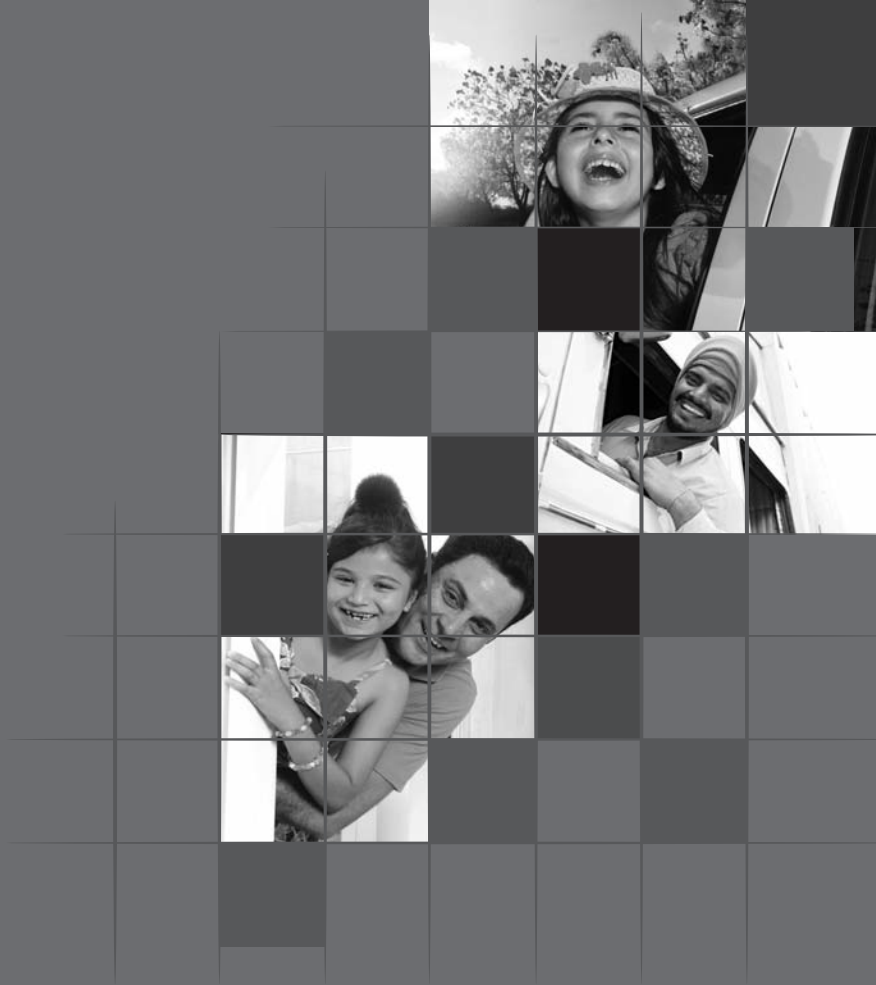




Growth Solid

Megha Technical and Engineers Private Limited

Annual Report 2011-12



Corporate Information	2
Director's Report	3
Auditor's Report	8
Significant Accounting Policies	12
Financial Statements	16
Cash Flow	35

Corporate Information

Board of Directors

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

Company Secretary

Mohit Mohana

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
IndusInd Bank Limited

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,

INDIA-FASTEST ECONOMIC GROWTH AMID ALL CHALLENGES

Your Directors have pleasure in presenting the Tenth Annual Report, together with the Audited Financial Accounts for the year ended 31st March 2012.

Economic Scenario and Cement Industry

After witnessing growth in GDP year after year in recent past, Financial Year 2011–12 witnessed a slowdown in the Indian Economy. The GDP growth rate came down to 6.9% during the year as against 8.6% during financial year 2010–11. The economic growth has been impeded by factors like Euro zone crisis, liquidity crunch and high cost of borrowings. India has seen increase in interest rates in last eight months in order to curb inflation. Inflationary pressures were at all time high level and global economic condition has been far

from desirable. All these factors stifled the rate of India's Industrial Growth. Reform Agenda although in place but has been implemented at a slower rate.

Demand for Cement was curtailed with slow down in economy, delayed execution of infrastructure projects, subdued construction activities and prolonged monsoon. In spite of all these challenges, Indian Cement Industry recorded a growth of 6% in production and 7% in Sales during the Financial Year 2011–12 as compared to 2010–11. Industry witnessed capacity addition of 20 MTPA during the year under review.

Cement demand in North Eastern Region (NER) has grown up in tandem with national growth rate of Cement Demand and the region continued to remain buoyant during this year also mainly on account of increased focus of

Government on Infrastructure in this under developed region. The region continued to import cement from States like Chhattisgarh, Madhya Pradesh and West Bengal. The region has witnessed demand growth of 8% during the financial year 2011–12 and no significant capacity addition has taken place in the region during the year under review.

Your Company which commenced its commercial production in the year 2007 has been capitalizing on the opportunities and potential of NER and has been growing year after year and the coming years look full of opportunities for the company.

Financial Results

The highlights of the financial performance for the financial year ended 31st March 2012 as compared to the previous financial year are as under:

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	2011–12	2010–11
Net Sales / Income	33,749.18	29,051.66
Profit Before Interest, Depreciation & Tax	6,159.16	3,711.61
Interest & Finance Charges	(420.60)	(381.15)
Depreciation	(521.04)	(592.71)

(₹ in Lacs)

Particulars	2011–12	2010–11
Profit before Tax	5,217.52	2,737.75
Provision for Taxation		
Current Tax	(1,049.16)	(547.17)
Less: MAT Credit Entitlement	1,049.16	547.17
Net Current Tax	—	—
MAT Entitlement Credit for earlier years	(12.16)	909.65
Deferred Tax	(3.71)	(4.17)
Profit after Tax	5,201.65	3,643.23

Operational Performance

Financial Year 2011–12 which started with bright outlook for the industry as a whole turned out to be full of challenges. As experienced by others, your company also experienced the impact of inflation on its operation. Landed Cost of major input Fly Ash went up substantially mainly on account of increase in transportation cost. With increase in the prices of Oil in the international market, rates of High Speed Diesel went up during the Financial Year 2011–12. The devaluation of rupee further made the diesel dearer. All these resulted into hike in the transportation cost and situation became further worse when hike in the Railway freight was announced just before the Annual Budget. With all these developments input and distribution cost has undergone a complete change. The Freight Cost has gone up by 14%.

