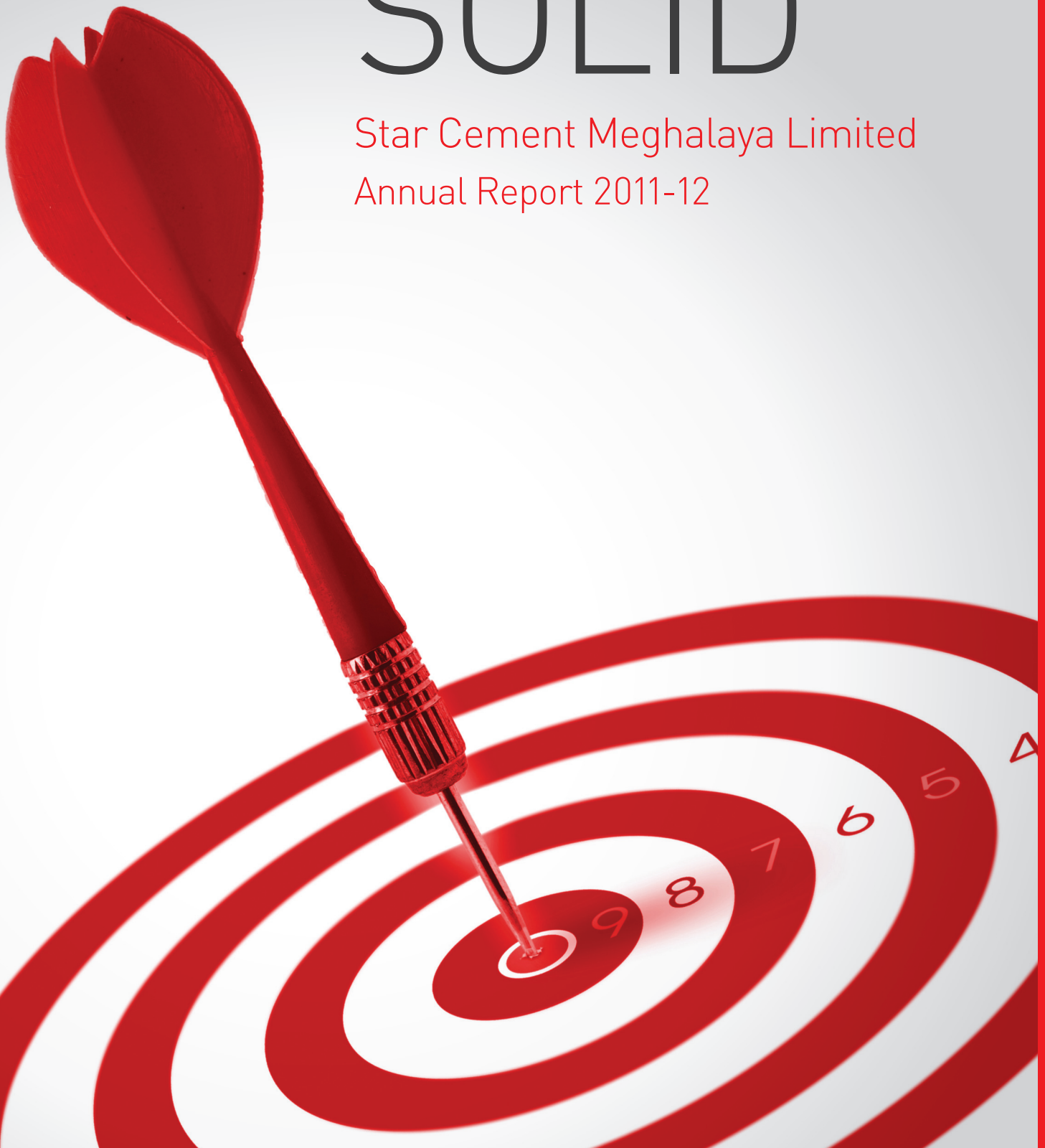
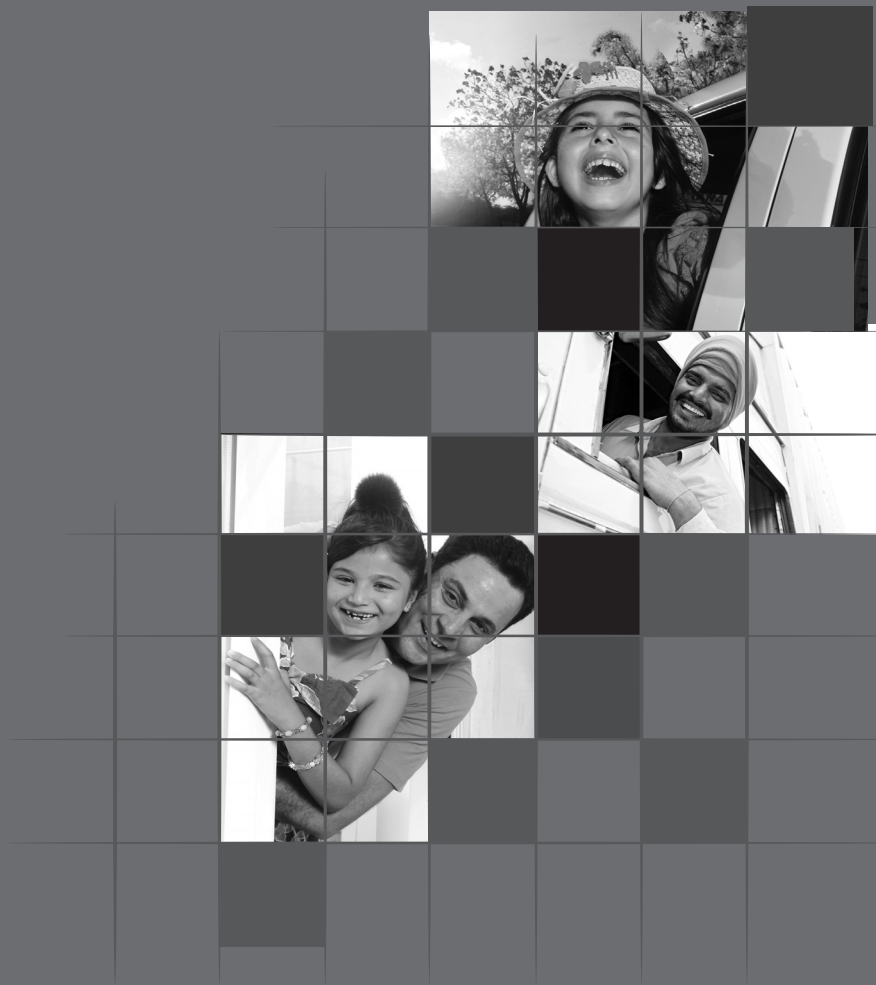


