OF TACTICS, TENACITY AND TRIUMPH!

CEMENT MANUFACTURING COMPANY LIMITED

ANNUAL REPORT 2010-11

SAFE HARBOUR STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the Management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

WELCOME TO THE CEMENT MANUFACTURING COMPANY LIMITED

ANNUAL REPORT 2010-11.

HERE'S WHAT YOU WILL FIND INSIDE.

SALUTATION

An analysis of how we drive sustainable performance through our resolve and resilience in the battlefield

STRATEGY

A summary of who we are and what we do, plus highlights of our operating and financial performance for 2010-11

GAMEPLAN

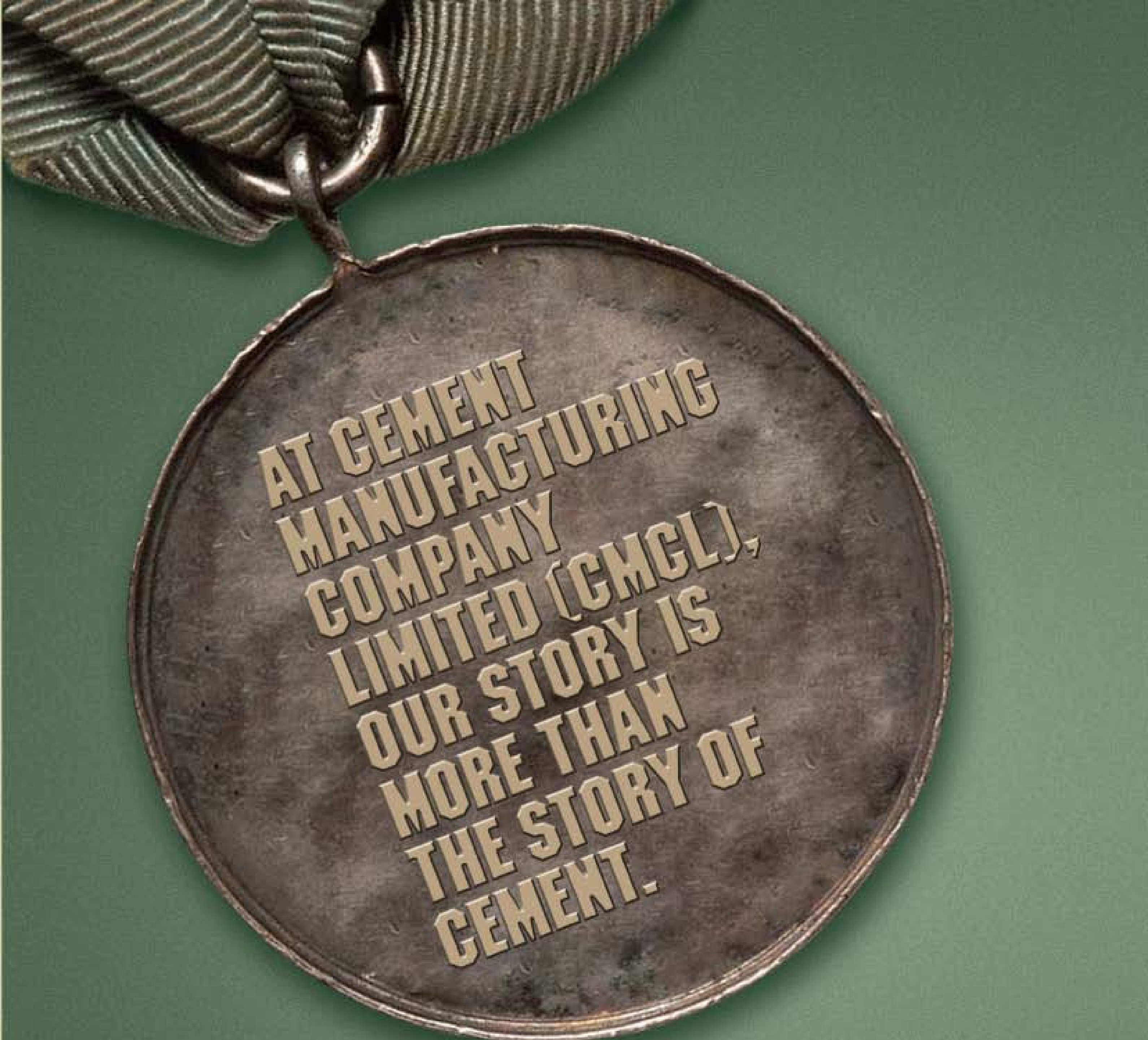
An in-depth analysis of our strengths that will help us maximise opportunities

GOVERNANCE

Details, policies and procedures of our Board of Directors

FINANCIAL STATEMENTS

Detailed financial statements



It is a story of going ahead on the path seldom walked; it is the story of relentless pursuit of discipline and excellence; it is the story of applying unconventional strategies on a conventional battlefield; it is the story of deep optimism in the face of adversity; it is the story of conquest in the face of challenge.

The year 2010-11 will be remembered as an inflection point in the history of CMCL, in which the Company defended its turf, devised unusual tactics to face on-field threats, displayed unwavering tenacity and emerged triumphant in managing to create a sustainable and future-ready business model.

This is already reflected in the fact that during the year under review, CMCL outpaced industry growth: while pan-India cement demand grew a modest 4.82%, CMCL reported a consolidated net sales growth of 7.67%.

SALUTATION MESSAGE FROM THE CHAIRMAN

LOOKING BACK, MARCHING AHEAD...

TO OUR SHAREHOLDERS

The economy is suitably aligned to a globalised environment and is expected to grow around 8-8.5% over 2011-12 despite challenges of inflation; the balance of payments continues to be favourable and India has comfortable foreign exchange reserves; the country is home to more than a sixth of the world's population with a burgeoning middle-class, offering vast potential to both national and international players; the Indian consumer is more discernable than ever before, compelling industries to revisit old strategies, modernise plants and institutionalise quality practices.

ADVANCING AHEAD

The Indian cement industry is at the core of economic growth and with the Government's stated vision of sustaining GDP growth at 8-9%, cement consumption will comfortably grow double-digit over the medium to long-term.

India is the world's second-largest cement producer with an installed capacity around 300 million tonnes. With a projected capacity addition of around 92 million tonnes by 2013, the industry will have a total installed capacity of close to 400 million tonnes by March 2013. According to an RNCOS research report, 'Indian Cement Industry Forecast to 2012', industry optimism is amply reflected in the fact that cement production is estimated to grow at 10.5% CAGR between 2010-14 buoyed by revival in infrastructure and realty sectors in line with the massive USD 1 trillion earmarked for infrastructure investments in the Twelfth Plan approach paper.

Though India's North East is characterised by a difficult terrain and extreme weather conditions, it is an opportunity paradise considering the significant infrastructure and industrial under-penetration. This can be gauged from the fact that manufacturing accounts for just 6.7% of the region's GDP as compared with the all-India average of 15.1%. According to the Ministry of the North East, per capita power consumption is a low 111 kWh (334 kWh all-India), railway density per 1,000 km is a mere 10.9 (21.3 all-India), road density per 1,000 km is a scant 395 (839 all-India) and most interestingly, per capita cement consumption is an insignificant 106 kg (156 kg all-India). The North East housing market is also significantly under-penetrated with *pucca* houses accounting for only 23% of the total households, almost half the national average.

However, the region has witnessed a structural shift in cement consumption and registered a 15% growth over the past 3 years. With structural demand drivers comprising huge untapped natural resources, an enabling policy framework, buoyant local economy and under-penetrated housing status firmly in place, cement demand growth momentum is expected to be sustained at 15% CAGR over the next three years, strengthening the case of the North East as an excellent growth destination.

OUR 2010-11 PERFORMANCE

In catalysing the North East's voracious cement demand, we performed credibly in 2010-11.

★ Aggregate cement production increased 5% to our highest-ever at 963,175 MT

★ Cumulative despatches (cement and clinker) increased 6.62% to our highest-ever at 970,913 MT

★ Average net sales realisations strengthened 13% by ₹ 385 per MT

★ Power consumption per tonne of cement production declined 7.47% to 90.64 kWh

★ Coal consumption per kg of clinker production declined 4.12% to 799 kcal

★ Distribution infrastructure strengthened to 504 direct dealers and 2,504 retail counters in almost all major towns and cities of the North East

★ Consolidated net sales grew 7.67% to ₹ 48,592.50 lacs

★ Consolidated profit after tax was flat at ₹ 12,062.05 lacs

I must tell you that our performance becomes all the more credible when one considers that despite several challenges faced on various fronts, we were able to maintain our net profit to previous year levels. This is evident given our resolve and resilience towards creating a sustainable business model that is relatively immune to temporary odds and industry cyclicality.

One of our primary challenges was managing logistics. Cement is a freight-intensive business and managing inward and outward freight safely and cost-effectively is a challenging proposition considering the difficult North East terrain. This was compounded in magnitude by a Government-directive banning vehicular overloading. The result is an increase in the number of vehicles required for movement of goods and products on the back of a larger fuel bill. Besides, vehicle availability also emerged as a challenge and contractors capitalised on this spike by increasing rates. Much like a nationwide problem, the availability of rakes also continued to be scant in the North East. We addressed these issues by entering into long-term contracts with transporters who have a large fleet at their disposal, resulting in cost-effective and timely material procurement and despatch.

Moreover, commodity resource costs comprising limestone, coal and fly ash rose steeply during the year under report, which we partially offset using the lever under our control – that of augmenting operational efficiencies, optimising energy consumption and increasing cement mill output.

OUR GAMEPLAN

With a view to further consolidate our foothold in the North East cement demand and maintain our leadership position, we are undertaking a massive capacity expansion drive.

★ Establishing a 1.75 MTPA greenfield clinker unit at our existing Lumshnong location, which will more than double existing clinker capacity and is being set up under our wholly-owned subsidiary Star Cement Meghalaya Limited

★ A part of the expansion has been completed during the year under review, increasing our installed clinker capacity from 1800 TPD to 2400 TPD

★ The expanded clinkerisation capacity will feed two grinding units of 1.6 MTPA each being commissioned at Guwahati and Kahalgaon; the grinding units will also have captive power plants of 10 MW each

★ The project work for the Guwahati grinding unit is underway and progressing at a satisfactory pace. We expect the unit to be functional by the second quarter of 2012-2013

★ Under our 51% subsidiary company Meghalaya Power Limited, we are setting-up a 43 MW power plant

The split grinding units are strategically located to remain close to consuming centres of Assam and will open up new markets in Bihar, West Bengal and Jharkhand, move us closer to fly ash generating sources, significantly reduce our freight costs through a flexible use of both road and rail network and strengthen self-reliance for our energy requirements. Moreover, under the North East investment policy incentives and Bihar Industrial Policy, we are also entitled to a comprehensive package of fiscal benefits.

We have already achieved financial closure for the total capex of ₹ 1,100 crores, funded through a prudent debt-equity ratio of 2.05.

LOOKING AHEAD

While the rest of industry treads cautiously on their growth plans, the Company is going ahead with its expansion decision. The expansion will enable us to consolidate our market presence and reach. As such, our net profitability would still be higher than the industry average once the fiscal benefits subside.

Today, the Company we have built during the past decade is positioned for solid success as we face current challenges with the abundance of resources, talent and leadership and the combination of these assets gives me great confidence, going ahead.

In my judgment, it also important to remember that our Company continues to be a leader and a driving force for good in all the communities where we do business. Business challenges have not caused us to diminish our community development activities, as we provide greater thrust on our responsibility to invest in low to moderate-income North Eastern neighbourhoods to provide access to basic necessities and enhance overall life standards.

I have often said that while a company's highest priority must be achieving financial results, its reason for being must be something quite different. People, after all, determine the ultimate success or failure of any organisation and people are seldom inspired to greatness solely by means of material reward. Rather, we inspire hard work, determination, innovation and loyalty by building an enterprise people believe in and care about.

Even as our Company faces a new beginning as we prepare to embark on our ambitious capacity expansion programmes, with a crystal clear vision, bounteous resources, strong leadership and the best people in the industry, I know the future will be bright.

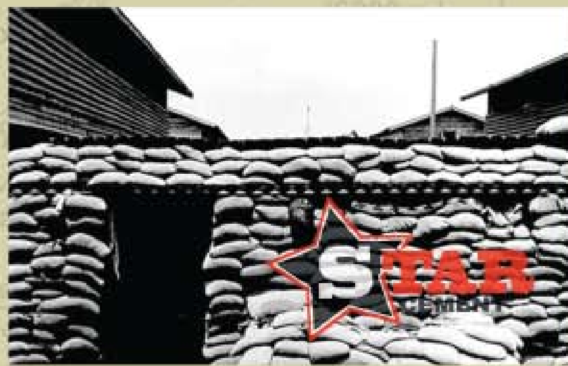
In closing, I would like to thank all of you for your support over the many years I have had the privilege to occupy this position. And, as always, I welcome your thoughts and suggestions.

Best regards,

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

AT CMCL, WE ARE ON A CRUSADE TO BUILD NORTH EAST INDIA.

THIS POSITIONING HAS ENABLED US TO EMERGE AS THE REGION'S LARGEST, FASTEST-GROWING AND MOST-RESPECTED CEMENT BRAND.



WE ENJOY A MARKET SHARE IN EXCESS OF APPROXIMATELY 17%.

KEY PARAMETERS

SPEED
CMCL reported a turnover and net profit CAGR of 34.76% and 6.00% respectively over the past three years leading to 2010-11; one of the fastest in the industry

PHILOSOPHY
To be a leader in the cement infrastructure domain, creating benchmarks, inspiring people, registering a customer surplus and contributing to the development of the nation

LEGACY
Incorporated in 2002 by first-generation entrepreneurs, Sajjan Bhajanka, Brij Bhushan Agarwal, Sanjay Agarwal, Rajendra Chamaria, Prem Bhajanka and Sajan Kumar Bansal

PARENTAGE
70.48% subsidiary of Century Plyboards (India) Limited

FOCUS
Extensively integrated operations with a profitable product mix of both Ordinary Portland Cement (43, 53 and 53S grades) and Portland Pozzolana Cement

LOCATION
One MTPA capacity (including subsidiary) strategically located in Lumshnong, Meghalaya, with cost-effective and abundant access to key raw material resources comprising limestone, coal and shale

CUSTOMERS
Prestigious Government departments comprising BHEL, NTPC, NHPC, NEEPCO, BCPL, BRPL, Power Grid, NHAI, NFR and CPWD

APPRECIATION
Recognised by the Government of Meghalaya for *mofussil* development through the establishment of the Lumshnong plant

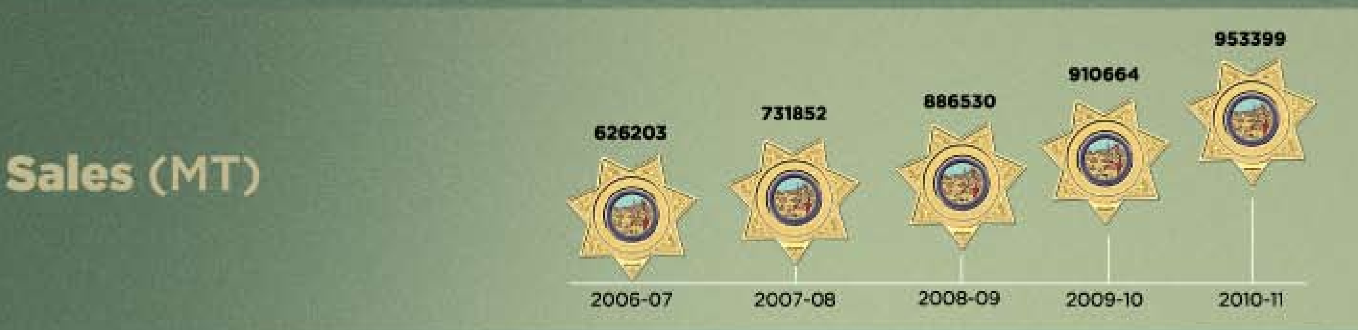
CERTIFICATIONS
Accredited with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007

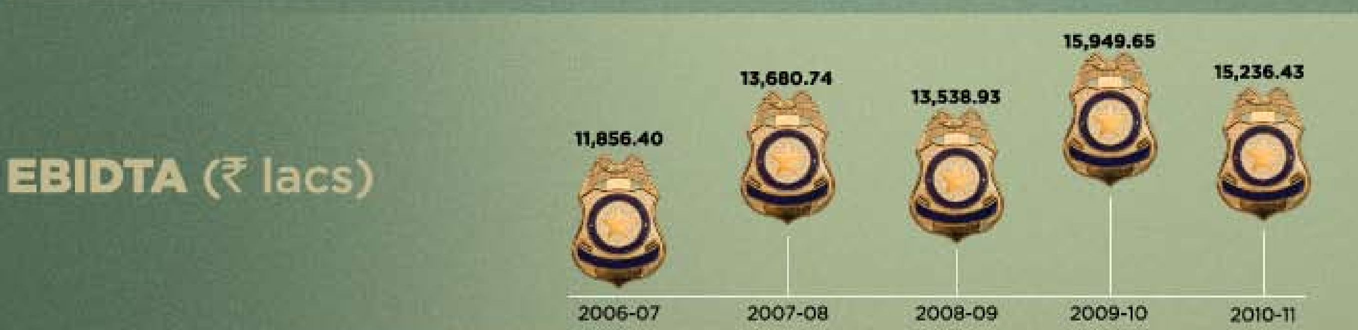
KEY FINANCIAL HIGHLIGHTS

Revenue (Gross) 8.80% growth	**2010-11** ₹ 55064.42 lacs	**2009-10** ₹ 50612.21 lacs
Cash Profit 4.42% growth	**2010-11** ₹ 15211.99 lacs	**2009-10** ₹ 14567.85 lacs

Average net sales realisations strengthened 13% **by** ₹ 385 per MT

KEY PERFORMANCE MARKERS





At CMCL, our corporate tactics and strategies are aimed at strengthening our strategic positioning as a sustainable enterprise in a cyclical business environment. To this extent, we enjoy the following advantages:

★ In a business marked by a supply glut, we are present in a structurally deficit cement market with the demand-supply delta swinging between 0.4-0.6 MTPA; this enables us to fetch average net sales realisations which are 10-15% higher than the all-India average