Your directors feel pleasure in informing that inspite of all such challenges year 2011–12 has been a landmark year for the company. Your company has broken its own record of highest production, dispatch and sales during the Financial Year 2011–12. Cement production has increased from 557,910 MT during the year 2010–11 to 605,570 MT during financial year 2011–12. Cement dispatch has grown from 554,417 MT during 2010–11 to 608,705 MT during 2011–12. Similarly,

Sales has grown from 552,112 MT during 2010–11 to 608,427 MT during the financial year 2011–12. Production, dispatch and Sales has increased by 8.54%, 9.79% and 10.19% respectively during the financial year 2011–12 as compared to the previous financial year. On the financial front, company's top line has grown from ₹ 29,051.66 Lacs during the financial year 2010–11 to ₹ 33,749.18 Lacs during the year under review which reflects a growth of 16.17% over previous year. Profit before tax has grown from ₹ 2,737.75 Lacs during the Financial Year 2010–11 to ₹ 5,217.52 Lacs has thus grown by 90.58% over previous year.

Your Company has been able to achieve this record breaking performance despite adverse economic scenario by bringing in operational efficiencies in different areas of operation.

Marketing

The company being subsidiary of M/s. Cement Manufacturing Company Limited (CMCL), sell its cement under exclusive brand agreement and “**STAR CEMENT**” Cement as a brand continued to enjoy leadership position in terms of market share in the region of North East. The Sales Volume was at all time high during the financial year at 608,427 MT registering a growth of 10.19 % over previous year. There have been various marketing initiatives which were undertaken during the

year under review. Company has further widened its dealer network and retail counters across the North Eastern Region (NER) to ensure the availability of its product at remotest place of the region. “**STAR CEMENT**” as a brand has remained as most preferred brand amongst the institutional segment too.

Focus has also been put on value addition and knowledge sharing in form of Routine Guest Lecture Series “**STARTECH**” for Technocrats thereby leading to a better understanding of product and latest technology being used in Civil Engineering and other aspects of construction. Company has also been conducting Mason and Engineers Meet, Dealers Meet on regular basis in different marketing areas from time to time. In addition, objective of having satisfied and happy customers has successfully been achieved by having direct interaction with consumers and house builders.

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. Mangi Lal Jain and Mr. Hari Prasad Agarwal, the 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. During the year Mr. Rajesh Kumar Agarwal has been appointed as additional director on the Board of the Company with effect from 1st November, 2011. Company acknowledges the contribution of Mr. Sharan Bansal during his tenure on the Board of the Company who has resigned from membership of the Board during the year under review.

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:

1. that in the preparation of Annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. that the 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, 2012 and of the Profit and Loss Account and Cash Flow of the Company for the year ended March 31, 2012.

3. that 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. that 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 and Mr. Pankaj Kejriwal. The Statutory and Internal Auditors of your Company are permanent invitees to the Audit Committee Meetings.

During the year, the Audit Committee met on 25th April, 2011, 19th July, 2011, 17th October, 2011 and 19th January, 2012.

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. Your Directors do acknowledge the contribution of Mr. Sharan Bansal during his tenure on Board who resigned from membership of the Board during the Financial Year 2011-12.

For and on behalf of the Board

Pankaj Kejriwal

Managing Director

Hari Prasad Agarwal

Director

Place : Kolkata,
Date: 21st day of April'2012

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

ENDED 31ST MARCH 2012.

A. Conservation of Energy

The Specific Power Consumption has reduced from 32.68 Kwh/ton of cement in the year 2010–11 to 32.44 Kwh/ton of cement in current financial year. The company has undertaken following energy conservation measures:

1. Installation of Variable Fan Drive for Bag Filter Fan.
2. Replacement of Belt Drives in Bag Filter by direct coupling.
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.	Particulars	2011–12	2010–11
A	Power and Fuel Consumption		
1	Electricity		
	A Purchased		
	Unit (Lacs KWH)	202.52	177.88
	Total Amount (₹ In Lacs)	1,224.04	776.55
	Rate/Unit (₹)	6.04	4.37
	B Own Generation		
	Through Diesel Generator		
	Unit (Lacs KWH)	—	4.39
	Units/Ltr of HSD	—	3.48
	Total Amount (₹ In Lacs)	—	39.44
	HSD cost/Unit Generated (₹ /unit)	—	8.99
B	Consumption per unit of Production		
	Electricity (Kwh/T of Cement)	32.44	32.68

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 & Development (R&D)

Specific area in which R&D was carried out and implemented

during 2011–12 is as under:

1. Usage of Grinding Aid resulted into higher efficiency of Cement Mill.
2. Sourcing of Fly Ash from different sources and examining their Cementing properties resulted into optimization of product cost.
3. Grinding media optimization led to higher output of cement mill.

Future Plan of Action:

1. Modification in Fly Ash feeding system.
2. Feasibility study to be carried out for installation of Pre–Grinder.
3. Preparedness check for production of OPC 43.

Expenditure on Research & Development

(₹ in Lacs)

Sl No.	Particulars	2011–12	2010–11
a	Capital Expenditure	—	2.00
b	Revenue	3.83	4.81
	Total	3.83	6.81

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	2011–12	2010–11
a	Foreign Exchange Earnings	NIL	NIL
b	Foreign Exchange Outgo	22.61	4.18
	Total	22.61	4.18



Auditors' Report

To The Members of Megha Technical & Engineers Private Limited

1. We have audited the attached Balance Sheet of MEGHA TECHNICAL & ENGINEERS PRIVATE LIMITED as at 31st March, 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors as at 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
 - f) In our opinion and to the best of our information and according to explanations given to us the said

Auditor's Report (Contd.)

accounts read together with significant accounting policies and notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Balance

Sheet of the state of affairs of the Company as at 31st March 2012;

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

iii. in the case of Cash Flow Statement , of the Cash flows

of the Company for the year ended on that date.

