

Megha Technical and Engineers Private Limited

Annual Report 2012-13

Building blocks of growth





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Board of Directors

Hari Prasad Agarwal, Director
Pankaj Kejriwal, Managing Director
Rajesh Kumar Agarwal, Director
Mangilal Jain, Director
Edmund Carmel Suja, Director

Auditors

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

Bankers

State Bank of India
Oriental Bank of Commerce

Registered Office & Works

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

Corporate Office

'Satyam Towers' 1st Floor, Unit No. 9B
3, Alipore Road
Kolkata - 700 027

Guwahati Office

Mayur Garden, 2nd Floor,
Opp. Rajiv Bhawan,
G.S. Road, Guwahati - 781 005

Delhi Office

281, Deepali
Pitampura
New Delhi - 110034

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report, together with the Audited Financial Accounts for the year ended 31st March 2013.

Economic Scenario and Cement Industry

FY 2012-13 has been second year in a row wherein there has been slowdown in the rate of GDP Growth of country. As against growth of 6.9% during FY 2011-12, country has been able to achieve GDP growth of 5% only during the year under review. The slowdown has been mainly on account of continued global recession and all time high inflation resulting into reduction in domestic saving and consumption. Construction activity also got impacted and investment in housing and infrastructure sector was also not up to expectation.

Cement Industry remained largely unaffected during the First half of FY 2012-13 on account of recessionary trends. Rather, Cement Industry continued to maintain its growth momentum during first half of the financial year. Not so good monsoon also helped construction industry to continue its activity which helped cement industry in sustenance of its growth path. However, the growth achieved during first half of the year was largely set-off on account of huge slowdown in Cement demand during the second half of the financial year.

Despite slowdown in Indian economy and in rest of globe, the growth story of North Eastern Region (NER) remained largely unaffected. Cement Demand in NER grew by little over 2% during the year under review. Region continued to meet its cement demand partially by import of cement from region outside North East which indicates potential for your company to consolidate further in the markets of North Eastern Region. During the year under review few new players have entered the market of NER and some existing units have expanded their capacities.

FINANCIAL RESULTS

The highlights of the financial performance for the financial year ended 31st March 2013 as compared to the previous financial year are as under :

Particulars	(` in Lacs)	
	2012-13	2011-12
Net Sales / Income	32,931.36	33,749.18
Profit Before Interest, Depreciation & Tax	4,738.09	6,159.16
Interest & Finance Charges	(394.02)	(420.60)
Depreciation	(447.99)	(521.04)
Extra-Ordinary Item	(45.50)	—
Profit before Tax	3,850.59	5,217.52
Provision for Taxation		
- Current Tax	(769.49)	(1,049.16)
Less : MAT Credit Entitlement	769.49	1,049.16
Net Current Tax	—	—
MAT Entitlement Credit for earlier years	—	(12.16)
Deferred Tax	26.19	(3.71)
Profit after Tax	3,876.78	5,201.65

OPERATIONAL PERFORMANCE

The performance of your Company has been robust during the year under review. The results of your company also got impacted with increase in prices of inputs and freight. The absence of incentive on freight cost from May 2012 which was hitherto available to company as per Transport Subsidy Scheme till May 2012 has greatly impacted company's cost parameters and overall result of the company. Owing to that landed cost of fly ash has gone up by more than 60%. Landed cost of Gypsum has also increased by 28% over previous year.

During the FY 2012-13, company produced 578,236 MT of Cement as against 605,570 MT during the previous financial year. Drop of 5% in production volume has been largely on account of less attractive price of major raw material Cement Clinker in the open

market. During the FY 2012-13, company dispatched 578,598 MT and sold 577,348 MT of cement as compared to 608,705 MT of dispatch and 608,427 MT of sales achieved during the previous financial year. The reductions in dispatch and sales have been on account of lower production.

Owing to reasons as stated above, company's topline and bottomline also got impacted accordingly. As against total revenue of ` 33,749.18 Lacs during the FY 2011-12, company has posted top line amounting to ` 32,931.36 during the FY 2012-13, a drop of little over 2% over previous year. Company has posted profit before tax amounting to ` 3,850.59 Lacs during the FY 2012-13 as against ` 5,217.52 Lacs during the previous financial year. Drop of 26% in profitability has been largely on account of the reasons stated above.

MARKETING

Despite a little drop in production, dispatch and sales volume during the year under review, Company's brand "**STAR CEMENT**" under an agreement with its holding company M/s. Cement Manufacturing Company Limited (CMCL), continues to enjoy leadership position in the markets of North Eastern Region. To further promote its brand in the market, various marketing activities were continued during the year under review too. Mason Meets have been arranged in different areas particularly in the rural markets to impart training and education to masons and to make them aware about new technologies and trends in application of cement in building construction. Company has further widened its direct dealer and retail network in remotest part of the region for better availability of its product. "**STAR CEMENT**" as a brand continued to remain at top of mind recall amongst institutional and retail consumers.

HOLDING COMPANY

Your Company continues to remain 99.96% subsidiary of M/s Cement Manufacturing Company Limited (CMCL) which in turn is 70.48% subsidiary of M/s Century Plyboards (I) Limited (CPIL).

DIVIDEND

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

DIRECTORS

Mr. Rajesh Kumar Agarwal and Mr. Edmund Carmel Suja, directors of the Company retire by rotation and, being eligible, offer themselves for re-appointment. The Board recommends their appointment at the ensuing Annual General Meeting.

PARTICULARS OF EMPLOYEES

The Particulars of employees as required u/s 217 (2A) of the Companies Act, 1956 are not given as none of the employees were in receipt of remuneration exceeding the limits specified therein.

