)
Total deferred tax benefit	3.81	(0.60)
(c) Income tax of earlier years	(3.27)	3.89
Tax expense	252.96	3.29

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

39.2: Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Profit before tax	7,185.56	3,787.57
Tax at the Indian tax rate of 34.944% (FY 19-20 - 34.944%)	2,510.92	1,323.53
Items not deductible/taxable under tax	(86.86)	(227.99)
Additional deduction under various provisions of tax	(2,171.64)	(868.19)
Income Tax of Earlier Years	(3.27)	3.89
Other Adjustment	3.81	(227.96)
Income tax expense	252.96	3.29

39.3 : The Tax rate used for the year FY 21-22 and FY 20-21 reconciliation above is the Corporation tax rate of 34.944% (30% +surcharge @12% +education cess @ 4%) payable on taxable profit under the Income Tax Act 1961.

39.4: During the year, the Company has not surrendered or disclosed any income in the tax assessments under the Income Tax Act,1961 (such as search or survey or any other relevant provision of the Income Tax Act,1961). Accordingly, there are no transaction which are not recorded in the books of accounts.

40. EARNINGS PER SHARE

(a) Basic earnings per share

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Basic earnings per share attributable to the equity holders of the Company (in ₹)	23.25	12.69

(b) Diluted earnings per share

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Diluted earnings per share attributable to the equity holders of the Company (in ₹)	23.25	12.69

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

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
<i>Basic earnings per share</i>		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	6,932.60	3,784.28
<i>Diluted earnings per share</i>		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	6,932.60	3,784.28

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

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,98,17,818	2,98,17,818
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	2,98,17,818	2,98,17,818

41. EMPLOYEES BENEFIT OBLIGATIONS

(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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Leave obligations not expected to be settled within the next 12 months	44.11	37.20

(b) Post-employment obligations

(i) 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.

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, 2020	157.89	(41.91)	115.98
Current service cost	15.80	-	15.80
Interest expense/(income)	11.05	(2.53)	8.52
Total amount recognised in profit or loss	26.85	(2.53)	24.32
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.51	0.51
Actuarial (gain)/loss from change in financial assumptions	1.52	-	1.52
Actuarial (gain)/loss from unexpected experience	(3.76)	-	(3.76)
Total amount recognised in other comprehensive income	(2.24)	0.51	(1.73)
Employer contributions/ premium paid		-	-
Benefit payments	(11.51)	11.51	-
31st March, 2021	170.99	(32.42)	138.57

(₹ in Lakhs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2021	170.99	(32.42)	138.57
Current service cost	17.13	-	17.13
Interest expense/(income)	11.80	(6.06)	5.74
Total amount recognised in profit or loss	28.92	(6.06)	22.87
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1.74	1.74
Actuarial (gain)/loss from change in financial assumptions	(2.30)	-	(2.30)
Actuarial (gain)/loss from unexpected experience	13.18	-	13.18
Total amount recognised in other comprehensive income	10.89	1.74	12.63
Employer contributions/ premium paid		(120.00)	(120.00)
Benefit payments	(9.27)	9.27	-
31st March, 2022	201.53	(147.47)	54.07

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

Net asset / (liability) recognised in the balance sheet

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Present value of Defined Benefit Obligation	(201.53)	(170.99)
Fair Value of Plan Assets	147.47	32.42
Net Asset / (Liability) in the Balance Sheet	(54.07)	(138.57)
Current Asset/(liability)	(41.22)	(119.10)
Non-Current Asset/(liability)	(12.85)	(19.48)

(ii) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Discount rate	7.10%	6.90%
Expected return on plan asset	7.10%	6.90%
Salary growth rate	6.90%	6.00%
Withdrawal rate	1% to 8%	1% to 8%
Mortality rate	IALM (FY 12-14) Table	IALM (FY 12-14) 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			
	31st March, 2022		31st March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	(187.19)	218.08	(158.58)	185.36
Salary growth rate (-/+ 1%)	217.27	(187.51)	185.10	(158.65)
Withdrawal rate (-/+ 1%)	202.97	(199.93)	172.04	(169.82)

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 insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

(₹ in Lakhs)

Major Categories of Plan Assets as a percentage of total plan assets	Gratuity (Funded)	
	31st March, 2022	31st March, 2021
Funds managed by Insurer	100%	100%

(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
FOR THE YEAR ENDED 31ST MARCH, 2022 (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, 2023 are ₹ 20.19 Lakhs.