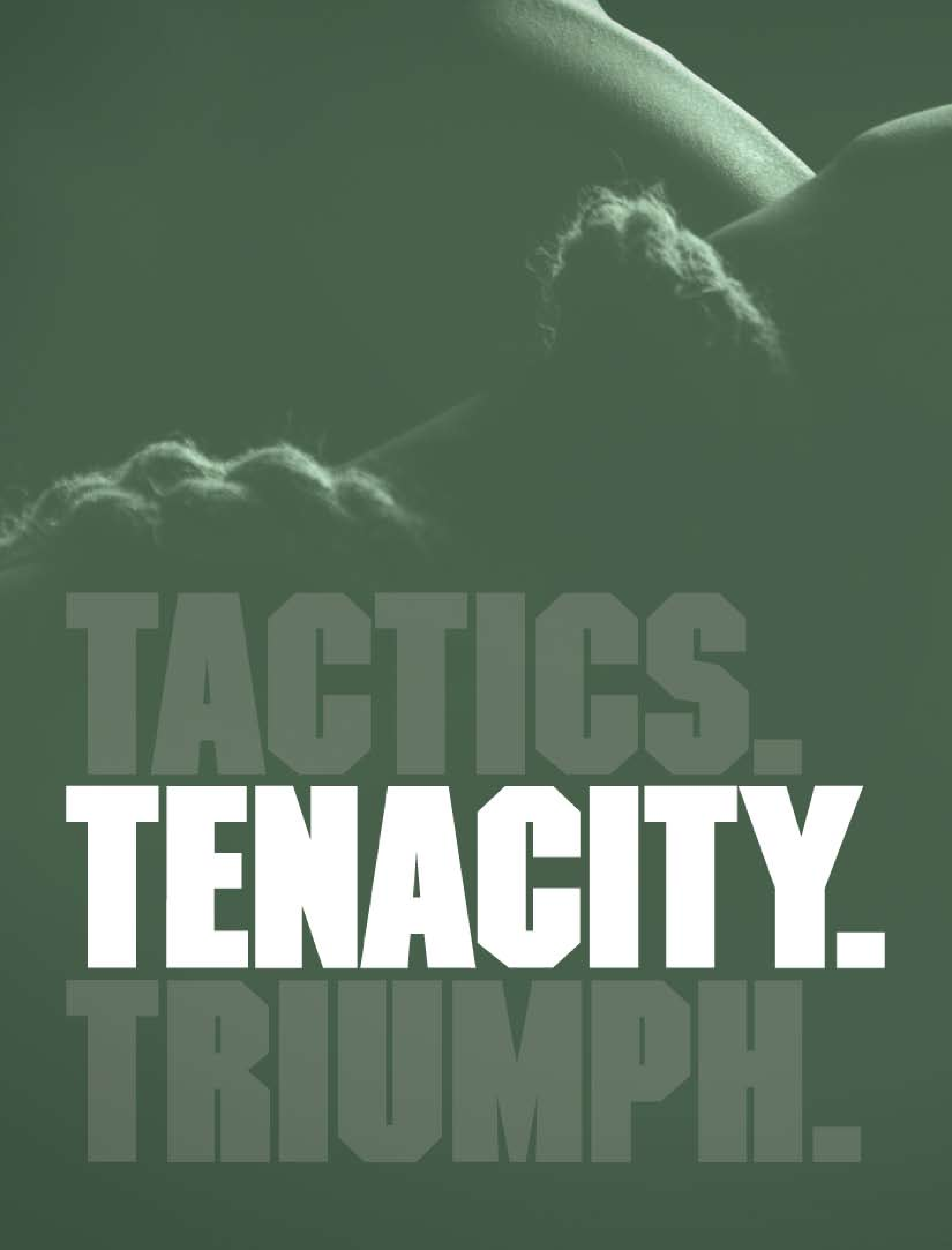
★ In a resource-scarce environment, our plant at Lumshnong (Meghalaya) provides cost-effective access to abundant high-quality limestone and coal deposits; while limestone reserves (calcium oxide of over 49%) are located 2-3 kms from the plant, coal (calorific value of about 4000-5000 kcal/kg) is abundantly available 20-30 kms from the plant radius

★ In an industry where manufacturing facilities are located hundreds of kms away from customers, our plant is located in proximity to the national highway that connects Guwahati to Silchar enabling us to economically cater to Meghalaya and Assam, the largest consumption centre in the North East

★ In a sector where every competitive advantage counts, we avail of comprehensive fiscal benefits comprising excise duty exemption for 10 years, VAT remission for goods sold in the State of Meghalaya for a period of 7 years and freight subsidies

Result **CMCL enjoys one of the industry's fastest topline compounded annual growth rates at approximately 14-15% (past three years ending 2010-11)**

TACTICS.
TENACITY.
TRIUMPH.


TACTICS.
TENACITY.
TRIUMPH.

At CMCL, our tenacity in the face of adversity is reflected in our market share which has been kept steady between 17-10% — the highest in a North Eastern market — despite an increase in competition. Simply put, we have spread our roots deeply across some of the most challenging regional terrains and customers have acknowledged our product's all-time availability and superior quality by reposing their faith in us.

★ Our Star Cement brand is well-established and recognised in the marketplace with average monthly sales of 80,000 MT, North East's highest

★ We possess one of the region's largest and most widespread distribution networks with 25 depots and stock points, 504 dealers and 2,504 retail outlets

★ Due to our focused and robust marketing efforts, Star Cement was honored with the 'Most Preferred Cement Brand' distinction by Assam Real Estate and Infrastructural Developers Association in 2010

★ We supply products (both OPC and PPC) to nearly 30 renowned infrastructural institutions engaged with the development of roads, hydro-power projects, real estate and other assets of national importance

Result CMCL enjoys one of the industry's fastest topline compounded annual growth rates at approximately 14-15% (past three years ending 2010-11)

At CMCL, with a low-cost and strategically-located asset base, robust supply chain network, excellent customer relationships and committed and motivated employees, we are setting the course to triumph with confidence and speed.

★ We reported our highest-ever cement production and sales at 5% and 6.62% respectively, in 2010-11 in a challenging industry scenario; in February 2011, we crossed a monthly sales of 1 lac tonnes

★ With a view to capitalise on the traction we have gained in the North East, we are in an advanced stage of implementation of a 1.75 MTPA greenfield clinker unit at Lumshnong (under our wholly-owned subsidiary, Star Cement Meghalaya Limited); these expansions will be commissioned by the second quarter of 2012-13 and will double our existing clinker capacity

★ We are also in the process of establishing two 1.6 MTPA greenfield cement plants at Guwahati (Assam) and Kahalgaon (Bihar); these units will also have captive power plants of 10 MW each and will be brought on stream by the third quarter of 2012-13

★ In order to comprehensively secure our energy requirements, under our 51% subsidiary company Meghalaya Power Limited, we are setting-up a 43 MW power plant, expected to be operationalised by the second quarter of 2012-13

Result CMCL's clinker capacity will double to 2.55 MTPA, cement capacity will quadruple to 4.4 MTPA and aggregate power capacity will stand at 71 MW, fortifying our leadership position in the North East and East India; the first full-year working of these assets will enable the Company to report a projected consolidated turnover of approximately ₹ 2,00,000 lacs in 2013-14

THE PILLARS

PROXIMITY TO HIGH-QUALITY COAL AND LIMESTONE RESERVES

CMCL's clinker unit is strategically located at Lumshnong, where quality limestone reserves (calcium oxide of over 49%) are spread over an area of over 76 sq. kms around the plant site. The Company also possesses captive limestone mines, which are spread over 424 hectares and are located within 2-3 kms from the plant site. These mines have estimated limestone reserves of 326 MT, which can last for nearly 70 years. Similarly, coal having calorific value of 4000-5000 kcal/kg is abundantly available 20-30 kms from the plant. The Company procures fly ash from NTPC Kahalgaon (Bihar), NTPC Farakka (West Bengal) and WBPDCL (Siuri).

ACCESS TO KEY CONSUMPTION CENTRES

CMCL's cement plant is located in proximity to the Guwahati-Silchar National Highway and this locational advantage enables it to economically cater not only to Meghalaya but also Assam, the largest North East cement market.

VIBRANT DISTRIBUTION NETWORK ACROSS CHALLENGING TERRAINS

CMCL boasts of a strong distribution network of 504 direct dealers and 2,504 retail counters spread across small and far-flung rural areas.

ROBUST BRAND EQUITY

CMCL derives the maximum chunk of its sales from the trade segment. This significant trade reach enables the Company to fetch premium realisations. Further, the Company's Star Cement brand is extremely well-recognised across the region.

PRUDENT LOGISTICAL PLANNING

CMCL countered the impending logistical nightmare due to overload restrictions by creating a dedicated freight team to manage long-term contracts with transporters and enable to purchase cost-effective 12 wheelers, resulting in cost-effective and timely material procurement and despatch.

FISCAL BENEFITS

CMCL enjoys significant competitive advantage against national players in the North East on account of comprehensive fiscal benefits its plants enjoy. These include capital investment subsidy, excise duty and VAT remission/refund, freight subsidy, working capital interest and insurance subsidy and income tax holiday.

DIRECTORS' REPORT

Dear Members,

2010–11 — India Growth Story Back On Track

The fiscal year 2011 witnessed a faster and broader recovery in the Indian economy. Robust growth and steady fiscal consolidations have been the hallmark of the Indian economy in the year 2010–11. The GDP growth rate has been 8.6% during the current year and is expected to be around 9% in the next fiscal year. The growth has been broad-based with a rebound in the agriculture sector which has grown at 5.4%. Manufacturing and services sector have registered impressive gains. Domestic demand, however, continued to hold the key to broad-based growth. Despite the gradual withdrawal of stimulus measures which were introduced in 2008, private consumption and investment, two important domestic demand drivers, recovered strongly in 2010–11 as the confidence of consumers and investors was restored.

While the growth outlook remains strong, in the near term, there are number of challenges facing our economy such as double digit food inflation, higher commodity prices and hardening global energy prices. Concerted and coordinated monetary, fiscal and policy measures are required to tackle these challenges, head on.

The world economy has also been gradually coming out of a downturn and showing signs of recovery. Most of the economic indicators out of the US have improved, signalling the pick-up in recovery, but state of economies of many developed countries in the Euro zone is a cause of concern with severe sovereign debt crisis. The robust growth in India and China has provided an impetus to the ongoing recovery of the world economy.

Despite the risks of global events, such as volatility in commodity prices like crude oil exacerbated by political turmoil in the Middle-East, the Indian economy seems poised to scale greater heights in terms of macro economic indicators. The long-term growth prospects of the economy seem bright given the strong fundamentals of the economy and India is well positioned to attain a sustainable high growth trajectory.

While there has been marginal growth in cement demand during the fiscal 2010-11 of around 6%, there have been significant cement capacity additions leading to lower capacity utilisation of barely 80%. Industry had to contend with decline in cement prices across all regions simultaneous with a surge in costs of major inputs like coal, fly ash, gypsum etc., which led to decline in profitability. Despite overall subdued demand growth at a pan-India level, cement demand in the North East remained buoyant during the year except for the monsoon period. Growth in domestic cement demand is expected to remain strong, given the revival in the housing markets, continued Government spending on the rural sector, and the gradual increase in the number of infrastructure projects being executed by the private sector. Thus, the trend in demand growth seen during the last five years is expected to continue over the medium term. Also, with the Government targeting an over 8% GDP growth rate, cement demand should grow at 8-10% over the next few years.

Key Highlights 2010–11

- The clinker production increased by 18.64% to 7,14,500 MT in FY 2010–11 and consolidated cement production increased to 9,63,715 MT during the year from 9,17,853 MT in FY 2009–10. The cement production and sales volumes increased by 5% and 4.69% respectively on consolidated basis.
- Consolidated net sales grew from ₹ 45,130.87 lacs to ₹ 48,592.50 lacs, recording an increase of 7.67% during the year 2010–11.
- Consolidated EBIDTA was 4.47% lower at ₹ 15,236.44 lacs.
- Consolidated profit before tax declined during the year 2010–11 to ₹ 11,761.73 lacs as against ₹ 12,900.47 lacs in the year 2009–10.
- Consolidated profit after tax was flat at ₹ 12,062.05 lacs in FY 2010–11 as against ₹ 12,315.59 lacs in FY 2009–10.

Financial Results

(₹in lacs)

Particulars	Consolidated		Standalone	
	2010-2011	2009-2010	2010-2011	2009-2010
Net Sales/Income	**48,592.50**	**45,130.87**	**32,458.46**	**30,562.86**
Profit before Interest, Depreciation and Tax	15,236.44	15,949.65	10,149.48	11,496.03
Interest & Finance Charges	(908.04)	(886.96)	(340.08)	(453.19)
Depreciation	(2,566.67)	(2,162.30)	(1,312.15)	(1,477.09)
Profit Before Tax	**11,761.73**	**12,900.39**	**8,497.25**	**9,565.74**
Prior Period Adjustments (Net)	(4.11)	(0.25)	(4.10)	0.24
Provision for Taxation:				
- Current Tax	(2,450.65)	(2,245.95)	(1,708.43)	(1,646.06)
- Less: MAT Credit Entitlement	(3,333.26)	1,625.74	1,692.73	1,625.74
- Net Current Tax	882.61	(620.21)	(15.70)	(20.32)
- Deferred Tax	(118.28)	36.82	(131.62)	26.74
- Excess Provision for Income Tax				
Written back	-	-	-	-
- Fringe Benefit Tax	-	-	-	-
Net Profit After Tax (after Minority)	**12,062.05**	**12,315.59**	**8,345.83**	**9,572.41**
Gross Cash Accruals	15,211.90	14,567.85	9,794.61	11,118.41
Balance (Dr)/Cr Brought forward	31,729.36	24,092.22	26,566.86	21,672.90
Amount Available for Appropriation	43,791.41	36,407.81	34,912.69	31,245.31
Appropriation:				
Interim Dividend	(838.43)	(3,144.10)	(838.43)	(3,144.10)
Proposed Dividend	(838.43)	-	(838.43)	-
Tax on Distributed Profit	(278.50)	(534.34)	(278.50)	(534.34)
Transfer to General Reserve	(900.00)	(1,000.00)	(900.00)	(1,000.00)
Balance (Dr)/Cr carried to Balance Sheet	**40,936.05**	**31,729.36**	**32,057.33**	**26,566.86**

Operational Performance

The primary market and geographical presence of your Company continues to remain in North East Region (NER). Your Company, during the year 2010-11 has achieved the highest ever production of 7,14,500 MT of clinker as against 6,02,220 MT during the last financial year. The Company has achieved highest cement production on consolidated basis at 9,63,715 MT during the current year as against 9,17,853 MT of cement during the last financial year. Your Company has recorded highest ever sale of cement and clinker during the FY 2010-11 on combined basis. As compared to 9,10,664 MT during the last financial year, your Company has sold 9,70,913 MT of cement and clinker during the FY 2010-11. Your Company has registered growth of 18.64% in clinker production, 5% in cement production and 4.69% in sale of cement over the last financial year.

Dividend

During the year, your Company has paid interim dividend of 20% (₹ 2.00 per share) and also proposed a final dividend of 20% (₹ 2.00 per share) involving total outgo of ₹ 1,955.36 lacs (including dividend distribution tax of ₹ 278.50 lacs) as against ₹ 3,678.44 lacs (including dividend distribution tax of ₹ 534.34 lacs) in the previous year. This represents payout ratio of around 20%.

Market Developments

FY 2010-11 has been the year of highest ever sales volume achieved by the Company on consolidated basis. The Company has further strengthened its presence in North East Region (NER). The Company, on consolidated basis, has sold 9,70,913 MT of cement and clinker during the financial year 2010-11. The consolidated sale volume has grown by 4.69% as compared to last year with a market share of approximately 17%, thereby making the

Star brand, the undisputed leader in terms of market share and revenue generation in North East India. The presence of the brand in the retail segment as well as in all the major infrastructural development projects was the major driver in achieving this feat.

The North East's cement demand is continuing to grow at a much faster pace than the all-India cement demand in view of upcoming large scale infrastructural projects in hydel power generation, roadways, railways, defence and rural and urban infrastructure by both Central and State Governments.

The Company has further deepened its roots in all the rural and urban areas with its retail chain which comprises of 504 direct dealers and 2504 retail counters in almost all major towns/cities of the North East. The focus being the individual house builders, for whom a specially designed after sales service has been incorporated with a motto to have a satisfied and happy customer.

The focus has also been on value addition for which routine 'Guest Lecturer Series' are conducted for technocrats towards experience and expertise sharing and thereby leading to better understanding of Civil Engineering aspects for building a better tomorrow.

The brand enjoys a favoured status in prestigious Government departments, naming a few like BHEL, NTPC, NHPC, NEEPCO, BCPL, BRPL, POWER GRID, NHAI, NFR, CPWD etc.

Production and Costs Development

Your Company has recorded its highest-ever production of cement in the FY 2010–11. Cement production in FY 2010–11 has increased by 5% over FY 2009–10. Cost of inputs sourced from the market such as fly ash, gypsum and mill scale has increased, as compared to last year.

Coal

The quality of Meghalaya coal continued to remain a challenge. There has been no significant improvement in its quality. There has been only a marginal change in consumption of coal as percentage of clinker produced. Specific heat consumption has gone down to 799 kcal/kg of clinker during the financial year 2010-11 compared to 834 kcal/kg of clinker during the FY 2009–10. Reduction in specific heat consumption indicates operational improvement.

Fly Ash

Your Company continued using fly ash during the FY 2010-11. Disposal of fly ash generated by thermal power plants in the country has been a major national concern from an environment point of view. During the FY 2010-11, your Company has been able to further optimise fly ash consumption and the same has increased by 1% over the previous year without compromising on quality and strength of the final product.

However, availability of rakes for NER continued to pose a challenge during the current financial year also. Increase in road and rail freight has further added to the total landed cost of fly ash.

Power Cost

Supply of grid power by Meghalaya Energy Corporation Limited (MECL) continued to remain a concern both in terms of quality as well as quantity. MECL could supply only one third of total power required on consolidated basis. The industrial activities in Meghalaya and more particularly in the district of Jaintia Hills has increased manifold in the recent past without corresponding increase in power generation and supply by MECL. Your Company has been able to maintain the level of operation on a sustained basis by having captive power generation source in the form of DG Set and arrangement with its subsidiary company for supply of power. MERC has increased the power tariff from ₹ 3.20 per Kwh to ₹ 3.61 per Kwh with effect from September 1, 2010.

However, on the brighter side, the specific power consumption of the Company has further reduced from 95.33 units in 2009-10 to 90.64 units during the current financial year.

Logistics & Freight

Logistical challenges have been one of the major concerns for your Company during the FY 2010-11. Apart from the inherent logistical challenge of the North East on account of its difficult terrain, the recent implementation of restriction on overloading has further aggravated the problem. The number of vehicles required has gone up substantially for movement of same quantity of raw material and finished goods on account of overload restrictions on highways. This has the impacted industry two folds. On the one hand, cost of freight has gone up substantially; on the other hand, availability of increased number of vehicles has become a concern. Road freight has gone up also on account of worsening crude price in international market from USD 85 prevailing at the close of FY 2009-10 to more than USD 110 at the close of FY 2010-11. This has resulted in significant increase in freight cost for input and finished goods, both.