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

CA. Arun Kumar Sharma
Partner

Place : Kolkata M. No. 57329
Date : 21st April, 2012

Annexure to the Auditor's Report

Annexure Referred To in Paragraph (3) of Our Report of Even Date

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

b) The fixed assets of the company are physically verified by management according to a phased programme 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 any substantial part of its Fixed Assets and therefore do not affect the going concern assumption.

2. a) The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been

physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

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

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

3. a) The Company has granted unsecured loan to two companies covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 3,298 lacs and the year balance of loans given to such Companies was ₹ 2,748 lacs.

The Company has not taken unsecured loan from any companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.

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

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

d) There is no overdue amount of loan given to company covered in the register maintained u/s 301 of the Companies Act, 1956.

Annexure to the Auditor's Report (Contd.)

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and other services. During the course of our audit, no major weakness has been noticed in the internal controls system in these areas.
5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Act and the Rules framed there under apply.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.
9. a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Value added Tax, Wealth Tax, Customs duty, Excise Duty, Cess and other statutory dues applicable to it. There were no arrears as at 31st March, 2012 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, 2012 which have not been deposited on account of dispute pending, are as under :

Name of the Statute	Nature of 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	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944 and Cenvat Credit Rules, 2004	Excise Duty	25.65	2008–09 & 2009–10	Joint Commissioner
The Central Excise Act, 1944 and Cenvat Credit Rules, 2004	Excise Duty	5.43	2008–09	Joint Commissioner
The Income Tax Act, 1961	Income Tax	609.11	2008–09	Commissioner of Income Tax (Appeals)
	TOTAL	882.36		

- | | | |
|--|--|--|
| <p>10. The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in current and immediately preceding financial year.</p> <p>11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks as at the balance sheet date.</p> <p>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.</p> <p>13. In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>14. The Company is not dealing in or trading in shares, securities,</p> | <p>debentures and other investments, therefore, the clause 4 (xiv) of the Order is not applicable to the Company.</p> <p>15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>16. In our opinion and on the basis of information and explanations given to us, on an overall basis, the term loans were applied for the purposes for which the loans were obtained.</p> <p>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.</p> <p>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.</p> <p>19. According to the information and explanation given to us, the Company has not issued any</p> | <p>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</p> <p>20. The Company has not raised any money through public issue during the year.</p> <p>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.</p> |
|--|--|--|

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

CA. Arun Kumar Sharma
Partner
M. No. 57329

Place : Kolkata
Date : 21st April, 2012



Significant Accounting Policies

Corporate Information

Megha Technical & Engineers Private Limited is a private limited company domiciled in India and incorporated on 23.12.2003 under the provisions of the Companies Act, 1956. The company is engaged in the manufacturing and selling of cement and 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 Presentation and disclosure of financial statements

During the year ended 31st March 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of the revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.3 Use of Estimates

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

1.4 Fixed Assets

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

1.5 Capital Work In Progress

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

1.6 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.

1.7 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 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 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 benefit that are

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

1.12 Foreign Currency Transactions

Foreign currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt within the Profit & Loss Account. Monetary foreign currency assets and liabilities are translated at the year end exchange rates. All exchange differences are dealt within the profit and loss account, 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. Cement division sales are recorded on dispatch of goods to the customer. Sales include excise duty, excluding Sales Tax & VAT and are net of trade discounts, rebates, and returns. Sales include the amount of Sales Tax remission in accordance with the respective incentive scheme. 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 Profit and Loss Account by way of deduction from related item of expenses. Capital grants / subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other grants / subsidies are credited to the capital reserve.

1.16 Research and Development Expenditure

Revenue expenditure is charged to the profit & loss account 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.

BALANCE SHEET as at 31st March, 2012

(₹ in Lacs)

	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	2,734.64	2,734.64
Reserves and Surplus	2.2	15,228.18	10,026.53
		17,962.82	12,761.17
Non—current liabilities			
Long Term Borrowings	2.3	573.99	1,397.07
Deferred Tax Liabilities (Net)	2.4	34.26	30.55
Other Long Term Liabilities	2.5	1,229.50	704.77
Long Term Provisions	2.6	20.41	14.75
		1,858.15	2,147.14
Current liabilities			
Short Term Borrowings	2.7	1,647.53	1,560.00
Trade Payables		1,097.33	1,528.80
Other Current Liabilities	2.8	2,539.81	2,455.68
Short Term Provisions	2.9	0.83	0.29
		5,285.49	5,544.77
Total		25,106.47	20,453.09
ASSETS			
Non—current Assets			
Fixed Assets			
Tangible Assets	2.10	4,405.70	4,909.63
Intangible Assets	2.10	—	0.15
Capital Work in Progress		50.52	45.82
		4,456.22	4,955.60
Long Term Loans and Advances	2.11	2,811.74	59.04
		7,267.96	5,014.64
Current Assets			
Inventories	2.12	833.38	1,072.15
Trade Receivables	2.13	8,307.37	6,357.16
Cash and Cash Equivalents	2.14	146.20	421.06
Short Term Loans and Advances	2.15	8,549.69	7,588.08
Other Current Assets	2.16	1.87	—
		17,838.51	15,438.45
Total		25,106.47	20,453.09
Significant accounting policies and notes on accounts	1 & 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kailash B Goel & Co.

