

**STAR CEMENT LIMITED**  
(Formerly CEMENT MANUFACTURING COMPANY LTD)

Date: 13<sup>th</sup> September, 2017

To  
The Listing Department  
National Stock Exchange of India Ltd.  
"Exchange Plaza"  
Bandra Kurla Complex, Bandra (E)  
Mumbai - 400 051

The Listing Department  
BSE Limited  
Phiroze Jeejeebhoy Tower  
Dalal Street  
Mumbai - 400 001

Dear Sir(s),

**Scrip Code: STARCEMENT (NSE), 540575 (BSE)**

**Re: Submission of Annual Report for the Financial Year 2016 -17**

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith a copy of the Annual Report of the Company for the Financial Year 2016-17 duly approved and adopted by the members at its Annual General Meeting held on 11<sup>th</sup> September, 2017.

This is for your information and necessary action.

Thanking you,

Yours Faithfully  
For Star Cement Limited



Debabrata Thakurta  
Company Secretary.



Encl.: As above

**STARCEMENT**  
**Solid Setting**

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**Bankura Office** : Purandar Pur, District - Bankura, West Bengal -722 155

**AN ISO 9001, ISO 14001 & OHSAS 18001 CERTIFIED COMPANY**

CIN NO. U26942ML2001PLC006663

# PASSIONATE. PIONEERING. PERSISTENT. PROACTIVE.

THE FOUR P'S OF THE DYNAMIC STAR CEMENT STORY



## Highlights, FY2016-17

1,752.04

GROSS REVENUES  
(₹/crore)

318.73

CASH PROFIT  
(₹/crore)

410.97

EBITDA  
(₹/crore)

23.78

EBITDA MARGIN  
(%)

171.63

PAT  
(₹/crore)

9.93

PAT MARGIN  
(%)

### Forward-looking 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. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## Biggest takeaways from this annual report

- Investing in sustained efforts to moderate costs
- Investing continuously in innovative marketing to create a distinctive brand recall
- Widening the distribution network, driving business despite macroeconomic disruptions
- Continuing to enjoy undisputed market leadership in North Eastern India

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Star Cement Limited.

More than just the largest cement manufacturer in North Eastern India.

One of the most competitive cement manufacturers in North Eastern India as well.

Driven by passion. Focused on the pioneering.  
Catalysed by persistence. Always proactive.

---

**Our vision**

- To become the fastest growing and the most competitive cement company in Eastern India
- To be respected for a high level of integrity and value

**Our mission**

- Provide utmost satisfaction to the consumer by providing the best quality of cement and after-sales customer care support
- Continuous upgradation of the product through innovation and convergence of new technology to produce the best quality at the lowest cost



- Safeguard and enhance shareholder value
- Utilise surpluses for the welfare of all stakeholders

### About us

Star Cement Limited is the largest cement manufacturer in North East India. Our brand 'Star Cement' has established itself as the most accredited brand in the region on grounds of quality and fair pricing.

### Our manufacturing facilities

The Company has four manufacturing units in Meghalaya, one in Assam and three outsourced units in West Bengal. Our total cement capacity stands at 4.4 million metric tonnes, 2.6 million metric tonnes for clinker and 51 megawatts of power.

Star Cement's integrated cement plant at Lumshnong (Meghalaya) is proximate to key sources of raw material, viz., limestone, coal and shale. The Company's grinding unit at

Guwahati and other outsourcing units in Bengal enjoy a locational advantage of being near to the market.

### Our market presence

Star Cement Ltd. is one of the pre-eminent producers of cement in the East and the most reputed brand in North-East India.

Star Cement ventured out of North East in 2013 to Bihar, Jharkhand and West Bengal. Continuing with its success story, the Company has already made its mark in these States and is poised to become a distinguished player in Eastern India.

Star Cement markets superior quality clinker to different grinding units in North East India and parts of Eastern India. The Company enjoys the highest volume growth in North Eastern India with adequate capacities likely to translate into 10-15% growth over the next two years. The Company also exports clinker to neighbouring countries like Nepal and Bhutan.

### Our brand

Star Cement is the most renowned brand in North-Eastern India with a market share of ~24%.

### Our customers

The Company's institutional customers comprise L&T, NHPC, Public Works Departments, Indian Railways and the Ministry of Defence, among others.

### Our product range

Star Cement's product range comprises Ordinary Portland Cement (43 and 53 grades), Portland Pozzolana Cement Part-I fly ash-based, Portland Pozzolana Cement Part-II and Portland Slag Cement.





# STARCEMENT

*Solid Setting*

## The Award Winning Brand



.....  
**Awarded Fastest Growing Company**

at the Economic Times Bengal Corporate Awards 2016

.....  
**Outdoor Advertising Awards 2016**

Gold Award Alternate Media Silver Award Outdoor Media Plan of the Year



### Our distribution network

Our distribution network is spread across 11 states in Eastern India. While our peers adopted the wholesaler-driven model, we invested in a strong retail network comprising more than 2,700 dealers and 9,300 retailers.

### Our awards and accreditations

- ABP News HR & Leadership Awards for Excellence in Employee Engagement in February 2016
- Transport Excellence Award 2016 - National Award in Mining and in the Construction segment
- Gold Award (Alternative Media - Any single execution on non-conventional OOH) and Silver Award (Outdoor Media Plan of the Year - Local) at OAA 2016
- Award for Best practices in Employee Engagement - National HRD Network in 2016
- Awarded first prize in the Thermal Power Station sector - National Energy Conservation Award, 2015 and 2014
- Award for Most Preferred Cement Brand for five years consecutively at the North East Consumer Awards in 2015

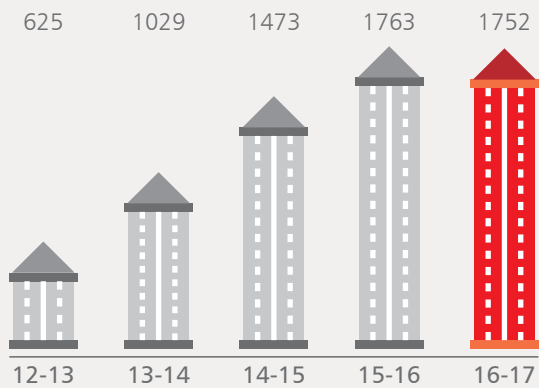
### Our subsidiaries

Megha Technical and Engineers Private Limited  
Meghalaya Power Limited  
Star Cement Meghalaya Limited  
NE Hills Hydro Limited  
Star Century Global Cement Private Limited



# Key performance indicators

## Total Gross revenues (₹ crore)



### Aim

Increase sales

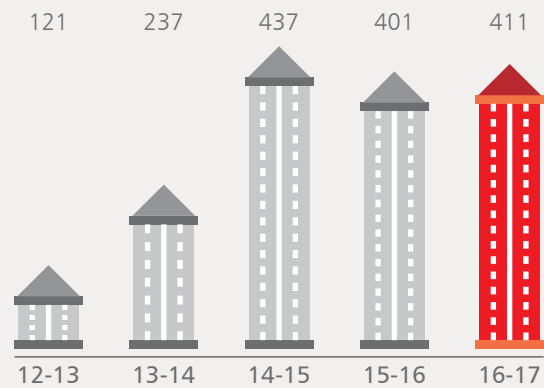
### Rationale

To measure Star Cement's ability in comprehending demand trends and strengthening product acceptance

### Result

Revenues grew at a CAGR of 29.37% during the five years leading to FY2016-17

## EBITDA (₹ crore)



### Aim

To emerge as one of the most operationally proficient cement manufacturers in North Eastern India

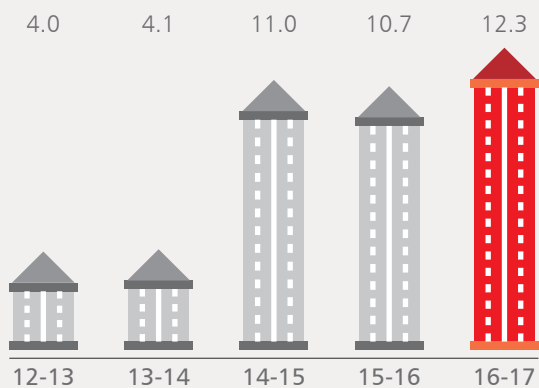
### Rationale

To measure Star Cement's operating effectiveness across its facilities

### Result

EBITDA grew at a CAGR of 35.76% in the five years leading to FY2016-17

## ROCE (%)



### Aim

Enhance return on every rupee invested

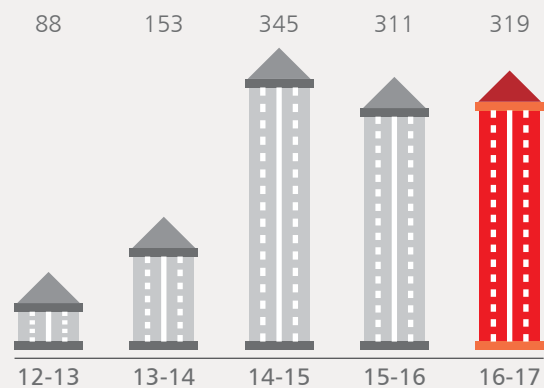
### Rationale

To assess the effectiveness of the investments made by the Company and validate the strength of the business model

### Result

ROCE improved by 830 basis points – from 4% in FY2012-13 to 12.3% in FY2016-17

## Cash profit (₹ crore)



### Aim

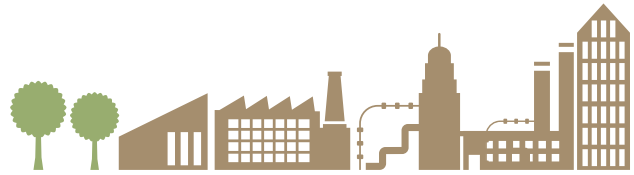
Enhance surplus generated (sum of profit before tax and depreciation/amortisation) for reinvestment

### Rationale

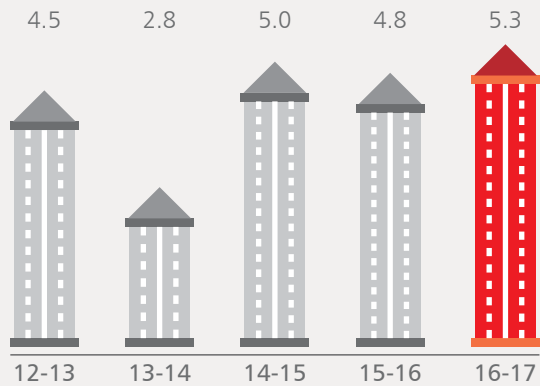
To assess surplus available for reinvestment and the Company's ability to make the most of this additional corpus

### Result

Cash Profit grew at a CAGR of 37.98% in the five years leading to FY2016-17



### Interest cover (x)

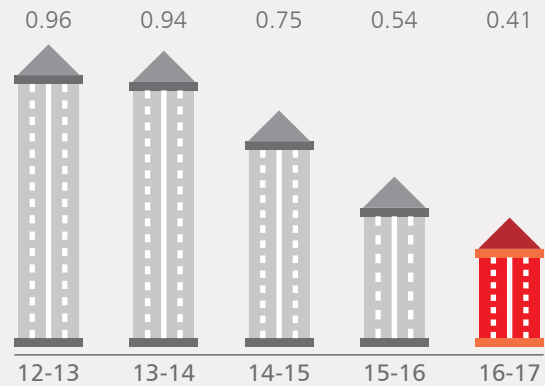


**Aim**  
Improve the Company's ability to pay back arrears (calculated as EBITDA divided by interest outflow)

**Rationale**  
To measure the Company's financial strength and ability to pay interest with ease

**Result**  
The Company's interest cover improved from 4.5 in FY2012-13 to 5.3 in FY2016-17

### Net-debt equity ratio

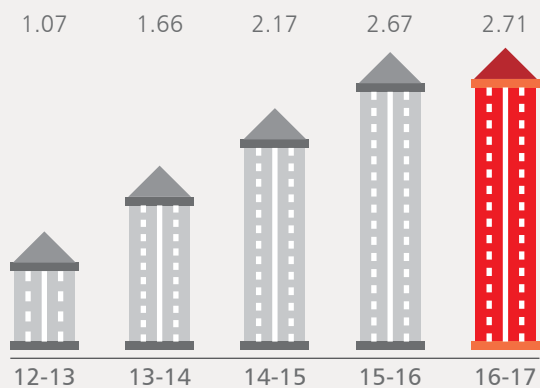


**Aim**  
To moderate the net debt-equity ratio, increasing borrowing room and strengthen the Balance Sheet

**Rationale**  
To measure the extent of the Company's indebtedness

**Result**  
The Company's net gearing improved from 0.96 in FY2012-13 to 0.41 in FY2016-17

### Cement production (million metric tonnes)

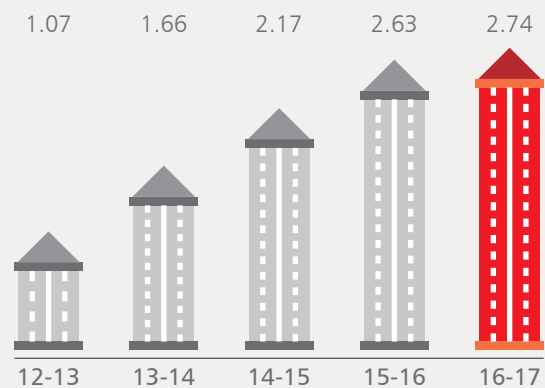


**Aim**  
Improvement in capacity utilisation

**Rationale**  
To measure the Company's performance with respect to output

**Result**  
Production volumes improved from 10,67,465 metric tonnes in FY2012-13 to 27,09,318 metric tonnes in FY2016-17

### Cement sales (million metric tonnes)



**Aim**  
Improvement in offtake

**Rationale**  
To measure the Company's performance with respect to sales

**Result**  
Sales volumes improved from 1.07 million metric tonnes in FY2012-13 to 2.74 million metric tonnes in FY2016-17

# 1 Pioneering

At Star Cement, we initiated pioneering initiatives when we entered North East India, a vast region with promising avenues and resources, but devoid of significant manufacturers. Our Company was the first to undertake a large number of business-strengthening initiatives in this neglected market.

## Our initiatives

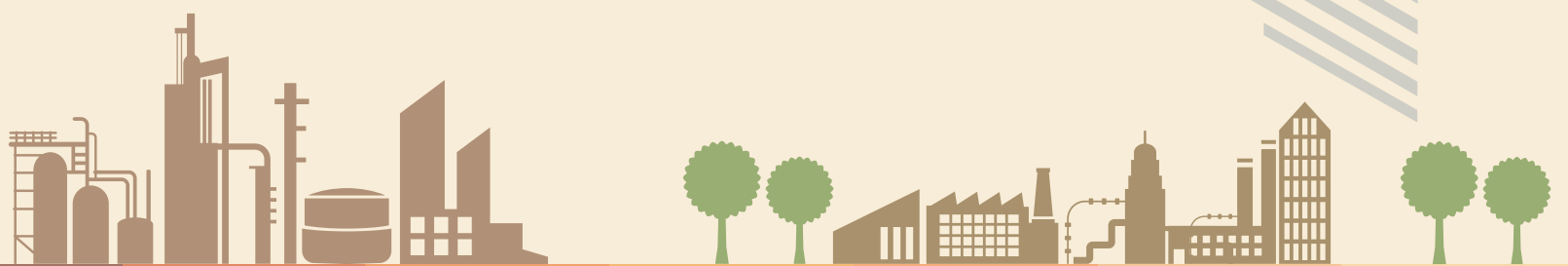
- Commissioned the first integrated cement plant in the region
- Embarked on backward integration by way of a captive power plant
- Emerged as one of the first cement companies in North East to provide technical assistance to customers on-site through experts in mobile vans
- Became among the first cement companies in North East to converge architects, engineers, masons, industry experts and academia to share ideas, best practices and technical insights
- Emerged among the first cement companies in North East India to engage regional celebrities (Bhupen

Hazarika, Debjit Saha, Lou Majaw, Saurabhee Debbarma and Mami Varte, among others) to endorse our brands

Our pioneering initiatives enhanced the Star Cement recall in North East India, accelerating offtake.