Your Company has been able to address these concerns significantly by entering into a long-term arrangement with transporters having a large size of fleet at their disposal. Such an arrangement has resulted in the availability of a dedicated fleet at the disposal of your Company for transportation of raw material and finished goods. However, paucity of railway wagons for NER continued to remain a concern.

During the year under review, the Company faced a steep rise in major input costs, coupled with a sharp rise in freight cost, both on inward and outward movements, of material resulting in lower profitability. However, the impact of spiralling cost on the profitability has been somewhat negated by a slew of operational efficiencies on all fronts, such as reduction in specific heat consumption, increase in cement mill output and reduction in specific power consumption. The performance demonstrated the strength and resilience of our long term strategy and our vertical integration across the value chain.

Industry Outlook

There have been significant cement capacity additions of about 30 million tonnes in India during the year 2010–11. As a result of which, the total industry capacity has increased to around 300 million tonnes. These capacities are likely to put pressure on the prices in the short term. However, the long-term outlook for the industry continues to remain positive as India progresses to achieve a stronger economic position in the world scenario. The Government has indicated its commitment for achieving a sustained GDP growth of 8-9% which would call for sustained double digit growth in cement consumption.

India is the second-largest cement producer in the world, with an installed capacity close to 300 million tonnes (MT) in 2010–2011. The sector is expected to add an additional capacity of 92.3 million tonnes (MT) by 2013. As a result, the industry will have a total installed capacity of close to 400 million tonnes (MT) by March, 2013. The total cement production for April-January 2010-11 reached 136.51 MT as compared to 130.85 MT over the corresponding period last fiscal. Further, cement despatches also witnessed an upsurge from 130.09 MT during April-January 2009-10 to 135.56 MT during April-January 2010-11. According to the latest research report "Indian Cement Industry Forecast to 2012", produced by RNCOS, cement production in India has grown at a brisk pace during the last few years. Despite recession, the Indian cement industry performed incredibly well amid a recent boom in the infrastructure and housing markets. In view of the upcoming massive infrastructure projects, manufacturers are aggressively increasing their production capacities and the study foresees a 10.5% CAGR growth in cement production during FY 2010-FY 2014. According to a press release, the push in cement demand during the last fiscal was attributed to revival of infrastructure and real estate projects, especially in rural areas.

The cement industry is pushing for increased use of cement in highway and road construction. The Ministry of Road Transport and Highways has planned to invest USD 354 billion in road infrastructure by 2012. Housing, infrastructure projects and the nascent trend of concrete roads would continue to accelerate the consumption of cement. Increased infrastructure spending has been a key focus area. In the Union Budget 2011-12, ₹ 1.73 lac crores has been allocated for infrastructure projects, which is 46% of total plan outlay.

However, increase in input, power and freight cost would remain a concern for the Indian cement industry in the medium term. Availability of grid power, good quality of coal nearer to the manufacturing locations and availability of railway rakes for transportation of input and finished goods are other major challenges before the industry.

Cement Scenario in the North East

The North East Region (NER) continues to remain a focus area in fiscal policies of the Central Government for development of infrastructure. The growth rate of NER economy has outpaced the all-India CAGR. Cement demand has registered a growth of 13% in NER compared to 4.82% on pan-India basis. NER continues to remain a deficit zone in terms of cement supply. The cement demand of NER continues to be catered by import of cement from other states like Chhatisgarh and West Bengal.

The demand of cement in NER is driven largely by infrastructure projects undertaken by the Government as also by consumption in retail segment. There are numerous ongoing infrastructure projects in NER. Bongaigaon thermal power project (Assam), Palatana power project (Tripura), gauge conversion work undertaken by the railways in different regions of NER, a new railway line between Harmuty and Nahargaon, greenfield airports in Arunachal and other NER locations are a few of the important infrastructure projects undertaken by the Government in NER.

With development on the infrastructure front, the economy of NER has also grown and consumption of cement in housing and other retail segment has grown over the years, resulting in growth in demand of cement. During the FY 2010-11, no significant capacity addition has been seen in NER and hence, the prospect of the cement industry in NER continues to remain promising in the foreseeable future.

Subsidiary Companies

Megha Technical & Engineers Private Limited (MTEPL) having a 0.67 MTPA grinding unit at Lumshnong, Meghalaya in which your Company owns 99.96% shareholding and Star Cement Meghalaya Limited (SCML), wherein your Company is having 100% shareholding continue to be the subsidiaries of your Company, during the year under review. However, during the year under review, the Company has increased its shareholding in its erstwhile associate company Meghalaya Power Limited (MPL), which is having an 8 MW power plant and supplying power exclusively to the Company and its subsidiaries MTEPL & SCML, from 49% to 51% to make MPL as its subsidiary w.e.f April 1, 2010. Further to this, the Company also acquired the whole of paid-up equity of NE Hills Hydro Limited (NEHHL) to make NEHHL as its 100% subsidiary w.e.f February 3, 2011 for participating in the upcoming Hydel Projects in the North East.

The statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiaries is annexed to this report. The Board of Directors has given its consent for not attaching the financial statements of the subsidiaries referred to in the aforesaid annexed statement, pursuant to general circular no. 2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India. However, the annual account of the subsidiary companies and the related detailed information shall be made available to the shareholders of the Company and that of its subsidiaries, seeking such information at any point of time. The annual accounts of subsidiaries are also available for inspection by any shareholder at the corporate office of the Company and that of its subsidiaries.

Consolidated Financial Statements

Your Company has also prepared the Consolidated Financial Statement in accordance with Accounting Standard 21 issued by Institute of Chartered Accountants of India, which comprises of the financial statement of the Company and the subsidiaries MTEPL, MPL, NEHHL & SCML. The audited consolidated financial statements together with Auditors' Report form a part of the Annual Report.

The consolidated net profit of the Company and its subsidiaries amounted to ₹ 12,062.05 lacs for the financial year ended on March 31, 2011 as compared to ₹ 8,345.83 lacs for the Company on standalone basis.

Expansion and New Projects

Your Company has completed the expansion of clinker manufacturing facility during the year under review and commercial production has started with enhanced capacity of kiln. The installed capacity for manufacture of clinker has increased from 1,800 TPD to 2,400 TPD.

The project work of the clinkerisation project of the subsidiary Star Cement Meghalaya Limited at Lumshnong, Meghalaya and the Company's split location cement grinding unit project at Guwahati, Assam is advancing at a satisfactory pace.

Holding Company

Century Plyboards (India) Ltd (CPIL) remains the Holding Company of your Company, wherein the Holding Company has a stake of 70.48% in your Company.

Internal Control Systems

Your Company has a well-defined internal control system to support efficient business operations and statutory compliance. A team of external firms of chartered accountants appointed to carry out the internal audit function adds to the stability of the internal control systems. Suitable internal checks have been built-in to cover all monetary transactions with proper delineation of authority, which provides for checks and balances at every stage.

Your Company's internal control system provides high level of system-based checks and controls. Regular internal audits and checks ensure that responsibilities are executed efficiently. The Company has an Audit Committee of Directors to review financial statements to shareholders. The Audit Committee reviews the adequacy and effectiveness of internal control system and suggests improvement for strengthening them from time to time.

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.

Personnel & Human Resource and Industrial Relations

Employees of the Company are the key assets and your Company continuously strives towards the development of its employees, to upgrade their skills and to boost the motivation levels of its human resources through various mechanisms. Employees are motivated and team spirit strengthened through various departmental quality circles and other awareness programs being organised from time to time. Your Company continues to maintain a healthy working environment and cordial industrial relations throughout the year.

Occupational Health and Safety

The Company continued its focus on health and safety of employees at the workplace as an area of priority. During the year under review, a Mass Communication Meeting was started which takes place every month for awareness of workmen and employees, on environment health and safety-related aspects. A safety committee meeting is held every month to identify the area-wise unsafe aspects, if any, and to review the preventive and corrective actions of already identified areas. A root cause analysis (RCA) is conducted in respect of each and every incident/near-misses as well as of other unsafe/unhealthy aspects and shared in monthly mass communication meetings to bring awareness and to ensure participation of all. The Company has also ensured initial and periodic medical examination of its employees and workmen. The Company continued to comply with systems and processes of OHSAS – 18001. During the year under review, National Safety Day was observed on a larger scale to bring awareness among all.

Directors

Prem Kumar Bhajanka, Pankaj Kejriwal and Sajan Kumar Bansal, Directors, retire by rotation at the forthcoming Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association and being eligible, offer themselves for re-appointment.

The Board recommends to the members the re-appointment of retiring Directors.

Directors' Responsibility Statement

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

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 appropriate accounting policies and have applied them consistently and have 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, 2011 and of the Profit & Loss Account and Cash Flow of the Company for year ended March 31, 2011.

3 That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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 good going basis.

Corporate Social Responsibility (CSR)

Your Company has consistently demonstrated its commitment to have positive and meaningful relations with communities in and around the Company's plant. They are a large and significant stakeholder group, and our excellent relations with them is one of our strengths. This approach is integrated in our core values and business ethics. Your Company works with community stakeholders, balancing their expectations and concerns with our business needs. Our strong relations with the community are built and strengthened on the basis of mutual respect and trust.

During the current financial year, your Company has donated an ambulance for the benefit of residents of the local village. The Company has organised medical camps and Pulse Polio Vaccination Camp during the current financial year also for the benefit of villagers of the local as well as neighbouring villages and *elaka*. For the development of the local village, the Company has been contributing to Village Welfare Fund on a regular basis. To take care of educational needs of students of local and surrounding villages, your Company has been donating funds to Durbar Shnong of Lumshnong Village and Tongseng Village School.

During the FY 2010–11, your Company has established the Lumshnong Village Local Area Welfare Trust (LVLAWT). This trust is charitable in nature and has been created with the sole objective of carrying out welfare activity towards the benefit of the local village and its residents thereof. Your Company has also donated the corpus fund to the trust in order to carry out the charitable work for the village. The trust has started its activity and is presently engaged in bringing up a new school building of CMCL Vidya Bharti School for better education of the students of the local village and company employees. Your Company has donated land to the trust and has also undertaken to incur the cost of the new school building.

During the FY 2010-11, your Company has contributed substantially for development of Nan Kasari Kur Dkhar Thaw Thang Sati Park at Lawmuslang, Jowai.

Guwahati Blind School continued to get financial support from your Company during the last financial year also. Your Company has sponsored eminent architects and engineers of the North East to attend a seminar on disaster management, conducted overseas with an objective to disseminate the knowledge acquired among people of the North East towards better disaster management.

Audit Committee

Your Company has an audit committee at the Board level, which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. 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 April 14, 2010, July 15, 2010, October 20, 2010 and January 13, 2011.

The Audit Committee, inter-alia, reviews:

- Quarterly, half-yearly and yearly Financial Statements before submission to the Board for approvals.

- Significant related party transactions.
- Audit Reports including Internal Audit Reports and report of internal audit team of the Company.
- The Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation to the Board, the appointment, re-appointment of auditors, and, fixation of audit fees.
- Changes, if any, in accounting policies and practices and reason for the same.

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.

Auditors' Report

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

Auditors

M/s Kailash B Goel & Co., Chartered Accountant, Auditors of the Company, will retire at the forth-coming Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment for the year 2011-12. The members are requested to appoint the Auditors and authorise the Board of Directors to fix their remuneration.

Appreciation

Your Directors deeply acknowledge the continued support and co-operation received from banks, Central and State Governments, local authorities and business associates towards one more successful year of operation. Your Directors also place on record their sincere appreciation for the total commitment, dedication and hard work put in by every member of *Star Parivar*. Your Directors take this opportunity to convey their sincere thanks and appreciation to the villagers of Lumshnong village and other villages in Norpoh *elaka* for their continuous and ever strengthening support. They feel deeply grateful for the confidence and faith that the shareholders have always reposed in them.

For and on behalf of Board

Sajjan Bhajanka

CHAIRMAN AND MANAGING DIRECTOR

Kolkata, April 28, 2011

ANNEXURE – I

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 MARCH 31, 2011.**

A Conservation of Energy

The Company has a full-fledged Energy Conservation Cell headed by the competent Energy Manager duly certified by the Bureau of Energy Efficiency for Identification and Implementation of Energy Conservation Programs.

Specific power consumption (kWh/ton of cement) has reduced from 97.96 KWh in the year 2009-10 to 90.64 kWh during the current year. The Company has produced 22.48% OPC and 77.52% of PPC during the current year on standalone basis. The cement mill output has increased from 61.10 TPH of FY 2009-10 to 68.80 TPH in FY 2010-11.

a Energy Conservation Measures taken:

Following energy conservation, modification and efficiency improvement measures were undertaken during the financial year 2010-11:

1 Replacement of Belt drives in Bag Filter Fans by direct coupling.

2 Installations of VFD for new CSP Bag Filter Fan.

3 Suitable Interlocks have been provided for gearbox and girth gear cooling fans to avoid idle running of these fans.

4 Replaced lightly loaded motors by correct size motor to optimise the capacity of motor and to improve the operating efficiency.

5 Replacement of conventional fluorescent lamps with energy-efficient T5 lamps.

6 Installation of ABT meter in 132 KV switchyard to have close monitoring on grid power consumption, monitoring of reverse power flow to grid and automatic generation of grid power consumption data.

7 Optimisation of pressure drop in pre-heater cyclones resulted in saving in pre-heater fan power consumption as well as thermal energy of clinkerisation.

8 Optimisation of raw mix resulting in reduction in clinkerisation energy.

9 Installation of a furnace for moisture removal from fly ash increasing productivity and efficiency of cement mill.

b Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company has planned to implement the following measures:

i Installation of Jaw Crusher with secondary crusher in place of existing additive crusher.

ii Installation of VFDs for Raw Mill Separator Fan, Raw Mill Fan, Pre Heater, Coal Mill Booster Fan and RABH Fans.

iii Replacement of kiln outlet seal with high efficiency double lamela seal.

iv Close circuiting of tertiary crusher and further size reduction.

v Replacement of coal mill grit separator by high efficiency dynamic separator.

vi Installation of variable frequency drives for kiln compressors.

vii Implementation of International Standard BS EN-16001:2009 for Energy Management System.

c Impact of measures at (a) and (b) above for reduction of Energy Consumption and consequent impact on the cost of production of goods:

Measures referred in (a) are expected to result in energy saving of ₹ 202.27 lacs per annum. Measures referred in (b) are expected to result in energy savings of ₹ 131.82 lacs per annum.

ANNEXURE – I Contd

Form for Disclosures of Particulars with respect to Conservation of Energy:

Particulars	2010-2011	2009-2010
A Power and Fuel Consumption		
1 **Electricity**		
A Purchased		
Units (lacs kWh)	674.50	630.85
Total Amount (₹ in lacs)	4,377.31	3,515.83
Rate/Unit (₹)	6.49	5.57
B Own Generation		
Through Diesel Generator		
Units (lacs kWh)	NIL	NIL
Units/Ltr. of HSD	NIL	NIL
Total Amount (₹ in lacs)	NIL	NIL
HSD const/Unit Generated (₹/unit)	NIL	NIL
2 **Coal (C&D Grade used as fuel in Kiln)**		
Quantity (MT)	1,34,035	1,10,624
Total Cost (₹ in lacs)	4,512.81	3,826.90
Average Rate (₹/MT)	3,366.89	3,459.38
3 **High Speed Oil for Kiln**		
Quantity (K.Ltr)	13,466	61.11
Total Cost (₹ in lacs)	4.58	18.08
Average Rate (₹/K.Ltr)	33,992.00	29,584.00
B Consumption per unit of Production		
Electricity (kWh/T of Cement)	90.64	97.96
HSD (Ltr/T of Clinker)	0.02	0.10
Coal (kcal/kg of Clinker)	799	834
Coal % per MT of Clinker	18.76	18.37

B Technological Absorption

Research & Development (R&D)

The internal Research & Development cell is carrying out R&D Projects with a specified objective of improving quality, innovative processing, alternate fuel, optimisation and improving performance of the plant.

Specific area in which R&D was carried out by the Company:

1. Use of different types of grinding aid, most beneficial one selected is CEMAX-333.
2. Study on enhancement of refractory life.
3. Utilisation of fly ash from different sources and improvement in cement properties.
4. Optimisation of fuel mix by studying coal procurement from different areas.
5. Optimisation of pressure drops in the pre-heater cyclone.
6. Optimisation of cooling speed in clinker cooler.
7. Use of soda ash in the raw mix to balance molar ratio of alkali and sulphate.

8 Feasibility study in use of ferruginous soil as raw material.

9 Development of hot air jacket in Raw Coal hopper.

10 Installation of new venting line at Packing Plant loader.

11 Optimised use of sandstone for appropriate raw mix design.

12 Use of fuel activator for enhancement of calorific value.

Benefits derived as a result of R&D

1 Reduction in energy consumption and improvement in productivity.

2 Enhanced refractory and castable life and better operational management.

3 Increased absorption of blending materials in blended cement.

4 Optimisation of clinker cooler and better stabilisation of clinker phases with improved clinker quality.

5 Use of soda ash in raw mix resulted into smooth kiln operation and use of ferruginous soil resulted into mill scale optimisation.

6 Development of hot air jacket in raw coal hopper benefited in reducing the jamming of raw coal inside the hopper.

7 Installation of new venting line at packing plant truck loaders helped to maintain good environment and dust control at loading points.

Future Plan of Action

1 Feasibility study to be carried out for installation of pre-grinder in cement mills.

2 Close circuiting of limestone tertiary crusher.

3 Feasibility of dynamic separator installation in coal mill.

4 Implementation of social accountability system SA-8001.

5 Research on alternative fuel impact and NABL Accreditation of Laboratory.

6 Separate R & D Laboratory for study on:

- a Different mix and raw material
- b Market quality research
- c Fuel mix study
- d Refractory application
- e Bag size optimisation

7 Installation of additional hopper for feeding performance improver in OPC.

Expenditure on Research & Development

(₹ in lacs)

Particulars	2010-2011	2009-2010
Capital Expenditure	2.77	11.91
Revenue	12.61	8.36
Total	**15.38**	**20.27**

Industrial Relations

The industrial relations situation in the Company remains harmonious and healthy at all levels.

Foreign Exchange Earnings & Outgo

(₹ in lacs)

Particulars	2010-2011	2009-2010
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	1394.79	4330.81

AUDITORS' REPORT

TO THE MEMBERS OF CEMENT MANUFACTURING COMPANY LIMITED

1 We have audited the attached Balance Sheet of Cement Manufacturing Company Limited as at March 31, 2011, 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 the 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 (Auditors' 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 March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

   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 March 31, 2011;

      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
M. No. 57329

Kolkata, April 28, 2011

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 the 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 loans to three companies covered in the Register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 5,366.03 lacs and the year end balance of loans given to such companies was ₹ 3,925.00 lacs. The Company has also taken unsecured loan from one company covered under the Register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 900.00 lacs and the year-end balance of loans taken from such Company was NIL.