PERFORMANCE SOLID

Star Cement Meghalaya Limited
Annual Report 2011-12





Corporate Information	2
Directors' Report	3
Auditor's Report	6
Significant Accounting Policies	10
Financial Statements	13
Cash Flow Statement	26

Corporate Information

Board of Directors

Rajendra Chamaria	Managing Director
Sajjan Bhajanka	Director
Brij Bhushan Agarwal	Director
Sanjay Agarwal	Director
Prem Kumar Bhajanka	Director
Pankaj Kejriwal	Director
Mangi Lal Jain	Director
Ibaridor K. War	Director

Auditors

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

Company Secretary

Manoj Kumar Agarwal

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

Delhi Office

281, Deepali, Pitampura
New Delhi - 110 034

Bankers

Bank of Baroda
Corporation Bank
Allahabad Bank
Union Bank of India



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Seventh Annual Report, together with the Audited Financial Accounts of the company as at 31st March 2012.

Financials

The Company is yet to commence its commercial operations. Hence, no Profit & Loss Account has been prepared.

Dividend

The Company, in the absence of commercial operations and revenue generation, does not recommend any dividend during the year under review.

Clinkerization Project

Company's 1.75 MTPA Clinkerisation Project at Lumshnong in the State of Meghalaya has progressed at

satisfactory pace during the Financial Year 2011-12. Major milestones of Civil Work have already been reached and the balance work is expected to be completed soon. Major Mechanical Fabrication work has already been completed. All Major Machinery and Equipments have been received at Project Site and erection of Plant & Machineries is in progress. The overall pace of progress of project is satisfactory. Project is expected to go for commercial production during the Financial Year 2012-13 under supervision of a team of qualified professionals, technocrats and subject matter specialists.

All necessary statutory approvals from State and Central Government have already been obtained and company has tied up adequate financial

resources for successful implementation of the project.

Keeping in view the commencement of commercial production in near term, company has undertaken survey to explore possibility of export of clinker to the neighboring country Bangladesh. The findings of the survey are encouraging and company is in the process of making long term arrangements for export. Survey for exploring possibility of sale of clinker in Nepal, Bhutan and West Bengal is also in progress.

Deposits

The Company has not accepted any deposits during the financial year within the meaning of Section 58A of the companies Act, 1956 and the rules made there under.