~24%

Star Cement's market share in North Eastern India







## At Star Cement, we don't just make cement; we live, sleep and dream cement.

Our passion for cement has helped us grow from 0.3 million metric tonnes per annum cement capacity at the beginning of the millennium to 3.7 million metric tonnes per annum today, emerging as one of the leading cement manufacturers in the region.

As a progressive manufacturer, we are continuously focusing on process improvements and innovation with the aim to offer a quality product at the most affordable price. We have not only established ourselves as a market leader and the most preferred brand in North Eastern India, but also steadily emerged as the fastest growing cement manufacturing company in Eastern India. With an integrated cement plant and a captive power plant, we have built a self-sustaining enterprise and are passionately steering towards our vision. The result that has ensued is enhanced economies of scale, operational synergies and superior capacity utilisation.

Our initiatives comprised:

- Proactively engaged in plant maintenance, enhancing capacity utilisation
- Continuously improved the product mix; the proportion of fly ash

was increased to more than 31%, helping reduce production costs

- Availed open access power through the national power grid instead of sourcing it from SEB, helping us save nearly ₹1 crore a month
- Embraced technology and plant automation, rationalising manpower costs
- Graduated bag filters from the timer mode to the differential pressure mode, moderating the consumption of compressed air
- Automated plant lighting, resulting in a lower power consumption
- Used waste oil to replace high speed diesel for Ammonium Nitrate mixing with effect from July 2016, moderating costs
- Started leakage identification and plugging across plants, enhancing savings

These breakthrough innovations and relentless passion helped Star Cement emerge as one of the most accomplished cement producers in North Eastern India.

# 3 Persistent

Star Cement's persistence has been reflected in its ability to create a strong Balance Sheet, enhancing shareholder value.

- The Company enjoys a number of fiscal benefits (excise duty refund, VAT remission, freight subsidy and capital investment subsidy, among others) owing to its presence in North East India
- Its asset-light model comprises the hiring of grinding units in West Bengal without corresponding investments
- The Company prudently funds its expansion, derived out of attractive accruals and related funding
- A strong interest cover of 5.3x indicated its comfort in servicing lender obligations

The result has been a persistent robustness in the Company's financials, enhancing shareholder value.

0.41

Debt-equity ratio

12.3%

ROCE

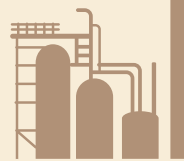
5.3

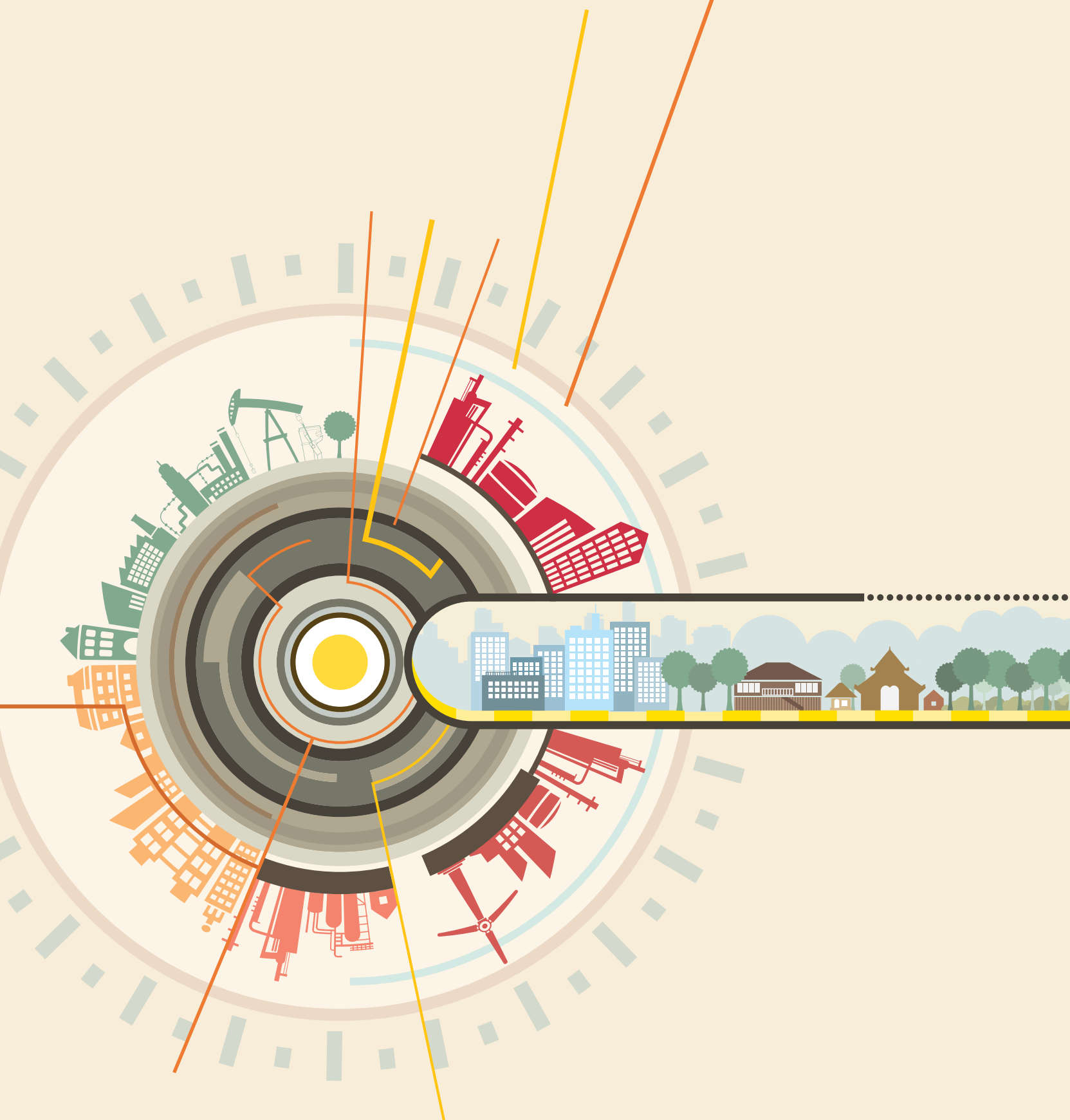
Interest cover

₹4.09

EPS

[FY2016-17]









## At Star Cement, we have been proactive in caring for the environment and the society.

Over the years, we have proactively invested in systems to enhance regulatory compliance. We have surpassed conventional social responsibility measures and undertaken a host of diverse initiatives to enhance community engagement and welfare.

- Installed online emission measurement systems, feeding the data to the State Pollution Control Board in real-time
- Embarked on the consumption of waste oil instead of diesel to moderate costs and enhance effective resource utilisation
- Planted 25,000 trees in 2016-17 comprising 40 different sapling types and local species
- Organised health camps proximate to our manufacturing set-ups, benefiting more than 1500 people; in addition, family planning programs were conducted in the neighbouring villages and communities to educate local inhabitants
- Opened a primary school for the children of contract labourers
- Provided farmers hailing from local communities with technical knowhow and financial aid in the area of commercial pig rearing
- Constructed a community hall, toilet, bus stand, vendor stalls and drainage system in Lumshnong Basti
- Through these proactive initiatives, Star Cement reached out and touched a number of lives across regions

## Chairman's overview



*Dear Shareholders*

It gives me pleasure to present before you the annual performance of the Company for FY2016-17.

At Star Cement, we always professed that we were positioned as a counter-cyclical company and I am pleased to state that we were able to demonstrate this conviction during the year under review. The year was marked by macroeconomic disruptions that affected consumption, following which it would have been reasonable to believe that we would report lower offtake.

### Macroeconomic scenario

It would be pertinent to explain the sectoral background before proceeding to analyse the Company's performance.

The Indian cement industry reported a weak performance during the year under review. The country's pan-India cement capacity increased to 409 million metric tonnes per annum by end-FY2016-17 from ~392 million metric tonnes per annum in the previous year, resulting in increased competition in the face of a sluggish economy.

Going ahead, the growth in India's cement sector is likely to be driven by the Central Government's renewed focus on infrastructural development and the private sector's capital investments. In view of this optimism, it is expected that cement producers will add 50 million metric tonnes per annum capacity over FY16-18 (CAGR of 6%) compared to the 40 million metric tonnes per annum capacity addition during FY13-16 (CAGR of 4.9%).

Even as the country's cement capacity increases, we believe that the cement industry will perform better due to improved demand and enhanced capacity utilisation.

The picture is even better in North East India. The development of this region is an important pivot of India's Act East policy; the Central Government has taken a number of decisive initiatives to enhance the region's reputation as the 'Gateway to South East Asia'. With dedicated projects being announced to improve road infrastructure, augment air connectivity and expand the rail network, we believe that cement offtake will increase.

An investment of ₹40,000 crore is expected to boost connectivity across the seven states of North East India. The Central Government embarked on modernising small airports to improve connectivity as part of the UDAAN project. Some 19 major railway projects have been commissioned; the power T&D infrastructure has been strengthened.

The allocation of a sum of US\$3.42 billion for extending the 'Housing for All by 2022' scheme to 600 districts is expected to drive real estate construction in West Bengal and Bihar which is expected to strengthen offtake in our key focus markets in Eastern India.

At Star Cement, we have always treated cement as a service rather than its conventional understanding as a commodity product. The result is that during the year under review, the Company engaged deeper with masons and builders; the Company conducted more than 10,000 engagements with the decision-makers at the last-mile with the objective to establish a connect and showcase product efficacy.



The result is that the time is near when North East India will achieve its potential and will no longer lag the national cement consumption average.

### Strengthening the business

The year under review was marked by divergent performance across the two halves. During the first half of the year under review, the Company reported strong cement growth in the North East region. The second half of the year under review was marked by the unforeseen demonetisation, which impacted liquidity and moderated North East cement demand but despite this setback, the Company performed creditably to match volumes during the corresponding period of the previous year. In view of this creditable performance during a challenging sectoral phase, the Company strengthened its position as the undisputed leader of the regional cement market.

One of the Company's priorities at the start of the year under review was share accretion in the markets of its presence.

The Company focused on a number of initiatives in this regard. Even as the external environment proved challenging, the Company added dealers and retailers that made it possible to reach products wider and deeper across North East India, West Bengal and Bihar. The result is that the Company grew its volumes in West Bengal and Bihar.

As marketplace realities became increasingly resistant, the Company embarked on automating the sales function. The customised apps on the mobile phones of our executives made it possible for them to report sales and for the Company to track offtake in real-time. The result was a more informed ongoing perspective of market realities that made it possible to respond with speed to emerging realities of a dynamic marketplace.

At Star Cement, we have always treated cement as a service rather than its conventional understanding as a commodity product. The result is that during the year under review, the Company engaged deeper with masons and builders; the Company conducted more than 10,000 engagements with the decision-makers at the last-mile with the objective to establish a connect and showcase product efficacy.

With a growing cement demand for our brand driving our corporate initiatives, the Company undertook de-bottlenecking initiatives that improved output, productivity and cost management. As an extension, the Company enhanced cement capacity at the Lumshnong plant from 0.6 million metric tonnes per annum to 1 million metric tonnes per annum, strengthening its prospects to service growing markets.

The big message that I wish to send out is that even as the sector passed through a challenging phase in 2016-17 and the country's cement offtake growth was no more than

in the low single-digit, the Company strengthened its competitiveness that should translate into superior implications across the foreseeable future.

### Outlook

Star Cement is consolidating its presence in the markets by widening its tehsil-wise and panchayat-wise presence. This is expected to open demand pockets that were hitherto untapped. Our sizeable operating leverage will allow us to make the most of this demand surge.

Based on these emerging trends and Star Cement's formidable brand equity, we are confident that FY2017-18 will emerge as a watershed in our existence.

I am thankful to our shareholders for their support and expect the Company to add significant value across the coming years.

Regards,

**Sajjan Bhajanka**

*Chairman*

**₹40,000 cr**

Expected investment to boost connectivity across the seven states of North Eastern India

# How we transformed ourselves in the last few years



From largely a North East Indian company with limited market scope to an Eastern India-focused company today (predominantly in the markets of West Bengal and Bihar).

## How we transformed

- Expanded our presence in Eastern India (West Bengal, Bihar and Jharkhand)
- Hired grinding units in West Bengal to service growing cement demand in Bengal, Bihar and Jharkhand

From a peak debt of ₹902 crore in 2012-13, owing to accelerated capacity creation, to moderated debt coupled with enhanced scale.

## How we transformed

- Selected to grow in an asset-light way by hiring arrangements instead of commissioning greenfield facilities
- Enhanced our gross block from ₹1,337.74 crore in 2012-13 to ₹1,757.10 crore as on 31st March 2017
- Moderated our gearing from a peak of 1.06 to 0.50 as on 31st March 2017
- Increased net worth from ₹859.28 cr in 2012-13 to ₹1,227.99 crore as on 31st March 2017



- Reduced debt cost by nearly 250 bps in FY2016-17 from FY 2012-13

We are working continuously to emerge as a competitive cement manufacturing company in North East India today

## How we transformed

- The Company continuously invested in process improvements to moderate costs and emerge as one

of the most competitive Cement manufacturers in North East India

- Its EBDITA per tonne of ₹1,459 in 2016-17 was among the highest in the markets of our presence
- We are among the lowest power consumers in the North East cement sector - power consumption for OPC was at 97.77 units per tonne and PPC was at 69.25 units per tonne



## Superior Star Cement positioning

### Location

Limestone mines just 2-3 kilometres from the factory

Coal pit is available in close proximity

Key markets within a radius of 500 kilometres from the grinding units

### Raw material edge

Captive limestone mine

Captive 51 MW power plant meets entire power requirement of the Lumshnong unit

10% of fly ash requirement met through the captive power plant

### Focus on branding

360° communication approach comprising OOH, TVC, radio and press coverage

Close to ₹250 crore spent in promotions in the last decade

Periodic trade and consumer schemes undertaken

Brand endorsed by regional celebrities

Provides platform for architects, engineers, professors and experts

### Network

More than 2700 dealers and 9300 retailers across 11 states

A 77:23 ratio of trade: non-trade sales

Around 30% of the dealers are exclusive Star Cement dealers; around 28% with the Company for more than five years in the North-East

## What makes us optimistic about our growth

### Per capita cement consumption

131 kilograms, Eastern India (including NE India)

201+ kilograms, India

580+ kilograms, global average

### Housing shortage

63 million units, India

21.6 million units, Eastern India (including NE India)

### Government focus

Prime Minister's vision for providing housing for all by 2022

Interest subsidy for low cost housing and first time home buyers

Allocation to North East India for road, railway and airport development

Renewed focus on infrastructure development

### Strong growth

Annual cement growth potential of 10%

Increased dominance of north-east players – cement arrival from mainland reduced from approximately 30% to 10% in the last 5-6 years.

No new major North East cement capacities expected

Star Cement enduring market leader (around 24% share) in North East

### Reach

Being the market leader, the brand is available across more than 2700 dealers

Created a network of 192 dealers in West Bengal and 149 dealers across the Bihar and Jharkhand markets

Aggressive brand promotion in West Bengal, Bihar and Jharkhand

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# Star Cement Limited is driven by a passion for making quality cement

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At Star Cement, we believe that success in a heavily commoditised business space like that of a cement manufacturer, is derived not from trying to achieve too many things at the same time, but by the passion to chase one overriding goal and do it better than everyone else – that is to achieve qualitative excellence. Here is

how we have grown from strength to strength over the years:

- From one variety of cement to three varieties
- From manual interventions to increasing automation
- From a regional to a pan-zonal presence

- From a promoter-driven to an institutionalised entity
- From its inception in 2004 to market leader in the North East region

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## Sectoral context

**Economic growth:** India remained the fastest growing major economy, growth buoyed by an improved performance in the manufacturing and services sectors. Personal incomes strengthened 9.7% to ₹1.03 lac in FY2016-17, a reality likely to sustain.

**Infrastructure boom:** In the Union Budget 2017, around ₹4 trillion was earmarked for infrastructure spending covering rails, roads and ports. Projects such as dedicated freight corridors and new airports and ports could further drive cement demand.

**North Eastern focus:** The Union Budget 2017 raised the total allocation for the eight North Eastern states from ₹32,180 crore in 2016-17 to ₹43,245 crore. Correspondingly, the budgetary allocation for the Ministry of DoNER was hiked from ₹2,524.42 crore to ₹2,682.45 crore. Many industry experts hailed the Union Budget 2017 as 'path-breaking' for the region.