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

c In respect of the aforesaid loans, the Company is regular in receiving and paying the principal amounts as stipulated and has been regular in the receipt and payment of interest.

d There is no overdue amount of loans given or received to/from companies, firms, or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956.

4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control 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 such 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 any 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 thereunder 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 and 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, Investor Education & Protection Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it. There were no undisputed arrears as at March 31, 2011, for a period of more than six months from the date they became payable.

9 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 March 31, 2011 which have not been deposited, are as under:

Name of the Statute	Nature of dues	Amount ₹ in lacs	Period to which amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	19.97	2007-08	CESTAT
The Central Excise Act, 1944	Excise Duty	2.75	2009-10	Joint Commissioner
The Central Excise Act, 1944	Excise Duty	59.97	2004-05-06	Commissioner
The Central Excise Act, 1944	Service Tax	21.13	2006-07	Commissioner (Appeals)
The Income Tax Act, 1961	Income Tax	563.86	2006-07	I. Tax Appellate Tribunal
	Total	**667.68**		

10 The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

11 According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks as at the balance sheet date.

12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13 In our opinion, the Company is not a chit fund or a *nidhi*/mutual benefit fund/society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.

14 In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. The Company has invested surplus funds in marketable securities. According to the information and explanations given to us proper records have been maintained of the transactions and contracts and timely entries have been made therein. The marketable securities have been held by the Company, in its own name.

15 In our opinion and on the basis of information and explanations given to us, the terms and conditions of guarantee given by the Company for loans taken from banks by its two subsidiaries

and a body corporate, are not *prima facie* prejudicial to the interests of the Company.

16 In our opinion and on the basis of information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17 According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18 The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s 301 of the Companies Act, 1956 during the year.

19 According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, provisions of Clause 4(xix) of the Companies (Auditors' Report) Order, 2003 (as amended), are not applicable to the Company.

20 The Company has not raised any money through public issues 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

Kolkata, April 28, 2011

BALANCE SHEET AS AT MARCH 31, 2011

(₹ in lacs)

	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4,192.14	4,192.14
Reserves and Surplus	2	36,628.32	30,237.85
Deferred Tax Liability		54.52	–
Loan Funds			
Secured Loans	3	9,697.48	9,095.05
Unsecured Loans	4	3,576.77	912.51
Total		**54,149.23**	**44,437.56**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		22,978.77	18,599.69
Less: Depreciation		8,251.03	6,864.32
Net Block		**14,727.74**	**11,735.37**
Capital Work in Progress		2,796.53	2,495.11
Pre-Operative Expenditure (Pending Allocation)		830.60	901.79
		18,354.87	**15,132.27**
Investments	6	12,565.88	11,446.93
Deferred Tax Assets		–	77.10
Current Assets, Loans & Advances	7		
Current Assets			
Inventories		4,363.61	3,617.89
Sundry Debtors		3,356.17	4,136.66
Cash & Bank Balances		467.79	714.79
Loans & Advances		19,524.30	11,864.86
		27,711.87	**20,334.20**
Less: Current Liabilities & Provisions	8	4,483.39	2,552.95
Net Current Assets		**23,228.48**	**17,781.25**
Total		**54,149.23**	**44,437.56**
Significant Accounting Policies & Notes on Accounts	16		

The Schedules referred to hereinabove form an integral part of the Balance Sheet

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, April 28, 2011

For and on behalf of the Board

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in lacs)

	Schedule	2010-11	2009-10
INCOME			
Gross Sales		34,504.27	32,735.93
Add: Captive Consumption of Cement		26.34	166.84
Less: Sales Tax & VAT		(1,069.58)	(1,559.61)
Less: Excise Duty (Net)		(1,002.57)	(780.30)
Net Sales		32,458.46	30,562.86
Other Income	9	371.01	653.07
Increase/(Decrease) in Stock	10	445.81	228.91
Total		**33,275.28**	**31,444.83**
EXPENDITURE			
Cost of Materials	11	3,854.84	3,570.88
Manufacturing & Operating Expenses	12	11,013.53	9,517.26
Personnel Expenses	13	1,783.78	1,935.42
Selling, Administrative & Other Expenses	14	6,473.65	4,925.24
Interest & Finance Charges	15	340.08	453.19
Depreciation		1,312.15	1,477.09
Total		**24,778.03**	**21,879.09**
Profit before Tax		**8,497.25**	**9,565.74**
Prior Period Adjustments (Net)		(4.10)	0.24
Provision for Taxation			
Current Tax		1,708.43	1,646.06
Less: MAT Credit entitlement		(1,692.73)	(1,625.74)
Net Current Tax		**15.70**	**20.32**
Deferred Tax		(131.62)	26.74
Profit after Tax		**8,345.83**	**9,572.41**
Balance (Dr)/Cr Brought Forward		26,566.86	21,672.90
Profit available for Appropriation		**34,912.69**	**31,245.31**
Appropriations			
Interim Dividend Paid		(838.43)	(3,144.10)
Proposed Dividend		(838.43)	-
Corporate Dividend Tax		(278.50)	(534.34)
Transfer to General Reserve		(900.00)	(1,000.00)
Balance (Dr)/Cr Carried to Balance Sheet		**32,057.33**	**26,566.86**
Basic Earning Per Share (Face Value of ₹ 10 each)		19.91	22.83
Diluted Earning Per Share (Face Value of ₹ 10 each)		19.91	22.83
Significant Accounting Policies & Notes on Accounts	16		

The Schedules referred to hereinabove form an Integral Part of the Profit & Loss Account

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, April 28, 2011

For and on behalf of the Board

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 1		
Share Capital		
Authorised Capital	6,000.00	5,000.00
6,00,00,000 (5,00,00,000 as at 31.03.10) Equity Shares of ₹ 10 each		
Issued, Subscribed & Paid-up		
4,19,21,392 Equity Shares of ₹ 10 each fully paid up in cash	4,192.14	4,192.14
Note: 2,95,47,500 (2,95,47,500 as at 31.03.10) Equity Shares are held by Century Plyboards (India) Limited (Holding Company)		
Total	**4,192.14**	**4,192.14**

	31.03.2011	31.03.2010
SCHEDULE – 2		
Reserves & Surplus		
Capital Reserves		
Balance as per last Account	870.99	872.99
Addition/(Deduction) during the year	–	(2.00)
	870.99	**870.99**
General Reserve		
Balance as per last Account	2,800.00	1,800.00
Addition during the year	900.00	1,000.00
	3,700.00	**2,800.00**
Surplus as per Profit & Loss Account	32,057.33	26,566.86
Total	**36,628.32**	**30,237.85**

	31.03.2011	31.03.2010
SCHEDULE – 3		
Secured Loans		
Rupee Term Loans		
From a Financial Institution	345.46	964.72
From Banks	5,109.69	4,364.95
Foreign Currency Term Loan from Banks	364.05	1,027.44
	5,819.20	**6,357.11**
Buyers Credit from a Bank on Capital Account	–	147.61
Working Capital facilities from Banks		
Cash Credit	3,842.43	2,191.69
Foreign Currency Demand Loan	–	392.72
Hire Purchase Finance		
From Banks	35.86	4.56
From a Body Corporate	–	1.37
Total	**9,697.48**	**9,095.05**

Notes:

1. Term Loans of ₹ 3,557.14 lacs from banks & financial institutions are secured by first charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya on *pari-passu* basis.
2. Term Loans of ₹ 2,262.06 lacs from banks are secured/to be secured by first charge on fixed assets of the Company's cement plants (under implementation) at Guwahati, Assam and Kahalgaon, Bihar on *pari-passu* basis.
3. Working Capital facilities from banks are secured by first charge on current assets of the Company and second charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya on *pari-passu* basis.
4. Term Loans & Working Capital facilities from banks/financial institutions have been guaranteed by some of the Directors of the Company.
5. Hire Purchase Finance is secured by hypothecation of respective fixed assets.

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 4		
Unsecured Loans		
Short Term Loan from a Bank	2,500.00	–
Security Deposits	1,076.77	912.51
Total	**3,576.77**	**912.51**

SCHEDULE – 5

Fixed Assets

(₹ in lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions	Deduction/ Adjustment	Total as on 31.03.2011	Up to 31.03.2010	For the Year	Deduction/ Adjustment	Total as on 31.03.2011	As on 31.03.2011	As on 31.03.2010
A. Cement Plants										
Land & Site Development	485.28	71.83	–	557.11	–	–	–	–	557.11	485.28
Factory Building	3,552.01	125.08	-	3,677.09	1,176.75	237.59	–	1,414.34	2,262.75	2,375.26
Non-Factory Building	1,326.61	675.99	28.45	1,974.14	208.80	56.08	4.67	260.20	1,713.94	1,117.81
Plant, Machinery & Equipment	8,813.03	2,508.30	69.91	11,251.42	4,016.99	715.55	11.68	4,720.85	6,530.57	4,796.05
Pollution Control Equipments	289.97	–	–	289.97	151.87	19.21	–	171.08	118.90	138.11
Laboratory Equipments	61.82	2.77	–	64.59	19.14	6.01	–	25.16	39.44	42.68
Electrical & Water Installation	1,254.88	10.82	–	1,265.70	647.58	84.59	–	732.17	533.53	607.30
Furniture & Fixtures	165.08	12.85	5.44	172.49	77.17	16.44	2.76	90.85	81.63	87.91
Office Equipment	191.97	5.16	–	197.13	36.78	22.45	–	59.22	137.90	155.19
Computers	100.95	4.22	1.30	103.87	73.72	11.28	1.21	83.79	20.08	27.23
Vehicles	283.64	27.18	15.04	295.78	82.68	62.30	10.90	134.08	161.70	200.96
Tools & Tackles	238.59	4.51	–	243.10	84.90	21.75	–	106.65	136.45	153.70
Total – A	**16,763.84**	**3,448.70**	**120.15**	**20,092.40**	**6,576.37**	**1,253.25**	**31.22**	**7,798.40**	**12,294.00**	**10,187.47**
B. Others										
Land & Site Development	542.72	–	–	542.72	–	–	–	–	542.72	542.72
Mines & Mines Development	390.27	723.14	–	1,113.40	–	–	–	–	1,113.40	390.27
Non-Factory Building	57.76	–	–	57.76	10.48	2.36	-	12.84	44.92	47.28
Plant, Machinery & Equipment	–	50.09	–	50.09	–	0.11	–	0.11	49.98	-
Electrical & Water Installation	39.62	11.47	0.05	51.04	10.45	3.81	0.08	14.18	36.87	29.17
Furniture & Fixtures	168.49	11.38	2.03	177.84	60.46	20.63	1.07	80.02	97.81	108.03
Office Equipment	51.23	27.71	5.05	73.89	16.33	7.19	2.49	21.03	52.86	34.90
Computers	120.12	27.02	5.43	141.71	83.09	19.82	5.04	97.88	43.83	37.02
Tools & Tackles	0.50	7.74	–	8.24	0.01	0.36	–	0.37	7.87	0.49
Vehicles	408.26	204.26	1.72	610.80	54.60	114.46	0.25	168.81	441.99	353.66
Total – B	**1,778.98**	**1,062.81**	**14.29**	**2,827.50**	**235.42**	**168.75**	**8.93**	**395.24**	**2,432.26**	**1,543.55**
C. Intangible Assets										
Computer Software	56.87	2.00	–	58.87	52.53	4.87	–	57.39	1.48	4.35
Total – C	**56.87**	**2.00**	**–**	**58.87**	**52.53**	**4.87**	**–**	**57.39**	**1.48**	**4.35**
Total – (A+B+C)	**18,599.69**	**4,513.52**	**134.44**	**22,978.77**	**6,864.32**	**1,426.86**	**40.15**	**8,251.03**	**14,727.74**	**11,735.37**
Previous Year's Figures	17,291.70	1,324.19	16.20	18,599.69	5,372.78	1,501.90	10.36	6,864.32	11,735.37	11,918.92

Note: Depreciation for the year includes ₹ 114.71 lacs (Previous Year – ₹ 24.81 lacs) capitalised as pre-operative expenses

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 6		
Investments Long Term (At Cost) Trade Investments		
Shares in Subsidiary Companies – Unquoted		
Megha Technical & Engineers Private Limited 2,73,36,400 (2,73,36,400 as on 31.03.10) Equity Shares of ₹ 10 each fully paid up	2,733.64	2,733.64
Star Cement Meghalaya Limited 1,41,62,500 (1,29,73,500 as on 31.03.10) Equity Shares of ₹ 10 each fully paid up	7,873.75	6,893.75
Meghalaya Power Limited 54,53,900 (51,90,000 as on 31.03.10) Equity Shares of ₹ 10 each fully paid up	1,926.95	1,795.00
NE Hills Hydro Limited 70,000 (NIL as on 31.03.10) Equity Shares of ₹ 10 each fully paid up	7.00	–
Quoted (Non Trade)		
Reliance Power Limited 8,743 (8,743 as on 31.03.10) Equity Shares of ₹ 10 each fully paid up	24.54	24.54
Note: Aggregate market value of quoted investment – ₹ 11.40 lacs as on 31.03.11 (₹ 13.07 lacs as on 31.03.10)		
	12,565.88	**11,446.93**

Note: The following investments were purchased and sold during the year

Name of Mutual Fund	Face Value	No of Units	Purchase Cost
SBI-SHF Ultra Term Fund	10	483870.19	1,00,00,000.00
Baroda Pioneer Liquid Fund Institutional Growth Plan	10	26296155.00	24,50,00,000.00
LIC-MF Savings Plus Fund	10	4000000.00	4,00,00,000.00
Birla Sun Life Mutual Fund	10	2997961.38	3,00,00,000.00
		33777986.57	**32,50,00,000.00**

	31.03.2011	31.03.2010
SCHEDULE – 7		
Current Assets, Loans and Advances		
Current Assets		
Inventories		
Raw Materials	269.58	432.23
Work-In-Process	569.25	253.58
Finished Goods (including in transit – ₹ 46.26 lacs As on 31.03.10 ₹ 19.72 lacs)	238.02	107.88
Fuels, Packing materials, Stores & Spares parts	3,286.76	2,824.21
	4,363.61	**3,617.89**
Sundry Debtors (Secured Considered Good, Sale of Product)		
Over Six Months	0.50	3.43
Other Debts	383.50	225.03
	384.01	**228.45**
Unsecured (Over Six Months)		
I Sale of Product – Considered Good	220.12	3.68
Sale of Product – Considered Doubtful	14.34	15.73
Less: Provision for Bad and Doubtful debt	(14.34)	(15.73)
	220.12	**3.68**
II Claims due from Central Government – Considered Good	1,228.67	2,266.21

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 7 Contd		
Unsecured (Other Debts)		
I Sale of Product – Considered Good	1,399.20	1,317.76
II Claims due from Central Government – Considered Good	124.17	320.55
	1,523.37	1,638.31
	3,356.17	**4,136.66**
Cash & Bank Balances		
Cash In Hand	35.66	13.30
Cheques In Hand	198.05	479.50
Balances with Scheduled Banks:		
Current Accounts	122.98	197.63
Cash Credit Account	55.61	–
Fixed Deposit Account	38.34	22.56
Balance with a Non-Scheduled Bank:		
Current Accounts	17.15	1.80
Meghalaya Rural Bank (Maximum amount outstanding during the year ₹ 40.35 lacs, Previous Year ₹ 36.12 lacs)		
	467.79	**714.79**
Loans and Advances (Unsecured, considered good)		
Loan to Holding Company	500.00	–
Loans and Advances to Subsidiaries	5,229.38	1,721.16
Advances Recoverable in Cash or in kind or for value to be received	3,889.05	2,812.88
Advances against Capital Expenditure	1,645.67	526.81
Advances to Suppliers	747.45	132.19
CST Refundable	–	1.49
Subsidies Receivable from Central/State Governments	976.81	2,300.61
Deposits	98.77	72.68
Balances with/Receivable from Central Excise Department	1,244.97	912.45
Advance Income Tax including MAT credit entitlement, net of provisions	5,192.21	3,384.56
	19,524.30	**11,864.86**

	31.03.2011	31.03.2010
SCHEDULE – 8		
Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors (Trade)	126.36	153.57
Sundry Creditors for Capital Expenditure	309.26	76.73
Sundry Creditors – Micro, Small & Medium Enterprises (Refer Note No. 10)	–	–
Interest Accrued but not due	0.22	0.21
Advances from Customers	162.16	35.92
Statutory Liabilities (including excise duty on finished goods ₹ 117.03 lacs, ₹ 40.63 lacs as on 31.03.10)	875.32	499.81
Other Liabilities	1,936.72	1,698.59
Total (A)	**3,410.04**	**2,464.84**
Provisions		
For Proposed Dividend	838.43	–
For Corporate Dividend Tax	139.25	–
For Gratuity	54.23	50.57
For Leave Encashment	41.44	37.54
Total (B)	**1,073.35**	**88.11**
Total (A+B)	**4,483.39**	**2,552.95**

(₹ in lacs)

	2010-11	2009-10
SCHEDULE – 9		
Other Income		
Interest (Gross, TDS ₹ 13.96 lacs, Previous Year ₹ 17.96 lacs)	146.83	155.97
Exchange Fluctuation Gain	–	402.98
Insurance and Other Claims	29.61	1.43
Miscellaneous Income	194.57	92.69
	371.01	**653.07**
SCHEDULE – 10		
Increase/(Decrease) in Stock		
Work in Process		
Opening Stock	253.58	100.15
Closing Stock	569.25	253.58
	315.67	**153.43**
Finished Goods		
Opening Stock	107.88	32.40
Closing Stock	238.02	107.88
	130.13	**75.48**
Increase/(Decrease)	**445.81**	**228.91**
SCHEDULE – 11		
Cost of Materials		
Consumption of Raw Materials	3,014.36	2,669.54
Consumption of Stores & Spares	281.06	373.69
Packing Materials	559.43	527.65
	3,854.85	**3,570.88**
SCHEDULE – 12		
Manufacturing & Operating Expenses		
Royalty	1,119.62	777.92
Power & Fuel	8,901.31	7,356.81
Repairs & Maintenance		
Building	142.50	142.05
Plant & Machinery	308.61	767.59
Others	58.28	82.36
Excise Duty Variation on Opening/Closing stock	75.86	35.37
Freight & Material Handling Expenses	57.73	51.99
Equipment Hire Charges	102.18	97.41
Heavy Vehicle/Equipment Running Expenses	247.42	205.78
	11,013.53	**9,517.26**
SCHEDULE – 13		
Personnel Expenses		
Salaries, Wages & other Manpower Expenses	1,633.38	1,808.55
Contribution to Provident Fund	48.36	38.97
Welfare Expenses	102.04	87.90
	1,783.78	**1,935.42**

(₹ in lacs)

	2010-11	2009-10
SCHEDULE – 14		
Selling, Administrative & Other Expenses		
Travelling & Conveyance	152.41	124.96
Exchange Fluctuation Loss	21.00	–
Bank Charges	41.48	27.77
Insurance (Net)	24.90	30.22
Rent, Rates & Taxes	173.57	134.38
Printing & Stationery	32.46	34.71
Postage, Telephone and Communication	76.39	68.43
Legal & Professional Fees	63.49	89.39
Vehicle Running Expenses	39.06	29.95
Research & Development Expenses	12.61	8.36
Directors' Remuneration	246.96	200.44
Charity & Donation (Refer Note No. 21)	486.65	164.48
Miscellaneous Expenses	113.69	138.84
Misc./Preliminary Expenses Written Off	5.00	42.17
Advertisement & Publicity	454.14	356.68
Outward Freight Charges (Net)	3,653.58	2,848.29
Sales Promotion Expenses	243.00	174.37
Commissions, Discounts & Incentives on Sale	633.25	451.82
	6,473.65	**4,925.24**

	2010-11	2009-10
SCHEDULE – 15		
Interest & Finance Charges		
On Fixed Loans	238.96	268.56
Others	101.11	184.63
	340.08	**453.19**

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

SCHEDULE – 16 Annexed to and forming part of the Balance Sheet as at March 31, 2011 and Profit & Loss Account for the year ended on that date

A Significant Accounting Policies

1 System of Accounting

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 in consistent with those used in the previous year.