The weighted average duration of the defined benefit obligation is 5.10 (31st March, 2021: 5.20 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, 2022			
Defined benefit obligation (gratuity)	41.22	64.38	78.06
Total	41.22	64.38	78.06
31st March, 2021			
Defined benefit obligation (gratuity)	19.48	50.46	62.60
Total	19.48	50.46	62.60

c) Provident Fund:

Contribution towards provident fund are recomputed as expenses in the statement of profit and loss. The Company has a defined contribution plan. Under the defined contribution plan, provident fund is contributed to the Government administered provident fund. The Company has no further contractual nor any constructive obligation, other than the contribution payable to the provident fund. The expense recognised during the period towards defined contribution plan is ₹ 66.39 Lakhs (31st March, 2021: ₹ 52.36 Lakhs)

42. 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.

The Company does not have any externally imposed capital requirements.

43. PAYMENT TO AUDITORS

(₹ in Lakhs)		
Particulars	31st March, 2022	31st March, 2021
Statutory Auditors		
As Auditors		
Audit Fees	6.90	7.50
In Other Capacity		
Certification and Other Service	0.30	0.05
Total	7.20	7.55

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

44. FAIR VALUE MEASUREMENT

Financial instruments by category

(₹ in Lakhs)

Particulars	31st March, 2022			31st March, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Margin money deposits	-	-	176.59	-	-	176.59
Security deposits	-	-	8.19	-	-	9.52
Loan to related party	-	-	3,098.71	-	-	7,474.54
Trade receivables	-	-	8,118.91	-	-	11,008.56
Cash and cash equivalent	-	-	173.19	-	-	1,894.92
Bank Balance & others	-	-	8,147.50	-	-	4,794.04
Current Investment	-	-	3,500.00	-	-	-
	-	-	23,223.09	-	-	25,358.17
Financial liabilities						
Borrowings	-	-	132.42	-	-	808.71
Security deposits	-	-	8.21	-	-	10.30
Trade payable	-	-	5,108.58	-	-	3,256.32
Interest accrued but not due on borrowings	-	-	0.14	-	-	0.53
Other payables	-	-	3,020.12	-	-	2,571.80
Lease Liability	-	-	271.39	-	-	4.79
Retention money	-	-	27.74	-	-	11.80
	-	-	8,568.59	-	-	6,664.25

(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 the 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.

(iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ in Lakhs)

Particulars	31st March, 2022		31st March, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Security Deposits and margin money	184.69	184.69	184.46	184.46
Loan	3,098.71	3,098.71	7,474.54	7,474.54
Total financial assets	3,283.40	3,283.40	7,659.00	7,659.00
Financial liabilities				
Borrowings	18.74	17.32	73.12	73.80
Security deposit	8.21	8.21	10.30	10.30
Lease Liability	271.39	271.39	4.79	4.79
Total financial liabilities	298.33	296.92	88.21	88.89

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

The fair values of borrowings and loans are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. The carrying amounts of other borrowings and loans with floating rate of interest 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.

45. LEASE

Movement of lease liabilities

(₹ in Lakhs)		
Particulars	31st March, 2022	31st March, 2021
Opening balance	4.79	1.40
Additions (Transitional impact on adoption of Ind AS 116)		
Additions	280.65	6.88
Deletions	-	-
Add: Interest recognised during the year	10.63	0.41
Less: Payments made	(24.69)	(3.90)
Closing balance	271.38	4.79
Non-Current Lease Liability	243.96	1.07
Current Lease Liability	27.42	3.72

The Unit 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.

The Unit has recognised interest on lease liability of ₹ 10.63 Lakhs under Finance Costs (Previous years ₹ 0.41 Lakhs).

The aggregate depreciation on ROU assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

46. 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:

(₹ in Lakhs)			
Particulars	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 – foreign exchange	Future commercial transactions and recognised financial liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Projecting cash flows and considering the forecast of fluctuation in exchange rates
Market risk – interest rate	Long-term borrowings at fixed rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from financial institutions

(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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

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 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	6 months to 1 year	More than 1 Years	Total
Trade receivable as on 31st March, 2022	5,447.24	2,658.19	13.48	-	8,118.91
Trade receivable as on 31st March, 2021	10,982.89	25.66	-	0.01	11,008.56

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.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March, 2022 and 31st March, 2021 is the carrying amounts as illustrated in Note 46.