Auditors' Report

The observations made in the Auditors' Report are self-explanatory and they do not call for any further comments under section 217 (3) of the Companies Act, 1956

Auditors

M/s Kailash B. Goel & Co., the statutory Auditors of the company, will retire at the ensuing Annual General Meeting and are eligible for reappointment; M/s Kailash B. Goel & Co. have confirmed that their appointment, if made, shall be within the prescribed limits u/s 224(1)(b) of the Companies Act, 1956. The Board, based on the recommendation of the audit committee, recommends the re-appointment of M/s Kailash B. Goel & Co., as the Statutory Auditors of the company for the Year 2012-13.

Holding Company

Your Company continues to remain 100% subsidiary of Cement Manufacturing Company Limited.

Directors

Mr. Prem Kumar Bhajanka and Ms. Ibaridor Katherine War, the directors of the company are retiring by rotation and being eligible, offer themselves for re-appointment.

Mr. S.B. Roongta and Mr. Sajan Kumar Bansal have resigned from the Board of the company during the year under review. Your directors hereby acknowledge the contribution made by them during their tenure on the Board.

None of the Directors of the Company is disqualified from being appointed as Director pursuant to Section 274(1) (g) of the Companies Act, 1956.

Particulars Of Employees

There were no employee whose particulars are to be disclosed under section 217(2A) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state:

1. That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and there are no material departures.
2. That the Directors have selected appropriate accounting policies and applied them consistently and made judgments & estimates that are reasonable & prudent so as to give a true and a fair view of the state of affairs of the Company as at 31st March, 2012.
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 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 "going concern" basis.

Conservation Of Energy & Technology Absorption

The Company is yet to commence operations and hence, the same is not applicable to the Company.

Capital Structure

During the year under review, your Company has further issued 84,94,900 equity shares of ₹ 10/- each at a premium of ₹ 70/- each ranking pari-passu in all respects to the existing shares to Cement Manufacturing Company Limited, its holding Company. The Paid-up share capital of the Company now stands at ₹ 2,265.74 Lacs.

Audit Committee

Your Company has an audit committee at the board level, which acts as a link between the statutory and internal auditors and the Board of Directors. The Constitution of the Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956. Four meetings of the Committee were held during the year i.e. on 25th April 2011, 14th July 2011, 19th October 2011 and 17th January 2012 and were duly attended by all the members of the Committee.

The Audit Committee so constituted advises the management on the areas where internal audit can be improved. The minutes of the meetings of the audit committee are placed before the Board. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure accurate, timely

Directors Report (Contd.)

and proper disclosure with adequate transparency, integrity and quality of financial reporting. The committee is endowed with the powers to review the

findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal

control systems of a material nature and reporting the matter to the Board.

Foreign Exchange Earnings & Outgo

(₹ in Lacs)

Sl. No.	Particulars	2011-12	2010-11
1.	Foreign Exchange Earnings	NIL	NIL
2.	Foreign Exchange Outgo	132.70	358.89

Acknowledgement

Your Directors take this opportunity to express deep sense of gratitude to the banks, central and state governments and their departments, the local authorities and business associates for their continued support and would wish to place on record their deep sense of appreciation and gratitude. We wish to

recognize and appreciate the hard work and efforts put in by all the employees of the Company and their contribution to the progress of the Company in a very challenging environment. Board also acknowledges the contribution made by outgoing directors Mr. S.B.Roongta and Mr.Sajan Kumar Bansal for their valuable contribution during their tenure.

For and on behalf of the Board

Sajjan Bhajanka

Director

Rajendra Chamaria

Managing Director

Place : Kolkata

Date : 21st April, 2012



Auditors' Report

TO THE MEMBERS OF STAR CEMENT MEGHALAYA LIMITED

1. We have audited the attached Balance Sheet of STAR CEMENT MEGHALAYA LIMITED as at 31st March, 2012, and Cash Flow Statement for the year ended on that date annexed thereto. The company has not prepared profit and loss account for the year ended 31st March, 2012 since it is yet comments commercial operations. 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 section 227(4A) of the Companies Act, 1956, we annexed the 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) In our opinion the Balance Sheet and the Cash Flow Statement dealt with by this report is in agreement with the books of accounts.
 - d) In our opinion the Balance Sheet and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as referred to in section 211(3C) 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 ;and

Auditor's Report (Contd.)

f) In our opinion and to the best of our information and according to explanations given to us the said 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; and
- ii. 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 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 of stores and spares, except 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. The Company has neither granted nor taken any loans secured or unsecured to and from companies, firm or other parties being covered in the register maintained

u/s 301 of the Companies Act, 1956. Hence, provisions of clause (iii) (b), (iii) (c), (iii) (d) of the companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

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. 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.