2 Use of Estimates

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

3 Fixed Assets

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

4 Capital Work in Progress

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

5 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 capitalised.

6 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 recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

7 Investments

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

8 Inventories

Inventories are valued at lower of cost and net realisable 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.

SCHEDULE – 16 Contd

9 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 recognised in the Profit & Loss Account.

10 Borrowing Costs

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

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

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.

All exchange differences, other than those regarded as adjustment to the interest cost, arising from foreign currency transactions (including booking of forward contracts) remaining unsettled at the year end are translated at closing exchange rate prevailing at the end of the year and dealt within the Profit & Loss Account.

Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

The translation gain/loss on any foreign currency borrowing relating to a depreciable fixed asset are charged to the Profit & Loss Account.

13 Miscellaneous Expenditure

Expenses under the head “Miscellaneous Expenditure” are written off in the year in which they are incurred.

14 Taxes on Income

Tax expense comprises of 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. 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 recognised 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 recognised and carried forward only to the extent that there is reasonable certainty that the assets will be realised 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 realisation/liabilities.

Minimum Alternate Tax (MAT) credit is recognised 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 Balance Sheet date and adjusts MAT credit entitlement to the extent there is convincing evidence to the effect that the Company will pay normal income tax during the specified period.

15 Revenue Recognition

Items of income and expenditure are recognised on accrual basis except stated otherwise. Sales are recorded on despatch of goods to the customer. Sales include Excise Duty, Sales Tax & VAT and are net of trade discounts, rebates and returns. Sales also include the amount of Sales Tax & VAT remission in accordance with the respective Incentive Schemes of the Central/State Government. Interest income is recognised on time proportion basis.

16 Government Grants/Subsidies

Government grants/subsidies are recognised when there is reasonable certainty that the same will be received. Revenue grants in the nature of recoupment/reimbursement of any item of expenditure are recognised in the Profit & 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.

17 Intangible Asset

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

18 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 they are incurred.

19 Provisions and Contingencies

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

SCHEDULE – 16 Contd

B Notes on Accounts

(₹ in lacs)

		As on 31.03.2011	As on 31.03.2010
1	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	6,014.95	6,023.78
2	Contingent Liabilities not provided for:		
	a Bank Guarantees issued by Banks	318.49	634.20
	b Letters of Credit issued by Banks	4,302.85	2,158.36
	c Export Obligations Under EPCG Scheme	307.04	-
	d Claims against the Company not acknowledged as debts – Excise/VAT/Income Tax Matters	667.68	632.01
	e Guarantee provided to banks against borrowings of subsidiaries [Outstanding as on 31.03.11 – ₹ 19,779.52 lacs (as on 31.03.10 – ₹ 6,724.01 lacs)]	47,439.00	45,900.00
	Others [Outstanding as on 31.03.11 – ₹ 2,401.28 lacs (as on 31.03.10 – ₹ 500 lacs)]	2,477.30	500.00
3	Fixed Deposit Receipts pledged with the Bank	38.34	22.56
4	Amount of secured loans falling due for repayment in next 12 months	1,477.93	2,244.27

		2010-11	2009-10
5	Remuneration paid to Directors	246.96	200.44
6	Borrowing cost capitalised	729.88	309.76
7	Payment made to the Auditors during the year:		
	a Statutory Audit Fees	4.80	4.80
	b Tax Audit Fees	0.78	0.78
	c Certification & Other Works	1.45	1.62
	d Reimbursement of Expenses	0.07	0.15
		7.10	**7.35**

8 In the opinion of the Management and to the best of their knowledge and belief, the value on realisation 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.

9 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid at the year end, interest paid/payable under this Act has not been given.

10 The Company deals in only one segment, i.e. cement and only in India. There is no separate reportable segment as required by Accounting Standard 17 – 'Segment Reporting'. The Company caters to the needs of the domestic market. As such there are no reportable geographical segments.

11 During the year, the Company acquired 100.00% shareholding of NE Hills Hydro Limited (NEHHL), consequent to which NEHHL has become a subsidiary of the Company w.e.f February 3, 2011.

12 During the year, the Company has increased its shareholding in Meghalaya Power Limited (MPL) to 51% from 49% as at 31.03.2010, consequent to which MPL has become a subsidiary of the Company w.e.f April 1, 2010.

13 **Sundry Debtors include the following amounts due from companies under the same management**

(₹ in lacs)

Names of the Companies	Status	Amount Due as on		Maximum Amount outstanding at any time during the year	
		31.03.2011	31.03.2010	2010-11	2009-10
Century Plyboards (India) Ltd	Holding Co.	-	-	0.19	8.68
Megha Technical & Engineers Pvt. Ltd	Subsidiary Co.	599.21	521.81	1,779.89	2,492.21
Star Cement Meghalaya Limited	Subsidiary Co.	-	-	588.17	172.28
Meghalaya Power Limited	Subsidiary Co.	-	-	165.52	26.62

SCHEDULE – 16 Contd

14 Loans & Advances include the following amounts due from companies under the same management

(₹ in lacs)

Names of the Companies	Status	Amount Due as on		Maximum Amount outstanding at any time during the year	
		31.03.11	31.03.10	2010-11	2009-10
Century Plyboards (India) Ltd	Holding Co.	500.00	-	1,000.00	2,300.00
Megha Technical & Engineers Pvt. Ltd	Subsidiary Co.	-	485.15	400.00	2,000.00
Star Cement Meghalaya Limited	Subsidiary Co.	221.33	225.84	1,201.33	6,577.83
Meghalaya Power Limited	Subsidiary Co.*	5,008.05	1010.18	5,008.05	2,455.00
Skipper Limited	Associate	-	-	500.00	500.00
Star India Cement Limited	Associate	35.00	75.00	75.00	75.00

*w.e.f April 1, 2010, an Associate up to 31.03.2010

15 Unhedged Foreign Currency Exposure

(in millions)

	Currency	As on 31.03.2011	As on 31.03.2010
FCNRB Term Loan	USD	0.82	2.28
FCNRB Demand Loan	USD	-	0.87
Buyers Credit	USD	-	0.33
Letters of Credit for purchase of Capital goods	EURO	6.80	3.56

16 Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"

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

Holding Company	Century Plyboards (India) Limited (CPIL)
Subsidiary Companies	Megha Technical & Engineers Private Limited (MTEPL) Star Cement Meghalaya Limited (SCML) Meghalaya Power Limited (MPL) (w.e.f 01.04.2010) NE Hills Hydro Limited (NEHHL) (w.e.f 03.02.2011)
Associates	Skipper Limited (SL) Shyam Energy Limited (SEL) Star India Cement Limited (SICL) Shyam Metalics & Energy Limited (SMEL) Shyam Century Cement Industries Limited (SCCIL)
Key Management Personnel	Sajjan Bhajanka (Chairman & Managing Director) Brij Bhushan Agarwal (Vice Chairman) Rajendra Chamaria (Vice Chairman & Managing Director) S B Roongta (Managing Director) Sanjay Agarwal (Joint Managing Director) Sajan Kumar Bansal (Director) Prem Kumar Bhajanka (Director) Pankaj Kejriwal (Director) Clara Suja (Director) Sanjay Kr Gupta (Chief Financial Officer)

SCHEDULE – 16 Contd

b Details of transactions between the Company and related parties and the status of outstanding balance as at March 31, 2011 are given hereunder:

(₹ in lacs)

Sl No	Types of Transactions	Holding Company		Subsidiaries		Fellow Subsidiary & Associates		Key Managerial Personnel	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	**Purchase Transactions**								
	CPIL	42.62	780.40	-	-	-	-	-	-
	MTEPL	-	-	677.30	353.08	-	-	-	-
	MPL	-	-	3,028.91	2,290.84	-	-	-	-
2	**Sale Transactions**								
	MTEPL	-	-	12,564.90	11,133.73	-	-	-	-
	SCML	-	-	827.88	172.28	-	-	-	-
	MPL	-	-	152.52	29.25	-	-	-	-
	CPIL	0.19	22.58	-	-	-	-	-	-
3	**Purchase of Capital Goods**								
	MTEPL	-	-	-	137.50	-	-	-	-
	MPL	-	-	3.20	46.98	-	-	-	-
	SMEL	-	-	-	-	157.13	47.45	-	-
	SL	-	-	-	-	29.09	3.06	-	-
4	**Sale of Capital Goods**								
	CPIL	-	-	-	-	-	-	-	-
	MTEPL	-	-	-	-	-	-	-	-
5	**Services Rendered**								
	MTEPL	-	-	11.04	10.33	-	-	-	-
6	**Services Received**								
	MTEPL	-	-	-	-	-	-	-	-
	SCML	-	-	10.55	-	-	-	-	-
7	**Loan & Advances Taken**								
	CPIL	1,400.00	1,300.00	-	-	-	-	-	-
8	**Loans & Advances Given**								
	CPIL	3,430.00	4,150.00	-	-	-	-	-	-
	MTEPL	-	-	400.00	1,605.00	-	-	-	-
	MPL	-	-	3,565.00	-	-	-	-	-
	SCML	-	-	-	175.00	-	-	-	-
	SL	-	-	-	-	1,500.00	500.00	-	-
9	**Reimbursement of Expenses/Cost of Materials sold or given**								
	CPIL	21.54	5.44	-	-	-	-	-	-
	MTEPL	-	-	561.29	1,223.97	-	-	-	-
	SCML	-	-	1,465.46	432.05	-	-	-	-
	MPL	-	-	59.59	142.17	-	-	-	-
	CPIL	-	-	-	-	-	-	-	-
	SCCIL	-	-	-	-	-	1.45	-	-
	SICL	-	-	-	-	40.54	0.23	-	-
	NEHHL	-	-	0.75	-	-	-	-	-
10	**Reimbursement of Expenses payable/Cost of materials purchased or taken**								
	CPIL	4.53	5.28	-	-	-	-	-	-
	MTEPL	-	-	1,225.89	1,040.24	-		-	-
	SCML	-	-	37.76	48.56	-	-	-	-
	MPL	-	-	27.44	144.28	-		-	-
	SMEL	-	-	-	-	-	0.02	-	-
11	**Guarantees Provided**								
	SCML	-	-	40,000.00	40,000.00	-	-	-	-
	MTEPL	-	-	7,439.00	5,900.00	-	-	-	-

SCHEDULE – 16 Contd

b Details of transactions between the Company and related parties and the status of outstanding balance as at March 31, 2011 are given hereunder: Contd

(₹ in lacs)

Sl No	Types of Transactions	Holding Company		Subsidiaries		Fellow Subsidiary & Associates		Key Managerial Personnel	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
12	**Share Application Money Paid**								
	SCML	-	-	1,148.50	5,585.80	-	-	-	-
	MPL	-	-	705.00	1,105.00	-	-	-	-
	SICL	-	-	-	-	-	-	-	-
13	**Investments Made**								
	SCML	-	-	980.00	6,400.00	-	-	-	-
	MPL	-	-	131.95	1,595.00	-	-	-	-
	NEHHL	-	-	7.00	-	-	-	-	-
14	**Interest Paid**								
	CPIL	16.48	2.47	-	-	-	-	-	-
15	**Interest Received**								
	CPIL	65.67	37.62	-	-	-	-	-	-
	MTEPL	-	-	5.94	78.87	-		-	-
	SCML	-	-	-	13.40	-	-	-	-
	SL	-	-	-	-	39.29	16.99	-	-
	MPL	-	-	45.59	-	-	-	-	-
16	**Remuneration Paid**								
	Sajjan Bajanka	-	-	-	-	-	-	36.00	36.00
	Brij Bhushan Agarwal	-	-	-	-	-	-	36.00	36.00
	Rajendra Chamaria	-	-	-	-	-	-	36.00	36.00
	S B Roongta	-	-	-	-	-	-	4.56	3.64
	Sanjay Agarwal	-	-	-	-	-	-	36.00	36.00
	Sajan Kumar Bansal	-	-	-	-	-	-	36.00	-
	Prem Bhajanka	-	-	-	-	-	-	60.00	36.00
	Pankaj Kejriwal	-	-	-	-	-	-	-	12.00
	Payal Bhajanka	-	-	-	-	-	-	-	2.40
	Clara Suja	-	-	-	-	-	-	2.40	2.40
	Sanjay Kr Gupta	-	-	-	-	-	-	25.00	21.14
17	**Balance Outstanding as on 31.03.2011**								
	Debtors/(Creditors)								
	MTEPL	-	-	599.21	521.81	-	-	-	-
	SL	-	-	-	-	(6.61)	-	-	-
	SMEL	-	-	-	-	(157.13)	-	-	-
	MPL	-	-	(126.22)	(71.16)	-	-	-	-
	Loans								
	CPIL	500.00	-	-	-	-	-	-	-
	MTEPL	-	-	-	485.15	-	-	-	-
	SCML	-	-	221.33	225.84	-	-	-	-
	MPL	-	-	5,008.05	1,010.18	-	-	-	-
	SICL	-	-	-	-	35.00	75.00	-	-
	Guarantees Obtained								
	Sajjan Bhajanka	-	-	-	-	-	-	9,661.63	8,941.52
	Brij Bhushan Agarwal	-	-	-	-	-	-	9,661.63	8,941.52
	Rajendra Chamaria	-	-	-	-	-	-	9,661.63	8,941.52
	Sanjay Agarwal	-	-	-	-	-	-	9,661.63	8,941.52
	Sajan Kumar Bansal	-	-	-	-	-	-	9,661.63	8,941.52
	Prem Bhajanka	-	-	-	-	-	-	9,661.63	8,941.52
	Guarantees Provided								
	MTEPL	-	-	3,757.07	4,022.74	-	-	-	-
	SCML	-	-	16,022.46	2,701.27	-	-	-	-
	Investments								
	MTEPL	-	-	2,733.64	2,733.64	-	-	-	-
	SCML	-	-	7,873.75	6,893.75	-	-	-	-
	MPL	-	-	1,926.95	1,795.00	-	-	-	-
	NEHHL	-	-	7.00	-	-	-	-	-

SCHEDULE – 16 Contd

17 Earning Per Share (EPS)

(₹ in lacs)

	31.03.2011	31.03.2010
Profit/(Loss) Attributable to Equity Shareholders	8,345.83	9,572.41
Equity Share Capital	4,192.14	4,192.14
Weighted Average No. of Equity Shares Outstanding for basic EPS (Face Value of ₹ 10 per share)	4,19,21,392	4,19,21,392
Weighted Average No. of Equity Shares Outstanding for diluted EPS (Face Value of ₹ 10 per share)	4,19,21,392	4,19,21,392
Basic Earning Per Share (₹)	19.91	22.83
Diluted Earning Per Share (₹)	19.91	22.83

18 Deferred Tax Liability/(Assets) as at March 31, 2011 comprises as under

(₹ in lacs)

	Deferred Tax Liability (Assets) as on 01.04.2010	Current Year Charge/ (Credit)	Deferred Tax Liability (Assets) as on 31.03.2011
A Deferred Tax (Assets)/Liability on account of			
Depreciation Difference	(41.88)	114.93	73.05
Gratuity & Leave Encashment	(29.91)	16.14	(13.77)
Provision for Bad & Doubtful Debts	(5.32)	0.56	(4.76)
Net Deferred Tax Liability/(Assets)	(77.10)	131.62	54.52

19 Employee Defined Benefits

a Defined Contribution Plans:

The Company has recognised an expense of ₹ 48.36 lacs (Previous Year – ₹ 38.97 lacs) towards the defined contribution plans.

b The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company. The following tables summarise the components of net benefit expenses recognised in the Profit & Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity.

(₹ in lacs)

	2010-11		2009-10	
	Gratuity/ Others	Leave Encashment	Gratuity/ Others	Leave Encashment
I Expense recognised in the Statement of Profit & Loss Account for the year ended March 31, 2011				
1 Current Service Cost	11.26	0.89	11.25	8.02
2 Interest Cost	4.05	3.16	3.57	2.72
3 Employee Contribution	-	-	-	-
4 Expected Return on Plan Assets	-	-	-	-
5 Actuarial (Gains)/Losses	(10.74)	13.18	(1.32)	2.89
6 Past Service Cost	-	-	-	-
7 Settlement Cost	-	-	-	-
8 Losses/(Gains) on acquisition/divesture	-	-	-	-
9 Total Expense	4.57	17.22	13.50	13.63
II Net Asset/(Liability) recognised in the Balance Sheet as at March 31, 2011				
1 Present Value of Defined Benefit Obligation	54.23	41.44	50.57	37.54
2 Fair Value of Plan Assets	-	-	-	-

SCHEDULE – 16 Contd

(₹ in lacs)

		2010-11		2009-10	
		Gratuity/ Others	Leave Encashment	Gratuity/ Others	Leave Encashment
	3 Funded Status [Surplus/(Deficit)]	(54.23)	(41.44)	(50.57)	(37.54)
	4 Net Asset/(Liability) as at March 31, 2011	(54.23)	(41.44)	(50.57)	(37.54)
III	**Change in Obligation during the Year ended March 31, 2011**				
	1 Present value of Defined Benefit Obligation at the beginning of the year	50.57	37.54	38.81	30.47
	2 Current Service Cost	11.26	0.89	11.25	8.02
	3 Interest Cost	4.05	3.16	3.57	2.72
	4 Settlement Cost	-	-	-	-
	5 Past Service Cost	–	-	-	-
	6 Employee Contribution	-	-	-	-
	7 Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
	8 Actuarial (Gains)/Losses	(10.74)	13.18	(1.32)	2.89
	9 Benefits Payments	(0.90)	(13.33)	(1.76)	(6.56)
	10 Present Value of Defined Benefit Obligation at the end of the year	54.23	41.44	50.55	37.54
IV	**Change in Assets during the Year ended March 31, 2011**				
	1 Plan Assets at the beginning of the year	-	–	-	-
	2 Assets acquired on amalgamation in previous year	-	–	-	-
	3 Settlements	-	-	-	-
	4 Expected return on Plan Assets	-	–	-	-
	5 Contributions by Employer	0.90	13.33	1.76	6.56
	6 Actual Benefit Paid	(0.90)	(13.33)	(1.76)	(6.56)
	7 Actuarial Gains/(Losses)	-	-	-	-
	8 Plan Assets at the end of the year	-	-	-	-
	9 Actual Return on Plan Assets	-	-	-	-
V	**The major categories of plan assests as a percentage of the fair value of total plan assests**				
	1 Funded with insurer	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%	-	-	-

20 Donations include contribution to political parties as follows:

(₹ in lacs)

Name of the Party	2010-11	2009-10
Assam Gan Parishad	10.00	NIL

21 In pursuance of "Accounting Standard 28 – Impairment of Assets" issued by the Institute of Chartered Accountants of India, the Company reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, the Management is of the view that in the current financial year, impairment of assets is not considered necessary.