HUMAN AND INDUSTRIAL RELATIONS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of Annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. The directors have selected such accounting policies and 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 March 31, 2013 and of the Profit and Loss Account and Cash Flow of the Company for the year ended March 31, 2013.
3. 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;
4. The directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee of the Company is constituted pursuant to the provisions of the Companies Act, 1956 and the Company has complied with the requirement relating to the composition and terms of reference of the audit committee. Audit Committee

addresses matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions for liabilities, disclosures of its financial information to ensure that the financial statement is correct, sufficient and reflects facets of Company's operation that are of vital concern to the Company. The Committee comprises of Mr. Hari Prasad Agarwal, Mr. Pankaj Kejriwal and Mr. Rajesh Kumar Agarwal. The Statutory and Internal Auditors of your Company are permanent invitees to the Audit Committee Meetings.

During the year, the Audit Committee met on 21st April, 2012, 18th July, 2012, 19th October, 2012 and 17th January, 2013.

AUDITOR'S REPORT

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

APPOINTMENT OF COST AUDITORS

In terms of section 233B of the Companies Act, 1956 M/s B. Chowdhury & Company, a firm of Cost Accountants, have been appointed to audit the cost records of the company and report thereof would be placed before the Audit Committee when submitted.

AUDITORS

M/s. Kailash B. Goel & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for re-appointment as Statutory Auditors and have confirmed that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment for ensuing year.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Lumshnong
Date : 24th day of April 2013

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Annexure - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2013.

A. CONSERVATION OF ENERGY

The Specific Power consumption has increased from 32.44 KWH Per ton of Cement during FY 2011-12 to 33.91 KWH during the FY 2012-13. This is mainly on account of increased Blaine of Cement manufactured during the year for better marketability of its product in the increased competitive scenario in the North Eastern Region. The company has undertaken following energy conservation measures:

1. Replacement of energy intensive lights with energy saving fluorescent and LED lamps.
2. Optimizing lighting system to ensure wastage of energy and idling.
3. Use of Grinding Aid in Cement Mill.
4. Timely replacement of Grinding Media in the Cement Mill.

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

Sl. No.		2012-13	2011-12
A	Power and fuel consumption		
	1 Electricity		
	(a) Purchased		
	Unit (Lacs KWH)	208.41	202.52
	Total Amount (` In Lacs)	1,429.51	1,224.04
	Rate/Unit (`)	6.86	6.04
B	Consumption per unit of Production		
	Electricity (KWH/T of Cement)	33.91	32.44

B. TECHNOLOGICAL ABSORPTION

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

Research and Development (R&D)

Specific area in which R&D was carried out and implemented during 2012-13 is as under :

1. Study of suitability of grinding aid in Cement Mills.
2. Study of suitability of fly ash from different sources.
3. Launching of OPC-43 grade Cement.
4. Optimization of grinding media.
5. Launching of new design of Packing Bags after extensive trial.

Benefit derived as a result of R&D

1. Usage of different types of grinding aid resulted into better product quality & better performance of cement mill.
2. Study of fly ash from different sources resulted into optimizing quality of fly ash.
3. Development of OPC-43 Grade of Cement will help company in marketing under competitive scenario.
4. Optimization of grinding aid resulted into better output & improved quality.
5. New design of Packing Bags has helped in reduction of bursting ratio resulting into cost saving and better customer satisfaction.

Future Plan of Action

1. Installation of pneumatic conveying system of fly ash.
2. Study of suitability of fly ash having high Blaine in the Cement Mill output.

Expenditure on Research and Development

(₹ In Lacs)

Sl. No.	Particulars	2012-13	2011-12
a.	Capital Expenditure	—	—
b.	Revenue	4.25	3.83
	Total	4.25	3.83

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

Foreign Exchange Earnings & Outgo

(₹ In Lacs)

Sl. No.	Particulars	2012-13	2011-12
a.	Foreign Exchange Earnings	Nil	Nil
b.	Foreign Exchange Outgo	1.11	22.61
	Total	1.11	22.61

AUDITORS' REPORT

TO THE MEMBERS OF MEGHA TECHNICAL AND ENGINEERS PRIVATE LIMITED

1. We have audited the accompanying financial statements of "M/s MEGHA TECHNICAL AND ENGINEERS PRIVATE LIMITED", which comprise the Balance Sheet as at March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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.
Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2013;
 - (ii) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.
5. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
6. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

CA. Arun Kumar Sharma
Partner

Membership No. 57329

Camp Office: Lumshnong, Meghalaya
Date : 24th April, 2013

ANNEXURE REFERRED TO IN PARAGRAPH (5) OF OUR REPORT OF EVEN DATE

1.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - (b) The fixed assets of the company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
 - (c) During the year the Company has not disposed off a substantial part of its Fixed Assets and therefore do not affect the going concern assumption.
2.
 - (a) The inventory, except goods in transit and materials lying with third parties which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.
3.
 - (a) The Company has granted unsecured loan to three companies covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was ` 9,218 lacs and the year end balance of loan given to such companies was ` 4823 lacs. The company has taken unsecured loan from one company covered in the register maintained u/s 301 of Companies Act, 1956. The maximum amount involved during the year was ` 200 lacs and the year end balance of loan taken from such companies was ` Nil.
 - (b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which loan has been given or taken are not, prima facie, prejudicial to the interest of the Company.
 - (c) In respect of the aforesaid loan, the company is regular in receiving and paying of the principal amounts as stipulated and has been regular in the receipt and payment of interest.
 - (d) There is no overdue amount of loan given or received to/from companies covered in the register maintained U/s 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and other services. During the course of our audit, no major weakness has been noticed in these internal controls.
5.
 - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered.
 - (b) According to the information and explanations given to us, the transaction made in pursuance of such contracts and arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.
9.
 - (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, VAT, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, and the records of the company examined by us, the particulars of Excise Duty and Income Tax as at 31st March 2013 which have not been deposited on account of dispute pending are as under :