Annexure to the Auditor's Report (Contd.)

- | | | |
|---|---|---|
| <p>(b) According to the information and explanations given to us, the transactions 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.</p> <p>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.</p> | <p>7. In our opinion, the Company is not required to have an internal audit system commensurate with the size of the Company and nature of its business.</p> <p>8. Though, the Central Government of India has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the product of the company but the same will be applicable only after the company starts its commercial operations.</p> <p>9. (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax/VAT, Wealth Tax, Customs Duty,</p> | <p>Excise Duty, Cess and other material 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.</p> <p>(b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of disputed taxes and Duties as at 31st March, 2012 which have not been deposited, are as under:</p> |
|---|---|---|

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which amount relates	Forum Where dispute is pending
Indian Stamp (Meghalaya Amendment) Act, 1993 & Registration Act, 1908	Stamp Duty	36.42	2010-11	Appeal to be filed

- | | | |
|--|---|---|
| <p>10. Since, The company has not yet started commercial operations, Clause 4(X) of the companies (Auditor's Report) Order, 2003 (as amended) is not applicable.</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, banks and debenture holders 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 provisions the clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not</p> | <p>applicable to the Company.</p> <p>14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) 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</p> |
|--|---|---|

from banks and financial institutions.

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.

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. According to the information and explanation given to us, the Company has made preferential allotment of shares to parties and companies covered in the register

maintained u/s 301 of the Companies Act, 1956 during the year. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.

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.

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

Star Cement Meghalaya Limited

Corporate Information

Star Cement Meghalaya Limited (the company) is a public limited company domiciled in India and incorporated on 22.12.2005 under the provision of Companies Act, 1956. The Company is in process of setting 1.75 MTPA clinkerisation plant at Lumshnong, Meghalaya, which is at the advance stage of implementation. The Company will manufacture and sale cement clinker. The plant is expected to commence commercial production during the financial year 2012-13.

1 Summary of Significant Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) 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. Accounting Policies have been consistently applied by the company and are consistent with those used in the 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 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.

1.4 Fixed Assets

Fixed Assets are stated at cost of acquisition, installation or

construction (net of cenvat credit, 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 other attributable cost of bringing the asset to its working condition for its intended use.

1.5 Capital Work In Progress

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

1.6 Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time for its intended use to get ready for its intended use. All other borrowing costs are recognized as expenses 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.

1.7 Depreciation

Depreciation on 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. Continuous process plants are identified based on a technical assessment and depreciated at the specified rate as per 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. Expenditure on computer software is amortized on SLM over the period of expected benefit not exceeding three years.

1.8 Revenue Recognition

Expenses to the extent considered payable unless specifically stated to be otherwise are accounted for on mercantile basis.

1.9 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.

1.10 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 all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.11 Miscellaneous Expenditure

Preliminary Expenses shall be fully written off in the year of commencement of commercial production.

1.12 Taxes on Income

Provision for the current tax and deferred tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961. The deferred tax in respect of timing differences which originate during the tax holiday period and is likely to reverse during the tax holiday

period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realization / liabilities.

1.13 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.

1.14 Retirement Benefits

(i) Defined Contribution Plan

Employees benefits in the form of provident fund, ESIC and other labour welfare fund are considered as defined contribution plan and the

contributions are charged to the 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.

1.15 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. A contingent liability of an outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

1.16 Expenditure during construction period

In case of new projects and

substantial expansion of existing factories, expenditure incurred including trial production expenses net of revenue earned, and attributable interest and financing costs, prior to commencement of commercial production are capitalized.

1.17 Cash & Cash Equivalents

Cash and cash equivalents 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.

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	2,265.74	1,416.25
Reserves and Surplus	2.2	12,403.93	6,457.50
		14,669.67	7,873.75
Share Application Money Pending Allotment		-	221.33
Non-current liabilities			
Long Term Borrowings	2.3	29,948.44	16,281.81
Other Long Term Liabilities	2.4	552.96	349.77
Long Term Provisions	2.5	24.34	7.56
		30,525.74	16,860.48
Current liabilities			
Other Current Liabilities	2.6	2,377.44	1,048.98
Short Term Provisions	2.7	7.47	4.77
		2,384.91	1,053.75
Total		47,580.31	25,787.98
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.8	2,227.32	1,255.69
Intangible Assets	2.9	1.57	1.42
Capital Work in Progress (including Pre-operative Expenses)		39,071.79	18,592.72
		41,300.68	19,849.83
Long Term Loans and Advances	2.10	1,540.79	2,193.09
		42,841.47	22,042.92
Current Assets			
Inventories	2.11	2,658.13	905.77
Cash and Cash Equivalents	2.12	374.31	1,236.69
Short Term Loans and Advances	2.13	1,706.39	1,602.61
		4,738.84	3,745.06
Total		47,580.31	25,787.98
Significant accounting policies and notes on accounts	1 & 2		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For **Kailash B Goel & Co.**
Firm Registration No.322460E
Chartered Accountants