22 Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part–II of Schedule VI to the Companies Act, 1956.

a Licensed Capacity and Production

		2010-11 (MT)	2009-10 (MT)
i	Installed Capacity – Clinker (MT)*	792000.00	594000.00
ii	Installed Capacity – Cement (MT)*	594000.00	594000.00
iii	Production – Clinker (MT)	714500.00	602220.00
iv	Production – Cement (MT)	405805.00	401411.80

*Annual Capacity as certified by the Management and being a technical matter, accepted by the Auditors

SCHEDULE – 16 Contd

b Sales

	2010-11		2009-10	
	Quantity (MT)	Value (₹ lacs)	Quantity (MT)	Value (₹ lacs)
i Cement*	401286.15	21,531.60	398587.30	21,769.05
ii Clinker	395756.87	12,999.01	306091.00	11,133.72
Total		**34,530.61**		**32,902.77**

*Includes Captive Consumption of 3349.50 MT (Previous Year – 5553.05 MT) amounting to ₹ 26.34 lacs (Previous Year – ₹ 166.84 lacs)

c Stock of Finished Goods

	2010-11		2009-10	
	Quantity (MT)	Value (₹ lacs)	Quantity (MT)	Value (₹ lacs)
i Opening Stock – Clinker	9798.47	235.75	4852.89	95.62
ii Opening Stock – Cement	3235.25	107.88	1030.65	32.40
Total		**343.63**		**128.02**
iii Closing Stock – Clinker	24647.73	557.50	9798.47	235.75
iv Closing Stock – Cement	7433.75	238.02	3235.25	107.88
Total		**795.52**		**343.63**
v Cement Shortage and handling loss etc	320.35		619.90	

d Raw Materials Consumed (100% Indigenous)

	2010-11		2009-10	
	Quantity (MT)	Value (₹ lacs)	Quantity (MT)	Value (₹ lacs)
i Limestone	921424.000	790.50	788143.000	1,099.96
ii Shale	139732.950	104.80	134706.000	101.03
iii Iron Mill Scale/Iron Ore	4894.000	166.69	4380.000	122.85
iv Sandstone	20720.000	9.67	-	-
v Gypsum	5504.338	174.46	7346. 345	156.50
vii Fly Ash	102227.163	1,768.24	106187.812	1,071.05
viii Other Materials	-	-	11313. 170	118.15
Total		**3,014.36**		**2,669.54**

e Value of imported and indigenous Stores, Spare parts, Components consumed and their percentage to total consumption

	2010-11		2009-10	
	Value (₹ lacs)	%	Value (₹ lacs)	%
Stores, Spare parts and Components Consumed				
i Imported	2.69	0.96	11.36	3.04
ii Indigenous	278.37	99.04	362.33	96.96
Total	**281.06**	**100.00**	**373.69**	**100.00**

f CIF Value of Import of Capital Goods during the current financial year ₹ 118.31 lacs (Previous Year – ₹ 9.81 lacs)

SCHEDULE – 16 Contd

g Expenditure incurred in foreign currency

(₹ in lacs)

		2010-11	2009-10
i	Interest Paid	30.07	156.99
ii	Legal and Professional Fees	15.11	1.01
iii	Purchase of Stores, Spare parts and Components	2.69	11.37
iv	Travelling Expenses	0.82	-
Total		**48.69**	**169.37**

23 Figures have been rounded off to the nearest lacs.

24 Previous year's figures have been regrouped and/or rearranged wherever necessary, to conform to current year's classification.

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, April 28, 2011

For and on behalf of the Board

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Statement Pursuant to Part IV of Schedule VI of the Companies Act, 1956

i	**Registration Details**			
	Registration No.	06663 of 2001-2002		
	State Code	13		
	Balance Sheet Date	31.03.2011		
ii	**Capital Raised During the Year**			
	Public Issue	—		
	Bonus Issue	—		
	Rights Issue	—		
	Private Placement	—		
iii	**Position of Mobilisation and Deployment of Funds** (Rupees in thousands)			
	Total Liabilities	5,414,923	**Total Assets**	5,414,923
	Sources of Funds			
	Paid-Up Capital	419,214	Reserves & Surplus	3,662,832
	Secured Loans	969,748	Unsecured Loans	357,677
			Deferred Tax	5,452
	Application of Funds			
	Net Fixed Assets	1,835,487	Investments	1,256,588
	Net Current Assets	2,322,848	Misc. Expenditure	—
iv	**Performance of the Company** (Rupees in thousands)			
	Turnover (Incl. Other Income)	3,282,947	Total Expenditure	2,477,803
	Profit/(Loss) Before Tax	849,725	Profit/Loss After Tax	834,583
	Earning Per Share (₹)	19.91	Dividend Rate (%)	40.00
v	**Generic Names of three Principal Products/Services of Company** (as per monetary terms)			
	Item Code No. (ITC Codes)	2523		
	Product Description	Portland Cement		

For and on behalf of the Board

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CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

Sanjay Kr Gupta
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Y K Chaudhry
COMPANY SECRETARY

Kolkata, April 28, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in lacs)

	Particulars	2010-11	2009-10
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) before Tax and Exceptional Items	8,472.70	9,407.64
	Adjustments for		
	Depreciation	1,312.15	1,477.09
	Unrealised Foreign Exchange Gain/(Loss) – Net	(12.09)	156.06
	Profit/Loss on Sale of Fixed Assets	36.64	2.04
	Interest Income	146.83	(155.97)
	Interest Expenses	340.08	453.19
	Miscellaneous Expenditure written off	5.00	42.17
	Provision for Gratuity & Leave Encashment	985.23	18.84
	Provision for Income Tax & Wealth Tax	(16.93)	(20.95)
	Provision for Proposed Dividend & Corporate Dividend Tax	(977.68)	–
	Prior period items	(4.10)	0.24
	Provision for Bad and Doubtful Debts (Net of adjustments)	14.34	15.73
	Operating Profit before Working Capital changes	10,302.18	11,396.10
	Adjustments for		
	Trade Receivables	780.49	1,042.37
	Inventories	(745.71)	(611.51)
	Other Receivables	(6,119.45)	3,032.67
	Trade Payables	932.10	425.94
	Cash Generated from Operations	5,149.61	15,285.56
	Direct Taxes Paid	(1,540.00)	(1,379.00)
	Net Cash Flow from Operating Activities	**3,609.61**	**13,906.56**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Loans from Companies and Public Bodies	(1.37)	(2.17)
	(Purchase)/Sale of Fixed Assets (including WIP) – Net	(4,534.75)	(3,508.65)
	Share Issue Expenses	(5.00)	(24.08)
	(Purchase)/Sale of Investments	(1,118.95)	(7,995.00)
	Interest Received	(146.83)	155.97
	Net Cash used in Investing Activities	**(5,806.91)**	**(11,373.94)**
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Interest Paid	(340.08)	(453.19)
	Increase in Capital Reserve	–	(2.00)
	Proceeds from/(Repayment of) Long Term Borrowings	(537.91)	(394.51)
	Proceeds from/(Repayment of) Short Term Borrowings	3,805.97	1,096.29
	Dividend Paid	(838.43)	(3,144.10)
	Corporate Dividend Tax Paid	(139.25)	(534.34)
	Net Cash used in Financing Activities	**1,950.30**	**(3,431.85)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(247.00)**	**(899.24)**
	Cash and Cash Equivalents		
	Opening Balance	**714.79**	**1,614.03**
	Closing Balance	**467.79**	**714.79**

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, April 28, 2011

For and on behalf of the Board

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
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CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

SECTION 212 STATEMENTS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

Sl No	Names of Subsidiary Companies	Megha Technical & Engineers Private Ltd	Star Cement Meghalaya Limited	Meghalaya Power Limited	NE Hills Hydro Limited
1	Financial year of the subsidiary companies ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
2	Date from which they have become subsidiaries	March 23, 2006	June 2, 2007	April 1, 2010	February 3, 2011
3	Shares of the subsidiaries held by the Company as on March 31, 2011				
	a Number of shares	2,73,36,400	1,41,62,500	54,53,900	70,000
	b Face value of shares	₹ 10	₹ 10	₹ 10	₹ 10
	c Extent of Holding	99.96%	100%	51%	100%
4	Net aggregate amount of Profit/(Loss) of the subsidiaries, so far as it concerns members of Cement Manufacturing Company Limited				
	a Not dealt with in the accounts of the Holding Company				
	i For the financial year ended March 31, 2011	₹ 3,641.77 lacs	NA	₹ 458.44 lacs	NA
	ii For the previous financial years of the subsidiary companies since they become the Holding Company's subsidiaries	₹ 5,373.03 lacs	NA	NA	NA
	b Dealt with in the accounts of the Holding Company				
	i For the financial year ended March 31, 2011	₹ 5.34 lacs	NA	₹45.99 lacs	NA
	ii For the previous financial years of the subsidiary companies since they become the Holding Company's subsidiaries	₹ 78.87 lacs	NA	NA	NA

(₹ in lacs)

Name of Subsidiary Companies	Megha Technical & Engineers Private Ltd	Star Cement Meghalaya Limited	Meghalaya Power Limited	NE Hills Hydro Limited
Capital	2,734.64	1,416.25	1,069.39	7.00
Reserves	10,026.53	6,457.50	5,035.88	-
Total Assets	17,245.79	24,447.43	15,800.86	7.00
Total Liabilities	17,245.79	24,447.43	15,800.86	7.00
Details of Investments (except investment in subsidiary)	-	-	-	2.70
Gross Turnover (including other income)	34,923.53	-	3,660.84	-
Profit Before Taxation	2,745.37	-	921.80	-
Provision for Taxation	(897.86)	-	(13.80)	-
Profit/(Loss) After Taxation	3,643.23	-	935.60	-
Proposed Dividend	-	-	-	-

For and on behalf of the Board

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CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

Kolkata, April 28, 2011

CONSOLIDATED ACCOUNTS FOR THE YEAR 2010-11

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF **CEMENT MANUFACTURING COMPANY LIMITED**

We have examined the attached Consolidated Balance Sheet of Cement Manufacturing Company Limited and its subsidiaries as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both 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.

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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of a subsidiary (NE Hills Hydro Limited), whose financial statements reflect total assets worth of ₹ 7.00 lacs as at March 31, 2011. These financial statements and other financial information have been audited by other auditors whose report have been furnished to us, and our opinion is based solely on the report of the other auditor.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21 "Consolidated Financial Statements" and Accounting Standards (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at March 31, 2011;

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

iii in the case of Consolidated Cash Flow Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year ended on that date.

For **Kailash B Goel & Co.**

Firm Registration No. 322460E

CHARTERED ACCOUNTANTS

CA. Arun Kumar Sharma

PARTNER

Kolkata, April 28, 2011

M. No. 57329

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(₹ in lacs)

	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	4,192.14	4,192.14
Reserves and Surplus	2	47,256.98	36,413.99
Minority Interest		4,547.11	3.32
Loan Funds			
Secured Loans	3	32,917.44	15,859.30
Unsecured Loans	4	4,273.77	1,341.04
Deferred Tax Liability		84.79	–
Total		**93,272.23**	**57,809.79**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		37,673.76	27,178.20
Less: Depreciation		12,429.98	9,097.45
Net Block		25,243.78	18,080.75
Capital Work in Progress		24,278.35	5,746.36
Pre-Operative Expenditure (Pending Allocation)		4,778.79	1,456.52
		54,300.92	**25,283.63**
Investments	6	27.24	1,821.09
Deferred Tax Assets		–	50.72
Current Assets, Loans & Advances	7		
Inventories		7,851.43	4,873.71
Sundry Debtors		9,117.35	8,352.84
Cash & Bank Balances		2,301.88	3,019.79
Loans & Advances		28,829.51	18,914.83
		48,100.17	**35,161.15**
Less: Current Liabilities & Provisions	8	9,172.77	4,523.06
Net Current Assets		38,927.40	30,638.09
Miscellaneous Expenditure (to the extent not written off or adjusted)	9	16.67	16.26
Total		**93,272.23**	**57,809.79**
Significant Accounting Policies & Notes on Accounts	17		

The Schedules referred to hereinabove form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board

For Kailash B Goel & Co.
Firm Registration No. 322460E
CHARTERED ACCOUNTANTS

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

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M. No. 57329

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

Kolkata, April 28, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in lacs)

	Schedule	2010-11	2009-10
INCOME			
Gross Sales		55,064.42	50,612.21
Less: Sales Tax & VAT		(4,701.35)	(3,910.41)
Less: Excise Duty (Net)		(1,770.58)	(1,570.93)
Net Sales		48,592.50	45,130.87
Income from invesment in an Associate		–	1.56
Other Income	10	580.45	676.81
Increase/(Decrease) in Stock	11	601.73	376.69
Total		**49,774.68**	**46,185.92**
EXPENDITURE			
Cost of Materials	12	6,211.09	7,284.10
Manufacturing & Operating Expenses	13	10,005.02	10,598.25
Personnel Expenses	14	2,621.81	2,433.00
Selling, Administrative & Other Expenses	15	15,700.32	9,920.92
Interest & Finance Charges	16	908.04	886.96
Depreciation		2,566.67	2,162.30
Total		**38,012.95**	**33,285.53**
Profit Before Tax		**11,761.73**	**12,900.39**
Prior Period Adjustments (Net)		(4.11)	(0.25)
Provision for Taxation			
Current Tax		2,450.65	2,245.95
Less: MAT Credit Entitlement		(2,423.61)	(1,625.74)
Net Current Tax		**27.03**	**620.21**
MAT Credit Entitlement for earlier years		909.65	–
Deferred Tax		(118.28)	36.82
Profit After Tax (before adjustment for Minority Interest)		**12,521.95**	**12,316.75**
Less: Minority Interest		459.90	1.16
Profit After Tax (after adjustment for Minority Interest)		**12,062.05**	**12,315.59**
Balance (Dr)/Cr Brought Forward		31,729.36	24,092.22
Profit available for Appropriation		**43,791.41**	**36,407.81**
Appropriations			
Interim Dividend Paid		(838.43)	(3,144.10)
Proposed Divdend		(838.43)	–
Corporate Dividend Tax		(278.50)	(534.34)
Transfer to General Reserve		(900.00)	(1,000.00)
Balance (Dr)/Cr Carried to Balance Sheet		**40,936.05**	**31,729.36**
Basic Earning Per Share (Face Value of ₹ 10 each)		28.77	29.38
Diluted Earning Per Share (Face Value of ₹ 10 each)		28.77	29.38
Significant Accounting Policies & Notes on Accounts	17		

The Schedules referred to hereinabove form an Integral Part of the Profit & Loss Account

As per our report of even date

For and on behalf of the Board

For Kailash B Goel & Co.
Firm Registration No. 322460E
CHARTERED ACCOUNTANTS

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

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M. No. 57329

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

Kolkata, April 28, 2011

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 1		
Share Capital		
Authorised Capital	6,000.00	5,000.00
6,00,00,000 (5,00,00,000 as on 31.03.2010) Equity Shares of ₹ 10 each		
Issued, Subscribed & Paid-up		
4,19,21,392 Equity Shares of ₹ 10 each fully paid-up in cash	4,192.14	4,192.14
Note: 2,95,47,500 (2,95,47,500 as on 31.03.2010) Equity Shares are held by Century Plyboards (India) Limited (Holding Company)		
Total	**4,192.14**	**4,192.14**
SCHEDULE – 2		
Reserves & Surplus		
Capital Reserves		
Balance as per last Account	1,884.63	1,886.63
Addition during the year	736.30	–
Deduction during the year	–	2.00
	2,620.93	**1,884.63**
General Reserve		
Balance as per last Account	2,800.00	1,800.00
Addition during the year (transfer from Profit & Loss Account)	900.00	1,000.00
	3,700.00	**2,800.00**
Surplus as per Profit & Loss Account	40,936.05	31,729.36
Total	**47,256.98**	**36,413.99**
SCHEDULE – 3		
Secured Loans		
Rupee Term Loans		
From a Financial Institution	345.46	964.72
From Banks	23,430.11	10,065.15
Foreign Currency Term Loan from Banks	3,372.35	1,027.44
	27,147.92	12,057.31
Buyers Credit from a Bank on Capital Account	129.49	147.61
Working Capital facilities from Banks		
Cash Credit	5,402.42	3,215.49
Foreign Currency Demand Loan	–	392.72
Hire Purchase Finance		
From Banks	236.26	40.77
From a Body Corporate	1.35	5.40
Total	**32,917.44**	**15,859.30**

Notes:

1 Term Loans of ₹ 3,557.14 lacs from banks & financial institutions are secured by first charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya on *pari-passu* basis.

2 Term Loans of ₹ 2,262.06 lacs from banks are secured/to be secured by first charge on fixed assets of the Company's cement plants (under implementation) at Guwahati, Assam and Kahalgaon, Bihar, on *pari-passu* basis.

3 Term Loans of ₹ 2,197.06 lacs from banks are secured/to be secured by first charge on fixed assets of the subsidiary's cement plant at Lumshnong, Meghalaya on *pari-passu* basis.

4 Term Loans of ₹ 16,022.46 lacs from banks are secured/to be secured by first charge on fixed assets of the subsidiary's cement clinker plant (under implementation) at Lumshnong, Meghalaya.

5 Term Loans of ₹ 3,109.20 lacs from banks are secured/to be secured by first charge on the fixed assets of the subsidiary's power plants at Lumshnong, Meghalaya.

6 Working Capital facilities of ₹ 3,842.42 lacs from banks are secured by way of first charge on current assets of the Company and second charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya on *pari-passu* basis.