Name of the Statute	Nature of the dues	Amount (` in lacs)	Period to which amount relates	Forum where dispute is pending
The Income Tax Act, 1961*	Income Tax	242.17	2007-08	Income Tax Appellate Tribunal (Guwahati)
The Central Excise Act, 1944 and Cenvat Credit Rules, 2004	Excise Duty	25.65	2008-09 & 2009-10	Commissioner (Appeals)
The Income Tax Act, 1961*	Income Tax	609.11	2008-09	Income Tax Appellate Tribunal (Guwahati)
The Income Tax Act, 1961*	Income Tax	825.79	2009-10	Commissioner of Income Tax (Appeals) (Appeals)
Total		1,702.72		

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

Camp Office : Lumshnong, Meghalaya
Date : 24th April, 2013

For **KAILASH B. GOEL & CO.**
Firm Registration No. 322460E
Chartered Accountants
CA. Arun Kumar Sharma
Partner
Membership No. 57329

BALANCE SHEET AS AT 31ST MARCH 2013

(` in Lacs)

	Note	31.03.2013	31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	2,734.64	2,734.64
Reserves and Surplus	2.2	19,104.96	15,228.18
		21,839.60	17,962.82
Non-current liabilities			
Long Term Borrowings	2.3	—	573.99
Deferred Tax Liabilities (Net)	2.4	8.08	34.26
Other Long Term Liabilities	2.5	2,503.64	1,249.60
Long Term Provisions	2.6	25.64	20.41
		2,537.36	1,878.25
Current liabilities			
Short Term Borrowings	2.7	2,229.00	1,647.53
Trade Payables		768.08	1,098.27
Other Current Liabilities	2.8	1,850.83	2,518.77
Short Term Provisions	2.9	0.53	0.83
		4,848.43	5,265.40
Total		29,225.39	25,106.47
ASSETS			
Non-current Assets			
Fixed Assets			
-Tangible Assets	2.10	3,917.61	4,405.69
-Capital Work in Progress		58.42	50.52
		3,976.03	4,456.22
Non Current Investments	2.11	2,983.33	—
Long Term Loans and Advances	2.12	4,349.04	2,811.74
		11,308.40	7,267.96
Current Assets			
Inventories	2.13	726.26	833.38
Trade Receivables	2.14	6,357.52	8,307.37
Cash and Cash Equivalents	2.15	690.34	146.20
Short Term Loans and Advances	2.16	10,141.00	8,549.69
Other Current Assets	2.17	1.87	1.87
		17,917.00	17,838.51
Total		29,225.39	25,106.47

Significant accounting policies and notes on accounts

1 & 2

The accompanying notes are an integral part of the financial statements

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

For and on behalf of the Board

Chartered Accountants
CA. Arun Kumar Sharma
Partner

Mohit Mahana
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

Membership No. 57329

Place : Camp Office, Lumshnong, Meghalaya

Date : 24th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(` in Lacs)

	Note	31.03.2013	31.03.2012
INCOME			
Revenue from Operations (Gross)	2.18	35,173.46	35,595.63
Less: Excise Duty		(2,872.94)	(2,184.71)
Revenue from Operations (Net)		32,300.53	33,410.93
Other Income	2.19	630.83	338.25
Total Revenue		32,931.36	33,749.18
EXPENSES			
Cost of materials consumed	2.20	13,786.49	12,379.65
(Increase)/ Decrease in Inventories	2.21	62.12	208.46
Employee Benefit Expenses	2.22	863.59	739.28
Finance Costs	2.23	394.02	420.60
Depreciation and Amortization Expenses		447.99	521.04
Other Expenses	2.24	13,481.07	14,262.64
Total Expenses		29,035.27	28,531.66
Profit before exceptional and extraordinary items and tax		3,896.09	5,217.52
Exceptional items		(45.50)	—
Profit before tax		3,850.59	5,217.52
Tax Expenses			
- Current Tax		(769.49)	(1,049.16)
Less: MAT Credit Entitlement		769.49	1,049.16
- Net Current Tax		—	—
- MAT Credit Entitlement for earlier years		—	(12.16)
- Deferred Tax		26.19	(3.71)
Profit for the year		3,876.78	5,201.65
Earnings Per Equity Share (Face Value of ` 10/- each)			
Basic Earning Per Share		14.18	19.02
Diluted Earning Per Share		14.18	19.02

1 & 2

The accompanying notes are an integral part of the financial statements

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

Chartered Accountants
CA. Arun Kumar Sharma
Partner

Membership No. 57329

Place : Camp Office, Lumshnong, Meghalaya

Date : 24th April, 2013

Mohit Mahana
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

For and on behalf of the Board

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS	(` in Lacs)	
	31.03.2013	31.03.2012
A Cash Flow from Operating Activities		
Net Profit/(Loss) before Tax and Exceptional Items	3,896.09	5,217.52
Adjustments for :		
Depreciation	447.99	521.04
Interest Income	(630.83)	(1.75)
Provision for Wealth Tax	0.09	0.18
Interest Expenses	394.02	420.60
Provision for Leave Encashment	(2.99)	3.41
Provision for Bad & Doubtful Debts	(6.72)	4.07
Profit/ (Loss) on Sale of Fixed Assets	(45.50)	—
Operating Profit before Working Capital changes	4,052.14	6,165.07
Adjustments for :		
Trade receivables	1,956.57	(1,954.28)
Inventories	107.11	238.77
Other Receivables	(962.42)	(2,982.05)
Trade & Other Payables	464.61	183.68
Cash Generated from Operations	5,618.02	1,651.19
Direct Taxes- Refund / (Paid) - Net	(625.00)	(750.00)
Net Cash flow from Operating Activities	4,993.02	901.19
B Cash flow from Investing Activities		
(Purchase)/sale of Fixed Assets (including WIP)- Net	32.20	(21.66)
(Purchase)/sale of Investments	(4,498.33)	
Interest Received	630.83	1.75
Net Cash used in Investing Activities	(3,835.30)	(19.91)
C Cash Flow from Financing Activities		
Interest paid	(394.02)	(420.60)
Proceeds from /(Repayment of) Long Term Borrowings	(801.03)	(823.08)
Proceeds from /(Repayment of) working capital Borrowings	581.47	87.54
Net Cash used in Financing Activities	(613.58)	(1,156.14)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	544.14	(274.86)
Cash and Cash Equivalents		
Opening Balance	146.20	421.06
Closing Balance	690.34	146.20