For and on behalf of the Board

CA. Arun Kumar Sharma
Partner
M.No. 57329
Kolkata, 21st April' 2012

Manoj Kumar Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

Notes to financial statements for the year ended 31st March, 2012

(₹ in Lacs)

	31.03.2012	31.03.2011
2.1 Share Capital		
Authorised Capital	3,000.00	3,000.00
Equity Shares, ₹ 10/- par value		
3,00,00,000 (31 March 2011 : 3,00,00,000) Equity Shares fully paid up		
Issued, Subscribed & Paid up		
Equity Shares , ₹ 10/- par value	2,265.74	1,416.25
2,26,57,406 (31 March 2011 : 1,41,62,506) Equity Shares fully paid up		
	2,265.74	1,416.25
a) Terms/ rights attached to equity shares		
The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Equity Share Capital	No. of Shares	No. of Shares
At the beginning of the period	14,162,506	12,937,506
Issue of shares during the period	8,494,900	1,225,000
Outstanding at the end of the period	22,657,406	14,162,506
c) Shares held by holding company		
Cement Manufacturing Company Limited	No. of Shares	No. of Shares
Equity shares of ₹ 10/- each fully paid	22,657,406	14,162,506
d) Details of shareholders holding more than 5% of Equity Shares in the company		
	No. of Shares	No. of Shares
Equity shares of ₹ 10/- each fully paid	(% of holding)	(% of holding)
Cement Manufacturing Company Limited, holding company	22657406 (100%)	14162506 (100%)
	22657406 (100%)	14162506 (100%)

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

(₹ in Lacs)

	31.03.2012	31.03.2011
2.2 Reserves & Surplus		
Securities Premium Reserve		
Balance as per last account	6,457.50	5,600.00
Addition during the year	5,946.43	857.50
Closing Balance	12,403.93	6,457.50

(₹ in Lacs)

	31.03.2012	31.03.2011
2.3 Long Term Borrowings		
Term Loans		
Rupee Loan from Banks (Secured)	22,958.13	16,022.46
Foreign Currency Loan from a Bank (Secured)	4,077.17	-
Other Loans & Advances		
Buyer's Credit from Banks on Capital Account	3,933.30	129.49
Hire Purchase Finance	129.87	200.41
	31,098.48	16,352.35
Less:- current maturities of long term borrowings	1,150.04	70.54
	29,948.44	16,281.81

1. Rupee Term Loan of ₹ 22,958.13 lacs and foreign currency loan of ₹ 4077.17 lacs from banks (sanctioned limit ₹ 40,000.00 lacs) are repayable in 28 unequal quarterly installments commencing from March 2013. Term Loans are secured by first charge on the fixed assets of the company's Cement clinker plant at Lumshnong, Meghalaya (under implementation) on pari passu basis, and are also guaranteed by its holding company, Cement Manufacturing Company Limited.
2. Buyers credit of ₹ 3,933.30 lacs from banks have been availed against letter of credit (sub-limit to Term Loans) issued by banks which are secured by first charge on fixed assets of the company's cement clinker plant at Lumshnong, Meghalaya (under implementation)
3. Hire Purchase Finance is secured by hypothecation of vehicles / equipments and is repayable within three to four years having varying date of payment.
4. The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

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

(₹ in Lacs)

	31.03.2012	31.03.2011
2.4 Other Long Term Liabilities		
Security Deposits	4.04	10.37
Retention Money	548.92	339.40
	552.96	349.77

(₹ in Lacs)

	31.03.2012	31.03.2011
2.5 Long Term Provisions		
Provision for Employee Benefits		
Leave encashment	9.83	7.56
Gratuity	14.51	-
	24.34	7.56

(₹ in Lacs)

	31.03.2012	31.03.2011
2.6 Other Current Liabilities		
Current Maturities of long term borrowings	1,150.04	70.54
Interest accrued but not due on borrowings	0.85	1.31
Other Payables		
Statutory Liabilities	22.07	27.58
Creditors for Capital goods	792.02	750.34
Creditors - Micro, Small and Medium Enterprises (Refer Note No 2.19)	-	-
Salary and Bonus to Employees	32.13	22.96
Other Liabilities	380.33	176.25
	2,377.44	1,048.98