**Consumption potential:** The per capita cement consumption in India is one of the lowest in the world (201+ kilograms against a global average of 580+ kilograms). The North Eastern and the Eastern parts of the

country lag the national average. With infrastructural and real estate growth booming, cement consumption is slated to grow attractively.

**Government push:** The Central Government has laid a keen emphasis on overcoming housing shortage in the country by introducing the 'Housing for All by 2022' scheme, Smart Cities, Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Pradhan Mantri Awas Yojna (PMAY). The targeted number of houses to be built under the Prime Minister's Gramin Awas Yojana increased 33% to 40 million units.

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## The Star Cement methodology

**Long-term:** At Star Cement, we have proactively invested in capacities to address a growing demand for our products. We created an annual clinker capacity of 2.6 million metric tonnes per annum along with a cement capacity of 4.4 million metric tonnes per annum. We invested in a captive 51 megawatt power plant to service our growing power needs.

**Credibility:** We enhanced our reputation through the enforcement of environmental regulations. All our facilities attained zero discharge status following the investment in advanced systems to monitor effluents and pollutants in real-time.

**Strategy:** We selected to operate primarily in North Eastern India to address a large virgin market. We selectively expanded into eastern India, partnering the other grinding units in West Bengal.

**Access:** Limestone mines and coalfields are within a three-kilometre radius of our plants, ensuring round-the-clock raw material availability. Proximity to raw materials provides an edge in curbing our logistics costs. We provide doorstep delivery through a well-established dealer-distributor network, generating a distinct advantage.

**Network:** In a business where freight costs constitute more than a fourth of the total costs, we continued



to implement decisive measures to guarantee cost-effective, efficient inbound and outbound movement of material. The Company has a retail penetration across 11 states of the country with > 10% of them being associated with the Company for more than a decade in North East.

**Governance:** At Star Cement, we understand that enhancing trust is of utmost importance in a competitive sector. The Company is governed by a mix of independent and promoter Directors. The Company communicates with investors and regulatory authorities, ensuring across-the-table transparency.

### The intangibles that drive Star Cement forward

**Recall:** Star Cement's business commands respect on account of a top-of-the-mind brand awareness. Over the decade, the Company has become synonymous with distinctive facets: ethical (fairness and compliance), reliable (consistency) and dependable (stakeholder welfare).

**Pioneering:** The Company was the first to commission a cement unit in North Eastern India by understanding the severity of cement deficit. The Central Government strengthened infrastructure development in the region (road, rail, communication and telecom), improving prospects and empowering Star Cement to capitalise.

**State-of-the-art:** Star Cement has invested in cutting-edge technologies like VRM, installation of pre-grinder to drive operating efficiencies and competitiveness. By leveraging cutting-edge technologies and collaborations, we strengthened product quality, development and applications.

**Knowhow:** Star Cement inducted sectoral experts with relevant expertise in procurement, production, marketing and branding. A conducive and empowering work environment helps in retaining talents in the organisation. A large part of our employee base has been associated with the Company for more than five years.

## The Star Cement passion

### FOCUSED

Grow inch wide but mile deep

### INNOVATIVE

Stay ahead, stay relevant

### INCLUSIVE

Focus not only on corporate growth but also societal development

### STRATEGIC

Improve continuously

### DEDICATED

Enhance operational discipline

### PROACTIVE

Capitalise on a first-mover's advantage

### HONEST

Maintain complete transparency

### FORWARD-LOOKING

Be ready for tomorrow

### The effectiveness of our business model

**Capacity:** Star Cement's ability to relentlessly outperform its sector can be assessed from its ability to scale capacity. Our clinker capacity increased from 0.8 million metric tonnes per annum in FY2010-11 to 2.6 million metric tonnes per annum; our cement capacity increased from 1.27 million

metric tonnes per annum in FY2010-11 to 4.4 million metric tonnes per annum in FY2016-17.

**Profitability:** Star Cement's industry standing is reflected in its growing PAT. The Company reported progressively higher profits in successive four-year slabs: from ₹171.63 crore in FY2016-17 compared to ₹89.82 crore in FY 2011-12 and ₹86.99 crore in FY2006-07.

**Sustainability:** Despite being engaged in a commoditised space, we moderated gearing from 1.03 in FY2013-14 to 0.50 in FY2016-17. The Company reported an EBITDA margin of 24% in FY2016-17 and a ROCE of 12.3%, thanks to our ability to sweat assets better and improve capacity utilisation.



# Operational review

Star Cement’s operations are carried out through plants across North East and Bengal. The Company has invested in systems and processes that have enhanced cost-effectiveness and competitiveness across cement producers in North East India.

Location	Number of units	Capacity
Meghalaya	4	Cement: 1.67 MMTPA Clinker: 2.6 MMTPA Power: 51 MW
Assam	1	Cement: 2.00 MMTPA
West Bengal (hired units)	3	Cement: 0.7 MMTPA



## Highlights, 2016-17

- Achieved lowest-ever power consumption in SCML Kiln of 53.72 kilowatt hour/metric tonnes of clinker from 54.53 kilowatt hour/ metric tonnes of clinker (FY 15-16) with a target of moderating this to less than 50 kilowatt hour/Mt
- Increased mineralogical component (MIC) addition in OPC grinding from 6 to 10%, enhancing savings
- Used waste oil in place of high speed diesel for Ammonium Nitrate mixing, reducing costs
- Changed the operation of bag filters from timer mode to differential pressure mode, reducing costs
- Installed mesh in coal mill outlet to avoid foreign material, resulting in a steady coal flow that is expected to reduce flushing from FK pump and kiln downtime
- Arrest of false air from pyro and mill circuit reduced fuel and power consumption
- Online power consumption and MIS generation started to monitor power consumption
- Initiated lighting automation to reduce consumption
- Replaced worn out table liners and tires in coal mill, enhancing operational and power efficiency
- Installed variable fan drives in raw mill cyclone discharge bag filter, raw mill reject bag filter fan, RABH air slide blower bag filter fan, kiln tire cooling fan, blending silo top bag filter fan and silo aeration blower, lowering power consumption
- Identified and eliminated plant leakages.
- Modified coal crusher to prevent frequent jamming and increase TPH
- Eliminated jamming of additive crusher and high power consumption due to idle running; high maintenance cost was eliminated by installing a vibrating screen
- Increased total packers to three; everyday around 10000 units can be packed (final packaging), reducing the turnaround time for trucks/ lorry for loading from five to six hours to two to three hours
- Installed dry fly ash feeding system into classifier, increasing capacity

## Plan for 2017-18

We are planning to augment capacity through de-bottlenecking, which shall result in cost reduction.



## Sales

Star Cement manufactures PPC, OPC and PSC cement. The Company was among the first in the region to offer anti-rust cement. The Company markets its products in 11 states through 2700+ dealers, supported by more than 360 field staff. The Company is the market leader in North East India.

### Highlights, FY2016-17

- Achieved flat volume growth due to an extended monsoon and demonetisation
- Maintained regional leadership with around 24% market share in North Eastern India
- Added around 500 dealers
- Provided field staff with Sales Force Automation-enabled mobile application for real-time demand, reporting and superior market tracking

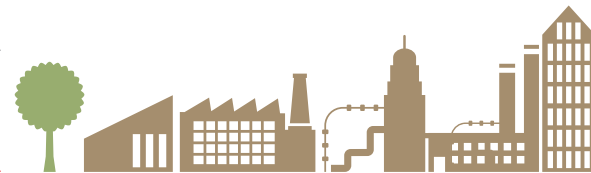
- Initiated demand generation through customer proximity; delivered the product to those relocating their residence

### Road ahead

With a rise in the number of infrastructure projects, the demand for cement is expected to surge. The implementation of GST will create a level playing field for 'A category' players and organised players like Star Cement.




# Corporate social responsibility



The Company believes in returning prosperity to society through various initiatives in the fields of healthcare, education, livelihood generation and infrastructure support.

The Company undertook the following initiatives during the year under review:





### Medical camps

- A number of health camps were conducted to provide medical aid and facilities to people living in the neighbouring villages in and around its manufacturing unit
- The Company initiated Family Planning Awareness Camps wherein a number of families from local communities were trained
- Training and awareness interventions on hygiene and sanitation requirements were also imparted.

### Construction support

The Company provided infrastructural support in the villages adjacent to its unit. It constructed a community hall in Lumshnong Basti, toilet and bus stand near PHC, Lumshnong. As part of its CSR drives, the Company had also set up petty shops near ATMs for local vendors to sell their products. That apart, it has also concretised drains in Lumshnong village.





### Environmental conservation

As a step towards environment conservation, the Company facilitated major plantation drive by planting a large number of trees comprising of 40 odd sapling types.

### Livelihood generation

Gauging the importance of animal husbandry, especially in the context of pig-farming in North East, the Company undertook a Pig Rearing Development Project, which benefited farmers through technical and financial aid; farmers were trained to buy hybrid pigs and construct pig homes.



### Education

To propagate education among masses, the Company came up with Shyam Shishu Mandir - a primary school for the children of contractual labour.

# Industry review

## Cement industry overview

India, the second largest producer of cement in the world after China, accounts for 6.7% of the global output. Domestic cement production has been increasing at a CAGR of 6.44% to 282.79 million metric tonnes over FY07-16. In the first 10 months of FY17 (March 2016-January 2017), total cement production in India stood at 233.15 million metric tonnes. Capacity increased at a CAGR of 5.7% from 328 million metric tonnes in FY11 to 431 million metric tonnes in FY16. Although the domestic cement industry only grew 3-3.5% in FY17, it is expected to grow at a rate of ~4.5% y-o-y in FY18 on the back of increased demand from the infrastructure sector and a revival in housing offtake in rural areas.

(Source: India Ratings & Research)

## Demand

The housing sector, accounting for about 67% of the total cement consumption, is the biggest demand driver of cement consumption. Demand is expected to be further boosted by rising levels of urbanisation and growth in the real estate sector. The Government also laid a keen emphasis on overcoming housing shortage in country by introducing the 'Housing for All by 2022' scheme, Smart Cities, Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Pradhan Mantri Awas Yojna (PMAY) schemes. The target number of houses to be built under the Prime Ministers Gramin Awas Yojana has increased by 33% to 40 million units. Growth in the infrastructure and construction sectors

will also result in increased demand for cement. To reduce logistical constraints, the nation's transportation infrastructure i.e. rails, roads and ports, is receiving a facelift. Projects such as dedicated freight corridors and new airports and ports will further drive cement demand.

The real estate market is expected to grow at a CAGR of 11.6% over 2011-2020 to reach the US\$180 billion-mark by 2020. This growth in the real estate industry corresponds to an additional cement demand amounting to 15-20 million metric tonnes per annum.

## Supply

The pan-India cement capacity increased to 409 million metric tonnes per annum by end-FY16, from ~392 million metric tonnes per annum India's cement production capacity is expected to touch 550 million metric tonnes by FY20. This growth will be driven largely by the Central Government's renewed focus on infrastructural development and capital investments made towards boosting economic growth. It is expected that cement producers will add an additional 50 million metric tonnes per annum capacity over FY16-18 (CAGR of 6%) as compared to the 40 million metric tonnes per annum capacity addition taking place during FY13-16 (CAGR of 4.9%). As the economy revives, the country's cement industry is expected to perform better due to the improved demand and enhanced capacity utilisations.

(Source: IBEF)

During the first eight months of the fiscal, the Central Government's Plan and non-Plan expenditures grew by 22% y-o-y on the back of a 25% y-o-y growth in roads and highways expenditure and an 88% y-o-y growth in urban development expenditure. The development of 14 coastal economic zones under the Sagarmala Project should enhance cement production by 40 million metric tonnes per annum by 2025.

## Budgetary support

- A 80% increase in budgetary allocation towards the infrastructure sector from ₹2.21 lac crore in the earlier Budget, to ₹3.96 lac crore for FY18
- Allocation of a sum of US\$3.42 billion for extending the 'Housing for All by 2022' scheme to 600 districts
- Allocation to the roads and highways sector increased to ₹64,900 crore
- An 8% increase in allocation (₹1,31,000 crore) for laying 3,500 kilometres of railway lines
- Allocation towards the Pradhan Mantri Awas Yojana (construction of one crore houses for the homeless by 2019) increased from ₹15,000 crore to ₹23,000 crore
- Tax incentives and infrastructure status accorded to affordable housing

## Governmental initiatives

In the 12th Five Year Plan, the Government of India plans to increase investment in infrastructure to the tune of US\$ 1 trillion and increase the industry's capacity to 150 million metric tonnes. The Cement Corporation of India (CCI) was incorporated by the Government of India in 1965 to achieve self-sufficiency in cement production in the country. Currently, CCI has 10 units spread over eight states in India. In order to help the private sector companies thrive in the industry, the Central Government has been approving their investment schemes. Some such initiatives by the government in the recent past are as follows:

- The National Housing Bank will refinance individual housing loans of about ₹20,000 crore (US\$ 3 billion) in 2017-18
- The Parliament of India has cleared amendments to the Mines and Minerals Development and Regulation (MMDR) Act, which will enable companies to transfer captive mines leases similar to

mines won through an auction, and which is expected to lead to increased mergers and acquisitions of steel and cement companies

- The Government of India is planning to revive the state-run cement factories across India, in order to give a boost to road and realty projects by bringing down their construction costs
- The Government of India has joined hands with Switzerland to reduce energy consumption and develop newer methods in the country for more efficient cement production, which will help India meet its rising demand for cement in the infrastructure sector
- The Government of India has decided to adopt cement instead of bitumen for the construction of all new road projects on the grounds that cement is more durable and cheaper to maintain than bitumen in the long run
- Launch of the Real Estate Regulatory Act (RERA) is expected to bring transparency and enforce the timely completion of projects.

## Road ahead

The Eastern states of India are labelled as 'virgin' markets by cement companies considering their ability to contribute to their bottomlines in the future. Over the next 10 years, India is expected to emerge as one of the major exporters of clinker and grey cement to the Middle East, Africa, and other developing nations of the world.

Cement plants near ports, for instance in Gujarat and Andhra Pradesh, will be logistically prepared to face stiff competition from cement plants that lie in the interiors. A large number of foreign players are also expected to enter the cement sector, owing to steady profit margins and demand.

Looking ahead, domestic cement companies could go for global listings either through the FCCB route or the GDR route. With the Central Government passing friendlier laws, lowering taxation levels and infrastructure spending increasing, the sector is expected to grow with leaps and bounds and take India's economy forward along with it.