Firm Registration No.322460E

Chartered Accountants

CA. Arun Kumar Sharma

Partner

M.No. 57329

Kolkata, 21st April' 2012

For and on behalf of the Board

Pankaj Kejriwal

Managing Director

Mohit Mahana
Company Secretary

Hari Prasad Agarwal
Director

STATEMENT OF PROFIT AND LOSS for the Year Ended 31st March, 2012

(₹ in Lacs)

	Note	2011-12	2010-11
INCOME			
Revenue from Operations (Gross)	2.17	35,595.63	31,227.17
Less: Excise Duty		(2,184.71)	(2,238.20)
Revenue from Operations (Net)		33,410.93	28,988.97
Other Income	2.18	338.25	62.69
Total Revenue		33,749.18	29,051.66
EXPENSES			
Cost of materials consumed	2.19	12,379.65	13,202.98
(Increase)/Decrease in Inventories	2.20	208.46	(171.77)
Employee Benefit Expenses	2.21	739.28	700.52
Finance Costs	2.22	420.60	381.15
Depreciation and Amortization Expenses		521.04	592.71
Other Expenses	2.23	14,262.64	11,608.32
Total Expenses		28,531.66	26,313.91
Profit before tax		5,217.52	2,737.75
Tax Expenses			
Current Tax		(1,049.16)	(547.17)
Less: MAT Credit Entitlement		1,049.16	547.17
Net Current Tax		—	—
MAT Credit Entitlement for earlier years		(12.16)	909.65
Deferred Tax		(3.71)	(4.17)
Profit for the Period		5,201.65	3,643.23
Earnings Per Equity Share (Face Value of ₹10/— each)	2.29		
Basic Earning Per Share		19.02	13.32
Diluted Earning Per Share		19.02	13.32
Significant accounting policies and notes on accounts	1 & 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Kailash B Goel & Co.**

Firm Registration No.322460E

Chartered Accountants

CA. Arun Kumar Sharma

Partner

M.No. 57329

Kolkata, 21st April' 2012

For and on behalf of the Board

Pankaj Kejriwal

Managing Director

Mohit Mahana
Company Secretary

Hari Prasad Agarwal
Director

(₹ in Lacs)

	31.03.2012	31.03.2011
2.1 Share Capital		
Authorised Capital		
3,50,00,000 (3,50,00,000 as at 31.03.11) 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 31.03.11) Equity Shares fo ₹ 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 the shares outstanding at the beginning and at the end of the reporting period		
Equity Shares	No of Shares	No of Shares
At the beginning of the year	27,346,400	27,346,400
Issued during the year	—	—
Outstanding at the end of the year	27,346,400	27,346,400
c) Shares held by Holding Company		
Cement Manufacturing Co. Ltd.	27,336,400	27,336,400
d) Details of Shareholders holding more than 5% of Equity Share capital	No of Shares	No of Shares
Cement Manufacturing Co. Ltd.	27,336,400	27,336,400
	(99.96%)	(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 represent both legal and beneficial owner.

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

	31.03.2012	31.03.2011
2.2 Reserves & Surplus		
Capital Reserve		
Balance as per last account	1,011.48	1,009.41
Addition/(Deduction) during the Year	—	2.07
	1,011.48	1,011.48
Surplus as per Statement of Profit & Loss		
Balance as per last Account	9,015.05	5,371.83
Add: Profit for the year	5,201.65	3,643.23
Net Surplus in the statement of profit and loss	14,216.70	9,015.05
Total Reserves and Surplus	15,228.18	10,026.53

(₹ in Lacs)

	31.03.2012	31.03.2011
2.3 Long Term Borrowings		
Term Loans		
Rupee Loan from Banks (Secured)	1,373.99	2,197.07
Less: Current Maturities of Long Term Borrowing	800.00	800.00
Total	573.99	1,397.07

- a. Rupee Term Loan from Banks is repayable in 22 equal quarterly installments commenced from September'2008. The Term loans from banks are secured by first charge on Fixed Assets of the Company's Cement Grinding Unit at Lumshnong, Meghalaya on Pari passu basis and second charge on the current assets of the company on pari passu basis. The Loans have also been guaranteed by its Holding Company, 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)

	31.03.2012	31.03.2011
2.4 Deferred Tax Liabilities (Net)		
Deferred Tax liability		
Fixed assets	70.68	67.22
Gross deferred tax Liabilities	70.68	67.22
Deferred Tax Assets		
Leave encashment	5.99	6.60
Trade receivable	30.42	30.06
Gross Deferred Tax Assets	36.41	36.66
Net Deferred Tax Liability	34.26	30.55

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

	31.03.2012	31.03.2011
2.5 Other Long Term Liabilities		
Trade Payables	0.94	0.94
Others		
Security Deposit	1,228.56	703.83
Total	1,229.50	704.77

(₹ in Lacs)

	31.03.2012	31.03.2011
2.6 Long Term Provisions		
Provisions for employee benefits		
Leave Encashment	17.63	14.75
Gratuity	2.77	—
Total	20.41	14.75

(₹ in Lacs)

	31.03.2012	31.03.2011
2.7 Short Term Borrowings		
Working Capital facilities from Banks		
Cash Credit (Secured)	1,647.53	1,560.00
	1,647.53	1,560.00

a) The above amount includes

Secured borrowings

1,647.53

1,560.00

1,647.53

1,560.00

b) Working capital facilities from banks are secured by first charge on the current assets of the Company on Pari passu basis and second charge on the fixed assets of the Cement Grinding unit at Lumshnong, Meghalaya on pari passu basis. The Working capital facilities from Banks have also been guaranteed by its Holding Company, Cement Manufacturing Company Limited

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

	31.03.2012	31.03.2011
2.8 Other Current Liabilities		
Current Maturities of long term borrowings	800.00	800.00
Other Payables		
Statutory Liabilities (including excise duty on finished goods ₹ 1.61 Lacs, ₹ 11.55 Lacs as at 31.03.11)	403.72	410.18
Advances from customer	180.53	170.66
Creditors—Micro, Small & Medium Enterprises (refer Note 2.25)	—	—
Creditors for Capital Goods	21.04	20.60
Salary and Bonus to employees	18.42	30.71
Other Liabilities	1,116.10	1,023.53
	1,739.81	1,655.68
Total	2,539.81	2,455.68