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

(₹ in Lacs)

	31.03.2012	31.03.2011
2.7 Short Term Provisions		
Provisions for Employee Benefits		
Leave Encashment	7.47	4.77
	7.47	4.77

2.8 Tangible Assets

(₹ 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
Land & Site Development	157.92	850.15	-	1,008.07	-	-	-	-	1,008.07	157.92
Plant , Machinery & Equipments	334.42	149.74	24.14	460.02	55.81	52.37	2.29	105.88	354.14	278.61
Furniture & Fixtures	18.38	5.02	-	23.40	3.00	5.64	-	8.65	14.76	15.38
Office Equipments	14.47	7.50	0.35	21.61	1.74	2.76	0.02	4.48	17.13	12.72
Computers	32.50	15.25	-	47.74	12.27	11.99	-	24.26	23.48	20.22
Heavy Vehicles & Equipments	967.43	36.56	-	1,003.99	270.94	216.73	-	487.66	516.33	696.49
Vehicles	49.86	8.31	-	58.16	11.90	10.73	-	22.63	35.53	37.96
Tools & Tackles	95.57	257.40	4.09	348.87	59.18	35.85	4.04	90.99	257.88	36.38
Total	1,670.53	1,329.92	28.58	2,971.88	414.84	336.06	6.35	744.55	2,227.32	1,255.69
Previous Year	1,004.91	665.63	-	1,670.53	129.17	285.68	-	414.84	1,255.69	875.74

2.9 Intangible Assets

(₹ 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
Computer Software	3.14	1.80	-	4.94	1.72	1.65	-	3.36	1.57	1.42
Total	3.14	1.80	-	4.94	1.72	1.65	-	3.36	1.57	1.42
Previous Year	2.01	1.13	-	3.14	0.67	1.05	-	1.72	1.42	1.34

(₹ in Lacs)

	31.03.2012	31.03.2011
2.10 Long Term Loans and Advances		
Capital Advances		
Secured, Considered Good	243.47	476.10
Unsecured, Considered Good	1,291.94	1,714.21
	1,535.41	2,190.32
Security Deposits		
Unsecured, Considered Good	5.38	2.78
	1,540.79	2,193.09

(₹ in Lacs)

	31.03.2012	31.03.2011
2.11 Current Assets		
Inventories		
Fuels, Stores & Spares parts	2,658.13	905.77
	2,658.13	905.77

(₹ in Lacs)

	31.03.2012	31.03.2011
2.12 Cash and Cash Equivalents		
Balances With Banks		
On Current Accounts	305.91	320.58
Cheques on hand	19.02	77.11
Cash on hand	7.15	6.11
Other Bank Balances		
Margin Money deposits against LC's, Guarantees, etc.	42.23	832.88
	374.31	1,236.68

(₹ in Lacs)

	31.03.2012	31.03.2011
2.13 Short Term Loans and Advances		
Loans and advances to related parties (Refer note 2.18)		
Unsecured, Considered Good	-	450.00
	-	450.00
Others		
Unsecured, considered Good		
Advances for Services & Expenses	31.57	100.04
Prepaid Expenses	40.84	40.38
Advance Income Tax, net of provision	11.96	20.07
Balances with / Receivable from Government Authorities	1,605.05	896.30
Other Receivables	0.71	79.56
Unamortized Expenses	16.26	16.26
	1,706.39	1,152.61
	1,706.39	1,602.61

(₹ in Lacs)

	31.03.2012	31.03.2011
2.14 Contingent liabilities and commitments		
(to the extent not provided for)		
a. Estimated amount of contracts remaining to be executed on Capital Account		
(Net of advances) and not provided for	4,580.22	9,312.23
b. Contingent Liabilities not provided for		
(i) Letters of Credit issued by Banks	870.99	4,588.69
(ii) Bank Guarantees issued by Banks	174.80	8.13
(iii) Export obligation under EPCG scheme	1,128.78	749.80
(iv) Stamp Duty (Land)	36.42	-
c. Fixed Deposit Receipts pledged with the Bank	42.22	832.88

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

(₹ in Lacs)

	2011-12	2010-11
2.15 Borrowing cost capitalized		
Borrowing cost capitalized	2,429.24	915.22

(₹ in Lacs)

	2011-12	2010-11
2.16 Payment to Auditors		
As Auditor		
Statutory audit fees	0.50	0.50
In other capacity		
Other Services (certification fees)	0.63	0.26
	1.18	0.76