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

Chartered Accountants
CA. Arun Kumar Sharma
Partner
Membership No. 57329

Place : Camp Office, Lumshnong, Meghalaya
Date : 24th April, 2013

Mohit Mahana
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

For and on behalf of the Board

Significant Accounting Policies and Notes to the Financial Statements for the year ended 31st March 2013

Corporate information

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

1. Significant Accounting Policies

1.1 Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standard) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1.2 Use of Estimates

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

1.3 Fixed Assets

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

1.4 Capital Work In Progress

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

1.5 Depreciation

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

1.6 Investments

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

1.7 Inventories

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

1.8 Retirement Benefits

(i) Defined Contribution Plan

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

(ii) Defined Benefit Plan

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

(iii) Other Long-term benefits

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

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

1.9 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which they are incurred. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustment to the interest cost.

1.10 Impairment of Assets

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

1.11 Intangible Asset

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

1.12 Foreign Currency Transactions

Foreign currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt within the Statement of Profit & Loss. Monetary foreign currency assets and liabilities are translated at the year end exchange rates. All exchange differences are dealt within the Statement of Profit and Loss, except to the extent that they are regarded as an adjustment to the interest cost and the resultant balance to the new projects, till the date of the capitalization, are carried to pre-operative expenses. Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

1.13 Taxes on Income

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

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

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

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

1.14 Revenue Recognition

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

1.15 Government Grants / Subsidies

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

1.16 Research and Development Expenditure

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

1.17 Provisions and Contingencies

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

1.18 Segment Reporting

The Company has identified that its business segments are the primary segments. The Company's business are organized and managed separately accordingly to the nature of products/services, with each segment representing a strategic business unit that offers different product/services.

1.19 Cash & Cash Equivalents

Cash and cash equivalent comprise cash and cash on deposit with banks and corporations. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.20 Earnings Per Share

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

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

Notes to financial statements for the year ended 31ST MARCH 2013

		(` in Lacs)	
		31.03.2013	31.03.2012
2.1 Share Capital			
Authorised Capital			
3,50,00,000 (3,50,00,000 as at 31.03.12) Equity Shares of ` 10/- each		3,500.00	3,500.00
Issued, Subscribed & fully Paid up shares			
2,73,46,400 (2,73,46,400 as at 31.03.12) Equity Shares of ` 10/- each fully paid up in cash		2,734.64	2,734.64
a) Terms/ Rights attached to Equity Shares			
The company has only one class of equity shares having par value of ` 10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.			
In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			
b) Reconciliation of No of shares outstanding as at 31.03.2013			
Equity Shares			
At the beginning of the period		27,346,400	27,346,400
Issued during the year		—	—
Outstanding at the end of the period		27,346,400	27,346,400
c) Shares held by Holding Company			
Cement Manufacturing Co. Ltd.		27,336,400	27,336,400
d) Shareholders holding more than 5% of Equity Share capital			
Cement Manufacturing Co. Ltd.		27,336,400 (99.96%)	27,336,400 (99.96%)
As per records of the company, including its register of shareholders / members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership.			
		(` in Lacs)	
2.2 Reserves & Surplus		31.03.2013	31.03.2012
Capital Reserves			
Balance as per last account		1,011.48	1,011.48
Addition/(Deduction) during the Year		—	—
		1,011.48	1,011.48
Surplus as per Statement of Profit & Loss			
Balance as per last account		14,216.70	9,015.05
Add: Profit for the year		3,876.78	5,201.65
Net Surplus in the Statement of Profit and Loss		18,093.48	14,216.70
Total Reserves and Surplus		19,104.96	15,228.18

Notes to financial statements for the year ended 31ST MARCH 2013

	(` in Lacs)	
	31.03.2013	31.03.2012
2.3 Long Term Borrowings		
Term Loans		
Rupee Loan from a Bank (Secured)	572.96	1,373.99
Less: Current Maturities of Long Term Borrowing	572.96	800.00
	—	573.99
Total	—	573.99

- a) Rupee Term Loan from Bank is repayable in 3 equal quarterly installments ending on December, 2013. The Term loan is secured by first charge on Fixed Assets of the Company's Cement Grinding Unit at Lumshnong, Meghalaya and second charge on the current assets of the company. The Loans have also been guaranteed by the Holding Company, M/s Cement Manufacturing Company Limited.
- b) The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

	(` in Lacs)	
	31.03.2013	31.03.2012
2.4 Deferred Tax Liabilities (Net)		
Deferred Tax Liability		
- Fixed Assets	36.31	70.68
Gross Deferred Tax Liabilities	36.31	70.68
Deferred Tax Assets		
- Leave Encashment	—	5.99
- Trade Receivables	28.24	30.42
Gross Deferred Tax Assets	28.24	36.41
Deferred Tax Liabilities (Net)	8.08	34.26

	(` in Lacs)	
	31.03.2013	31.03.2012
2.5 Other Long Term Liabilities		
Others		
- Security Deposit	2,487.17	1,228.56
- Creditors for Capital Goods	13.57	21.04
- Other Liabilities	2.90	—
Total	2,503.64	1,249.60

	(` in Lacs)	
	31.03.2013	31.03.2012
2.6 Long Term Provisions		
Provisions for Employee Benefits		
- Leave Encashment	14.94	17.63
- Gratuity	10.70	2.77
Total	25.64	20.41

Notes to financial statements for the year ended 31ST MARCH 2013

	(₹ in Lacs)	
	31.03.2013	31.03.2012
2.7 Short Term Borrowings		
Working Capital facilities from a Bank		
- Cash Credit (Secured)	729.00	1,647.53
- Short Term Loan (Secured)	1,500.00	—
Total	2,229.00	1,647.53
a) - Secured borrowings	2,229.00	1,647.53
- Unsecured borrowings	—	—
	2,229.00	1,647.53

- b) Working capital facilities from bank are secured by first charge on the current assets of the Company and second charge on the fixed assets of the Cement Grinding unit at Lumshnong, Meghalaya. The Working capital facilities have also been guaranteed by the Holding Company, M/s Cement Manufacturing Company Limited.