(B) Liquidity

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 (comprising the undrawn borrowing facilities below) 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 had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Floating Rate		
- Expiring within one year (bank overdraft and other facilities)	7,386.32	6,764.40
	7,386.32	6,764.40

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in ₹.

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.

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.

(₹ in Lakhs)

Contractual maturities of financial liabilities - 31st March, 2022	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
Trade payables	5,108.58	-	-	-	5,108.58
Borrowings	132.42	-	-	-	132.42
Interest payable on borrowings	8.08	-	-	-	8.08
Other financial liabilities	3,047.86	-	-	-	3,047.86
Lease Liabilities	46.88	42.51	127.54	150.56	367.50
Total financial liabilities	8,343.82	42.51	127.54	150.56	8,664.44

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

(₹ in Lakhs)

Contractual maturities of financial liabilities - 31st March, 2021	Less than 1 year	2 - 3 years	2 - 5 years	More than 5 years	Total
Trade payables	3,256.32	-	-	-	3,256.32
Borrowings	789.98	18.74	-	-	808.71
Interest payable on borrowings	54.62	0.35	-	-	54.97
Other financial liabilities	2,583.59	-	-	-	2,583.59
Lease Liabilities	3.97	1.09	-	-	5.06
Total financial liabilities	6,688.48	20.18	-	-	6,708.65

(C) Market risk

(i) Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company deals with an international customer and is therefore exposed to foreign exchange risk (primarily with respect to USD) arising from this foreign currency transactions. In view of low proportion of export/import, as compared to the overall operations, the exposure of the Company to foreign exchange risk is also not considered to be material. Further foreign exchange risk also arises from future cash flow against foreign currency loan. The risk is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows:-

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Financial assets	-	-
Financial liabilities	-	-
Net exposure to foreign currency risk	-	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax	
	31st March, 2022	31st March, 2021
USD sensitivity		
₹ appreciates by 10% (2019: 10%)*	-	-
₹ depreciates by 10% (2019: 10%)*	-	-

*Holding all other variable constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2022, 31st March, 2021 the Company's borrowings at variable rate were denominated in ₹ and USD.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

(₹ in Lakhs)

Particulars	31st March, 2022	31st March, 2021
Variable rate borrowings	114	736
Fixed rate borrowings	19	73
Total borrowings	132	809

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

(₹ in Lakhs)

Particulars	Impact on profit before tax	
	31st March, 2022	31st March, 2021
Interest expense rates – increase by 50 basis points (2020: 50 bps) *	(0.57)	(3.68)
Interest expense rates – decrease by 50 basis points (2020: 50 bps)*	0.57	3.68

*Holding all other variables constant

47. RELATED PARTY DISCLOSURES

(₹ in Lakhs)

A	Names of the related parties where control exists	Nature of relationship
	Star Cement Limited (SCL)	Holding Company
	Megha Technical & Engineers Private Limited (MTEPL)	Fellow Subsidiary
	Meghalaya Power Limited (MPL)	Fellow Subsidiary
	NE Hills Hydro Limited (NEHL)	Fellow Subsidiary
	Star Century Global Cement Private Limited (SCGCPL)	Fellow Subsidiary
	Star Cement (I) Limited (Formerly known as Star Cement Lumshnong Limited)(SCIL)	Fellow Subsidiary
	Star Cement North East Limited (SCNEL)	Fellow Subsidiary
B	Other related parties	Nature of relationship
1	Key Management Personnel	
	Mr. Sajjan Bhajanka	Director
	Mr. Sanjay Agarwal	Director
	Mr. Prem Kumar Bhajanka (Managing Director upto 12th August, 2021)	Director
	Mr. Tushar Bhajanka(Whole-Time Director w.e.f 12th August, 2021) & (upto 31st January, 2022)	Director
	Mr. Pankaj Kejriwal	Director
	Mr. Rajendra Chamaria	Director
	Mr. Emlangky Lamare(w.e.f 1st February, 2022)	Whole Time Director
	Mr. Amit Kumar Singh (upto 15th February, 2022)	Chief Financial Officer
	Mr. Ravi Bharti (w.e.f. 1st March, 2022)	Chief Financial Officer
	Mr. Chandan Sharma (upto 28th February, 2022)	Company Secretary
2	Relative of KMP of Parent Company	
	Mrs. Renu Chamaria	Wife of Mr.Rajendra Chamaria
	Rahul Chamaria(HUF)	HUF of Mr. Rahul Chamaria, Son of Mr. Rajendra Chamaria
	Rajendra Udyog(HUF)	HUF of Mr. Rajendra Chamaria
3	Key Management Personnel of Parent Company	
	Mr. Sajjan Bhajanka	Chairman & Managing Director & CEO (CEO w.e.f 1st February, 2022)
	Mr. Rajendra Chamaria	Vice Chairman & Managing Director
	Mr. Sanjay Agarwal	Managing Director
	Mr. Pankaj Kejriwal	Whole Time Director & Chief Operating Officer(COO) (w.e.f 1st February, 2022)