2.17 Unhedged Foreign currency exposures as on Balance Sheet date

(₹ in Lacs)

Nature of Item	As on 31.03.12			As on 31.03.11		
	Foreign Currency	Foreign Currency	Indian Rupees	Foreign Currency	Foreign Currency	Indian Rupees
Buyer's Credit	USD	14.7	752.00	USD	2.90	129.49
Buyer's Credit	EURO	46.29	3,163.26	EURO	-	-
Buyer's Credit	GBP	0.22	18.00	GBP	-	-
Foreign Letter of Credit	USD	8.13	415.74	USD	19.93	889.74
Foreign Letter of Credit	Euro	-	-	Euro	46.29	2,927.19
ECB	USD	79.7	4,077.17	USD	-	-

2.18 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.

- 2.19** 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 has been determined to the extent such parties have been identified on the basis of the information available with the company.

2.20 Disclosures 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 (I) Ltd. (CPIL) (Ultimate Holding Company)
Fellow Subsidiary	Megha Technical & Engineers Pvt. Ltd (MTEPL)
	Meghalaya Power Limited(MPL)

- b) Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2012 are given hereunder

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Fellow Subsidiary	
		2011–12	2010–11	2011–12	2010–11
1	Purchase Transactions				
	CMCL	649.44	827.88	-	-
	CPIL	39.64	83.91	-	-
	MTEPL	-	-	-	-
	MPL	-	-	125.81	186.56
2.	Sales Transactions				
	CMCL	30.32	-	-	-
3.	Services Received				
	CPIL	10.59	-	-	-
	CMCL	13.97	-	-	-
4.	Services Rendered				
	CMCL	3.88	10.55	-	-
	MPL	-	-	23.47	-

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

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Fellow Subsidiary	
		2011-12	2010-11	2011-12	2010-11
5.	Reimbursement of Expenses / cost of materials paid				
	CMCL	430.59	1,465.46	-	-
	MTEPL	-	-	22.66	17.21
	MPL	-	-	32.85	158.28
6.	Reimbursement of Expenses / cost of materials received				
	CMCL	81.58	37.76	-	-
	MTEPL	-	-	1.39	2.19
	MPL	-	-	83.13	305.03
	CPIL	-	18.79	-	-
7.	Share Application Money Received.				
	CMCL	6,574.59	1,148.50	-	-
8.	Share Capital & Securities Premium				
	CMCL	6,795.92	980.00	-	-
9.	Guarantees Obtained				
	CMCL	40,000.00	40,000.00	-	-
10.	Balance outstanding as on 31.03.2012				
	Share Application Money Received				
	CMCL	-	221.33	-	-
	Advances				
	MPL	-	-	-	450.00
	Creditors				
	CMCL	-	-	-	-
	MPL	-	-	8.21	11.00
	Guarantees obtained				
	CMCL	31,888.24	16,022.46	-	-
	Share Capital & Security Premium				
	CMCL	14,669.67	7,873.75	-	-

2.21 Employee Defined Benefits

- (a) Defined Contribution Plans: The Company has recognized an expense of ₹ 22.30 lacs (Previous year ₹ 9.65 lacs) towards the defined contribution plans.
- (b) 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 summaries 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.

(₹ in Lacs)

	2011–12		2010–11	
	Gratuity Others	Leave Encashment	Gratuity Others	Leave Encashment
I Expense recognized in the Statement of Profit and Loss for the year ended March 31, 2012				
1. Current Service Cost	7.39	2.22	0.99	1.72
2. Interest Cost	1.79	1.19	0.12	0.58
3. Employee Contribution	-	-	-	-
4. Expected Return on Plan Assets	(1.21)	-	-	-
5. Actuarial (Gains) / Losses	8.95	4.94	10.72	8.75
6. Past Service Cost	-	-	-	-
7. Settlement Cost	-	-	-	-
8. Losses/(Gains) on Acquisition/Divesture	0.08	-	-	-
Total expenses	17.00	8.35	11.83	11.06
II Net Asset/(Liability) recognized in the Balance Sheet as at 31st March'2012				
1. Present Value of Defined Benefit Obligation	31.44	17.31	13.31	12.33
2. Fair Value of Plan Assets	16.93	-	13.31	-
3. Funded Status [Surplus/(Deficit)]	(14.51)	(17.31)	-	(12.33)
4. Net Asset/(Liability) as at 31st March'2012	(14.51)	(17.31)	-	(12.33)
III Change in Obligation during the Year ended 31st March'2012				
1. Present value of Defined Benefit Obligation at the beginning of the year	13.31	12.33	1.48	2.25
2. Current Service Cost	7.39	2.22	0.99	1.72
3. Interest Cost	1.79	1.19	0.12	0.58
4. Settlement Cost	-	-	-	-
5. Past Service Cost	-	-	-	-
6. Employee Contribution	-	-	-	-
7. Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-

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

Employee Defined Benifits (Contd.)