	(₹ in Lacs)	
	31.03.2013	31.03.2012
2.8 Other Current Liabilities		
Current Maturities of long term borrowings	572.96	800.00
Other Payables		
- Statutory Liabilities (including excise duty on finished goods ` 0.33 Lacs, ` 1.61 Lacs as at 31.03.12)	247.91	403.72
- Advances from customers	215.82	180.53
- Creditors-Micro, Small & Medium Enterprises (refer Note 2.26)	—	—
- Salary and Bonus to employees	23.33	18.42
- Other Liabilities	790.81	1,116.10
	1,277.87	1,718.77
Total	1,850.83	2,518.77

	(₹ in Lacs)	
	31.03.2013	31.03.2012
2.9 Short Term Provisions		
Provisions for Employee Benefits		
- Leave Encashment	0.53	0.83
Total	0.53	0.83

Notes to financial statements for the year ended 31ST MARCH 2013 (Contd.)

2.10 Fixed Assets

(` in Lacs)

A.	Tangible Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As on 01.04.2012	Additions	Deduction / Adjustment	As on 31.03.2013	Upto 31.03.2012	For the Year	Deduction / Adjustment	As on 31.03.2013	As on 31.03.2012
i)	Power Plant at Lumshnong, Meghalaya									
	Plant, Machinery & Equipment	707.80	—	78.31	629.49	229.53	29.90	25.42	234.02	395.47
	Tools & Tackles	3.53	—	—	3.53	1.26	0.17	—	1.43	2.10
	Office Equipments	0.73	—	—	0.73	0.22	0.03	—	0.25	0.48
	Computers	1.57	—	—	1.57	1.39	0.06	0.08	1.38	0.19
	Total Of Power Plant (i)	713.62	—	78.31	635.31	232.41	30.16	25.49	237.08	398.24
ii)	Cement Plant at Lumshnong, Meghalaya									
	Land	145.65	—	—	145.65	—	—	—	—	145.65
	Factory Building	1,704.59	—	—	1,704.59	629.38	107.52	—	736.90	967.69
	Non Factory Building	1,364.53	—	—	1,364.53	229.52	56.75	—	286.27	1,078.26
	Plant, Machinery & Equipment	3,220.58	4.15	—	3,224.73	1,794.95	219.40	—	2,014.35	1,210.38
	Tools & Tackles	49.80	1.27	—	51.07	24.74	3.69	—	28.43	22.64
	Heavy Vehicles	28.80	—	—	28.80	24.80	1.20	—	26.00	2.79
	Light Vehicles	182.29	15.66	33.22	164.73	124.69	16.56	24.62	116.63	48.11
	Computers	81.00	0.60	—	81.59	68.02	5.42	—	73.44	8.15
	Furniture & Fixture	51.89	0.56	—	52.45	29.80	4.30	—	34.10	18.35
	Office Equipment	40.12	0.18	2.38	37.92	18.87	3.07	1.36	20.57	17.34
	Total	6,869.25	22.42	35.60	6,856.07	2,944.77	417.90	25.98	3,336.70	3,519.37
B)	Intangible Assets									
	Computer Software	17.77	—	2.45	15.32	17.77	—	2.45	15.32	—
	Total of (B)	17.77	—	2.45	15.32	17.77	—	2.45	15.32	—
	Total of Cement Division (ii)	6,887.02	22.42	38.05	6,871.39	2,962.54	417.90	28.42	3,352.02	3,519.37
	Total Tangible Assets (A)	7,582.88	22.42	113.91	7,491.38	3,177.18	448.06	51.47	3,573.77	3,917.61
	Total Intangible Assets (B)	17.77	—	2.45	15.32	17.77	—	2.45	15.32	—
	Gross Total	7,600.65	22.42	116.36	7,506.70	3,194.95	448.06	53.92	3,589.10	3,917.61
	Previous Year Figures	7,595.28	24.35	18.98	7,600.65	2,685.50	521.04	11.59	3,194.95	4,405.69

Notes to financial statements for the year ended 31ST MARCH 2013

	(` in Lacs)	
	31.03.2013	31.03.2012
2.11 Non Current Investments		
Trade Investments (valued at cost unless stated otherwise)		
Investment in Unquoted Equity Instruments		
Investment in Fellow Subsidiary		
Star Cement Meghalaya Limited	2,983.33	—
` 37,29,162 (Nil as at 31.03.12) Equity Shares of ` 10/- each fully paid up		
Total	2,983.33	—
		(` in Lacs)
2.12 Long Term Loans and Advances	31.03.2013	31.03.2012
Capital Advances		
- Unsecured considered Good	31.69	—
	31.69	—
Security Deposits		
- Unsecured, Considered Good	54.35	63.74
	54.35	63.74
Loans and advances to Related Parties		
- Unsecured considered Good (Refer Note 2.27)		
Cement Manufacturing Company Limited (Holding Company)	1,813.00	2,748.00
Star Cement Meghalaya Limited (Fellow Subsidiary)	2,450.00	—
	4,263.00	2,748.00
Total	4,349.04	2,811.74
		(` in Lacs)
2.13 Inventories	31.03.2013	31.03.2012
Raw Materials (Including in transit ` Nil, ` 0.05 lacs as on 31.03.2012) Finished Goods (Including in transit ` 91.77 Lacs , ` 123.83 Lacs as on 31.03.2012, Refer Note 2.34(c))	366.52	379.54
Fuels, packing materials, etc.	104.33	166.45
Stores & Spares parts	103.42	95.62
	151.99	191.77
Total	726.26	833.38
		(` in Lacs)
2.14 Trade Receivables	31.03.2013	31.03.2012
Secured Considered Good		
Over Six Months	24.99	25.92
Other Debts	781.30	692.05
	806.29	717.97
Unsecured		
Over Six Months		
I Considered Good	46.54	41.15
Considered Doubtful	87.03	93.76
Less : Provision for Bad & Doubtful Debts	(87.03)	(93.76)
	46.54	41.15