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

	Mr. Prem Kumar Bhajanka	Director upto 12th August, 2021 & Managing Director w.e.f 13th August, 2021
	Mr. Rajesh Kumar Agarwal	Director in Fellow Subsidiary
	Mr. Sanjay Kumar Gupta	Chief Executive Officer (up to 31st January, 2022)
	Mr. Manoj Agarwal	Chief Financial Officer
	Mr. Debabrata Thakurta	Company Secretary
4	Enterprise influenced by KMP of parent Company	
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP
	Shyam Century Ferrous Limited (SCFL)	Enterprises influenced by KMP
	Nefa Udyog (NU)	Enterprises influenced by KMP
	Profound Cement Work Limited(PCWL) (Formerly known as Star India Cement Limited)	Enterprises influenced by KMP

II. Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2022

(₹ in Lakhs)

Sl. No.	Type of Transactions	Holding Company		Fellow Subsidiary		Enterprises influenced by KMP		Key Management Personnel & Its Relative	
		FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21
1	Purchase Transactions								
	SCL	3,182.64	2,737.77	-	-	-	-	-	-
	CPIL	-	-	-	-	-	-	-	-
	MTEPL	-	-	0.15	0.68	-	-	-	-
	MPL	-	-	7,794.07	6,738.24	-	-	-	-
2	Sales Transactions								
	SCL	94,956.90	66,223.23	-	-	-	-	-	-
	MTEPL	-	-	114.95	35.02	-	-	-	-
	MPL	-	-	3,909.15	2,313.23	-	-	-	-
3	Sales of Capital Goods								
	SCL	-	8.74	-	-	-	-	-	-
	MPL	-	-	0.82	-	-	-	-	-
4	Purchase of Capital Goods								
	SCL	86.84	29.16	-	-	-	-	-	-
5	Services Rendered								
	SCL	940.39	5.20	-	-	-	-	-	-
	METPL	-	-	8.74	-	-	-	-	-
	MPL	-	-	88.51	-	-	-	-	-
6	Services Received								
	SCL	6.60	-	-	-	-	-	-	-
	MPL	-	-	8.53	-	-	-	-	-
	Rahul Chamaria(HUF)	-	-	-	-	-	-	8.54	-
	Rajendra Udyg(HUF)	-	-	-	-	-	-	10.02	-
7	Loan & Advances Given								
	MPL	-	-	-	-	-	-	-	-
8	Loan & advances Repaid Back								
	MPL	-	-	3,500.00	1,565.00	-	-	-	-
9	Remuneration Paid								
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	72.60	198.00
	Mr. Tushar Bhajanka	-	-	-	-	-	-	22.58	-
	Mr. Emlangky Lamare(w.e.f 1st February, 2022)	-	-	-	-	-	-	5.99	-

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

(₹ in Lakhs)