7 Working Capital facilities of ₹ 1,560.00 lacs from banks are secured by way of first charge on current assets and second charge on the fixed assets of the subsididary's cement plant at Lumshnong, Meghalaya on *pari-passu* basis.

8 Buyers credit from a bank has been availed against Letter of Credit issued by a bank which is secured by first charge on fixed assets of subsidiary's cement clinker plant (under implementation) at Lumshnong, Meghalaya.

9 Term Loans of ₹ 8,928.40 lacs and Working Capital facilities of ₹ 3,842.42 lacs from banks/financial institutions have been guaranteed by some of the Directors of the Company.

10 Hire Purchase Finance is secured against hypothecation of respective assets.

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 4		
Unsecured Loans		
Short Term Loan from a bank	2,500.00	–
Security Deposits	1,773.77	1,341.04
Total	**4,273.77**	**1,341.04**

SCHEDULE – 5
Fixed Assets

(₹ in lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions	Deduction/ Adjustment	Total as on 31.03.2011	Up to 31.03.2010	For the Year	Deduction/ Adjustment	Total as on 31.03.2011	As on 31.03.2011	As on 31.03.2010
A. Cement Plants										
Land & Site Development	780.38	71.83	–	852.21	–	–	–	–	852.21	780.38
Factory Building	5,256.62	125.08	–	5,381.70	1,553.92	370.34	–	1,924.26	3,457.45	3,702.69
Non-Factory Building	2,691.14	675.99	28.45	3,338.67	315.70	118.96	4.67	429.98	2,908.69	2,375.44
Plant, Machinery & Equipments	12,392.75	3,029.85	69.91	15,352.69	5,074.01	1,140.09	11.68	6,202.42	9,150.27	7,318.75
Pollution Control Equipments	330.67	–	–	330.67	166.12	22.89	–	189.01	141.66	164.54
Laboratory Equipments	61.82	2.77	–	64.59	19.14	6.01	–	25.16	39.44	42.68
Electrical & Water Installation	1,256.21	11.84	–	1,268.05	868.03	172.54	–	1,040.56	227.49	388.18
Furniture & Fixtures	218.37	29.49	5.44	242.42	92.41	25.93	2.76	115.58	126.84	125.96
Office Equipments	231.55	19.69	0.05	251.18	42.06	28.12	0.03	70.15	181.03	189.49
Computers	193.67	21.74	1.30	214.11	124.73	32.54	1.21	156.06	58.04	68.93
Vehicles	898.91	64.22	29.28	933.86	270.48	94.12	21.37	343.23	590.63	628.43
Tools & Tackles	296.88	91.33	–	388.21	100.94	85.46	–	186.40	201.81	195.94
Total – A	**24,608.97**	**4,143.83**	**134.44**	**28,618.36**	**8,627.52**	**2,097.00**	**41.72**	**10,682.81**	**17,935.56**	**15,981.42**
B. Power Plant										
Land & Site Development	331.75	9.95	–	341.70	–	–	–	–	341.70	–
Factory Building	859.64	–	–	859.64	44.75	81.49	–	126.24	733.40	–
Non-Factory Building	120.43	–	–	120.43	3.13	5.86	–	9.00	111.43	–
Plant & Machinery	4,269.36	2.66	–	4,272.02	445.42	536.28	–	981.70	3,290.33	542.68
Laboratory Equipments	10.45	0.38	–	10.84	1.36	1.30	–	2.66	8.18	–
Electrical Installation	291.67	26.05	–	317.72	24.20	43.81	–	68.01	249.71	2.82
Furniture & Fixtures	15.73	1.36	–	17.09	7.47	1.61	–	9.08	8.02	–
Office Equipments	7.24	0.96	–	8.21	1.87	0.55	–	2.42	5.79	0.58
Tools & Tackles	39.23	31.95	–	71.18	7.09	4.61	–	11.70	59.48	2.60
Computers	10.37	4.53	–	14.90	5.63	1.78	–	7.41	7.49	0.63
Vehicles	121.39	–	7.00	114.39	37.66	23.26	3.92	57.00	57.39	–
Total – B	**6,077.25**	**77.86**	**7.00**	**6,148.12**	**578.59**	**700.54**	**3.92**	**1,275.21**	**4,872.91**	**549.31**
C. Others										
Mines & Mines Development	932.99	723.14	–	1,656.13	–	–	–	–	1,656.13	932.99
Non-Factory Building	57.76	–	–	57.76	10.48	2.36	–	12.84	44.92	47.28
Plant, Machinery & Equipments	–	50.09	–	50.09	–	0.11	–	0.11	49.98	–
Electrical & Water Installation	39.62	11.47	0.05	51.04	10.45	3.81	0.08	14.18	36.87	29.17
Furniture & Fixtures	168.49	11.38	2.03	177.84	60.46	20.63	1.07	80.02	97.81	108.03
Office Equipments	51.23	27.71	5.05	73.89	16.33	7.19	2.49	21.03	52.86	34.90
Computers	120.12	27.02	5.43	141.71	83.09	19.82	5.04	97.88	43.83	37.02
Tools & Tackles	0.50	7.74	–	8.24	0.01	0.36	–	0.37	7.87	0.49
Vehicles	408.26	204.26	1.72	610.80	54.60	114.46	0.25	168.81	441.99	353.66
Total – C	**1,778.98**	**1,062.81**	**14.29**	**2,827.50**	**235.42**	**168.75**	**8.93**	**395.24**	**2,432.26**	**1,543.55**
D. Intangible Assets										
Computer Software	76.66	3.13	–	79.78	70.19	6.54	–	76.72	3.06	6.47
Total – D	**76.66**	**3.13**	**–**	**79.78**	**70.19**	**6.54**	**–**	**76.72**	**3.06**	**6.47**
Total – (A+B+C+D)	**32,541.85**	**5,287.63**	**155.72**	**37,673.76**	**9,511.73**	**2,972.82**	**54.58**	**12,429.98**	**25,243.78**	**18,080.75**
Previous Year's Figures	25,383.07	2,561.76	766.63	27,178.20	7,232.56	2,284.27	419.38	9,097.45	18,080.75	18,150.51

Notes:

1 Depreciation for the year includes ₹ 406.15 lacs, (Previous Year – ₹ 121.97 lacs), capitalised as pre-operative expenditure by the Company and its subsidiaries.

2 The Opening Gross Block and Depreciation of Power Plant includes the amount of Megalaya Power Limited which became a subsidiary of the Company w.e.f April 1, 2010.

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 6		
Investments		
Long Term (At Cost)		
Trade, Unquoted		
Meghalaya Power Limited	–	1,796.56
NIL (51,90,000 as on 31.03.2010) Equity Shares of ₹ 10 each fully paid-up		
Note: w.e.f April 1, 2010 Meghalaya Power Limited became a subsidiary of the Company		
Trade, Unquoted		
Ribhoi Engineering Company Private Limited	2.70	–
27,000 (NIL as on 31.03.2010) Equity Shares of ₹ 10 each fully paid-up		
Non Trade, Quoted		
Reliance Power Limited	24.54	24.54
8,743 (8,743 as on 31.03.2010) Equity Shares of ₹ 10 each fully paid-up		
Note: Aggregate market value of quoted investment – ₹ 11.40 lacs as on 31.03.2011 (₹ 13.07 lacs as on 31.03.2010)		
	27.24	**1,821.09**

	31.03.2011	31.03.2010
SCHEDULE – 7		
Current Assets, Loans and Advances		
Current Assets		
Inventories		
Raw Materials (Including in transit – ₹ 2.88 lacs, Previous Year ₹ NIL)	727.05	672.77
Work-In-Process	569.25	253.58
Finished Goods (Including in transit – ₹ 242.66 lacs, as on 31.03.2010 – ₹ 167.82 lacs)	552.00	265.95
Fuels, Packing Materials, Stores & Spare parts	6,003.13	3,681.42
	7,851.43	**4,873.71**
Sundry Debtors (Secured Considered Good)		
Sale of Product		
Over Six Months	24.30	31.35
Other Debts	842.99	443.75
	867.29	**475.10**
Unsecured (Over Six Months)		
I Sale of Product – Considered Good	265.91	44.73
Sale of Product – Considered Doubtful	104.03	24.72
Less: Provision for Bad & Doubtful Debt	(104.03)	(24.72)
	265.91	**44.73**
II Claims Due from Central Government – Considered Good	4,528.45	4,803.70
Unsecured (Other Debts)		
I Sale of Product – Considered Good	1,801.18	1,665.28
II Claims Due from Central Government – Considered Good	1,654.52	1,364.01
	9,117.35	**8,352.84**
Cash & Bank Balances		
Cash In Hand	51.50	18.78
Cheques In Hand	629.79	776.20
Balances with Scheduled Banks:		
Current Accounts	649.87	446.58
Cash Credit Account	55.61	–
Fixed Deposit Account	890.14	1,775.27

(₹ in lacs)

	31.03.2011	31.03.2010
SCHEDULE – 7 Contd		
Balance with a Non-Scheduled Bank:		
Current Accounts	24.97	2.96
Meghalaya Rural Bank (Maximum amount outstanding during the year ₹ 81.31 lacs, Previous Year – ₹ 60.49 lacs)		
	2,301.88	**3,019.79**
Loans and Advances (Unsecured, Considered Good)		
Loans [including ₹ 500 lacs (NIL as on 31.03.2010) to Holding Company]	2,009.17	–
Advances Recoverable in Cash or in kind or for value to be received	4,548.62	4,675.11
Advances against Capital Expenditure	5,349.33	2,718.33
Advances to Suppliers	878.92	162.66
CST Refundable	113.34	11.87
Subsidies Receivable from Central/State Governments	6,442.88	6,498.80
Deposits	163.07	113.28
Balances with/Receivable from Central Excise Department	2,610.78	1,441.22
Advance Income Tax including MAT credit entitlement, net of provisions	6,713.40	3,293.54
	28,829.51	**18,914.83**

	31.03.2011	31.03.2010
SCHEDULE – 8		
Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors (Trade)	297.76	97.98
Sundry Creditors for Capital Expenditure	1,319.21	145.10
Sundry Creditors – Micro, Small & Medium Enterprises (Refer Note No. 6)	–	–
Interest Accrued but not due	1.53	0.46
Advances from Customers	332.82	102.00
Statutory Liabilities (including excise duty on finished goods ₹ 128.58 lacs, ₹ 40.95 lacs as on 31.03.2010)	1,417.11	776.71
Other Liabilities	4,663.55	3,285.67
Total (A)	**8,031.98**	**4,407.92**
Provisions		
For Proposed Dividend	838.43	–
For Corporate Dividend Tax	139.25	–
For Gratuity	86.21	62.92
For Leave Encashment	76.91	52.21
Total (B)	**1,140.80**	**115.14**
Total (A+B)	**9,172.77**	**4,523.06**

	31.03.2011	31.03.2010
SCHEDULE – 9		
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Preliminary Expenses		
Balance as per last Account	16.26	15.07
Addition during the year	5.42	12.50
Written off during the year	(5.00)	(11.31)
Total	**16.67**	**16.26**

(₹ in lacs)

	2010-11	2009-10
SCHEDULE – 10		
Other Income		
Interest (Gross, TDS ₹ 20.07 lacs, Previous Year – ₹ 10.14 lacs)	157.24	65.11
Exchange Fluctuation Gain	78.10	402.98
Insurance and Other Claims	29.61	47.09
Miscellaneous Income	315.50	161.62
	580.45	**676.81**
SCHEDULE – 11		
Increase/(Decrease) in Stock		
Work in Process		
Opening Stock	253.58	100.15
Closing Stock	569.25	253.58
	315.67	**153.43**
Finished Goods		
Opening Stock	265.95	42.69
Closing Stock	552.00	265.95
	286.05	**223.26**
Increase/(Decrease)	**601.73**	**376.69**
SCHEDULE – 12		
Cost of Materials		
Consumption of Raw Materials	4,481.04	5,648.95
Consumption of Stores & Spares	391.00	433.48
Packing Materials	1,339.06	1,201.68
	6,211.09	**7,284.10**
SCHEDULE – 13		
Manufacturing & Operating Expenses		
Royalty	1,119.62	777.92
Power & Fuel	7,602.46	8,219.63
Repairs & Maintenance		
Building	154.80	148.25
Plant & Machinery	393.57	798.32
Others	86.65	101.98
Excise Duty variation on Opening/Closing Stock	90.47	60.70
Freight & Material Handling Expenses	155.18	126.18
Equipment Hire Charges	117.37	97.41
Heavy Vehicle/Equipment Running Expenses	284.89	267.87
	10,005.02	**10,598.25**

(₹ in lacs)

	2010-11	2009-10
SCHEDULE – 14		
Personnel Expenses		
Salaries, Wages & Other Manpower Expenses	2,430.13	2,282.14
Contribution to Provident Fund	76.29	56.02
Welfare Expenses	115.38	94.85
	2,621.81	**2,433.00**

	2010-11	2009-10
SCHEDULE – 15		
Selling, Administrative & Other Expenses		
Travelling and Conveyance	226.30	174.76
Exchange Fluctuation Loss	–	–
Bank Charges	79.00	54.85
Insurance (Net)	75.26	63.90
Rent, Rates & Taxes	413.16	251.77
Printing & Stationery	44.10	41.55
Postage, Telephone and Communication	90.64	79.29
Legal & Professional Fees	92.02	103.21
Vehicle Running Expenses	76.08	53.21
Research & Development Expenses	17.42	11.79
Directors' Remuneration	269.16	202.84
Charity & Donation	513.05	169.58
Miscellaneous Expenses	274.20	170.18
Miscellaneous Expenses/Preliminary Expenses Written Off	5.00	51.98
Advertisement & Publicity	785.53	467.85
Outward Freight Charges (Net)	10,580.61	6,573.25
Sales Promotion Expenses	343.36	266.17
Commission, Discount & Incentives on Sale	1,815.44	1,184.73
	15,700.32	**9,920.92**

	2010-11	2009-10
SCHEDULE – 16		
Interest & Finance Charges		
On Fixed Loans	801.28	650.72
Others	106.76	236.24
	908.04	**886.96**

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

SCHEDULE – 17 Annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2011 and Consolidated Profit & Loss Account for the year ended on that date

A Principles of Consolidation

a In accordance with Accounting Standard 21 on "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India, the consolidated financial statements have been prepared on line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's separate financial statements.

b The excess/shortfall of cost to the Company of its investments in the subsidiary companies, over the net assets at the time of acquisition in the subsidiaries as on the date of investment is recognised in the financial statements as goodwill/capital reserve as the case may be.

c The subsidiary companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of Voting Power as on 31.03.2011
Megha Technical & Engineers Private Limited	India	99.96
Star Cement Meghalaya Limited	India	100.00
Meghalaya Power Limited*	India	51.00
NE Hills Hydro Limited**	India	100.00

* became subsidiary with effect from April 1, 2010
** became subsidiary with effect from February 3, 2011

d The parent and the subsidiaries provide depreciation on Written Down Value (WDV) method except the Power Division of MTEPL, where depreciation is provided on Straight-Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Except this, the parent and subsidiaries have adopted uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the Company's separate financial statements.

e In terms of Accounting Standard-21 notified under Companies (Accounting Standards) Rules, 2006, Minority Interest has been computed in respect of non fully-owned subsidiaries and adjusted against the consolidated income of the Group in order to arrive at the net income attributable to the shareholders of the Company.

f Reserves shown in the Consolidated Balance Sheet represent the Group's share in the respective reserves of the Group companies. Retained earnings comprise general reserve and Profit and Loss Account.

B Significant Accounting Policies

1 System of Accounting

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. Except otherwise mentioned, the accounting policies applied by the Company are consistent with those used in the previous year.

2 Use of Estimates

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

3 **Fixed Assets**

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

4 **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.

5 **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 capitalised.

6 **Investments**

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

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 Fixed Assets of Power Division of the subsidiary (MTEPL) is provided on straight-line 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 recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

8 **Inventories**

Inventories are valued at lower of cost and net realisable 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.

9 **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 & 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.

SCHEDULE – 17 Contd

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 gains/losses, if any, are recognised in the Profit & Loss Account.

10 Borrowing Costs

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

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

12 Intangible Assets

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

13 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.

All exchange differences other than those regarded as adjustment to interest cost, arising from foreign currency transaction (including booking of forward contracts) remaining unsettled at the year end, are translated at closing exchange rate prevailing at the end of the year and dealt within the Profit & Loss Account.

Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

The translation gain/loss arising on any foreign currency borrowing relating to a depreciable fixed asset are charged to the Profit & Loss Account.

14 Miscellaneous Expenditure

Expenses under the head "Miscellaneous Expenditure" are written off in the year in which they are incurred.

15 Revenue Recognition

Items of income and expenditure are recognised on accrual basis except stated otherwise. Sales are recorded on despatch of goods to the customer. Sales include Excise Duty, Sales Tax/VAT (including remission as per the incentive scheme of the respective State Governments, wherever applicable) and are net of trade discounts, rebates and returns. Interest income is recognised on time proportion basis.

SCHEDULE – 17 Contd

16 Taxes on Income

Tax expense comprises of current & 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. 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 recognised 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 recognised and carried forward only to the extent that there is reasonable certainty that the assets will be realised 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 realisation/liabilities.

Minimum Alternate Tax (MAT) credit is recognised 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 Balance Sheet date and adjusts 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.

17 Government Grants/Subsidies

Government grants/subsidies are recognised when there is reasonable certainty that the same will be received. Revenue grants in the nature of recoupment/reimbursement of any particular item of expenses are recognised in the Profit & Loss Account as deduction from related item of expenditure. Capital grants/subsidies are reduced from cost of respective fixed assets where it relates to specific fixed assets. Other grants/subsidies are credited to the capital reserve.

18 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 they are incurred.

19 Provisions and Contingencies

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

20 Segment Reporting

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

SCHEDULE – 17 Contd

C Notes on Accounts

(₹ in lacs)

			As on 31.03.2011	As on 31.03.2010
1		Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	20,478.74	14,490.88
2		Contingent Liabilities not provided for:		
	a	Bank Guarantees issued by Banks	604.37	821.19
	b	Letters of Credit issued by Banks	10,924.98	6,714.70
	c	Claims against the Company not acknowledged as debts – Excise/VAT/Income Tax Matters	941.42	632.01
	d	Export obligation under EPCG scheme	1,229.16	25.34
	e	Guarantee provided to Banks on behalf of Contractors	2,477.30	671.83
3		Fixed Deposit Receipts pledged with the Bank	896.68	1,775.14
4		Amount of secured loans falling due for repayment within one year	2,662.43	3,080.14

5 In the opinion of the Management and to the best of their knowledge and belief, the value on realisation 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.

6 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosure relating to amounts unpaid at the year end, interest paid/payable under this Act has not been given.