Notes to financial statements for the year ended 31ST MARCH 2013

	(` in Lacs)	
Note 2.14 (Contd.)	31.03.2013	31.03.2012
II Claims due from Central Government - Considered Good	4,988.10	4,492.00
Other Debts		
I Considered Good	516.60	776.53
II Claims due from Central Government - Considered Good	—	2,279.73
	5,504.69	7,548.25
Total	6,357.52	8,307.37

- a) **Provision for doubtful debts.** Periodically, the company evaluates all customer dues to the company for collectibility. The need for provisions is assessed based on various factors including collectibility of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could effect the customer's ability to settle. The company normally provides for debtor dues outstanding for six months or longer from the invoice date, at the balance sheet date. The company pursues the recovery of the dues, in part or full.

	(` in Lacs)	
2.15 Cash & Cash Equivalents	31.03.2013	31.03.2012
Cash on Hand	7.00	4.25
Cheques In Hand	542.58	35.75
Balances With Banks :		
- Current Accounts and Deposit Accounts	112.67	78.62
Balances with banks held as margin money deposits against Letter of credit	28.09	27.58
Total	690.34	146.20

	(` in Lacs)	
2.16 Short Term Loans and Advances	31.03.2013	31.03.2012
Loans and Advances to Related Parties		
Unsecured considered Good	560.00	—
	560.00	—
Others		
Unsecured considered Good		
- Advances to Suppliers	1,555.81	54.94
- Advances for Services and Expenses	191.61	52.99
- Prepaid Expenses	21.96	22.52
- Intercorporate Deposits	800.00	800.00
- Subsidy Receivable from Government Authorities	3,286.21	4,846.38
- Balances with / Receivable from Central Excise/ Sales Tax Department	500.05	518.03
- Advance to Employees	8.91	12.86
- Advance Income Tax including MAT Credit Entitlement (Net of Provision for Taxation)	3,216.44	2,241.97
	9,581.00	8,549.69
Total	10,141.00	8,549.69

	(` in Lacs)	
2.17 Other Current Assets	31.03.2013	31.03.2012
Other Receivables		
Insurance Claim Receivable	1.87	1.87
Total	1.87	1.87

Notes to financial statements for the year ended 31ST MARCH 2013

	(` in Lacs)	
	31.03.2013	31.03.2012
2.18 Revenue from Operations		
Sale of Products	35,034.00	35,490.48
Other Operating Revenues		
- Shortage Recovery of Cement & Clinker	136.43	105.16
- Bad Debts Recovery	3.03	—
Revenue from Operations (Gross)	35,173.46	35,595.63
		(` in Lacs)
2.19 Other Income	31.03.2013	31.03.2012
Interest Income on		
- Bank deposits	1.75	1.75
- Loans	629.08	321.80
Other Non Operating Income	—	14.70
Total	630.83	338.25
		(` in Lacs)
2.20 Cost of Materials Consumed [refer note 2.34 (d)]	31.03.2013	31.03.2012
Inventory at the beginning of the year	379.54	457.47
Add Purchases	13,773.47	12,301.72
	14,153.00	12,759.19
Less Inventory at the end of the year	(366.52)	(379.54)
Cost of Materials Consumed	13,786.49	12,379.65
Total	13,786.49	12,379.65
		(` in Lacs)
2.21 Increase /(Decrease) in Inventories	31.03.2013	31.03.2012
Finished Goods		
Opening Stock	166.45	374.91
Closing Stock	104.33	166.45
(Increase)/decrease	62.12	208.46
		(` in Lacs)
2.22 Employee Benefit Expenses	31.03.2013	31.03.2012
Salaries, Wages & other Manpower Expenses	808.01	696.06
Contribution to Provident Fund and other funds	30.00	27.04
Welfare Expenses	25.59	16.17
Total	863.59	739.28
		(` in Lacs)
2.23 Finance Costs	31.03.2013	31.03.2012
- On Fixed Loans	135.14	254.47
- On Others	211.68	125.88
- Other Finance Costs	47.19	40.25
Total	394.02	420.60

Notes to financial statements for the year ended 31ST MARCH 2013

	(₹ in Lacs)	
	31.03.2013	31.03.2012
2.24 Other Expenses	2012-13	2011-12
Consumption of Stores & Spare Parts	135.21	214.71
Packing Materials	981.46	948.72
Power & Fuel	1,5 96.81	1,367.10
Repairs		
- Building	28.30	20.55
- Plant & Machinery	21.49	92.80
- Others	17.88	32.80
Insurance(Net)	50.96	38.55
Rent, Rates & Taxes	352.25	342.45
Heavy Vehicle / Equipment Running Expenses	31.40	34.15
Excise duty variation on opening/closing stock	(8.23)	(17.23)
Research and Development Expenses	4.25	3.83
Charity & Donation	144.51	209.05
Travelling, Conveyance and Communication cost	93.08	83.29
Advertisement & Publicity	552.01	250.52
Sales promotion Expenses	231.97	295.05
Outward Freight Charges (Net)	6,969.04	8,286.00
Commission, Discount & Incentives on Sale	2,015.28	1,794.38
Miscellaneous Expenses	263.41	265.94
Total	13,481.07	14,262.64

- 2.25** In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
- 2.26** There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of the information available with the company.
- 2.27 Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"**

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

Holding Company	Cement Manufacturing Company Limited (CMCL) - Holding Company
	Century Plyboards (India) Limited (CPIL) - Ultimate Holding Company
Associates	Meghalaya Power Limited (MPL) - Fellow Subsidiary
	Star Cement Meghalaya Limited (SCML) - Fellow Subsidiary
Key Management Personnel	Pankaj Kejriwal, Managing Director

Notes to financial statements for the year ended 31ST MARCH 2013

During the year following transactions were carried with the related parties in the ordinary course of business. Disclosure of transactions between the Company and related parties and the status of outstanding balance as at 31st March 2013.