(₹ in Lacs)

	31.03.2012	31.03.2011
2.9 Short Term Provisions		
Provisions for Employee Benefits		
Leave Encashment	0.83	0.29
Total	0.83	0.29

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.11	Additions	Deduction/ Adjustment	Total as on 31.03.12	Up to 31.03.11	For the Year	Deduction/ Adjustment	Total as on 31.03.12	As on 31.03.12	As on 31.03.11
2.10 Fixed Assets										
A. TANGIBLE ASSETS										
i) Power Division at Lumshnong, Meghalaya										
Plant & Machinery	704.31	—	—	704.31	195.08	33.45	—	228.54	475.77	509.22
Tools & Tackles	3.53	—	—	3.53	1.10	0.17	—	1.26	2.27	2.43
Office Equipments	0.73	—	—	0.73	0.18	0.03	—	0.22	0.51	0.54
Electrical Instllation	3.49	—	—	3.49	0.83	0.17	—	1.00	2.49	2.66
Computers	1.57	—	—	1.57	1.14	0.25	—	1.39	0.18	0.43
Total Of Power Plant (i)	713.62	—	—	713.62	198.33	34.08	—	232.41	481.22	515.29

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.11	Additions	Deduction/ Adjustment	Total as on 31.03.12	Up to 31.03.11	For the Year	Deduction/ Adjustment	Total as on 31.03.12	As on 31.03.12	As on 31.03.11
ii) Cement Division at Lumshnong, Meghalaya										
Land	145.65	—	—	145.65	—	—	—	—	145.65	145.65
Factory Building	1,704.59	—	—	1,704.59	509.91	119.47	—	629.38	1,075.21	1,194.68
Non Factory Building	1,364.53	—	—	1,364.53	169.78	59.74	—	229.52	1,135.01	1,194.75
Plant & Machinery	2,230.52	4.86	—	2,235.37	1,109.18	185.01	—	1,294.20	941.18	1,121.33
Electrical Installation	973.31	—	—	973.31	428.68	75.78	—	504.46	468.86	544.64
Pollution Control Equipment	40.69	—	—	40.69	17.93	3.17	—	21.10	19.59	22.76
Tools & Tackles	49.54	0.26	—	49.80	20.56	4.17	—	24.74	25.06	28.98
Vehicles	186.16	15.11	18.98	182.29	117.48	18.81	11.59	124.69	57.60	68.68
Computers	77.74	3.25	—	81.00	60.00	8.02	—	68.02	12.98	17.74
Furniture & Fixture	51.55	0.34	—	51.89	21.73	8.08	—	29.80	22.09	29.83
Office Equipment	39.59	0.52	—	40.12	14.29	4.58	—	18.87	21.25	25.30
Total	6,863.88	24.35	18.98	6,869.25	2,469.55	486.82	11.59	2,944.77	3,924.48	4,394.34
B) INTANGIBLE ASSETS										
Computer Software	17.77	—	—	17.77	17.62	0.15	—	17.77	—	0.15
Total of (B)	17.77	—	—	17.77	17.62	0.15	—	17.77	—	0.15
Total of Cement Division (ii)	6,881.65	24.35	18.98	6,887.02	2,487.17	486.97	11.59	2,962.54	3,924.48	4,394.48
Total Tangible Assets (A)	7,577.51	24.35	18.98	7,582.88	2,667.88	520.90	11.59	3,177.18	4,405.70	4,909.63
Total Intangible Assets (B)	17.77	—	—	17.77	17.62	0.15	—	17.77	—	0.15
Gross Total (A+B)	7,595.28	24.35	18.98	7,600.65	2,685.50	521.04	11.59	3,194.95	4,405.70	4,909.78
Previous Year Figures	7,580.06	29.50	14.29	7,595.28	2,103.29	592.71	10.50	2,685.50	4,909.78	5,476.78

a. During the year Company has discarded fixed assets amounting to ₹ 18.98 Lacs, previous year ₹ 14.29 lacs.

(₹ in Lacs)

	31.03.2012	31.03.2011
2.11 Long Term Loans and Advances		
Security Deposits		
Unsecured, Considered Good	63.74	59.04
	63.74	59.04
Loans and advances to a Related Party		
Unsecured considered Good (Refer Note 2.26)		
Cement Manufacturing Company Limited (Holding Company)	2,748.00	—
Total	2,811.74	59.04

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

	31.03.2012	31.03.2011
2.12 Inventories		
Raw Materials (Including in transit ₹ 0.05 lacs, ₹ 2.88 lacs as on 31.03.2011, Refer Note 2.34 (e))	379.54	457.47
Finished Goods (Including in transit ₹ 123.83 lacs, ₹ 196.40 Lacs as on 31.03.2011, Refer Note 2.34 (c))	166.45	374.91
Fuels, packing materials, etc.	95.62	84.35
Stores & Spares parts	191.77	155.42
Total	833.38	1,072.15

(₹ in Lacs)

	31.03.2012	31.03.2011
2.13 Trade Receivables		
Debts outstanding for a period exceeding six months		
Secured Considered Good	25.92	23.80
Unsecured Considered Good		
Debtors	41.15	45.79
Claims due from Central Government	4,492.00	3,299.78
Considered Doubtful	93.76	89.69
Less: Provision for Bad & Doubtful Debts	(93.76)	(89.69)
	4,559.07	3,369.37
Other Debts		
Secured Considered Good	692.05	459.49
Unsecured Considered Good		
Debtors	776.53	997.95
Claims due from Central Government	2,279.73	1,530.35
	3,748.30	2,987.79
Total	8,307.37	6,357.16

Provision for doubtful debts

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)