7 Sundry Debtors include the following amounts due from companies under the same management

(₹ in lacs)

Name of the Company	Status	Amount Due as on		Maximum Amount outstanding at any time during the year	
		31.03.2011	31.03.2010	2010-11	2009-10
Century Plyboards (India) Limited	Holding Co.	1.05	-	5.21	14.32

8 Loans & Advances include the following amounts due from companies under the same management

(₹ in lacs)

Names of the Companies	Status	Amount Due as on		Maximum Amount outstanding at any time the year	
		31.03.2011	31.03.2010	2010-11	2009-10
Century Plyboards (India) Limited	Holding Co.	500.00	-	700.00	2300.00
Skipper Limited	Associate	-	-	500.00	500.00
Star India Cement Limited	Associate	35.00	75.00	75.00	75.00
Shyam Sel & Power Limited	Associate	-	-	33.88	-
Shyam Metallic & Energy Limited	Associate	-	-	110.94	-

9 Unhedged Foreign Currency Exposure

(in millions)

	Currency	As on 31.03.2011	As on 31.03.2010
FCNRB Term Loan	USD	7.56	2.28
FCNRB Demand Loan	USD	-	0.87
Buyers Credit	USD	0.29	0.33
Letters of Credit for Purchase of Capital Goods	EURO	6.80	-

SCHEDULE – 17 Contd

10 Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"

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

Holding Company	Century Plyboards (India) Limited (CPIL)
Associates	Shyam Metallic & Energy Limited (SMEL)
	Shyam Century Cement Industries Limited (SCCIL)
	Skipper Limited (SL)
	Shyam Energy Limited (SEL)
	Star India Cement Limited (SICL)
	Shyam Sel & Power Limited (SSPL)
Key Management Personnel	Sajjan Bhajanka (Chairman)
	Brij Bhushan Agarwal (Vice Chairman)
	Sanjay Agarwal (Executive Director)
	Prem Kumar Bhajanka (Executive Director)
	S B Roongta (Managing Director)
	Rajendra Chamaria (Vice Chairman & Managing Director)
	Pankaj Kejriwal (Executive Director)
	Sajan Kumar Bansal
	Sanjay Kr Gupta (Chief Financial Officer)
	Carmel Suja
	Clara Suja
	Rangbahduh Khonglah
	Lamshwa Kyndoh

b Details of transactions between the Company and related parties and the status of outstanding balances as at March 31, 2011 are given hereunder:

(₹ in lacs)

Sl No.	Types of Transactions	Holding Company		Associates/ Fellow Subsidiaries		Key Managerial Personnel		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	**Purchase Transactions**								
	CPIL	129.64	782.49	-	-	-	-	129.64	782.49
	SSPL	-	-	398.85	10.89			398.85	10.89
	SMEL	-	-	157.13	47.45			157.13	47.45
	SL	-	-	233.19	43.11			233.19	43.11
2	**Sale Transactions**								
	CPIL	21.94	31.76	-	-	-	-	21.94	31.76
3	**Services Received**								
	CPIL	-	2.70	-	-	-	-	-	2.70
4	**Loan Taken**								
	CPIL	1,400.00	1,300.00	-	-	-	-	1,400.00	1,300.00
5	**Loan Given**								
	CPIL	3,430.00	4,150.00	-	-	-	-	3,430.00	4,150.00
	SL	-	-	1,500.00	500.00	-	-	1,500.00	500.00
6	**Reimbursement of Expenses/Cost of Materials sold or given**								
	CPIL	21.54	5.44	-	-	-	-	21.54	5.44
	SCCIL	-	-	1.61	1.45	-	-	1.61	1.45
	SICL	-	-	40.54	0.23	-	-	40.54	0.23
	SMEL	-	-	22.40	-			22.40	-

SCHEDULE – 17 Contd

b Details of transactions between the Company and related parties and the status of outstanding balances as at March 31, 2011 are given hereunder: Contd

(₹ in lacs)

Sl No	Types of Transactions	Holding Company		Associates/ Fellow Subsidiaries		Key Managerial Personnel		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
7	**Reimbursement of Expenses/Cost of materials purchased or taken**								
	CPIL	33.22	5.37	-	-	-	-	33.22	5.37
	SMEL	-	-	28.04	0.02	-	-	28.04	0.02
8	**Share Application Money Received**								
	CPIL	1,577.00	-	-	-	-	-	1,577.00	-
9	**Interest paid**								
	CPIL	16.48	2.47	-	-	-	-	16.48	2.47
10	**Interest received**								
	CPIL	65.67	37.62	-	-	-	-	65.67	37.62
	SL	-	-	39.29	16.99	-	-	39.29	16.99
11	**Remuneration Paid**								
	S B Roongta	-	-	-	-	4.56	3.64	4.56	3.64
	Payal Bhajanka	-	-	-	-	-	2.40	-	2.40
	Pankaj Kejriwal	-	-	-	-	18.00	12.00	18.00	12.00
	Rajendra Chamaria	-	-	-	-	36.00	36.00	36.00	36.00
	Sajjan Bhajanka	-	-	-	-	36.00	36.00	36.00	36.00
	Brij Bhushan Agarwal	-	-	-	-	36.00	36.00	36.00	36.00
	Sanjay Agarwal	-	-	-	-	36.00	36.00	36.00	36.00
	Prem Bhajanka	-	-	-	-	60.00	36.00	60.00	36.00
	Sanjay Kumar Gupta	-	-	-	-	25.00	21.14	25.00	21.14
	Sajjan Bansal	-	-	-	-	36.00	-	36.00	-
	Carmel Suja	-	-	-	-	2.40	2.40	2.40	2.40
	Clara Suja	-	-	-	-	2.40	2.40	2.40	2.40
	Lamshwa Kyndoh	-	-	-	-	6.00	-	6.00	-
	Rangbahduh Khonglah	-	-	-	-	2.40	-	2.40	-
	Balance Outstanding								
1	**Receivable/(Payable)**								
	CPIL	1.05	-	-	-	-	-	1.05	-
	SL	-	-	(6.61)	-	-	-	(6.61)	-
	SMEL	-	-	(157.13)	-	-	-	(157.13)	-
2	**Share Application Money Received**								
	CPIL	1,577.00	-	-	-	-	-	1,577.00	-
3	**Share Capital & Premium**								
	CPIL	1,796.50	-	-	-	-	-	1,796.50	-
4	**Loans & Advances paid**								
	CPIL	500.00	-	-	-	-	-	500.00	-
	SICL	-	-	35.00	75.00	-	-	35.00	75.00
5	**Guarantees Obtained**								
	Sajjan Bhajanka	-	-	-	-	26,770.83	13,207.83	26,770.83	13,207.83
	Brij Bhushan Agarwal	-	-	-	-	26,770.83	13,207.83	26,770.83	13,207.83
	Rajendra Chamaria	-	-	-	-	9,661.63	8,941.52	9,661.63	8,941.52
	Sanjay Agarwal	-	-	-	-	9,661.63	8,941.52	9,661.63	8,941.52
	Sajan Kumar Bansal	-	-	-	-	9,661.63	8,941.52	9,661.63	8,941.52
	Prem Bhajanka	-	-	-	-	23,661.63	8,941.52	23,661.63	8,941.52

SCHEDULE – 17 Contd

11 Segment Reporting

(₹ in lacs)

Sl No		2010-11				2009-10			
		Power	Cement	Others	Total	Power	Cement	Others	Total
A	**Revenue (Gross)**								
	External Sales*	46.39	55,018.03	-	55,064.42	29.02	50,583.20	-	50,612.22
	Inter Segment Sales	4,249.19	13,571.88	-	17,821.07	357.74	11,225.82	-	11,583.56
	Total Revenue (Gross)	4,295.58	68,589.91	-	72,885.49	386.76	61,809.02	-	62,195.78
B	**Results**								
	Segment Result	1,196.17	11,334.21	-	12,540.38	58.24	13,772.99	-	13,831.24
	Unallocated (Income)/Expenses (Net)	-	–	371.17	371.17	-	-	539.21	539.21
	Interest & Finance Charges (Net)	219.57	187.91	-	407.48	-	391.64	-	391.64
	Operating Profit	-	-	-	11,761.73	-	-	-	12,900.39
	Prior Period Adjustments (Net)	-	-	-	4.11	-	-	-	0.25
	Provision for Taxation	-	-	-	2,450.65	-	-	-	2,245.95
	MAT Credit Entitlement	-	-	-	(3,333.26)	-	-	-	(1,625.74)
	Deferred Tax (Net)	-	-	-	118.28	-	-	-	(36.82)
	Profit After Tax (Before Minority Interest)	-	-	-	12,521.96	-	-	-	12,316.75
	Other Information								
A	**Total Assets**								
	Segment Assets	17,653.25	81,924.88	6.74	99,584.87	743.24	61,622.20	-	62,265.88
	Unallocated Corporate/Other Assets	-	-	-	2,843.46	-	-	-	-
B	**Total Liabilities**								
	Segment Liabilities	4,018.30	36,888.74	0.06	40,907.11	90.47	16,837.54	-	16,828.45
	Unallocated Corporate/Other Liabilities	-	-	5,456.88	5,456.88	-	-	4,994.95	4,994.95
C	**Capital Expenditure**	12,672.15	19,677.76	-	32,349.91	0.37	7,537.52	-	7,537.88
D	**Depreciation**	695.82	1,870.85	-	2,566.67	34.07	2,128.23	-	2,162.30

* External Sales include captive consumption

12 Earning Per Share (EPS)

(₹ in lacs)

	31.03.2011	31.03.2010
Profit After Tax and Minority Interest attributable to Equity Shareholders	12,062.05	12,315.59
Equity Share Capital	4,192.14	41,92.14
Weighted Average No of Equity Shares Outstanding for basic EPS (Face Value of ₹ 10 per share)	419.21	419.21
Weighted Average No. of Equity Shares Outstanding for diluted EPS (Face Value of ₹ 10 per share)	419.21	419.21
Basic Earning Per Share (₹)	28.77	29.38
Diluted Earning Per Share (₹)	28.77	29.38

SCHEDULE – 17 Contd

13 **Deferred Tax Liability/(Asset) as at March 31, 2011 comprises as under:**

(₹ in lacs)

		Deferred Tax Liability/(Assets) as on 31.03.2010	Current Year Charge/ (Credit)	Deferred Tax Liability/(Assets) as on 31.03.2011
A	**Deferred Tax Liability on account of**			
	Depreciation Difference	62.59	4.33	66.92
	Total (A)	**62.59**	**4.33**	**66.92**
B	**Deferred Tax Assets on account of**			
	Depreciation Difference	(41.88)	114.93	73.05
	Gratuity & Leave Encashment	(45.85)	(4.58)	(50.43)
	Provision for Bad & Doubtful debts	(5.32)	0.56	(4.76)
	Preliminary Expenses	(3.05)	3.05	-
	Total (B)	**(96.10)**	**113.96**	**17.86**
C	**Deferred Tax Liability/(Assets) (A–B)**	(33.50)	118.29	84.78

Note: Opening Balance includes deferred tax liability of ₹ 17.33 lacs (Net) of Meghalaya Power Limited

14 **Employee Defined Benefits**

a Defined Contribution Plans – The Company has recognised an expense of ₹ 93.73 lacs (Previous Year – ₹ 56.42 lacs) towards the defined contribution plans.

b The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company. The following tables summarise the components of net benefit expenses recognised in the Profit & Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity.

c Defined Benefit Plans – As per Actuarial Valuation as at March 31, 2011

(₹ in lacs)

			2010-11		2009-10	
			Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	**Expense recognised in the statement of Profit & Loss Account for the year ended March 31, 2011**					
	1	Current Service Cost	19.98	4.41	16.52	13.89
	2	Interest Cost	5.49	5.34	4.35	3.69
	3	Employee Contribution	-	-	-	-
	4	Expected Return on Plan Assets	-	-	-	-
	5	Actuarial (Gains)/Losses	(6.40)	32.24	(2.23)	4.16
	6	Past Service Cost	-	-	-	-
	7	Settlement Cost	-	-	-	-
	8	Losses/(Gains) on Acquisition/Divesture	-	-	-	-
	9	Total Expense	19.07	42.00	18.63	21.74
II	**Net Asset/(Liability) recognised in the Balance Sheet as at March 31, 2011**					
	1	Present Value of Defined Benefit Obligation	86.21	76.91	62.91	52.21
	2	Fair Value of Plan Assets	-	-	-	-
	3	Funded Status [Surplus/(Deficit)]	(86.21)	(76.91)	(62.91)	(52.21)
	4	Net Asset/(Liability) as at March 31, 2011	(86.21)	(76.91)	(62.91)	(52.21)
III	**Change in Obligation during the Year ended March 31, 2011**					
	1	Present value of Defined Benefit Obligation at the beginning of the year	68.61	56.67	46.04	40.18
	2	Current Service Cost	19.98	4.41	16.52	13.89
	3	Interest Cost	5.49	5.34	4.35	3.69
	4	Settlement Cost	-	-	-	-
	5	Past Service Cost	-	-	-	-
	6	Employee Contribution	-	-	-	-

SCHEDULE – 17 Contd

c Defined Benefit Plans – As per Actuarial Valuation as at March 31, 2011 Contd

(₹ in lacs)

		2010-11		2009-10	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
7	Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
8	Actuarial (Gains)/Losses	(6.40)	32.24	(2.23)	4.16
9	Benefits Payments	(1.46)	(21.76)	(1.76)	(9.71)
10	Present Value of Defined Benefit Obligation at the end of the year	86.22	76.91	62.91	52.21
IV	**Change in Assets during the Year ended March, 2011**				
1	Plan Assets at the beginning of the year	-	-	-	-
2	Assets acquired on amalgamation in previous year	-	-	-	-
3	Settlements	-	-	-	-
4	Expected return on Plan Assets	-	-	-	-
5	Contributions by employer	0.90	21.76	1.76	9.71
6	Actual Benefit Paid	(0.90)	(21.76)	(1.76)	(9.71)
7	Actuarial Gains/(Losses)	-	-	-	-
8	Plan Assets at the end of the year	-	-	-	-
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%	-	-	-
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%	-	-	-

15 In pursuance of “Accounting Standard 28 – Impairment of Assets” issued by the Institute of Chartered Accountants of India, the Company reviewed its carrying cost of assets with value in use (determined based on future earnings) and based on such review, the Management is of the view that in the current financial year, impairment of assets is not considered necessary.

16 Previous year’s figures are not comparable as Meghalaya Power Limited (MPL) and NE Hills Hydro Limited (NEHHL) have become the subsidiary of the Company during the current financial year.

17 Previous year’s figures have been regrouped and/or rearranged wherever necessary, to conform to the current year’s classification.

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, April 28, 2011

For and on behalf of the Board

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in lacs)

Particulars	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Exceptional Items	11,639.51	12,741.48
Adjustments for		
Depreciation	2,566.67	2,162.30
Unrealised Foreign Exchange Gain/(Loss) – Net	84.76	156.06
Profit/Loss on Sale of Fixed Assets – Net	37.45	2.85
Interest Income	(157.24)	(65.11)
Interest Expenses	908.04	886.96
Miscellaneous Expenditure written off	5.00	51.98
Provision for Gratuity & Leave Encashment	47.98	29.11
Provision for Proposed Dividend & Corporate Dividend Tax	(977.68)	–
Provision for Wealth Tax	17.23	1.80
Prior Period Items	(4.11)	(0.25)
Provision for Bad and Doubtful Debts (Net of adjustments)	104.03	24.72
Operating Profit before Working Capital Changes	14,271.65	15,991.90
Adjustments for		
Trade Receivables	(868.54)	407.83
Inventories	(2,977.72)	(1,140.78)
Other Receivables	(7,804.69)	(2,052.71)
Trade Payables	5,562.19	1,060.44
Cash Generated from Operations	8,182.89	14,266.68
Direct Taxes - Refund/(Paid) – Net	(2,110.00)	(1,866.00)
Net Cash Flow from Operating Activities	**6,072.89**	**12,400.69**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 Contd

(₹ in lacs)

Particulars	2010-11	2009-10
B CASH FLOW FROM INVESTING ACTIVITIES		
Loans from Companies and Public Bodies	2,932.73	(92.46)
(Purchase)/Sale of Fixed Assets (including Capital WIP) - Net	(31,583.97)	(7,835.30)
Project Feasibilty Expenses	–	(24.08)
(Purchase)/Sale of Investments	1,793.86	(1,596.56)
Interest Received	157.24	65.11
Net Cash used in Investing Activities	**(26,700.15)**	**(9,483.28)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(908.04)	(886.96)
Proceeds from/(Repayment of) Long Term Borrowings	15,090.61	1,506.74
Proceeds from/(Repayment of) Short Term Borrowings	3,084.46	1,293.84
Increase in Capital Reserve	3,764.25	(2.00)
Share Issue Expenses	(5.00)	(12.50)
Dividend Paid	(838.43)	(3,144.10)
Corporate Dividend Tax Paid	(278.50)	(534.34)
Net Cash used in Financing Activities	**19,909.36**	**(1,779.32)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(717.90)**	**1,138.08**
Cash and Cash Equivalents		
Opening Balance	3,019.79	1,881.70
Closing Balance	**2,301.88**	**3,019.79**

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, April 28, 2011

For and on behalf of the Board

Sajjan Bhajanka
CHAIRMAN & MANAGING DIRECTOR

Brij Bhushan Agarwal
VICE CHAIRMAN

Sanjay Kr Gupta
CHIEF FINANCIAL OFFICER

Y K Chaudhry
COMPANY SECRETARY

NOTES

CORPORATE INFORMATION

Board of Directors

Sajjan Bhajanka
Chairman & Managing Director

Brij Bhushan Agarwal
Vice Chairman

Rajendra Chamaria
Vice Chairman & Managing Director

Shrikrishna Brahmadutt Roongta
Managing Director

Sanjay Agarwal
Joint Managing Director

Prem Kumar Bhajanka
Director

Sajan Kumar Bansal
Director

Pankaj Kejriwal
Director

Mangi Lal Jain
Director

Clara Suja
Director

Auditors

Kailash B Goel & Co.
Chartered Accountants
70 G C Avenue, 1st Floor
Kolkata 700013

Company Secretary

Y K Chaudhry

Bankers & FIs

Allahabad Bank
Bank of Baroda
Bank of India
Corporation Bank
North Eastern Development Finance Corporation Limited
Oriental Bank of Commerce
State Bank of India
UCO Bank
Union Bank of India

Registered Office & Works

Vill: Lumshnong, P.O. Khaliehriat
Dist. Jaintia Hills
Meghalaya 793200

Corporate Office

'Satyam Towers'
1st Floor, Unit No. 9B
3 Alipore Road
Kolkata 700027

Guwahati Office

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

Delhi Office

281 Deepali
Pitampura
New Delhi 110034

Registrars & Share Transfer Agents

Maheswari Datamatics Pvt. Ltd
6 Mango Lane, 2nd Floor
Kolkata 700001

Designed by one/one

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