(` in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiaries Companies		Key Management Personnel	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	Sale Transactions						
	CPIL	5.31	9.80	—	—	—	—
	CMCL	128.17	176.43	—	—	—	—
	MPL	—	—	41.81	—	—	—
	SCML	—	—	169.04	—	—	—
2	Purchase Transactions						
	CMCL	10,041.28	10,101.45	—	—	—	—
	CPIL	—	1.11	—	—	—	—
	MPL	—	—	1,392.82	1,202.71	—	—
	SCML	—	—	959.85	—	—	—
3	Services Received						
	CMCL	13.04	13.12	—	—	—	—
4	Loans and Advances Given						
	CMCL	3,760.00	5,598.00	—	—	—	—
	CPIL	1,510.00	750.00	—	—	—	—
	SCML	—	—	2,450.00	—	—	—
5	Loans and Advances Received						
	CPIL	200.00	—	—	—	—	—
6	Interest Paid						
	CPIL	4.39	—	—	—	—	—
7	Interest Received						
	CMCL	486.68	144.18	—	—	—	—
	CPIL	19.15	40.78	—	—	—	—
	SCML	—	—	15.45	—	—	—
8	Investments made						
	SCML	—	—	2,983.33	—	—	—
9	Directors Remuneration						
	Pankaj Kejriwal	—	—	—	—	24.00	6.00
10	Balance Outstanding on account of						
A	Creditors						
	MPL	—	—	49.87	61.63	—	—
B	Advance to Supplier						
	SCML	—	—	1500.00	—	—	—
C	Loans Given						
	CPIL	560.00	—	—	—	—	—
	CMCL	1813.00	2,748.00	—	—	—	—
	SCML	—	—	2,450.00	—	—	—

Notes to financial statements for the year ended 31ST MARCH 2013

(` in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiaries Companies		Key Management Personnel	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
D	Share Capital						
	CMCL	2,733.64	2,733.64	—	—	—	—
E	Investments						
	SCML			2,983.33	—	—	—
F	Guarantee Obtained						
	CMCL	3,013.81	3,231.78	—	—	—	—

2.28 Contingent Liabilities & Commitments	(` in Lacs)	
	31.03.2013	31.03.2012
Claims against the company not acknowledged as debts- Excise / VAT / Income Tax matters	1,702.72	882.36
Bank Guarantee issued by Bank	211.92	184.35
Bills of exchange discounted with banks	Nil	24.95
Export obligations under EPCG Scheme	Nil	3.99

2.29 Payments to Auditors	(` in Lacs)	
	31.03.2013	31.03.2012
As Auditor		
- Audit Fees	2.25	1.75
- Tax Audit Fees	0.75	0.50
In Other Capacity		
Other Services (Certification Fees)	2.38	3.31
Total	5.38	5.56

2.30 Earnings per Share	(` in Lacs)	
	31.03.2013	31.03.2012
Total Operations for the year		
-Profit/(Loss) after tax	3,876.78	5,201.65
Equity Share Capital	2,734.64	2,734.64
Weighted average number of equity shares in calculating basic EPS	2,73,46,400	2,73,46,400
Weighted average number of equity shares in calculating diluted EPS	2,73,46,400	2,73,46,400
Basic Earnings Per Share (Face Value of ` 10/- each)	14.18	19.02
Diluted Earnings Per Share (Face Value of ` 10/- each)	14.18	19.02

2.31 Employee Defined Benefits

- Defined Contribution Plans: The Company has recognized an expense of ` 26.34 Lacs (Previous year ` 22.66 Lacs towards the defined contribution plans).
- The Company has a defined benefit gratuity plan. Every employee who has completed five years or more service is entitled to Gratuity on terms not less than the provisions of The Payment of Gratuity Act, 1972. The Scheme is funded with an Insurance company. The following tables summarize the components of net benefit expenses recognized in the Statement of Profit & Loss and the funded status and amounts recognized in the balance sheet for the Gratuity.

Notes to financial statements for the year ended 31ST MARCH 2013

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

(d) Defined Benefit Plans - As per Actuarial Valuation as at 31st March'2013.

(` in Lacs)