	31.03.2012	31.03.2011
2.14 Cash & Cash Equivalents		
Cash on Hand	4.25	5.06
Cheques In Hand	35.75	350.19
Balances With Banks		
Current Accounts and Deposit accounts	78.62	40.35
Balances with banks held as margin money deposits against Letter of credit	27.58	25.46
Total	146.20	421.06

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

	31.03.2012	31.03.2011
2.15 Short Term Loans and Advances		
Others		
Unsecured, Considered Good		
Advances to Suppliers	54.94	99.99
Advances for Services and Expenses	52.99	65.61
Prepaid Expenses	22.52	21.71
Intercompany Deposits	800.00	1,509.17
Subsidy Receivable from Government Authorities	4,846.38	4,020.26
Balances with / Receivable from Central Excise/ Sales Tax Department	518.03	524.82
Advance to Employees	12.86	12.24
Advance Income Tax including MAT Credit Entitlement (Net of Provision for Taxation)	2,241.97	1,334.29
Total	8,549.69	7,588.08

(₹ in Lacs)

	31.03.2012	31.03.2011
2.16 Other Receivables		
Insurance Claim Receivable	1.87	—
Total	1.87	—

(₹ in Lacs)

	2011-12	2010-11
2.17 Revenue from Operations		
Sale of Products	35,490.48	31,117.59
Other Operating Revenue		
Shortage Recovery of Cement & Clinker	105.16	109.58
Revenue from Operations (Gross)	35,595.63	31,227.17

(₹ in Lacs)

	2011-12	2010 -11
2.18 Other Income		
Interest Income on		
Bank deposits	1.75	1.65
Loans	321.80	60.21
Other Non Operating Income	14.70	0.82
Total	338.25	62.69

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

	2011 - 12	2010 - 11
2.19 Cost of Materials Consumed [(Refer Note—2.34 (d))]		
Inventory at the beginning of the year	457.47	240.54
Add Purchases	12,301.72	13,419.91
	12,759.19	13,660.45
Less Inventory at the end of the year	(379.54)	(457.47)
Cost of Materials Consumed	12,379.65	13,202.98
Total	12,379.65	13,202.98

(₹ in Lacs)

	2011- 12	2010 - 11
2.20 (Increase)/Decrease in Inventories		
Finished Goods		
Opening Stock	374.91	203.14
Closing Stock	166.45	374.91
(Increase)/decrease	208.46	(171.77)

(₹ in Lacs)

	2011- 12	2010 - 11
2.21 Employee Benefit Expenses		
Salaries, Wages & other Manpower Expenses	696.06	666.33
Contribution to Provident Fund and other funds	27.04	25.32
Welfare Expenses	16.17	8.87
Total	739.28	700.52

(₹ in Lacs)

	2011 - 12	2010 - 11
2.22 Finance Costs		
On Fixed Loans	254.47	297.46
On Others	125.88	55.66
Other Finance Costs	40.25	28.02
Total	420.60	381.15

(₹ in Lacs)

	2011 - 12	2010 - 11
2.23 Other Expenses		
Consumption of Stores & Spare Parts	214.71	87.74
Packing Materials	948.72	779.63
Power & Fuel	1,367.10	1,423.80
Repairs		
Building and Non Factory Building	20.55	4.88
Plant & Machinery	92.80	32.81
Others	32.80	32.94
Insurance(Net)	38.55	37.58
Rent, Rates & Taxes	342.45	204.63
Heavy Vehicle/Equipment Running Expenses	34.15	37.48
Excise duty variation on opening/closing stock	(17.23)	14.61
Research and Development Expenses	3.83	4.81
Charity & Donation	209.05	26.40
Travelling, Conveyance and Communication cost	83.29	70.35
Advertisement & Publicity	250.52	331.38
Sales promotion Expenses	295.05	111.40
Outward Freight Charges (Net)	8,286.00	6,927.03
Commission, Discount & Incentives on Sale	1,794.38	1,182.20
Miscellaneous Expenses	265.94	298.65
Total	14,262.64	11,608.32

2.24 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.

2.25 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.

2.26 Disclosure in respect of related parties pursuant to Accounting Standard 18 “Related Party Disclosures”

a) Names of the transacting related parties and related party relationship

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

- b) During the year following transactions were carried with the related parties in the ordinary course of business.
Disclosure of transactions between the Company and related parties and the status of outstanding balance as at 31st March 2012.

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Associates / Fellow Subsidiaries		Key Management Personnel	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010 -11
1	Sale of Power						
	CMCL	172.58	677.30	—	—	—	—
2	Sale of Cement						
	CPIL	9.80	21.75	—	—	—	—
	CMCL	3.85	—	—	—	—	—
3	Purchase Transactions						
	CMCL	10,101.45	12,564.90	—	—	—	—
	CPIL	1.11	—	—	—	—	—
	MPL	—	—	1,202.71	320.20	—	—
4	Cost of material/Reimbursement of expenses paid						
	CMCL	250.19	561.29	—	—	—	—
	MPL	—	—	0.89	0.30	—	—
	SCML	—	—	1.39	2.19	—	—
5	Cost of material/Reimbursement of expenses received						
	CMCL	299.77	1,225.89	—	—	—	—
	MPL	—	—	0.73	3.02	—	—
	SCML	—	—	22.66	17.21	—	—
6	Services Received						
	CMCL	16.43	11.04	—	—	—	—

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Associates / Fellow Subsidiaries		Key Management Personnel	
		2011–12	2010–11	2011–12	2010–11	2011–12	2010–11
7	Loans and Advances Received						
	CMCL	—	400.00	—	—	—	—
8	Loans and Advances Given						
	CMCL	5,598.00	—	—	—	—	—
	CPIL	750.00	—	—	—	—	—
9	Guarantees Obtained						
	CMCL	7579.00	7439.00	—	—	—	—
10	Interest Paid						
	CMCL	—	5.94	—	—	—	—
11	Interest Received						
	CMCL	144.18	—	—	—	—	—
	CPIL	40.78	—	—	—	—	—
12	Balance Outstanding on account of						
A	Creditors						
	CMCL	—	599.21	—	—	—	—
	MPL	—	—	61.63	40.29	—	—
B	Sundry Debtors						
	CPIL	—	1.05	—	—	—	—
C	Loans Given						
	CMCL	2,748.00	—	—	—	—	—
D	Remuneration						
	Pankaj Kejriwal	—	—	—	—	6.00	18.00
E	Share Capital						
	CMCL	2,733.64	2,733.64	—	—	—	—
F	Guarantee Obtained						
	CMCL	3,231.78	3936.06	—	—	—	—