## SWOT analysis

### Strengths

- Initiative to build 100 'smart cities'
- FDI inflow in industry related to manufacturing of cement and gypsum products reached US\$3.11 billion in September 2016
- Low threat from substitutes
- Central Government-led projects getting into execution mode

### Weaknesses

- High logistical costs
- Capacity under utilisation
- Strict environmental norms
- Stiff sectoral competition

### Opportunities

- North Eastern India is experiencing a construction boom and offers attractive investment opportunities
- Proposed GST implementation can moderate tax expenses

- Low per capita consumption of cement (190 kilograms as of March 2015)
- Availability of fly ash (from thermal power plants)
- No new capacity addition in pipeline

### Threat

- Fluctuations in prices of pet coke and coal prices.
- Stringent Government royalties, levies and taxes



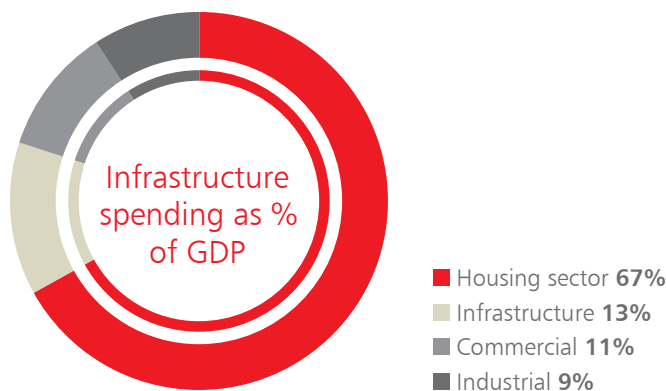
### Demand drivers

- Housing sector accounts for 67% of the total cement demand
- The Indian real estate market is anticipated to reach US\$180 billion by 2020
- Property sales are expected to grow at a CAGR of 14% between 2016-18 and 18% between 2020-25
- Residential real estate demand is driven by rising population and growing urbanisation
- Home loan interest rates have fallen to their lowest levels in the last five years
- Rising income levels are leading to a higher demand for luxury projects

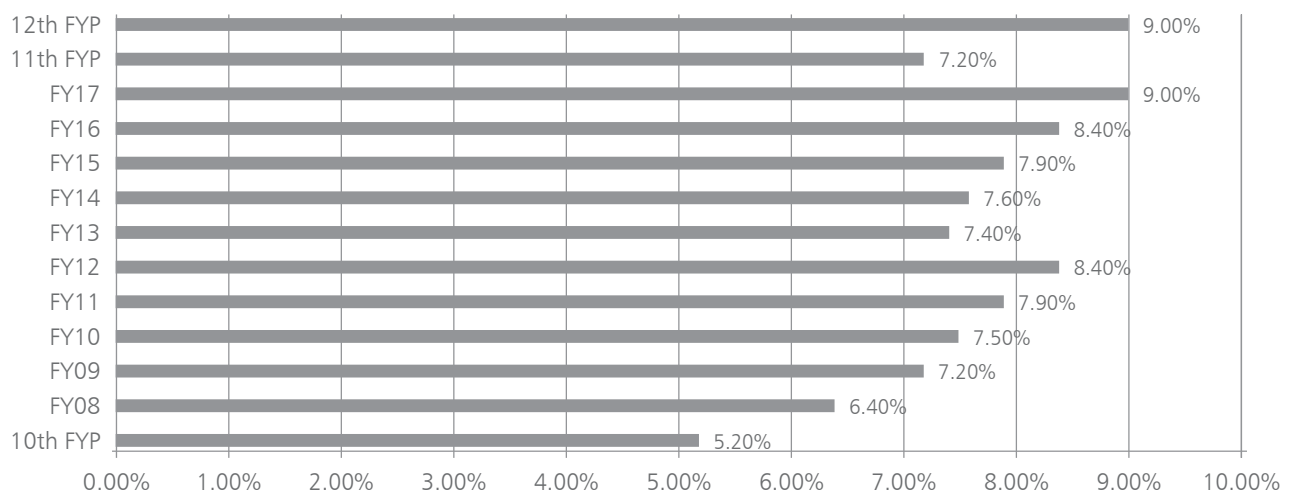
- Demand for affordable housing is growing in order to meet the demand from lower income groups
- Commercial real estate demand is being driven by growth in the IT-TeS sector and organised retail.
- India's investment in infrastructure is estimated to double to about US\$1 trillion during the 12th Five Year Plan (2012-17) compared to the previous Plan
- The total FDI in cement and gypsum industry reached US\$3.11 billion, between April 2000 and September 2016

(Source: IBEF, Morgan Stanley)

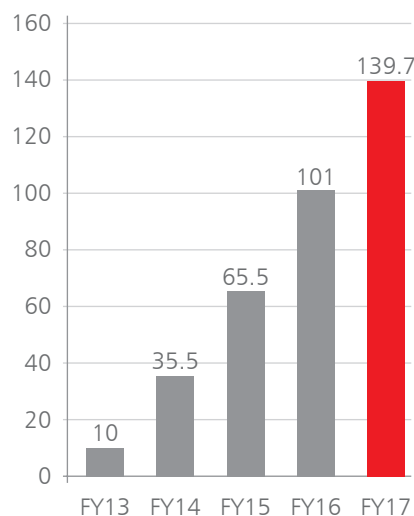
Construction cost accounts for nearly 50-60% of the selling price in affordable housing projects. In comparison, the construction cost in luxury projects would be only 18-20%.



### Capacity creation as per the 12th Five Year Plan (million metric tonnes)



## North-Eastern India: a land of opportunities



	11th Five Year Plan	12th Five Year Plan	13th Five Year Plan
North East Region GDP Growth	10%	13.7%	16.4%
North East Region per capita growth	8.6%	12.4%	15.2%

### Budgetary highlights, 2017-18

The allocation towards the Ministry of DoNER has increased from ₹2,524.42 crore to ₹2,682.45 crore whereas the Finance Ministry has increased the transfer from Centre from ₹31,422 crore to ₹42,499 crore. Of the 3,500 kilometres of new railway lines set to

be commissioned during FY2017-18, a sizeable portion will be constructed in the region. Several new railway projects amounting to around ₹13,500 crore have been sanctioned including new lines, bridges and an elevated rail tract project from Kamakhya to New Guwahati at a cost of ₹3,062 crore.

(Source: Hindustan Times)

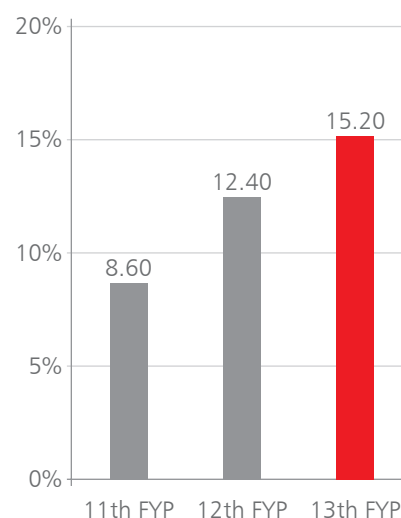
### Infrastructural development

- A total of 197 ongoing road development projects are being implemented under various programmes of the Ministry of Road Transport and Highways. The total length and the total sanctioned cost of these projects are 4320.95 kilometres and ₹37,691.05 crore, respectively
- 20 major railway projects consisting of 13 new lines, two gauge conversions and five doublings across a length of 2,624 kilometres at a cost of ₹52,030 crore have been taken up.

- 'Comprehensive Telecom Development Plan for the North Eastern Region' at a cost of ₹5,336.18 crore is under implementation
- The North Eastern Council is implementing 715 development projects at a total approved cost of ₹714,864.98 lacs
- The Ministry of Rural Development is providing assistance in respective State Governments under the Pradhan Mantri Gram Sadak Yojana programme

(Source: Press Information Bureau)

### Projected income growth



### Company overview

The most significant event to have taken place during the fiscal year was the Company getting listed. The merger of Star Ferro and Cement with Star Cement enhanced brand visibility. Star Cement has consistently maintained its position as the market leader in the North Eastern region and is now looking to foray into the Eastern region. One of the strengths of the Company has been its ability to

consistently grow its sales volumes, bottomline and topline. The Company is proud to have maintained steady EBITDA margins in a fluctuating market. Case in point: EBITDA stood at ₹410.97 crore compared to ₹400.16 crore in the previous year. Interest costs declined to ₹77.97 crore in 2016-17 compared to ₹83.36 crore. The Company reported a post-tax profit of ₹171.63 crore in 2016-17 compared to a post-tax profit of

₹134.03 crore in the previous year.

### Human resources

Star Cement's unprecedented success is attributable to the relentless hard-work and unequivocal dedication of its human capital. The Company believes that its profitability is directly proportional to its ability to leverage its greatest asset – its people. To ascertain employee happiness and ensure optimal productivity,



the Company adopted several transformational strategies and streamlined existing people practices.

The talent at Star Cement represents an eclectic mix of fresh blood and seasoned leaders who have passionately contributed in establishing Star Cement as the most preferred brand in North East and an emerging player in East India. To foster a culture of meritocracy, the Company successfully attracted top talent from reputed cement and leading non-cement organisations at all incumbent levels. Simultaneously, to create a strong Employer Value Proposition, 'Campus to Corporate' initiative was launched in 2016 to on-board talent from the top business schools.

The Company gives paramount importance to the all-round development of its intellectual capital. In order to create a learning culture, a number of Capability Development Programs, suiting the need of employees, have been organised across the organisation with a target of achieving two training man-days per employee, thereby ensuring a 100% unique employee coverage.

To build a rewarding and performance-driven culture, performance-linked incentive schemes were institutionalised for managerial employees at plant and non-plant, while the existing sales incentive scheme for the sales workforce was revisited and made more robust. Such pay for performance schemes were designed to reward employees commensurate to their performance and motivate them to deliver their best.

In its quest for excellence through continuous process improvements, the Company encourages a process of continuous feedback from all corners. The HR Process Capability Framework was introduced in FY 2016-17 to

evaluate the process strengths and process gaps of various HR practices and devise scope for improvement. Effectiveness studies on Recruitment, PMS, performance-linked incentive and sales incentive were conducted throughout the year to gauge the perception of stakeholders and formulate action plans for process improvement.

The Company goes an extra mile to ensure a sustainable work environment for its employees by ensuring high levels of engagement.

One of the key highlights of the bygone year was the first Employee Engagement Survey conducted in association with The Great Place to Work Institute with an aim to gain actionable insights into the culture of the organisation. The assessment provided a holistic understanding on employee perceptions and helped benchmark the organisation's practices with global standards.

The survey results revealed a commendable engagement score of 67% as compared to the national average of 82% with an exceedingly high score in 'Organisation pride'. This endorses employee trust in the organisation and management.

Apart from nurturing and developing its people, Star Cement also offers a steady growth path to employees. This resulted in high employee retention, of 83% in FY 2016-17. Almost 18% of the employees are associated with the Company for more than a decade.

## Marketing

During a challenging 2016-17, the Company adopted various innovative steps to maintain market share, sales and revenue. Prudent cost-cutting exercises were undertaken by the Company to optimise rentals (reduced by 70.6%) while boosting visibility (by 168%). This was a successful initiative

undertaken by a highly dynamic marketing team, which resulted in significant savings. What makes the Company different is its scalpel approach, which targets selective areas of strategic importance, like high potential growth towns and high-competition towns. The Company is reaching rural areas through branded vans by conducting strength-related games and engaging the general public, reinforcing the brand image of which cement strength is an important attribute. With competitive pressure increasing in North East, the focus during FY2016-17 was on retaining the top spot in the North Eastern cement market. The Company is continuing steadily with its leadership position in North East with the aid of various marketing exercises such as commercials in local languages on relevant television channels and radio stations as well as campaigns on social media related to infrastructure projects. Major emphasis is laid on engagement in informative advertising, focusing on excellence as the main theme and regular wishes during festivals. All such interventions play a pivotal role in reiterating the product quality and creating brand recall. Star Cement also strives to sponsor important events which lead to top-of-the-mind awareness.

## Distribution and sales

The Company takes pride in its widespread distribution network, which maximises the potential to serve all customers, while optimising sales and distribution costs to ~45% of sales.



# Risk management

<p><b>Demand risk</b></p>	<p>Lower demand for products can hamper the performance of the Company.</p>	<p><b>Mitigation measures</b></p> <ul style="list-style-type: none"> <li>India's GDP growth is expected to exceed the 7% mark in FY2017-18 in the aftermath of the demonetisation initiative. Though this move caused short-term cash disruptions, in the long run, it is expected to bring about a much-needed strengthening of the nation's economic fundamentals</li> <li>Cement demand is expected to reach 550-600 million metric tonnes per annum by 2025. The housing sector is the biggest demand driver of cement, accounting for about 67% of the total consumption in India. The other major consumers of cement include infrastructure at 13%, commercial construction at 11% and industrial construction at 9%. To meet the rise in demand, cement companies are expected to add 56 million metric tonnes capacity over the next three years</li> <li>The proposed speeding up of road construction, under the Pradhan Mantri Gram Sadak Yojana, from 73 kilometres during 2011-14 to 133 kms during 2016-17 will increase connectivity and improve trade relations and working conditions</li> <li>The increased budgetary allocation towards the infrastructure sector will support cement demand. Higher rural credit and increased allocation for rural, agricultural and allied sectors, including the demand for rural housing, are significant contributors to the overall cement demand mix</li> <li>Acute housing shortfall and lack of proper infrastructural facilities in the Eastern India act as major drivers of demand in the North Eastern region</li> </ul>
<p><b>Competition risk</b></p>	<p>Inability of the Company to deliver quality products could lead to a decline in market share.</p>	<p><b>Mitigation measures</b></p> <ul style="list-style-type: none"> <li>The Company has managed to remain the market leader by consistently delivering quality products which meet the ISO 9001:2008 standards</li> <li>The Company's integrated operations, healthy operating efficiencies, longstanding experience and strong presence enables it to enjoy pricing benefits compared to some of the other cement companies located in the region</li> </ul>
<p><b>Brand risk</b></p>	<p>Ineffective marketing programmes can lead to a loss in brand equity.</p>	<p><b>Mitigation measures</b></p> <ul style="list-style-type: none"> <li>Star Cement strives to sponsor important events which will lead to top-of-the-mind awareness. On an average, Star Cement spends 1% of its total revenue per year on A&amp;P activities and the expenses has increased from ₹8.20 crore to ₹17.71 crore in last 5 years</li> </ul>



<p><b>Location risk</b></p>	<p>High logistics costs can adversely affect the revenue-earning potential of the Company.</p>	<p><b>Mitigation measures</b></p> <ul style="list-style-type: none"> <li>• The Company's clinkering units, power plant and raw material sources are proximate to the grinding units (owned and hired) and key markets. This facilitates cost reduction and minimum transit time, enabling quicker inventory turnaround and better supply reliability</li> <li>• The Company's plant enjoys tax exemption benefits in the form of fiscal incentives</li> <li>• The Company's plants are located within 2-3 kilometres of the raw material source and around 500 kilometres from the market, thus making it one of the most popular and sought after brands. Having its own captive limestone mines, captive power plant (51 megawatts) and being endowed with resources like coal and limestone in close proximity have resulted in increased operational efficiencies and low logistic costs have contributed largely to our profits</li> </ul>
<p><b>Finance risk</b></p>	<p>Inability to utilise own funds or procure low-cost funds can impact profitability.</p>	<p><b>Risk mitigation</b></p> <ul style="list-style-type: none"> <li>• The Company has a strong balance sheet with a net worth of ₹1,228 cr and a debt of ₹794.88 cr, a fall in debt of 15% from last year. During this financial year, 15% of debt has been paid off reducing leverage in a phased manner. Thus resulting in an improvement in the debt-equity ratio and interest cover to 0.41 and 5.3 respectively</li> </ul>
<p><b>Capacity utilisation risk</b></p>	<p>Capacity utilisation plays a major role in cost reduction.</p>	<p><b>Risk mitigation</b></p> <ul style="list-style-type: none"> <li>• The Company's average capacity utilisation for the financial year for cement stood at 66.7% and clinker at 84.5%). There was an improvement in the input/ output ratio compared to previous year</li> </ul>
<p><b>HSE risk</b></p>	<p>Employees are assets of an organisation. Thus, any mishap can lead to an unsafe environment and image impact.</p>	<p><b>Risk mitigation</b></p> <ul style="list-style-type: none"> <li>• The Company took several precautionary and safety measures to provide a safe working environment for the employees</li> <li>• Regular awareness programs focusing on health and safety were facilitated and periodic audits were conducted to ensure safety standards</li> </ul>

# DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors have pleasure in presenting Sixteenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2017 and the Statement of Profit & Loss for the year ended on that date.

## CHANGE OF NAME

Pursuant to shareholders' approval obtained at the Extra-ordinary General Meeting held on 24th May, 2016, the name of the Company was changed from 'Cement Manufacturing Company Limited' to 'Star Cement Limited' with effect from 21st June, 2016.

## FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company for the financial year ended 31st March, 2017 as compared to the previous financial year are as under:

Particulars	(₹ in Lacs)			
	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Net Sales / Income	173,019.21	171,633.40	140,226.60	141,692.78
Profit before Interest, Depreciation, Tax and extra ordinary items	41,097.11	40,069.11	18,196.51	16,618.59
Exceptional Items	1.00	(53.14)	35.36	(55.00)
Profit before Interest, Depreciation and Tax	41,098.11	40,015.97	18,231.87	16,563.59
Interest & Finance Charges	(7,797.36)	(8,336.76)	(5,631.68)	(4,913.04)
Depreciation	(14,120.54)	(17,149.21)	(4,669.26)	(6,064.49)
Profit/(Loss) before Tax	19,180.21	14,530.00	7,930.93	5,586.06
Provision for taxation:				
- Current Tax	(4,175.35)	(3,231.89)	(1,706.63)	(1,195.58)
- Less: MAT credit entitlement	4,007.02	2,973.55	1,706.63	1,195.58
- Net Current Tax	(168.33)	(258.34)	-	-
- Income Tax for earlier years	(753.03)	(34.79)	393.87	(41.59)
- Deferred Tax	(505.69)	(302.49)	228.61	85.90
-Minority Interest	(589.82)	(530.59)	-	-
Net Profit after Tax (after minority)	17,163.34	13,403.79	7,308.45	5,630.36

## EXPANSION AND MODERNISATION

During the year under review, your Company has installed a Pre-Grinder Unit with the existing Clinker Grinding Ball Mill at its Lumshnong unit. With installation of pre-grinder, the ball mill will be fed with pre-ground clinker and other additives in order to produce cement. The main equipment has been sourced from M/s. Humboldt Wedag India with German Technology. The installation of Pre Grinder unit has resulted into increase in clinker grinding capacity of Lumshnong unit from existing 1,800 TPD of cement to 3,000 TPD. The installation of pre-grinder will result into reduction in power consumption in clinker grinding. The capex has been funded partly with Bank borrowing and partly through internal resources. The Pre-Grinder Unit has commenced commercial production from 31st March, 2017.