(₹ in Lacs)

	2011–12		2010–11	
	Gratuity Others	Leave Encashment	Gratuity Others	Leave Encashment
8. Actuarial (Gains)/Losses	8.95	4.94	10.72	8.75
9. Benefits Payments	-	(3.37)	-	(0.98)
10. Present Value of Defined Benefit Obligation at the end of the year	31.44	17.31	13.31	12.33
IV Change in assets during the Year ended March'2012				
1. Plan Assets at the beginning of the year	13.31	-	-	-
2. Assets acquired on amalgamation in previous year	-	-	-	-
3. Settlements	-	-	-	-
4. Expected return on plan assets	1.21	-	-	-
5. Contributions by employer	2.49	3.37	13.31	0.98
6. Actual Benefit Paid	-	(3.37)	-	(0.98)
7. Actuarial Gains/(Losses)	(0.08)	-	-	-
8. Plan Assets at the end of the year	16.93	-	13.31	-
9. 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	100.00%	-	100.00%	-
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	8.00%	-	8.00%	-

(₹ in Lacs)

Particular	2011 – 12	2010 – 11
2.22 Activities in Foreign Currency		
(a) Expenditure incurred in foreign currency		
Travelling Expenses	9.58	4.77
Interest & Finance Charges	108.44	-
(b) Value of Imports (CIF)		
Capital Goods	4,371.47	386.38

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

2.24 Till the year ended 31 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 classifications.

For Kailash B Goel & Co.
Firm Registration No.322460E
Chartered Accountants

For and on behalf of the Board

CA. Arun Kumar Sharma
Partner
M.No. 57329
Kolkata, 21st April' 2012

Manoj Kumar Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

Cash Flow Statement for the Year Ended 31st March, 2012

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
A Cash Flow from Operating Activities		
Net Profit/(Loss) before Tax and Exceptional Items	-	-
Adjustments for		
Depreciation	747.92	416.56
Unrealised Foreign Exchange (Gain) / Loss- Net	-	-
Profit/ Loss on Sale of Fixed Assets	2.21	-
Interest Income	(162.35)	(144.23)
Interest Expenses	3,564.91	924.55
Miscellaneous Expenditure written off	-	-
Provision for Leave Encashment	17.31	21.91
Provision for Income Tax & Wealth Tax	0.12	0.06
Prior period items	-	-
Provision for Bad and Doubtful Debts (Net of adjustments)	-	-
Operating Profit before working Capital changes	4,170.12	1,218.85
Adjustments for		
Trade receivables	-	-
Inventories	(1,752.37)	(332.49)
Other Receivables	548.52	(903.68)
Trade Payables	1,533.69	992.32
Cash Generated from Operations	4,499.97	974.99
Direct Taxes Paid	-	(0.05)
Net Cash Flow from Operating Activities	4,499.97	974.94
B Cash Flow from Investing Activities		
Loans from Companies and Public Bodies	-	-
(Purchase)/sale of Fixed Assets (including WIP)- Net	(22,200.98)	(15,519.73)
Project Feasibility Expenses	-	-
(Purchase)/ sale of Investments	-	-
Interest Received	162.35	144.23
Net Cash used in Investing Activities	(22,038.64)	(15,375.51)
C Cash Flow from Financing Activities		
Interest paid	(3,564.91)	(924.55)
Proceeds from issue of Share Capital (including Share Capital Money)	628.16	291.00
Increase in General reserve	5,946.43	857.50
Proceeds from /(Repayment of) Long Borrowings	13,666.62	13,616.67
Proceeds from /(Repayment of) Short Borrowings	-	-
Dividend Paid	-	-
Corporate Dividend Tax Paid	-	-
Net Cash used in Financing Activities	16,676.30	13,840.62
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(862.37)	(559.95)
Cash and Cash Equivalents		
Opening Balance	1,236.69	1,796.64
Closing Balance	374.31	1,236.69

As per our report of even date

For Kailash B Goel & Co.
Firm Registration No.322460E
Chartered Accountants

For and on behalf of the Board

CA. Arun Kumar Sharma
Partner
M.No. 57329
Kolkata, 21st April' 2012

Manoj Kumar Agarwal
Company Secretary

Sajjan Bhajanka
Director

Rajendra Chamaria
Managing Director

NOTES

NOTES