Sl. No.	Type of Transactions	Holding Company		Fellow Subsidiary		Enterprises influenced by KMP		Key Management Personnel & Its Relative	
		FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21	FY 21-22	FY 20-21
	Mr. Bishwajit Singh (up to 8th April, 2020)		-		-		-	-	0.10
	Mr. Chandan Sharma (upto 28th February, 2022)		-		-		-	5.77	4.18
	Mr. Amit Kumar Singh (upto 15th February, 2022)		-		-		-	9.89	10.00
	Mr. Ravi Bharti (w.e.f. 1st March, 2022)	-	-	-	-	-	-	0.81	-
10	Interest Received								
	MPL	-	-	180.45	490.76	-	-	-	-
11	Balance outstanding as on 31st March, 2022								
A.	Advances/Loan Given								
	MPL	-	-	-	4,850.00	-	-	-	-
B.	Creditors								
	MPL	-	-	256.47	882.04	-	-	-	-
	Rahul Chamaria(HUF)	-	-	-	-	-	-	7.69	-
	Rajendra Udyog(HUF)	-	-	-	-	-	-	9.01	-
C.	Debtors								
	SCL	7,748.18	10,977.15	-	-	-	-	-	-
	MTEPL	77.27	-	-	-	-	-	-	-
D.	Remuneration Payable								
	Mr. Emlangky Lamare (w.e.f.1st February, 2022)	-	-	-	-	-	-	3.23	-
	Mr. Ravi Bharti (w.e.f. 1st March, 2022)	-	-	-	-	-	-	0.76	-
E.	Share Capital (Including Securities Premium)								
	SCL	17,414.67	17,414.67	-	-	-	-	-	-
	MTEPL	-	-	2,983.33	2,983.33	-	-	-	-

(₹ in Lakhs)

III.	Key management personnel compensation	31st March, 2022	31st March, 2021
	Short-term employee benefits	117.64	212.28
	Post-employment benefits	-	-
	Long-term employee benefits	-	-
	Total compensation	117.64	212.28

Notes:

- (i) The sales to and purchases from related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. During the previous year, the Company has provided inter corporate loan to its fellow subsidiary which is repayable on demand, for current year the rate of interest is 6.63% (31st March, 2021: 7.74%)
- (ii) 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

48. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

a) Contingent liability:

(₹ in Lakhs)

Sl. No.	Particulars	31st March, 2022	31st March, 2021
1	Claims against the Company not acknowledged as debts – Excise	16,988.09	15,277.40
2	Duty saved under EPCG scheme	-	265.15

b) Commitments

(₹ in Lakhs)

Sl. No.	Particulars	31st March, 2022	31st March, 2021
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7,662.53	887.93
2	Bank Guarantees issued by Bank	4,743.94	1,337.61
3	Letter of Credit issued by Bank	387.44	493.88

Note :- Based on legal opinion / decisions in similar cases, the Management believes that the Company has a fair chance of favourable decisions in cases mentioned here-in-above and hence no provision is considered necessary. The amounts shown above represent the possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of different legal processes which have been invoked by the Company or the claimants, as the case may be and, therefore, cannot be estimated accurately. The Company does not expect any reimbursement in respect of above contingent liabilities.

In respect of demand notice dated 19th February, 2020 received by the Company from Director of Mineral Resources, Meghalaya, for payment of royalty, MEPRF, VAT/GST for ₹ 12346.64 Lakhs in pursuance to the National Green Tribunal (NGT) order dated 17th January, 2020 passed in O.A. No. 110(TCH)/2012 for alleged illegal coal procurement. By passing the said order NGT has accepted the Recommendation of the 5th Interim Report of the Independent Committee set up by NGT, which has suggested imposition of penalty on Cement Companies and Thermal Power Plants in Meghalaya.

The Company has not purchased any illegal coal and has complied with all disclosure requirements of the various Government Departments. The Report of NGT Committee has been founded on the basis of assumptions and views of the Committee and not on hard facts. Further to note that the Company has neither been issued a show-cause nor any opportunity of being heard was given to the Company before submitting the Interim reports by the Independent Committee to NGT. Even NGT has not served any notice on the Company before passing the impugned order dated 17th January, 2020 which is clear violation of principles of natural justice.

The Company backed by the legal opinions, believes that it has a good case in the matter as the said order was issued based on certain hypothetical assumptions and views and not on hard facts. No opportunity of being heard was provided to the Company either by NGT committee or by NGT itself which passed order without going into the merits & facts and accepted the recommendations of 5th Interim Report. Therefore, there is every likelihood of the Demand Notice and the order of the NGT being set aside. The Company has preferred an appeal before the Supreme Court of India against the NGT Order which is pending, and accordingly, no provisions has been made in the accounts.