## OPERATIONAL REVIEW

Despite challenges faced by economy on account of liquidity crunch in the market place on account of demonetization during last two quarters of financial year, your Company has been able to maintain the operational performance. During the year under review, your Company manufactured 5,67,241 MT of Cement Clinker as against 4,92,055 MT during FY 2015-16 and thereby recording a growth of 15.3% over previous year. Company's subsidiary M/s. Star Cement Meghalaya Limited produced 15,79,345 MT of Clinker as against 16,29,025 MT during the FY 2015-16. On consolidated basis total clinker production during the year was at 21,46,586 MT as against 21,21,080 MT during FY 2015-16.

In terms of capacity utilization, clinkerization unit of your Company was able to utilize 71.6% of its installed capacity as against 62.1% during the FY 2015-16. Similarly, the capacity utilization of clinkerization unit of its subsidiary M/s. Star Cement Meghalaya Limited was at 90.30% during FY 2016-17 as against 93.1% during the FY 2015-16. On consolidated basis, the capacity utilization of clinkerization units was at 84.4% during the FY 2016-17 as against 83.4% during FY 2015-16.

Your Company has been able to maintain the performance on grinding front too. During the year under review, total cement production on consolidated basis was at 27,08,430 MT (including volume from hired grinding units) as against 26,70,287 MT during the FY 2015-16.

Similarly, your Company has been able to achieve sales volume of 27,37,438 MT of Cement as against 26,29,695 MT during the previous financial year.

Your Company expects to further improve its operational performance during the ensuing financial year.

## INDIAN ECONOMY AND OUTLOOK – AT A GLANCE

Under current geo-political environment across globe, India as an economy presents one of the brightest spot in otherwise dim global economy and remains one of the fastest growing emerging market economies driven by key structural reforms, normal monsoon and reduced external vulnerabilities. India's economy is underpinned by a stable macro-economy with declining inflation and improving fiscal and external balances. According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7-7.75 per cent during FY 2016-17, despite uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years.

In the backdrop above, FY 2016-17 has been an eventful year for Indian Economy. Hurdles faced in implementation of much awaited uniform indirect tax regime in form of Goods and Service Tax (GST) were removed and has achieved progress towards implementation at a very fast pace. The new tax regime is now likely to be realty in FY 2017-18. Since independence, this would be largest tax reform in country. In line with commitment of Central Government towards cashless economy, the demonetization scheme was rolled out in November 2016 which was aimed at transparency in financial transaction. Initiatives like "Housing for All", "Financial Inclusion programmes targeting poors at large", "Smart Cities", "Make in India", etc. by Government are expected to provide acceleration towards economic growth and is likely to have long term positive impact on Indian Economy in general and on Indian Cement Industry in particular. FY 2016-17 is likely to post GDP growth of 7%. With Government's initiatives, GDP growth rate is likely to get further boost.

On the monetary front, the average retail inflation in form of Consumer Price Index (CPI) was at 4.9% as on December 2016 and Average Wholesale Price Index (WPI) inflation improved from negative territory to 3.4 percent.

India's diversified financial sector is undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The expected growth momentum in service sector of 8.8% and infrastructure sector viz. crude oil, coal, refinery products etc. of 4.9% has helped India to achieve GDP growth.

After consecutive years of drought, the normal monsoon and various policy initiatives taken by the Government, helped to break the past records of food grain production. India's food grain harvest is estimated to be 8% higher than the production of last year, with the estimate that the productions of key crops like rice, wheat and pulses will be at higher level. This also indicated towards higher agriculture growth rate during the year under review as compared to previous year.

On export front too, India grew at faster pace in the recent years. The surge in Commodity price in the first half of the Fiscal year and revival of growth in Indian economy and other developed economies boosted the Indian shipment of export and import even though the rupee was low as against foreign currency.

### **CEMENT INDUSTRY OVERVIEW**

Indian cement industry is the second largest producer of cement in the world. Despite being second largest producer, India's per capita consumption of cement is even less than 200 Kgs which is much lower to developed nations. Lower per capita consumption of cement is explained in form of underdeveloped infrastructure in country. Even after 70 years of independence, the country still lacks good connectivity within different geography of country across road, waterways, rail and air. On the housing front too, still a lot more needs to be done to provide shelter to all. Underdeveloped infrastructures, scope in Housing and with huge population of more than 130 Crores coupled with annual growth rate of more than 1.25% approx., India as a country presents a bright future for cement industry.

During the recent years, with Government's initiatives, infrastructure sector has received much awaited attention. The Road Transport & Highways Ministry has invested more than US\$ 45 billion while the Shipping Ministry has invested around ₹80,000 crores (US\$ 12.0 billion) in the past two and a half years for building world class highways and shipping infrastructure in the country. More than 6,500 km out of the 15,000 km of target set for national highways in 2016-17 has been constructed by the end of February 2017. In the union Budget of 2017-18 also, Central Government has made considerable allocations for development of infrastructure. Additionally, with the recent Government initiatives like "Smart cities", "Housing for All", cement demand is likely to

accelerate in near to medium term.

On the Capacity side, during the period FY 2011 to FY 2016, it has grown with a CAGR of close to 6%. The capacity has increased to 430 mn tonnes. On the production side, during the same period it increased at a CAGR of 5.5% from 210 mn tonnes in FY11 to 274 mn tonnes in FY16. Slower growth in infrastructure sector, weak rural demand and slowdown in real estate sector have been the factors responsible for low demand growth of cement. Fresh capacity addition is not likely to take place at a faster pace in near term on account of comparatively longer timelines required in acquiring land and mining rights and in obtaining environment clearances apart from surplus capacities. Regional imbalances in demand and supply situation is also likely to be witnessed in medium term.

Lower ocean freight coupled with remunerative pet coke prices in international market has resulted into lower fuel cost for Indian Cement Industry during the FY 2016-17. Industry has been able to manage the cost of fuel by importing Pet Coke and low ash coal from international markets. Other major costs like power and fuel have witnessed growth during FY 2016-17.

With increased focus on housing and infrastructure coupled with slow pace of fresh capacity addition, Indian Cement Industry presents a promising future.

### **NORTHEAST SCENARIO – GATEWAY OF OPPORTUNITIES**

The North East India is located at crossroads between three major economies – East Asia, South Asia and Southeast Asia. The region comprises of eight states, namely, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Assam, occupying eight per cent of India's geographical spread where 4% of country's population resides. The geopolitical advantage has, however, not really translated into region's economic development. North East Region has not been able to integrate and benefit from various regional and sub-regional initiatives that neighboring countries have created.

The North Eastern Region (NER) of the Country is bestowed with immense natural resources and hydroelectric potential. Despite this the region lags behind other States of India. Government is taking steps to accelerate the pace of the socio-economic development of the NER by strengthening the economic and strategic relations with the nations of South East Asia through the Look East Policy. With change of guard at Centre in May 2014, the Look East Policy (now known as Act East Policy) is likely to emerge as a big initiative towards promoting trade, technology, investment opportunities and development of North Eastern States being gateway to East

and South East Asia. India's connectivity with the ASEAN countries and the rest of South East Asia would result in sustainable development in the North Eastern States. The development of the trilateral highway would ensure seamless connectivity between India, Myanmar, and Thailand. The highway project, which runs from Moreh in Manipur to Mae Sot in Thailand via Mandalay in Myanmar, will ensure that India's eastern border is opened to a new bus route from Imphal to Mandalay.

Initiatives undertaken by successive Governments towards development of NER in form of better infrastructure and connectivity has started getting reflected in form of improvement in socio-economic status of populace living in the region. Educational and medical facilities have improved a lot in the region during last few years. Connectivity within NER States and with rest of India has also improved with initiatives taken towards infrastructure development. This has resulted into improved purchasing power with people at large in the Region. With improvement in disposal surplus income, cement demand for housing sector has received a boost in the region. The housing sector accounts for a large share of cement consumption in the Northeast Region.

On the infrastructure side too, the region has witnessed much awaited attention. The North East Council (NEC) has taken up lot of initiatives for infrastructural development of the region. In a bid to boost its road redevelopment programme in India's northeast, Central Government has approved 4,884 km of new roads during first quarter of FY 17 under the Special Accelerated Road Development Programme in North East (SARDP-NE). Under SARDP-NE, the connectivity through road has been planned to be improved in three phases. Development of Roads in first phase is almost over during the FY 17. With the accelerated speed of work happening in this sector in NER, it is expected that in years to come, NER is likely to have a better road connectivity. Similarly, the Government has initiated actions for better connectivity through air and water ways also. In immediate future, dredging of Brahmaputra River is likely to be undertaken in a time bound manner. This will prove a boon for NER in achieving a much awaited logistic solution for domestic as well as international cargo movement through river route.

The aforesaid developments and initiatives present a promising future for cement industry in the North East Region.

#### Market Development

Realizing potential of Region, NER remained focus market for your Company. First half of FY 2016-17 turned out to be very positive for cement industry in the Region and witnessed

double digit growth in demand. However, with absence of liquidity during second half on account of demonetization, in line with other businesses, cement demand also got impacted. Despite very weak cement demand during second half of financial year, on a full year basis your Company was able to maintain the volume in NER at par with volume sold during immediate previous year. During the year under review your Company was able to sale 17,39,263 MT of cement on consolidated basis in the markets of NER as against 17,03,415 MT during the FY 2015-16. During the year under review too, around 15% of total cement demand of NER was catered through import of cement from outside units based outside region including Bangladesh and Bhutan.

Similarly, in the markets of West Bengal and Bihar, your Company has been able to sale 9,98,175 MT of cement during the financial year 2016-17 on consolidated basis as against 9,26,280 MT during the financial year 2015-16. Your Company has arrangements with three grinding units in the State of West Bengal which helps to reduce the logistic time to make the product available in these markets.

In line with the Company's endeavor to focus trade segment of the business, your Company continued adding dealer and retail network across the length and breadth of the North East Region as well as in the States of West Bengal and Bihar to make its footprint more visible in these markets.

During the year under review, your Company has undertaken various marketing initiatives in order to make the brand "Star Cement" more visible and attain top of mind recall. In the markets, your Company has taken a special initiative of **crossing branding** through kiosks, consoles & surrogates throughout the year. This has helped the brand to stay in top of the mind of consumers. Special branding initiatives at the retail level like **cubeoids & skirting** were launched in Bihar & Bengal to stand out compared to competition. In North East a brand theme campaign was launched with TV being the focus. To make the brand more visible in remote areas, a block level branding campaign was undertaken through wall wraps, rural vans & rural theatres. In addition, your Company has conducted various knowledge sharing events mainly related to construction techniques in form of "Engineers' Workshop" and "Star Tech" to impart training to engineers. Your Company has also conducted more than 50 "Mason Certification Programme" wherein masons were trained and their construction skills were certified jointly by your Company and local engineering institutes. These initiatives have helped your Company to promote the brand "STAR CEMENT" in a more effective manner in these markets and has also resulted in creation of a better informed category of masons and engineers.

## PRODUCTION AND COST DEVELOPMENTS

During the year under review, your Company has been able to leverage on the fixed cost on account of better volumes of production and sales and better capacity utilization.

### Fly Ash

Your Company continued to promote environment friendly blended cement using fly ash and produced 18,12,691 MT of Portland Pozzolana Cement (PPC) (including from hired grinding units) on consolidated basis out of total production of 27,08,430 MT of cement during FY 2016-17. Usage of fly ash in cement is not friendly to environment only but also provides cost optimization. Your Company has been able to utilize the fly ash generated by power plant of its subsidiary M/s. Meghalaya Power Limited and such close access to fly ash provides competitive edge to your Company in term of cost. In addition, your Company has also made arrangements with major power plants like NTPC, Tata Power and few others to ensure its long term requirement of fly ash.

### Power cost

During the year under review too, your Company continued to source its power requirement for its Lumshnong unit from its subsidiary M/s. Meghalaya Power Limited under long term arrangement for supply of quality power at competitive rates and thus, has been able to reduce dependency on grid power. To optimize the power cost and to reduce dependency on State supplied grid power, your Company has been able to source its power requirement of its Grinding Unit at Guwahati from Indian Energy Exchange (IEX), in addition to sourcing of power from State Grid. The blend of sourcing has not only reduced power cost for your Company but also its quality and dependability.

### Logistics & Freight

Your Company has taken initiatives towards cost efficiencies in the Supply Chain system. Warehousing network has been re-organized to bring efficiency and cost effectiveness. Actions have been initiated towards construction of Private Railway Siding at Company's Grinding Unit at Guwahati. Once the private siding gets operational, it would have a distinct cost advantage in logistic operations of the Company.

## KEY PERFORMANCE HIGHLIGHTS

- Consolidated cement production (including purchase from hired grinding units) was at 27.08 Lac MT during the year as against 26.70 MT during the previous financial year.
- Consolidated net sales at ₹1,728.00 Crores during the year under review as compared to ₹1,715.03 Crores during the financial year 2015-16.

- Consolidated EBITDA was at ₹410.97 Crores during the year under review as compared to ₹400.69 Crores during the immediate previous financial year.
- Consolidated profit before tax during the year 2016-17 was at ₹191.80 Crores as against a profit of ₹145.30 Crores in the year 2015-16, registering a growth of 32%.

## OPPORTUNITIES & THREATS, RISKS AND CONCERNS

Indian Cement Industry is expected to grow at CAGR of 9-10 % during the financial year 2014-15 to 2018-19 on the back of increasing demand from infrastructure and real estate sector. With the recent Government initiatives like '98 Smart cities', 'Housing for All', etc., initiatives in the areas of Development of Ports, Roads and Highways, dedicated Freight Corridors, Gauge conversion Projects undertaken by Railways, development in the area of alternative source of energy viz. Hydro and Solar Power and other infrastructure projects is expected to boost Cement and Power Demand in the region where your Company operates as well as in other parts of the country too.

Cement and power industry being majorly dependent upon availability of quality coal at affordable cost. Policy of the Government may impact availability of coal. Policies of the Government as well as regulatory role may affect the industry to a great extent. India's cement sector has high resource risk as limestone, which is an important raw material used in the production of cement is considered as scarce mineral and extraction of limestone is regulated by various State and Central Laws. Any major changes in Government's Environmental and Forest regulations may affect limestone availability to cement plants. In order to boost the cement sector, the Government of India has allowed FDI in the sector which will attract foreign players in the country and this may lead to tougher competition to the domestic players.

Your Company has evolved a risk management framework to identify, assess and mitigate the key risk factors of the business. The Board of Directors of the Company is kept informed about the risk management of the Company.

## SCHEME OF AMALGAMATION AND SHARE CAPITAL

The Hon'ble National Company Law Tribunal at Guwahati vide its order dated 7th February, 2017, approved amalgamation of erstwhile holding company M/s. Star Ferro and Cement Limited with your Company effective from 22nd February, 2017. The appointed date for amalgamation was 1st April, 2016.

Pursuant to merger of erstwhile Star Ferro and Cement Limited into the Company, the Authorized Share Capital of the Company has increased to ₹83,00,00,000 divided into

83,00,00,000 Equity Shares of ₹1/- each. In line with terms of Scheme of Amalgamation, 29,54,90,077 (Twenty Nine Crore Fifty Four Lakh Ninety Thousand Seventy Seven) equity shares of the Company were allotted on 8th April, 2017 to the shareholders of erstwhile Star Ferro and Cement Limited in the ratio of 1.33 equity shares of ₹1 each of the Company for every 1 (one) equity share of ₹1 each of erstwhile Star Ferro and Cement Limited held by them as on the record date i.e. 3rd April, 2017. After the said allotment the total number of equity shares of the Company has aggregated to 41,92,28,997 of ₹1 each. Your Company has initiated steps to list its shares with National Stock Exchange of India Limited and BSE Limited.