(₹ in Lacs)

	31.03.2012	31.03.2011
2.27 Contingent Liabilities & Commitments		
Claims against the company not acknowledge as debts - Excise/ VAT/Income Tax matters	882.36	273.74
Bank Guarantee issued by Bank	184.35	196.84
Bills of exchange discounted with banks	24.95	—
Export obligations under EPCG Scheme	31.99	25.34

(₹ in Lacs)

	31.03.2012	31.03.2011
2.28 Payments to Auditors		
As Auditor		
Audit Fees	1.75	1.44
Tax Audit Fees	0.50	0.36
In Other Capacity		
Other Services (Certification Fees)	3.31	2.83
Total	5.56	4.63

(₹ in Lacs)

	31.03.2012	31.03.2011
2.29 Earnings Per Share		
Profit/(Loss) after tax	5201.65	3643.23
Equity Share Capital	2734.64	2734.64
Weighted average number of equity shares in calculating basic EPS	27346400	27346400
Weighted average number of equity shares in calculating diluted EPS	27346400	27346400
Basic Earning Per Share (Face Value of ₹ 10/— each)	19.02	13.32
Diluted Earning Per Share(Face Value of ₹ 10/— each)	19.02	13.32

2.30 Employee Defined Benefits

- Defined Contribution Plans: The Company has recognized an expense of ₹ 27.04 Lacs (Previous year ₹ 25.32 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 Profit & Loss Account and the funded status and amounts recognized in the balance sheet for the Gratuity.
- Under leave encashment scheme, the company allows its employees to encash accumulated leave over and above thirty days at any time during the year. The scheme is not funded by the company.

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

d) Defined Benefit Plans - As per Actuarial Valuation as at 31st March'2012.

(₹ in Lacs)

	2011–12		2010–11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
I Expense recognized in the Statement of Profit and Loss Account for the year ended 31st March'2012				
1. Current Service Cost	4.06	1.23	4.28	0.73
2. Interest Cost	1.06	1.34	0.87	1.10
3. Employee Contribution	—	—	—	—
4. Expected Return on Plan Assets	(0.95)	—	—	—
5. Actuarial (Gains)/Losses	1.32	7.10	(5.37)	7.58
6. Actuarial Losses/(Gains) on plan Assets	0.09	—	—	—
7. Total Expense	5.58	9.67	(0.22)	9.41
II Net Asset/(Liability) recognized in the Balance Sheet as at 31st March'2012				
1. Present Value of Defined Benefit Obligation	16.53	18.46	10.10	15.04
2. Fair Value of Plan Assets	13.76	—	—	—
3. Funded Status [Surplus/(Deficit)]	(2.77)	(18.46)	(10.10)	(15.04)
4. Net Asset/(Liability) as at 31st March'2012	(2.77)	(18.46)	(10.10)	(15.04)
III Change in Obligation during the Year ended 31st March'2012				
1. Present value of Defined Benefit Obligation at the beginning of the year	10.10	15.04	10.88	12.42
2. Current Service Cost	4.06	1.23	4.28	0.73
3. Interest Cost	1.06	1.34	0.87	1.10
4. Past Service Cost	—	—	—	—
5. Employee Contribution	—	—	—	—
6. Liabilities assumed on acquisition/(settled on divesture)	—	—	—	—
7. Actual Gains/(Losses)	1.32	7.10	(5.37)	7.58
8. Benefits Payments	—	(6.25)	(0.56)	(6.79)
9. Present Value of Defined Benefit Obligation at the end of the year	16.53	18.46	10.10	15.04
IV Change in assets during the Year ended March'2012				
1. Plan Assets at the beginning of the year	10.10	—	—	—
2. Assets acquired on amalgamation in previous year	—	—	—	—
3. Expected return on plan assets	0.95	—	—	—
4. Contributions by employer	2.81	6.25	10.10	6.79
5. Actual Benefit Paid	—	(6.25)	—	(6.79)
6. Actuarial Gains/(Losses)	(0.09)	—	—	—
7. Plan Assets at the end of the year	13.76	—	10.10	—
8. Actual Return on plan assets	—	—	—	—

	2011–12		2010–11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
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 obligations is to be settled.	8%		8%	

2.31 Donations include contribution to political parties as follows

(₹ in Lacs)

Name of the Party	2011– 12	2010 – 11
Indian National Congress	NIL	25.00

2.32 Value of imported and indigenous Stores and spare parts consumed and their percentage to total consumption

(₹ in Lacs)

	2011–12		2010–11	
	Value (₹ in Lacs)	%	Value (₹ in Lacs)	%
Stores and Spare parts				
i) Imported	22.47	10.47	0.62	0.71
ii) Indigenous	192.24	89.53	87.12	99.29

2.33 Expenditure incurred in foreign currency

(₹ in Lacs)

	2011–12	2010–11
i) Purchase of stores and spare parts and components	22.47	4.09
ii) Travelling Expenses	0.14	0.09

2.34 a) Installed Capacity and Production

Particulars	2011–12	2010–11
(i) Installed Capacity*		
Power	9 MVA	9 MVA
Cement – MT	6,73,200	6,73,200
(ii) Production/Generation		
Power (KWH)	14,08,803	62,67,198
Cement – MT	6,05,570.000	5,57,910.000

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

b) Sales

Particulars	Units	2011–12		2010–11	
		Quantity (MT)	Value (₹ in Lacs)	Quantity (MT)	Value (₹ in Lacs)
(i) Power*	KWH	14,08,803*	172.58	62,67,198	716.74
(ii) Cement**	MT	6,08,427.000**	35,423.06	5,52,112.440	30,510.43