Additional Director General of Foreign Trade, Guwahati passed an Order-in-Original dated 28th August, 2021 by which it was held that the Company has failed to fulfill its Export Obligation to export "Cement Clinker" under EPCG Scheme within a period of 8 years from the date of issuance of EPCG Authorisation for import of capital goods. Accordingly, ADGFT, Guwahati imposed a penalty of ₹ 3,11,56,111/- upon the Company.

The said Order-in-Original dated 28th August, 2021 was passed without considering the genuine fact that 50% of export obligation of the Company has already been fulfilled by its Group Company. The Company, backed by the legal opinions, believed that it has a good case in the matter as the said order was passed on the basis of certain hypothetical assumptions.

Accordingly, the Company preferred an appeal before the Director General of Foreign Trade, Delhi challenging the Order-in-Original dated 28th August, 2021 passed by ADGFT, Guwahati. The said appeal is pending before the DGFT, Delhi.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

49. EXCEPTIONAL ITEMS

- (a) Supreme Court vide its' order dated 17th November, 2020 has rejected the Review petitions filed by some of the Petitioners against its' Judgment dated 22th April, 2020 in the matter of Union of India –vs- M/s V.V.F Limited & Others. As the said order reached its' finality , the Company has Refunded 50% of differential Excise duty amounting to ₹ 1127.59 Lakhs which was received by the Company in previous years, and for which the demand letter was issued by the Department. The Company has also provided for the balance 50% of such refund amounting to ₹ 1134.19 Lakhs which was shown as receivable and recognised in income in previous years. Refund/Reversal on account of both amounting to ₹ 2261.78 Lakhs was shown as Exceptional Item in the Statement of Profit and Loss Account for the current financial year.

50. 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 allocated to a corpus and utilised 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 ₹ 111.17 Lakhs (31st March, 2021: ₹ 161.31 Lakhs)
b) Amount spent during the year on:

(₹ in Lakhs)

Sl. No.	Particulars	31st March, 2022	31st March, 2021
(i)	Construction/acquisition of any asset		
(ii)	On purpose other than above -:		
(a)	Education	86.69	55.74
(b)	Health & Sanitation	31.13	19.68
(c)	Livelihood & Skill Building	26.65	20.00
(d)	Rural & Infrastructure Development	44.44	88.32
	Total	188.91	183.74

Total of previous years' shortfall and the reason thereof.

Details of related party transactions during the year in relation to CSR Expenditure

51. SEGMENT INFORMATION

Cement Clinker' is the only identified operating segment of the Company.

One customers of the entity accounts for approximately 94.03% of the revenue for the year ended 31st March, 2022 (31st March, 2021 : 88.56%)

(₹ in Lakhs)

Sl. No.	Party Name	31st March, 2022	31st March, 2021
(i)	Star Cement Limited	94.03%	88.56%
	Total	94.03%	88.56%

Geographical information

The entire revenue of the Company has been generated by way of domestic & export sales .

(₹ in Lakhs)

Sl. No.	Geographical Location	31st March, 2022	31st March, 2021
(i)	India	76,017.23	57,091.93
(ii)	Nepal	-	1,859.41
(iii)	Bhutan	-	2.75
	Total	76,017.23	58,954.09

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

52. 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	31st March, 2022	31st March, 2021
(i) Principal amount remaining unpaid to any supplier at the end of the accounting year (including retention money against performance)	4.31	137.09
(ii) Interest due on above	-	-
Total of (i) & (ii)	4.31	137.09
(iii) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.48	0.10
(iv) Amount paid to the suppliers beyond the respective appointed date.	42.28	14.66
(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.	-	-

53. BORROWING COST OF FOREIGN LOAN

The Company has exercised the option in accordance to paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company has depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign Currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance useful life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the year ended 31st March, 2022 is ₹ 86.32 Lakhs (31st March 2021: ₹ 128.28 Lakhs).