During the year under review, the Company has neither issued any shares with differential voting rights nor granted stock options or sweat equity shares.

### EXTRACT OF ANNUAL RETURN

In terms of requirement of section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual return in form MGT-9 is annexed herewith and marked Annexure-1.

### MEETINGS OF THE BOARD

During the year eight (8) Board Meetings and six (6) Audit Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The details of the Board meeting and the Committee meeting are provided in the Corporate Governance Report.

### MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 18th March, 2017 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors at their meeting also inter alia assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

### COMMITTEES OF THE BOARD

The composition and terms of reference of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee have been furnished in the Corporate Governance Report forming part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee and Nomination and Remuneration Committee.

### WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has a Whistle Blower Policy/ Vigil Mechanism as required under Section 177 of the Companies Act, 2013

and as per Listing Obligations and Disclosures Requirements Regulations, 2015 formulated by Securities and Exchange Board of India (SEBI). The Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The said policy may be referred to at the Company's website at the web link: <http://starcement.co.in/wp-content/uploads/Whistle-Blower-Policy.pdf>

### POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

The Board has framed a Remuneration Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The remuneration policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and at other executive levels. The remuneration policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. The details on the same are given in the Corporate Governance Report. The said policy may be referred to at the Company's website at the web link: <http://starcement.co.in/wp-content/uploads/Remuneration-policy.pdf>

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year under review;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- The Directors have prepared the annual accounts on going concern basis;
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

### AUDITORS & AUDITORS' REPORT

M/s. Kailash B. Goel & Co., Chartered Accountants (Firm Registration no. 322460E), Statutory Auditors of the Company, have completed their tenure of two terms of five consecutive years and also an additional window period of 3 years as stipulated under section 139 of the Companies Act, 2013. Therefore, the terms of office of the existing Statutory Auditors will conclude from the close of the forthcoming Annual General Meeting of the Company.

The Board of Directors places on record its appreciation for the services rendered by M/s Kailash B. Goel & Co. as the Statutory Auditors of the Company.

M/s. D. K. Chhajer & Co., Chartered Accountants (Firm Registration no. 304138E) have expressed their willingness to be appointed as Statutory Auditors of the Company and have confirmed that their appointment, if made, would be within the limits mentioned under section 141(3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

Subject to the approval of shareholders, the Audit Committee and the Board of Directors of the Company have recommended the appointment of M/s. D. K. Chhajer & CO., Chartered Accountants (Firm Registration no. 304138E), as Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 for a period of five years commencing from the conclusion of 16th Annual General Meeting till the conclusion of 21st Annual General Meeting, subject to the ratification of their appointment by the members at every Annual General Meeting.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

### COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors have, on the recommendation

of the Audit Committee, appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the financial year ended 31st March, 2017 in the Board Meeting held on 2nd May, 2016. The remuneration proposed to be paid to them for the financial year 2016-17, as recommended by audit committee, was ratified in the meeting of shareholders held on 22nd August, 2016.

M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) have expressed their willingness and confirmed their eligibility to be appointed as Cost Auditors of the Company for ensuing financial year. The Board, on recommendation of the Audit Committee, has appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the financial year 2017-18 subject to ratification of their remuneration by shareholders in the General Meeting of the Company.

The cost audit report for the Financial Year 2015-16 was filed with the Ministry of Corporate Affairs on 21st September 2016.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MKB & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and marked Annexure-2. The report is self-explanatory and do not call for any further comments.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not given any loan to any person falling under ambit of Section 186 of the Companies Act, 2013.

Details of Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and the loans received from the Directors of the Company are given in the notes to the Financial Statements.

### RELATED PARTY TRANSACTIONS

All related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a

potential conflict with the interest of the Company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with the Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

A policy on 'Related Party Transactions' has been devised by the Company which may be referred to at the Company's website at the web link <http://starcement.co.in/wp-content/uploads/Related-Party-policy.pdf>.

## RESERVES

During the year under review no amount was transferred to reserves.

## DIVIDEND

In order to conserve resources for future operations, your Directors do not recommend any dividend for the Financial Year 2016-17.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

### (A) Steps taken toward Conservation of energy:

- Change in mode of operation of Bag Filters from timer to differential pressure has resulted into reduction in consumption of compressed air.
- Installation of Grizzly in Raw Mill outlet has resulted into steady coal flow and reduction in flushing from FK pump, thereby reducing downtime of Kiln.
- Arrest of false air from pyro and mill circuit resulted into reduction in fuel and power consumption.
- Automation of plant lights and centralized control from CCR resulted into reduced power consumption in plant lighting.

### (B) Steps taken toward Technical Absorption:

- Installation of Pre-Grinder unit with existing Ball Mill for

Clinker Grinding has resulted into lower specific power consumption.

- Installation of new roto-packer at Guwahati Grinding Unit with Human Manual Interface (HMI) system has resulted into reduced human errors in packing operations.
- Installation of Ethernet based intelligent relays in place of device net based relays has made it possible to programme from remote.
- Installation of dry fly-ash cutting and feeding system to a newly constructed steel hopper has resulted into reduction in fly ash feeding circuit length.
- Installation of belt conveyors from truck tippler – 2 has resulted into reduction in material handling.
- Use of grinding aid has resulted into increase in grinding efficiency and better fly ash absorption.
- The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with specific objective of development of advanced systems for quality improvement. During the year under review, your Company incurred Capital expenditure of ₹2.20 Lacs and Revenue Expenditure of ₹56.25 Lacs in Research & Development.

### (C) Foreign Exchange Earnings And Outgo

During the period under review, Foreign Exchange Earning was ₹79.99 Lacs (Previous Year ₹15.50 Lacs and the Foreign Exchange Outgo was ₹888.51 Lacs (Previous Year ₹8,030.64 Lacs).

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR)

As a responsible corporate citizen, Company's CSR initiatives have been playing a significant role in bringing steady transformation of the society with special focus on marginalized and underprivileged section. Business decisions of the Company have always linked to the ethical values of "do good for the community" and respect for people, communities and environment around the operational area and in nearby localities. Under the CSR purview, your Company along with its subsidiaries had prioritized need of the community under the following verticals:

### Sustainable Livelihood

The Company has taken up livelihood enhancement projects through Agriculture Allied Sector intervention in Meghalaya and Assam. The component broadly includes following interventions for enhancement of secondary source of income:

- Bee keeping in Sonapur area as eco-friendly initiative with high employment potential;
- Pig rearing project was initiated in Lumshnong area to enhance income of farmers;
- Support to Eri Silk farmers with know-how, trainings, monitoring, linkages and providing seed, seedling and eggs for silk worm production;
- Providing Vocational training to build and upgrade skills of youth to better compete with the emerging needs of different sectors.

#### Promoting Preventive Healthcare and Sanitation

Your Company has provided effective healthcare solution to the rural people in and around the plant locations and nearby region as a whole through the following means:

- Contribution towards Swachh Bharat Abhiyan by constructing more than 100 toilets in Sonapur and Lumshnong area;
- The Company has organized series of awareness programs on Public Health Promotion and WASH Programs, family planning in Lumshnong and Sonapur;
- Providing medical aid to communities and other medical support;
- Providing safe drinking water into local areas.

#### Education

Your Company has contributed towards rural education infrastructure for ensuring quality education. Overall initiatives revolved around contributing towards effective learning. The major initiatives undertaken during the year are as follows:

- Supporting One Teacher School i.e. Ekal Vidyalaya for augmenting primary education for children of remote areas of Eastern India;
- Your Company continued providing support to Guwahati Blind School in managing their hygiene and sanitation facilities;
- Construction and maintenance of school buildings, providing learning materials for students and Induction of teachers & financial support for managing the schools.

#### Emergency Relief & Rural Development

Your Company participated actively in efforts by Dorbar Shnong of village Lumshnong in Meghalaya and other local institutions by addressing basic requirements of rural community at Lumshnong village. The major activities carried out during the year are as follows:

- Construction of bus stands, concrete steps, shops and outlets for enhancement of local livelihood and drainage facility within the village habitation;
- Development of playground for development of rural sports;
- Basic relief items to the people of Assam and Bihar in time of devastating flood.

Annual Report on CSR as required to be annexed in terms of requirement of Section 135 of Companies Act, 2013 and rules framed thereunder is annexed herewith and marked Annexure- 3.

#### EVALUATION OF THE BOARD'S PERFORMANCE

In accordance with the requirements of the Companies Act 2013, the performance evaluation of the Board was carried out during the year under review. The Board follows a formal mechanism for the evaluation of the performance of the Board as well as Committee. The evaluation reflected the overall engagement of the Board and the Committee.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Nomination and Remuneration Committee at its meeting established the criteria based on which the Board evaluate the performance of the Directors.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Non-Independent Directors and Board as a whole was also carried out by the Independent Directors.

The Directors expressed their satisfaction over the evaluation process and results thereof.

#### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. B. B. Agarwal and Mrs. Clara Suja resigned as Director with effect from 7th June, 2016 and 5th April, 2017 respectively. The Board places on record its appreciation for the services rendered by Mr. B. B. Agarwal and Mrs. Clara Suja during their tenure with the Company.

The Board of Directors at its meeting held on 8th April, 2017, appointed Mr. Santanu Ray (DIN: 00642736), Mrs. Ibaridor Katherine War (DIN: 03107920) and Mrs. Plistina Dkhar

(DIN: 01375361) as Additional Directors in the Independent category with effect from 8th April, 2017 for a term of 5 years subject to regularization/approval of the shareholders in the ensuing Annual General Meeting.

In accordance with the provisions of Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. Sanjay Agarwal will retire by rotation and being eligible, offer himself for re-appointment. In view of his considerable experience, your Directors recommend his re-appointment as Director of the Company.

The following personnel are Key Managerial person of the Company:

1. Mr. Sajjan Bhajanka : *Managing Director*
2. Mr. Rajendra Chamaria : *Managing Director*
3. Mr. Sanjay Agarwal : *Managing Director*
4. Mr. Sanjay Kumar Gupta : *Chief Executive Officer*
5. Mr. Dilip Kumar Agarwal : *Chief Financial Officer*
6. Mr. Manoj Agarwal : *Company Secretary*

#### DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. Mr. Mangilal Jain, Mr. Manindra Nath Banerjee, Mr. Santanu Ray, Mrs. Ibaridor Katherine War and Mrs. Plistina Dkhar are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfill the conditions specified in section 149 of the Act and the Rules made thereunder about their status as Independent Director of the Company.

#### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

In order to enable the Independent Directors to perform their duties optimally, the Board has devised a familiarization programme for the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. They are periodically updated about the development which takes place in the Company. At the time of appointment of an Independent Director, the Company issues a formal letter of appointment setting out in detail, the terms of appointment, duties, responsibilities and commitments etc. The familiarization program is available on the Company's website under the web link: <http://starcement.co.in/wp-content/uploads/Familiarization-Programme.pdf>

#### SUBSIDIARIES AND ASSOCIATE COMPANY

M/s. Star Cement Meghalaya Limited, M/s. Megha Technical & Engineers Private Limited, M/s. Meghalaya Power Limited and M/s. NE Hills Hydro Limited continue to remain subsidiaries of the Company.

Star Cement Meghalaya Limited is engaged in manufacturing of Cement Clinker and has a Clinkerization plant with an installed capacity of 1.75 MTPA. During the year under review, the Company manufactured 15,79,345 MT of clinker as against 16,29,025 MT in FY 2015-16.

Megha Technical & Engineers Private Limited is engaged in the manufacture of cement. During the year under review, the Company produced 3,17,161 MT of Cement.

Meghalaya Power Limited is engaged in generation of Power. During the year under review the Company generated 2,016.24 Lac units of power.

NE Hills Hydro Ltd., wholly owned subsidiary of your Company is currently not operational.

During the year, the Company incorporated a wholly-owned subsidiary Star Century Global Cement Private Limited in Myanmar on 28th June, 2016 and the Company is yet to commence its operations.

#### AUDITED FINANCIAL STATEMENTS OF THE COMPANY'S SUBSIDIARIES

Pursuant to sub-section (3) of section 129 of the Act, the statement containing the salient features of the financial statement for the year ended March 31, 2017 for each of the Company's subsidiaries viz. Star Cement Meghalaya Limited (SCML), Megha Technical & Engineers Private Limited (MTEPL), Meghalaya Power Limited (MPL), NE Hills Hydro Limited (NHHL) and Star Century Global Cement Private Limited (SCGCPL) are annexed in the Form AOC – 1 and marked as Annexure-4.

#### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company have been prepared as per Accounting Standards- AS 21, as prescribed by the Institute of Chartered Accountants of India and has been included as a part of this Annual Report.

The detailed financial statements and audit reports of each of the subsidiaries of the Company are available for inspection at the Registered Office of the Company during office hours between 11 A.M. and 1 P.M. The Company will arrange to send the financial statements of the subsidiaries upon written request from a shareholder to the registered address of the said shareholder.

## DEPOSITS

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

## CHANGES IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS

During the year under review, there have been no material orders passed by the Regulators/Courts impacting materially the going concern status or future operations of the Company.

There were no material changes and commitments affecting the financial position of the Company during the period under review.

## ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations, if any, along with corrective actions thereon are presented to the Audit Committee of the Board.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

## MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

The disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel)

Rules, 2014 along with a statement containing particulars of employees as required under Section 197 of Companies Act, 2013 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked Annexure- 5 and forms part of this report.

## POLICY ON PREVENTION OF SEXUAL HARASSMENT

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

## CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements as stipulated under the Listing Obligations and Disclosures Requirements Regulations, 2015 formulated by Securities and Exchange Board of India (SEBI). A separate section on corporate governance, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report. This certificate will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

## CHIEF EXECUTIVE OFFICER (CEO) /CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

As required under Regulation 17(8) of the Listing Obligations and Disclosures Requirements Regulations, 2015 formulated by Securities and Exchange Board of India (SEBI), the CEO/ CFO certification has been submitted to the Board and a copy thereof is contained in this Annual Report.

## RISK MANAGEMENT

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

## HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

Star Cement's journey over the past decade has been a momentous one, fringed with success stories and glorious feats. The Company has not only established itself as the market leader and most preferred brand in North Eastern India, but is also steadily propelling forward as the fastest growing company in Eastern India.

Star Cement owes its burgeoning Success Story to its highly talented pool of human assets who have strived incessantly to redefine the standard of excellence through unparalleled hard-work and unmatched determination. Living true to its Mission Statement, Star Cement respects the dignity of its employees and aspires to be respected for the highest level of integrity and human values in the corporate arena of Eastern India. Over the years, people have grown and evolved with the organization and has been bestowed with the best of rewards, accolades, compensation and benefits.

Besides getting an opportunity to work in an extremely stimulating environment and enriching functional domains, Star employees are proud to belong to an organization which offers them a galore of opportunities – in terms of enhancing their learning curve, continuous upgradation of their skill-sets, professional development as per identified training needs, cross-functional career options, leadership training programs, competency assessment and robust succession plan.

Star Cement promotes a fair and transparent work culture and believes in providing equal opportunities to all its employees. While hiring candidates, race, colour, religion, national origin, citizenship, geographical positioning, age, gender, marital status, ancestry, social standing, physical or mental disability, medical condition, socio-economic background or sexual orientation are not taken into consideration. The organization provides a conducive environment for its people to thrive in harmony and deliver collectively towards achieving the organizational goal.

### AWARDS AND ACCOLADES

Your Directors are pleased to report that during the year under review, your Company was awarded **National runner up – Driving Positive Change in Mahindra Transport Excellence Awards, 2016** under Construction and mining segment at a ceremony held at New Delhi.

### GREEN INITIATIVES IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs has permitted Companies to send copies of Annual report, Notices, etc., electronically to

the email IDs of shareholders. Your Company has arranged to send the soft copies of these documents to the registered email IDs of the shareholders, wherever applicable. In case, any shareholder would like to receive physical copies of these documents, the same shall be forwarded upon receipt of written request in this respect.

### CAUTIONARY STATEMENT

Statements in this report describing the Company's objectives, expectations or predictions, may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include: global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their cost, changes in Government policies and tax laws, economic development of the country and other factors which are material to the business operations of the Company.

### ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep sense of gratitude to Banks, Central and State Governments and their departments and the local authorities, customers, vendors, business partners/associates for their continued guidance and support.

Your Directors would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Company and dedicates the credit for the Company's achievements to them. Last but not least, your Directors express their gratitude to the shareholders of the Company for reposing their confidence and faith in the Management of the Company.

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 30th May, 2017

**Sajjan Bhajanka**  
*Chairman*  
(DIN: 00246043)

## Annexure - 1

FORM NO. MGT - 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	U26942ML2001PLC006663
2	Registration Date	2nd November, 2001
3	Name of the Company	Star Cement Limited (Formerly Cement Manufacturing Company Limited)
4	Category/Sub-category of the Company	Company limited by Shares/ Non - Govt. Company
5	Address of the Registered office & contact details	Village: Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210 Phone No.: 03655 - 278215 E-mail: investors@starcement.co.in Website: www.starcement.co.in
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road 5th Floor, Kolkata, West Bengal – 700 001 Phone: 033-2248 2248; 033-22435029

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company are stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Cement	23941	99.98
2	Cement Clinker	23941	0.02

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Megha Technical & Engineers Private Limited Village: Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	U27107ML2002PTC006976	Subsidiary	100.00	2(87)
2	Star Cement Meghalaya Limited Village: Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	U63090ML2005PLC008011	Subsidiary	87.49	2(87)
3	Meghalaya Power Limited Village: Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	U40108ML2002PLC006921	Subsidiary	51.00	2(87)
4	NE Hills Hydro Limited Satyam Towers 3 Alipore Road, Unit No. 9B, Kolkata - 700027	U40104WB2007PLC116195	Subsidiary	100.00	2(87)
5	Star Century Global Cement Pvt. Ltd. No. 24-27 Min Theidki Kyaw Swar Road, East Dagon Industrial Zone, Yangon, Myanmar	Foreign Company	Subsidiary	100.00	2(87)

#### IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

##### (i) Category-wise Share Holding

Category of Shareholders	"No. of Shares held at the beginning of the year [As on 01-April-2016]"				"No. of Shares held at the end of the year [As on 31-March-2017]"				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	11,94,55,050	-	11,94,55,050	28.50	12,36,38,920	-	12,36,38,920	29.50	1.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	29,54,75,000	-	29,54,75,000	70.48	29,54,75,000	-	29,54,75,000	70.48	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub -total (A) (1)	41,49,30,050	-	41,49,30,050	98.98	41,91,13,920	-	41,91,13,920	99.98	1.00
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A) (1) + (A) (2)	41,49,30,050	-	41,49,30,050	98.98	41,91,13,920	-	41,91,13,920	99.98	1.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	1,00,000	1,00,000	0.02	-	1,00,000	1,00,000	0.02	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	41,83,870	-	41,83,870	1.00	-	-	-	-	(1.00)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	41,83,870	1,00,000	42,83,870	1.02	-	1,00,000	1,00,000	0.02	(1.00)
Total Public shareholding (B) = (B) (1) + (B) (2)	41,83,870	1,00,000	42,83,870	1.02	-	1,00,000	1,00,000	0.02	(1.00)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	41,91,13,920	1,00,000	41,92,13,920	100.00	41,91,13,920	1,00,000	41,92,13,920	100.00	-



## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2016]			Shareholding at the end of the year [As on 31-March-2017]			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Star Ferro and Cement Ltd.	29,54,75,000	70.48	-	29,54,75,000	70.48	-	-
2	Sajjan Bhajanka	3,56,25,000	8.50	-	3,77,16,950	9.00	-	0.50
3	Rajendra Chamaria	2,75,65,140	6.58	-	3,19,87,055	7.63	-	1.05
4	Rahul Chamaria	59,25,000	1.41	-	59,25,000	1.41	-	-
5	Sachin Chamaria	57,25,000	1.37	-	57,25,000	1.37	-	-
6	Kamakhya Chamaria	86,49,750	2.06	-	86,49,750	2.06	-	-
7	Prahlad Rai Chamaria	91,10,000	2.17	-	49,68,085	1.19	-	(0.99)
8	Laxmi Chamaria	42,80,000	1.02	-	42,80,000	1.02	-	-
9	Ratna Chamaria	33,59,750	0.80	-	2,39,606	0.06	-	(0.74)
10	Amritansh Chamaria	32,00,000	0.76	-	32,00,000	0.76	-	-
11	Kailash Prasad Chamaria	59,72,250	1.42	-	59,72,250	1.42	-	-
12	Gayatri Chamaria	25,70,000	0.61	-	25,70,000	0.61	-	-
13	Amit Agarwal	13,75,000	0.33	-	13,75,000	0.33	-	-
14	Sanjay Agarwal	-	-	-	20,91,920	0.50	-	0.50
15	Renu Chamaria	7,69,750	0.18	-	40,89,894	0.98	-	0.79
16	Vinay Chamaria	4,25,000	0.10	-	4,25,000	0.10	-	-
17	Jagdish Prasad Shah	2,80,000	0.07	-	-	-	-	(0.07)
18	Rishi Raj Shah	2,25,000	0.05	-	2,25,000	0.05	-	-
19	Uma Maskara	2,00,000	0.05	-	-	-	-	(0.05)
20	Prem Kumar Bhajanka	41,98,410	1.00	-	41,98,410	1.00	-	-
	<b>Total</b>	<b>41,49,30,050</b>	<b>98.98</b>	<b>-</b>	<b>41,91,13,920</b>	<b>99.98</b>	<b>-</b>	<b>1.00</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Mr. Sajjan Bhajanka</b>						
	At the beginning of the year	01.04.2016		3,56,25,000	8.50		
	Changes during the year	30.06.2016	Transfer	2,09,195	0.05	3,58,34,195	8.55
		30.09.2016	Transfer	18,82,755	0.45	3,77,16,950	9.00
	At the end of the year	31.03.2017		3,77,16,950	9.00	3,77,16,950	9.00
2	<b>Mr. Sanjay Agarwal</b>						
	At the beginning of the year	01.04.2016		-	-		
	Changes during the year	30.06.2016	Transfer	2,09,192	0.05	2,09,192	0.05
		30.09.2016	Transfer	18,82,728	0.45	20,91,920	0.50
	At the end of the year	31.03.2017		20,91,920	0.50	20,91,920	0.50
3	<b>Mr. Rajendra Chamaria</b>						
	At the beginning of the year	01.04.2016		2,75,65,140	6.58		
	Changes during the year	31.03.2017	Transfer	44,21,915	1.05	3,19,87,055	7.63
	At the end of the year	31.03.2017		3,19,87,055	7.63	3,19,87,055	7.63
4	<b>Mr. Prahlad Rai Chamaria</b>						
	At the beginning of the year	01.04.2016		91,10,000	2.17		
	Changes during the year	31.03.2017	Transfer	(41,41,915)	(0.99)	49,68,085	1.19
	At the end of the year	31.03.2017		49,68,085	1.19	49,68,085	1.19
5	<b>Ms. Ratna Chamaria</b>						
	At the beginning of the year	01.04.2016		33,59,750	0.80		
	Changes during the year	31.03.2017	Transfer	(31,20,144)	(0.74)	2,39,606	0.06
	At the end of the year	31.03.2017		2,39,606	0.06	2,39,606	0.06
6	<b>Ms. Renu Chamaria</b>						
	At the beginning of the year	01.04.2016		7,69,750	0.18		

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	Changes during the year	31.03.2017	Transfer	33,20,144	0.79	40,89,894	0.98
	At the end of the year	31.03.2017		40,89,894	0.98	40,89,894	0.98
<b>7</b>	<b>Mr. Jagdish Prasad Shah</b>						
	At the beginning of the year	01.04.2016		2,80,000	0.07		
	Changes during the year	06.01.2017	Transfer	(2,80,000)	(0.07)	-	-
	At the end of the year	31.03.2017		-	-	-	-
<b>8</b>	<b>Ms. Uma Maskara</b>						
	At the beginning of the year	01.04.2016		2,00,000	0.05		
	Changes during the year	06.01.2017	Transfer	(2,00,000)	(0.05)	-	-
	At the end of the year	31.03.2017		-	-	-	-

## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Mr. Subham Agarwal</b>						
	At the beginning of the year	01.04.2016		41,83,870	1.00		
	Changes during the year	29.04.2016	Transfer	(41,83,870)	(1.00)	-	-
		30.06.2016	Transfer	37,65,483	0.90	37,65,483	0.90
		29.07.2016	Transfer	(37,65,483)	(0.90)	-	-
	At the end of the year	31.03.2017		-	-	-	-
<b>2</b>	<b>Mrs. Clara Suja</b>						
	At the beginning of the year	01.04.2016		1,00,000	0.02		
	Changes during the year			No Changes during the year			
	At the end of the year	31.03.2017		1,00,000	0.02	1,00,000	0.02

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>Mr. Sajjan Bhajanka, Managing Director</b>						
	At the beginning of the year	01.04.2016		3,56,25,000	8.50		
	Changes during the year	30.06.2016	Transfer	2,09,195	0.05	3,58,34,195	8.55
		30.09.2016	Transfer	18,82,755	0.45	3,77,16,950	9.00
	At the end of the year	31.03.2017		3,77,16,950	9.00	3,77,16,950	9.00
<b>2</b>	<b>Mr. Sanjay Agarwal, Managing Director</b>						
	At the beginning of the year	01.04.2016		-			
	Changes during the year	30.06.2016	Transfer	2,09,192	0.05	2,09,192	0.05
		30.09.2016	Transfer	18,82,728	0.45	20,91,920	0.50
	At the end of the year	31.03.2017		20,91,920	0.50	20,91,920	0.50
<b>3</b>	<b>Mr. Rajendra Chamaria, Managing Director</b>						
	At the beginning of the year	01.04.2016		2,75,65,140	6.58		
	Changes during the year	31.03.2017	Transfer	44,21,915	1.05	3,19,87,055	7.63
	At the end of the year	31.03.2017		3,19,87,055	7.63	3,19,87,055	7.63
<b>4</b>	<b>Mr. Prem Kumar Bhajanka, Non-Executive Director</b>						
	At the beginning of the year	01.04.2016		41,98,410	1.00		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017		41,98,410	1.00	41,98,410	1.00
<b>5</b>	<b>Mr. B. B. Agarwal, Non-Executive Director (resigned on 07.06.2016)</b>						
	At the beginning of the year	01.04.2016		-	-		

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	Changes during the year			No changes during the year			
	At the end of the year	07.06.2016				-	-
6	<b>Mr. Pankaj Kejriwal, Non-Executive Director</b>						
	At the beginning of the year	01.04.2016		-	-		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017				-	-
7	<b>Mr. Mangilal Jain, Independent Director</b>						
	At the beginning of the year	01.04.2016		-	-		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017				-	-
8	<b>Mr. Manindra Nath Banerjee, Independent Director</b>						
	At the beginning of the year	01.04.2016		-	-		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017				-	-
9	<b>Mrs. Clara Suja, Non-Executive Director</b>						
	At the beginning of the year	01.04.2016		1,00,000	0.02		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017		1,00,000	0.02	1,00,000	0.02
10	<b>Mr. Sanjay Kumar Gupta, Chief Executive Officer</b>						
	At the beginning of the year	01.04.2016		-	-		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017				-	-
11	<b>Mr. Dilip Kumar Agarwal, Chief Financial Officer</b>						
	At the beginning of the year	01.04.2016		-	-		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017				-	-
12	<b>Mr. Manoj Agarwal, Company Secretary</b>						
	At the beginning of the year	01.04.2016		-	-		
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2017				-	-

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amt. ₹/Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits**	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,738.24	27,610.12	-	57,348.36
ii) Interest due but not paid	-	56.66	-	56.66
iii) Interest accrued but not due	0.93	-	-	0.93
Total (i+ii+iii)	29,739.17	27,666.78	-	57,405.95
Change in Indebtedness during the financial year				
* Addition	11,624.34	5,055.66	-	16,680.00
* Reduction	8,853.22	5,021.89	-	13,875.11
Net change	2,771.12	33.77	-	2,804.89
Indebtedness at the end of the financial year				
i) Principal Amount	32,509.36	27,643.89	-	60,153.25
ii) Interest due but not paid	-	1,416.37	-	1,416.37
iii) Interest accrued but not due	0.10	-	-	0.10
Total (i+ii+iii)	32,509.46	29,060.26	-	61,569.72

\*\* Trade Deposits have not been included

# Loss on account of Exchange Fluctuation in respect of Loans in Foreign Currency has been included in addition in indebtedness. Similarly, gain on account of Exchange Fluctuation has been included in Reduction in indebtedness.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration Name	Name of MD/WTD/ Manager			Total Amount (₹/Lac)
		Sajjan Bhajanka	Sanjay Agarwal	Rajendra Chamaria	
	Designation	MD	MD	MD	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00	60.00	66.00	186.00
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>60.00</b>	<b>60.00</b>	<b>66.00</b>	<b>186.00</b>
	Ceiling as per the Act		10% of the Net profit, calculated as per Section 198 of the Companies Act, 2013		

### B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration Name	Name of Directors			Total Amount (₹/Lac)
		Mangilal Jain	Manindra Nath Banerjee	Clara Suja	
1	<b>Independent Directors</b>				
	Fee for attending board/ committee meetings	0.55	0.57	-	1.12
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>0.55</b>	<b>0.57</b>	<b>-</b>	<b>1.12</b>
2	<b>Other Non-Executive Directors</b>				
	Fee for attending board/ committee meetings	-	-	0.05	0.05
	Commission	-	-	-	-
	Others, remuneration paid in professional capacity	-	-	2.40	2.40
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>2.45</b>	<b>2.45</b>
	<b>Total (B)=(1 + 2)</b>	<b>0.55</b>	<b>0.57</b>	<b>2.45</b>	<b>3.57</b>
	<b>Total Managerial Remuneration</b>				<b>189.57</b>
	Overall Ceiling as per the Act		11% of the Net Profit, calculated as per Section 198 of the Companies Act, 2013		

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration Name	Name of Key Managerial Personnel			Total Amount (₹/Lac)
		Sanjay Kr. Gupta CEO	Dilip Kr. Agarwal CFO#	Manoj Agarwal CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	91.98	52.96	48.31	193.25
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>91.98</b>	<b>52.96</b>	<b>48.31</b>	<b>193.25</b>

# Remuneration of Mr. Dilip Kumar Agarwal, Chief Financial Officer, partly paid by erstwhile Star Ferro and Cement Limited, then Holding Company.

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/Punishments/Compounding of offences for breach of any provisions of the Companies Act, 2013 against the Company or its Directors or other Officer in default during the year.

## Annexure - 2

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**

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

To  
The Members,  
**Star Cement Limited**

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

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

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder [Not applicable to the Company during the audit period];
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder [Not applicable to the Company during the audit period];
- iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings;
- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by 'SEBI', were not applicable to the Company during the audit period;
- vi) Other than fiscal, labour and environmental laws, which are generally applicable to all companies, the following laws/acts are specifically applicable to the Company:
  - a) The Petroleum Act, 1934;
  - b) The Explosives Rules, 2008;
  - c) The Mines & Minerals (Development and Regulation) Act, 1957;
  - d) The Meghalaya Clinker Cess Act, 2015;
  - e) The Meghalaya Cement Cess Rules, 2011;
  - f) The Legal Metrology Act, 2009

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *save and except that the Company has filed advance notice for keeping registers and annual returns at place other than the registered office of the Company under section 94 of the Companies Act, 2013 after passing the shareholder's resolution.*

We further report that

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under audit, the Company has passed special resolution for:

- a) Adopting a new set of Articles of Association of the Company in substitution and to the entire exclusion of the existing Articles of Association of the Company pursuant to the provisions of Section 14 of the Act;
- b) Changing the name of the Company from 'Cement Manufacturing Company Limited' to 'Star Cement Limited' pursuant to Section 13(2) of the Act;
- c) Keeping registers and annual returns at any place in India in which more than one-tenth of the total number of members reside under Section 94 of the Companies Act, 2013.

We further report that during the period under audit, the Hon'ble National Company Law Tribunal, Guwahati Bench, on 7th February, 2017 has sanctioned a scheme of amalgamation of Star Ferro and Cement Limited with the Company with effect from the appointed date, i.e., 1st April, 2016.