* Includes NIL KWH, value NIL (Previous 438916 KWH, value— ₹ 39.44 Lacs) for captive use.
** Includes NIL MT, value NIL (Previous year 10.500 MT, value— ₹ 0.35 Lacs) for captive use.

c) Stock of Finished Goods

Particulars	2011–12		2010–11	
	Quantity (MT)	Value (₹ in Lacs)	Quantity (MT)	Value (₹ in Lacs)
(i) Opening Stock - Cement	8,176.600	374.91	4,061.300	203.14
(ii) Closing Stock - Cement	3,541.550	166.45	8,176.600	374.91
(iii) Shortage and handling loss etc	1,778.050	N/A	1,682.260	N/A

d) Raw Materials Consumed (100% Indigenous)

Particulars	2011–12		2010–11	
	Quantity (MT)	Value (₹ in Lacs)	Quantity (MT)	Value (₹ in Lacs)
(i) Clinker	4,07,882.26	9,422.04	3,78,059.25	11,080.05
(ii) Gypsum	9,742.58	231.82	7,755.31	162.64
(iii) Fly ash	1,95,368.16	2,725.78	1,82,189.68	1,960.29
Total		12,379.65		13,202.98

e) Inventory of Raw Materials

(₹ in Lacs)

Particulars	2011–12		2010–11	
	Quantity (MT)	Value (₹ in Lacs)	Quantity (MT)	Value (₹ in Lacs)
(i) Clinker	180.285	3.74	206.441	4.73
(ii) Gypsum	597.903	21.21	1,349.188	46.77
(iii) Fly ash	19,382.843	354.59	19,545.693	405.97
Total		379.54		457.47

2.35 Segment Reporting

Sl No.	Particulars	Power	Cement	Unallocated	Total
1	External Revenue	172.58	35,423.06	—	35,595.63
		(677.30)	(30,510.08)	—	(31,187.38)
	Inter Segment Adjustment	—	—	—	—
		(39.44)	(0.35)	—	(39.79)
	Total Revenue	172.58	35,423.06	—	35,595.63
		(716.74)	(30,510.43)	—	(31,227.17)
2	Results Profit/Loss	(30.76)	5,616.53	—	5,585.77
		(47.21)	(3,089.75)	—	(3,136.96)
3	Interest & Finance Charges(Net)	—	—	97.05	97.05
		—	—	(319.28)	(319.28)
4	Other un—allocable expenses net of unallocable income	—	—	271.21	271.21
		—	—	(79.91)	(79.91)
5	Total Profit before Tax	—	—	—	5,217.52
		—	—	—	(2,737.75)
6	Other Information				
	Segment Assets	722.45	21,342.05	3,041.97	25,106.47
		(738.42)	(16,871.20)	(2,843.46)	(20,453.09)
	Segment Liabilities	15.08	4,851.55	2,242.75	7,109.38
		(12.96)	(4,676.30)	(2,972.11)	(7,661.36)
	Capital Expenditure	—	10.07	—	10.07
		—	(11.75)	—	(11.75)
	Depreciation	34.08	486.97	—	521.04
		(34.02)	(558.70)	—	(592.71)

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

2.37 Till the year ended 31st March 2011, the company was using pre- revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956 has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

In terms of our report of even date

For and on behalf of the Board

For **Kailash B Goel & Co.**

Firm Registration No. 322460E

Chartered Accountants

Pankaj Kejriwal
Managing Director

CA. Arun Kumar Sharma

Partner

M.No. 57329

Kolkata, 21st April' 2012

Mohit Mahana
Company Secretary

Hari Prasad Agarwal
Director

CASH FLOW STATEMENT for the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	2011-12	2010-11
A Cash Flow from Operating Activities		
Net Profit/(Loss) before Tax and Exceptional Items	5,217.52	2,737.75
Adjustments for		
Depreciation	521.04	592.71
Interest Income	(1.75)	(61.86)
Provision for Wealth Tax	0.18	0.24
Interest Expenses	420.60	381.15
Provision for Leave Encashment	3.41	2.62
Provision for Bad & Doubtful Debts	4.07	80.71
Operating Profit before Working Capital changes	6,165.08	3,733.32
Adjustments for		
Trade receivables	(1,954.28)	(1,699.89)
Inventories	238.77	(344.53)
Other Receivables	(2,982.05)	180.98
Trade & Other Payables	183.68	565.33
Cash Generated from Operations	1,651.19	2,435.21
Direct Taxes- Refund/(Paid) - Net	(750.00)	(410.00)
Net Cash Flow from Operating Activities	901.19	2,025.21
B Cash Flow from Investing Activities		
Loans to Companies and Public Bodies	—	(1,509.17)
(Purchase)/sale of Fixed Assets (including WIP)- Net	(21.66)	(22.24)
Interest Received	1.75	59.07
Increase/(Decrease) in Capital Reserve	—	2.07
Net Cash used in Investing Activities	(19.91)	(1,470.27)
C Cash Flow from Financing Activities		
Interest paid	(420.60)	(370.73)
Proceeds from/(Repayment of) Long Term Borrowings	(823.08)	(807.69)
Proceeds from/(Repayment of) working capital Borrowings	87.54	536.19
Net Cash used in Financing Activities	(1,156.14)	(642.24)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(274.86)	(87.30)
Cash and Cash Equivalents		
Opening Balance	421.06	508.36
Closing Balance	146.20	421.06

As per our report of even date

For **Kailash B Goel & Co.**

Firm Registration No.322460E

Chartered Accountants

CA. Arun Kumar Sharma

Partner

M.No. 57329

Kolkata, 21st April' 2012

For and on behalf of the Board

Pankaj Kejriwal

Managing Director

Mohit Mahana

Company Secretary

Hari Prasad Agarwal

Director

NOTES