	31.03.2013		31.03.2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
I. Expense recognized in the statement of Profit and Loss for the year ended 31st March'2013				
1. Current Service Cost	5.09	0.26	4.06	1.23
2. Interest Cost	1.63	1.53	1.06	1.34
3. Employee Contribution	—	—	—	—
4. Expected Return on Plan Assets	(1.22)	—	(0.95)	—
5. Actuarial (Gains)/Losses	1.26	3.90	1.32	7.10
6. Actuarial (Gains)/Losses on plan Assets	1.17	—	0.09	—
7. Total Expense	7.93	5.69	5.58	9.67
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March 2013				
1. Present Value of Defined Benefit Obligation	24.15	15.47	16.53	18.46
2. Fair Value of Plan Assets	13.45	—	13.76	—
3. Funded Status [Surplus/(Deficit)]	(10.70)	(15.47)	(2.77)	(18.46)
4. Net Asset/(Liability) as at 31st March'2013	(10.70)	(15.47)	(2.77)	(18.46)
III. Change in Obligation during the Year ended 31st March 2013				
1. Present value of Defined Benefit Obligation at the beginning of the year	16.53	18.46	10.10	15.04
2. Current Service Cost	5.09	0.26	4.06	1.23
3. Interest Cost	1.63	1.53	1.06	1.34
4. Past Service Cost	—	—	—	—
5. Employee Contribution	—	—	—	—
6. Liabilities assumed on acquisition/(settled on divesture)	—	—	—	—
7. Actual (Gains/Losses)	1.26	3.91	1.32	7.10
8. Benefits Payments	(0.36)	(8.68)	—	(6.25)
9. Present Value of Defined Benefit Obligation at the end of the year	24.15	15.47	16.53	18.46
IV. Change in assets during the Year ended March 2013				
1. Plan Assets at the beginning of the year	13.76	—	10.10	—
2. Assets acquired on amalgamation in previous year	—	—	—	—
3. Expected return on plan assets	1.22	—	0.95	—
4. Contributions by employer	—	8.68	2.81	6.25
5. Actual Benefit Paid	(0.36)	(8.68)	—	(6.25)
6. Actuarial Gains/(Losses)	(1.17)	—	(0.09)	—
7. Plan Assets at the end of the year	13.45	—	13.76	—
8. Actual Return on plan assets	—	—	—	—
V. The major categories of plan assets as a percentage of the fair value of total plan assets				
1. Funded with Insurer	100%	—	100%	—
2. The overall expected rate of return on assets is determined based on market process prevailing on that date, applicable to the period over which the obligation is to be settled.	9%	—	8%	—

Notes to financial statements for the year ended 31ST MARCH 2013

2.32 Donations include contribution to political parties as follows :

Name of the Party	(` in Lacs)	
	2012-13	2011-12
Bharatiya Janata Party	2.00	NIL

2.33 Expenditure incurred in foreign currency

Particulars	2012-13		2011-12	
	Quantity	Value	Quantity	Value
(i) Purchase of stores and spare parts and components	Nil			22.47
(ii) Travelling Expenses	1.11			0.14

2.34 (a) Installed Capacities and Production

Particulars	2012-13		2011-12	
	Quantity	Value	Quantity	Value
(i) Installed Capacity*				
- Power	9 MVA		9 MVA	
- Cement - MT	6,73,200		6,73,200	
(ii) Production / Generation				
- Power (KWH)	15,11,601		14,08,803	
- Cement - MT	5,78,236.150		6,05,570.000	

*Annual capacity as certified by the management and being a technical matter, accepted by the Auditors.

(b) Sales

Particulars	Unit	2012-13		2011-12	
		Quantity	Value	Quantity	Value
(i) Power	KWH	15,11,601	185.17	14,08,803	172.58
(ii) Cement	MT	5,77,348.050	34,988.29	6,08,427.000	35,423.06

(C) Stock of Finished Goods

Particulars	2012-13		2011-12	
	Quantity (MT)	Value (` in Lacs)	Quantity (MT)	Value (` in Lacs)
(i) Opening Stock - Cement	3,541.550	166.45	8,176.600	374.91
(ii) Closing Stock - Cement	2,218.550	104.33	3,541.550	166.45
(iii) Shortage and handling loss etc	2,211.100	N/A	1,778.050	N/A

(d) Raw Materials Consumed (100% Indigenous)

Particulars	2012-13		2011-12	
	Quantity (MT)	Value (` in Lacs)	Quantity (MT)	Value (` in Lacs)
(i) Clinker	4,00,596.23	9,506.64	4,07,882.26	9,422.04
(ii) Gypsum	9,151.78	271.45	9,742.58	231.82
(iii) Fly ash	1,77,287.83	4008.39	1,95,368.16	2,725.78
Total		13,786.48		12,379.64

Notes to financial statements for the year ended 31ST MARCH 2013**2.35 Value of imported and indigenous Stores and spare parts consumed and their percentage to total consumption**

Particulars	2012-13		2011-12	
	Value (` in Lacs)	%	Value (` in Lacs)	%
Stores and Spare parts				
(i) Imported	Nil	Nil	22.47	10.47
(ii) Indigenous	135.21	100	192.24	89.53

2.36 Segment Reporting

Sl. No.	Particulars	(` in Lacs)			
		Power	Cement	Unallocated	Total
1	External Revenue	185.17 (172.58)	34,988.29 (35,423.06)	— —	35,173.46 (35,595.63)
	Inter Segment Adjustment	— (—)	— (—)	— (—)	— (—)
	Total Revenue	185.17 (172.58)	34,988.29 (35,423.06)	— —	35,173.46 (35,595.63)
2	Results Profit/Loss	-52.68 (-30.76)	3,934.66 (5,616.53)	— —	3,881.98 (5,585.77)
3	Interest & Finance Charges (Net)	— —	— —	-236.82 (97.05)	-236.82 (97.05)
4	Other un-allocable expenses net of unallocable income	— —	— —	268.21 (271.21)	268.21 (271.21)
5	Total Profit before Tax	— —	— —	— —	3,850.59 (5,217.52)
6	Other Information				
	- Segment Assets	617.60 (722.45)	21,608.02 (21,342.05)	6,999.77 (3,041.97)	29,225.39 (25,106.47)
	- Segment Liabilities	14.30 (15.08)	5,108.25 (4,851.55)	2,255.17 (2,242.75)	7,377.72 (7,109.38)
	- Capital Expenditure	— —	-86.04 (-10.07)	— —	-86.04 (-10.07)
	- Depreciation	30.09 (34.08)	417.90 (486.97)	— —	447.99 (521.04)

2.37 Figures have been rounded off to the nearest ` in Lacs.

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

Chartered Accountants
CA. Arun Kumar Sharma
Partner
Membership No. 57329

Place : Camp Office, Lumshnong, Meghalaya
Date : 24th April, 2013

For and on behalf of the Board

Mohit Mahana
Company Secretary

Pankaj Kejriwal
Managing Director

Hari Prasad Agarwal
Director

STARCEMENT