54. RATIOS

(₹ in Lakhs)

Sl. No.	Particulars	Numerator	Denominator	31st March, 2022	31st March, 2021	Variance
1	Current Ratio (in times)	Current Assets	Current Liability	3.96	4.66	(15.05%)
2	Debt- Equity Ratio (in times)^	Total Debt (Long term + Short term borrowing)	Equity (Share Capital + Other equity)	0.00	0.01	(85.06%)
3	Debt Service Coverage Ratio (in times)#	Earning available for debt service	Debt Service	9.07	15.34	(40.86%)
4	Return on Equity Ratio (%)*	Net Profit	Average Equity Share Capital (incl. other equity) (5)	9.20%	5.41%	70.17%
5	Inventory Turnover Ratio (in times)**	Sales	Average Inventory (1)	7.16	4.68	52.98%
6	Trade Receivables Turnover Ratio (in times)	Sales	Average Trade receivable (2)	7.84	7.44	5.35%
7	Trade Payables Turnover Ratio (in times)	Purchase	Average Trade Payable (3)	7.71	7.73	0.00
8	Net Capital Turnover Ratio(in times)\$	Sales	Working Capital	2.54	1.73	46.76%
9	Net Profit Ratio(%) \$	Net Profit	Sales	9.25%	6.42%	43.91%

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

(₹ in Lakhs)

Sl. No.	Particulars	Numerator	Denominator	31st March, 2022	31st March, 2021	Variance
10	Return on Capital Employed (%)##	Earning Before Interest & Tax (EBIT)	Capital Employed (4)	9.74%	5.36%	81.78%
11	Return on Investment (%)	Gain/(Loss) on Investment	Average Investment (6)	4.02%	5.09%	(21.14%)

- (1) ' Average Inventory -: (Opening Inventory+Closing Inventory)/2
 (2) ' Average Trade Receivable -: (Opening Trade Receivable+Closing Trade Receivable)/2
 (3) ' Average Trade Payable -: (Opening Trade Payable+Closing Trade Payable)/2
 (4) ' Capital Employed -: (Equity (incl. other equity) + Current Borrowing + Non Current Borrowing+ Lease liability)
 (5) ' Average Net worth -: (Opening Equity (incl. other equity) +Closing Equity (incl. other equity))/2

Reasons for variances :-

- ^ Lower Debt Equity ratio because of reduction in debt.
 # Increase in Debt service coverage ratio because of increase in profit.
 * Increase in return of equity ratio because of increase of profit.
 ** Increase in Inventory turn over ratio because of decrease of average inventory
 \$ Increase in Net profit ratio because of increase of profit.
 \$\$ Increase in Net Capital turnover ratio because of increase in sales.
 ## Increase in return on capital employed because of increase in profit

55. BORROWING

The Company has filed quarterly returns or statements with the banks in lieu of the sanctioned working capital facilities, which are in agreement with the books of account other than those as set out below.

(₹ in Lakhs)

Name of the Bank	Aggregate working capital limits sanctioned	Quarter ended	Amount disclosed as per quarterly return/ statements	Amount as per books of account	Diff	Reason for variance
State Bank of India and consortium of banks	7500	June'21	18,040.68	17,489.25	551.43	Certain debtors such as those who have outstanding balances of more than 90 days and inter Company balances are eliminated while filing bank return.
	7500	June'20	15,669.53	17,109.26	(1,439.73)	
	7500	September'21	14,387.66	15,410.98	(1,023.32)	
	7500	September'20	21,923.22	22,407.42	(484.20)	
	7500	December'21	11,493.48	14,122.49	(2,629.01)	
	7500	December'20	20,529.86	23,222.64	(2,692.78)	
	7500	March'22	16,449.33	17,148.22	(698.90)	
	7500	March'21	22,341.26	22,935.50	(594.24)	

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)**

- 56.** The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- 57. DISCLOSURE OF TRANSACTIONS WITH STRUCK OFF COMPANIES**
The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.
- 58.** The financial statements are approved by the audit committee at its meeting held on 16th May,2022 and by the Board of Directors on the same date.
- 59.** Notes to the Financial Statements comprises of information relevant for the Group.
- 60.** Previous year's figures have been regrouped and/or rearranged wherever necessary to conform to current year Classification.

As per our report of even date

For and on behalf of the Board of Directors

For D. K Chhajer & Co.
Chartered Accountants
Firm Registration No.: 304138E

Manoj K Roongta
Partner
Membership No. : 057761

Ravi Bharati
Chief Financial Officer

Tushar Bhajanka
Director
DIN:09179632

Place : Kolkata
Date: 16th May, 2022

Brij Mohan Jha
Company Secretary

Sajjan Bhajanka
Director
DIN:00246043



STAR CEMENT MEGHALAYA LIMITED

CIN: U63090ML2005PLC008011

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