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

For MKB & Associates  
Company Secretaries

Raj Kumar Banthia  
[Partner]

Date: 30th May, 2017  
Place: Kolkata

ACS no. 17190  
COP no. 18428

**Annexure - 1**

To  
The Members,  
**Star Cement Limited**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates  
*Company Secretaries*

**Raj Kumar Banthia**  
*[Partner]*

Date: 30th May, 2017  
Place: Kolkata

ACS no. 17190  
COP no. 18428



## Annexure - 3

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

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

1. A brief outline of the Company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes:

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013. Your Company's CSR strategy ensures compliance with ethical standards in business practices; minimising environmental impacts and waste; addresses the challenges of improved access to education, health, sports, drinking water, sanitation and livelihood opportunities; and helping underprivileged communities to become resilient and self-reliant.

The CSR policy of the Company is available on the Company's website under the weblink: <http://starcement.co.in/wp-content/uploads/Policy-on-Corporate-Social-Responsibility.pdf>

2. The composition of the CSR Committee

- Mr. Sanjay Agarwal - Chairman (Executive Director)
- Mr. Sajjan Bhajanka - Member (Executive Director)
- Mr. Mangilal Jain - Member (Independent Director)

3. Average Net Profit of the Company for last 3 financial years: ₹2,852.01 lacs

4. Prescribed CSR expenditure (2% of amount): ₹57.04 lacs

5. Details of CSR activities/projects undertaken during the year:

a) Total amount to be spent for the financial year: ₹57.04 Lacs

b) Amount un-spent, if any: NIL

c) Manner in which the amount spent during financial year is detailed below:

(₹ in Lacs)							
1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/Programs 1. Local area or other 2. Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs, 2. Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct/ through implementing agency*
1.	Promoting education and providing non-formal primary education through cost effective One Teacher school (O.T.S.) i.e. Ekal Vidyalaya to rural and tribal people.	Education	In various parts of India	33.27	33.27	33.27	Through implementing agency and direct
2.	Treatment of cancer patient	Preventive healthcare	Kolkata	1.50	1.50	1.50	Direct
3.	Promoting health care including preventive health care and sanitation and making available safe drinking water	Health and sanitation	Assam and Meghalaya	5.27	5.27	5.27	Through implementing agency and direct
4.	Protection of Flora and Fauna	Environmental Sustainability	Meghalaya	25.41	25.41	25.41	Direct
5.	Rural development programmes	Rural development	Meghalaya	10.72	10.72	10.72	Direct
<b>Total</b>				<b>76.17</b>	<b>76.17</b>	<b>76.17</b>	

\*Details of implementing Agency: Friends of Tribal Society and Lumshnong Village Council

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place: Kolkata

Date: 30th May, 2017

Sanjay Kumar Gupta

Chief Executive Officer

Sanjay Agarwal

Chairman – CSR Committee

## Annexure - 4

## FORM AOC -1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

## Part "A": Subsidiaries

(₹ in lacs)						
Sl. No.	Name of the subsidiary	Megha Technical & Engineers Pvt Ltd	Star Cement Meghalaya Ltd	Meghalaya Power Ltd	Star Century Global Cement Pvt Limited	NE Hills Hydro Ltd
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A	N.A	N.A	N.A	N.A
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A	N.A	N.A	N.A	N.A
3	Share capital	2,734.64	2,981.78	1,713.06	20.03	7.00
4	Reserves & surplus	21,550.01	52,260.97	10,368.03	-	-
5	Total Assets	26,880.08	81,968.75	30,152.90	24.33	7.22
6	Total Liabilities	26,880.08	81,968.75	30,152.90	24.33	7.22
7	Investments	2,983.33	-	-	-	2.70
8	Turnover	18,003.75	46,858.38	10,370.71	-	-
9	Profit before taxation	455.15	9,223.67	1,481.03	-	-
10	Provision for taxation	527.26	-	277.32	-	-
11	Profit after taxation	(72.11)	9,223.67	1,203.72	-	-
12	Proposed Dividend	-	-	-	-	-
13	% of shareholding	100.00	87.49	51.00	100.00	100.00

The following information shall be furnished:-

- Names of subsidiaries which are yet to commence operations: NE Hills Hydro Limited and Star Century Global Cement Pvt. Ltd.
- Names of subsidiaries which have been liquidated or sold during the year: N.A

## Part "B": Associates and Joint Ventures

The Company does not have Associate / Joint Venture, hence, the requirements under this part is not applicable to the Company.

For and on Behalf of the Board

**Dilip Kumar Agarwal**  
Chief Financial Officer

**Sajjan Bhajanka**  
Chairman & Managing Director  
DIN:00246043

**Manoj Agarwal**  
Company Secretary

**Rajendra Chamarla**  
Chairman & Managing Director  
DIN:00246171

Place: Kolkata

Date: 30th May, 2017

## Annexure - 5

### PARTICULARS OF MANAGERIAL REMUNERATION

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees and percentage increase in remuneration of the Directors and Key Managerial Personnel of the Company for the financial year:

Name of Directors & Key Managerial Personnel	Designation	Percentage Increase in Remuneration	Ratio to median remuneration
Mr. Sajjan Bhajanka	Managing Director	Nil	18.73:1
Mr. Sanjay Agarwal	Managing Director	Nil	18.73:1
Mr. Rajendra Chamaria	Managing Director	Nil	20.61:1
Mr. Pankaj Kejriwal	Non-Executive Director	NA	NA
Mr. Prem Kumar Bhajanka	Non-Executive Director	NA	NA
Mr. Mangilal Jain	Independent Director	NA	NA
Mr. Manindra Nath Banerjee	Independent Director	NA	NA
Mrs. Clara Suja*	Non-Executive Director	NA	NA
Mr. Sanjay Kumar Gupta	Chief Executive Officer	11.00	-
Mr. Dilip Kumar Agarwal#	Chief Financial Officer	8.50	-
Mr. Manoj Agarwal	Company Secretary	12.00	-

\*resigned with effect from 5th April, 2017

# partly paid from erstwhile, Star Ferro and Cement Limited

- (i) Percentage increase in the median remuneration of employees in the Financial Year: 6.32%
- (ii) The number of permanent employees on the roll of the Company: 673
- (iii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase in the salaries of non-managerial employees in the Financial Year 2016 -17 was 8% while the average percentile increase in the Managerial remuneration was NIL.

- (iv) It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Statement of Particulars of Employees pursuant to the Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the Employees	Designation	Remuneration Received (₹ in Lacs)	Nature of Employment	Qualification	Experience (Years)	Date of commencement of employment	Age (Years)	Last Employment	% of Equity Share held in the Company	Relation with Director, if any
1	Mr. Sanjay Kumar Gupta	Chief Executive Officer	91.98	Permanent	CA, CWA	22	10.03.2003	47	Vinay Cement Limited	NIL	None
2	Mr. Jyoti Swaroop Agarwal	President - Sales & Marketing	87.49	Permanent	M.Com	34	27.03.2006	57	Ambuja Cement	NIL	None
3	Mr. Dilip Kumar Agarwal	Chief Financial Officer	52.96	Permanent	B.Com, CA	26	18.11.2009	50	Bharti Infratel Limited	NIL	None
4	Mr. Alok Misra	Assistant Vice President	48.67	Permanent	B.Com, MBA	23	08.11.2013	47	OCL India Limited	NIL	None
5	Mr. Manoj Agarwal	Senior General Manager (Finance) and Company Secretary	48.31	Permanent	CA, CS, LLB	22	27.07.2009	46	Reliance Retail Limited	NIL	None
6	Mr. Shouvik Chakraborty	Senior General Manager (Sales)	42.22	Permanent	BE, MBA	18	01.09.2010	41	Adhunik Cement Limited	NIL	None
7	Mr. Surya Prakash Shrimali	Assistant Vice President	41.68	Permanent	B. Sc.	37	10.12.2008	62	ZPCL, Zambia (South Africa)	NIL	None
8	Mr. Prakash Chandra Panda	Senior General Manager (HR)	35.79	Permanent	B. SC, MBA, LLB	25	09.12.2014	48	Reliance Communications Limited	NIL	None
9	Mr. Rajesh Kumar	General Manager (IT)	33.94	Permanent	M.Com, M. Tech	22	05.01.2015	43	Jindal Stainless Limited	NIL	None
10	Mr. Rajesh Srivastava	General Manager (Sales)	35.06	Permanent	B.A.	19	05.08.2006	45	Ultra tech Cement Limited	NIL	None

For and on behalf of the Board

Date: 30th May, 2017  
Place: Kolkata

**Sajjan Bhajanka**  
Chairman

DIN:00246043

# REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2016-17

The Directors present the Company's Report on Corporate Governance:

## Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance is to enhance the long-term economic value of the Company at large and its stakeholders. It emphasizes the need for full transparency, accountability and compliances with laws and regulations in all its transactions and interactions with its stakeholders, employees, lenders and the Government etc., without compromising the environment and health of society at large. Your Company has complied with the requirements of Corporate Governance as laid down under SEBI Regulations.

## BOARD OF DIRECTORS

### Composition

As on the date of this report, the Board consists of ten

Directors, including and headed by an Executive Chairman, two Executive Director, two Non-Executive Directors and five Independent Directors. The Board members are expert in different disciplines of corporate working i.e. finance, accounts, banking, technical, marketing, administration, etc. The Independent Directors are expert professionals with high credentials and actively contribute in the deliberations of the Board.

None of the Directors is a member of the Board of more than twenty Companies or a Member of more than ten Board-level Committees or a Chairman of more than five such Committees.

Mr. Sanjay Kumar Gupta is the Chief Executive Officer and Mr. Dilip Kumar Agarwal is the Chief Financial Officer of the Company.

The Composition is as provided below:

Name of the Director	Designation	Category
Mr. Sajjan Bhajanka	Chairman & Managing Director	Promoter – Executive
Mr. Sanjay Agarwal	Managing Director	Promoter – Executive
Mr. Rajendra Chamaria	Vice-Chairman & Managing Director	Promoter – Executive
Mr. Prem Kumar Bhajanka	Director	Promoter – Non-Executive
Mr. Pankaj Kejriwal	Director	Non – Executive – Non-Independent
Mr. Mangilal Jain	Director	Independent
Mr. Manindra Nath Banerjee	Director	Independent
Mr. Santanu Ray *	Director	Independent
Mrs. Plistina Dkhar *	Director	Independent
Mrs. Ibaridor Katherine War *	Director	Independent

\*Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War were appointed as Additional Directors of the Company w.e.f. 8th April, 2017 in the Independent category.

### Directorship, Committee membership and Chairmanship

The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s) and Committee Chairmanship as on date of this report are provided herein below:

Name of the Director	Number of Directorship of Public Limited Companies *	Number of Membership including Chairmanship of Board Committee(s) **
Mr. Sajjan Bhajanka	7	6 (1 as Chairman)
Mr. Sanjay Agarwal	7	1
Mr. Rajendra Chamaria	3	-
Mr. Prem Kumar Bhajanka	6	-
Mr. Pankaj Kejriwal	3	-
Mr. Mangilal Jain	9	7 (3 as Chairman)
Mr. Manindra Nath Banerjee	4	5 (3 as Chairman)
Mr. Santanu Ray#	6	5 (3 as Chairman)
Mrs. Plistina Dkhar#	3	-
Mrs. Ibaridor Katherine War#	1	-

#Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War were appointed as Additional Directors of the Company w.e.f. 8th April, 2017 in the Independent category.

\* Includes Private Limited Companies which are subsidiaries of Public Limited Companies, Unlimited Liability Companies, Companies registered under Section 8 of the Companies Act, 2013, Membership of Managing Committees of Chambers of Commerce/Professional Bodies but excludes Foreign Companies.

\* \* Only Audit Committee and Stakeholders' Relationship Committee have been considered as per SEBI Regulations.

### Board Meetings and Procedures

The Board meets at regular intervals to discuss and decide on the policies and strategies with respect to the business of the Company apart from normal business. The Board generally meets at least once every quarter to review the Quarterly results. Additional meetings are held as and when necessary.

All the meetings are scheduled well in advance and notices are sent to all the Directors at their address registered with the Company. In case a meeting is called at shorter notice to transact urgent business, requirements of Section 173(3) are complied with. The agenda of the meeting are backed by necessary supporting information and documents to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and Subsidiaries for the information of the Board. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman and consent of the members. Drafts minutes of the proceedings of the Board/Committee Meetings are circulated in advance and comments, if any,

received from the Directors are incorporated in the minutes in consultation with the Chairman. The Board periodically reviews compliance reports of all laws applicable to the Company. Information about major events/items is placed before the Board and approval of the Board is taken on all such matters wherever such approval is required. Senior executives of the Company are invited as and when required to provide additional inputs or clarifications required on agenda items being discussed in the Board Meeting.

### Number and dates of Board Meetings held during the year

Eight Board Meetings were held during the Financial Year 2016-17 and the gap between two meetings did not exceed 120 days. The Meetings were held on 2nd May, 2016, 20th July, 2016, 1st August, 2016, 9th September, 2016, 2nd November, 2016, 30th January, 2017, 18th March, 2017 and 22nd March, 2017. The attendance at the Board Meetings during the financial year 2016-17 and at the previous Annual General Meeting is as under:

Name of Director	No. of Board Meeting Attended	Last AGM Attended
Mr. Sajjan Bhajanka	7	Yes
Mr. Sanjay Agarwal	7	No
Mr. Rajendra Chamaria	3	No
Mr. Prem Kumar Bhajanka	2	No
Mr. Pankaj Kejriwal	2	No
Mr. Mangilal Jain	6	No
Mr. Manindra Nath Banerjee	7	Yes
Mr. Santanu Ray*	NA	NA
Mrs. Plistina Dkhar*	NA	NA
Mrs. Ibaridor Katherine War*	NA	NA
Mrs. Clara Suja#	1	Yes
Mr. B. B. Agarwal#	1	NA

\*Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War were appointed as Additional Directors of the Company w.e.f. 8th April, 2017 in the Independent category.

# Mr. B. B. Agarwal and Mrs. Clara Suja resigned with effect from 7th June, 2016 and 5th April, 2017, respectively.

#### Separate Meeting of Independent Directors

As stipulated by the Code for Independent Directors under the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 18th March, 2017 to review the performance of Non-Independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and Committees, which is necessary to effectively and reasonably perform and discharge their duties.

#### Induction and Familiarization Program for Directors

As per the Listing Regulations, the Company shall provide suitable training to the Directors to familiarize them with the Company, nature of the industry in which the Company operates etc.

The members of the Board of Directors are well acquainted with the industry and are provided necessary reports, documents and other presentations including interactive session with the Chairman, CEO and other heads of the Company. Efforts are made to familiarize the Directors about their roles, rights, and responsibilities. The Directors are regularly updated on the changes in policies, laws and regulations and other developments in the business. The details of the Director's induction and familiarization are available on the Company's website at <http://starcement.co.in/wp-content/uploads/Familiarization-Programme.pdf>

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Committees. A structured questionnaire for evaluation was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgement. The performance evaluation of the Chairman and the Non-Independent Directors and Board as a whole was also carried out by the Independent Directors.

The results of the Evaluation were shared with the Board, Chairman of respective Committees and individual Directors. The Directors expressed their satisfaction over the evaluation process.

#### Resume of Directors proposed to be re-appointed/ appointed

The brief resume of Directors retiring by rotation and seeking re-appointment/appointment is appended in the notice convening the Annual General Meeting.

#### COMMITTEES OF THE BOARD

Currently, the Board has four committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

#### Audit Committee:

The Audit Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and the Listing Regulations. The Committee is responsible for the effective supervision of the financial reporting processes to ensure accurate, timely, and proper disclosures and transparency, integrity and quality of financial reporting.

The terms of reference of the Audit Committee are broadly inter alia as follows:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing, with the management, the statement of uses /application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the Company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, audit observations as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

#### Composition, number of Meetings and Attendance

The Audit Committee met six times during the Financial Year 2016-17. The Audit Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and the Listing Regulations. Members of the Audit Committee possess financial /accounting expertise/ exposure. The Committee is chaired by Mr. Mangilal Jain. The meetings were held on 2nd May, 2016, 20th July, 2016, 1st August, 2016, 2nd November, 2016, 30th January, 2017 and 18th March, 2017.

The composition of the Audit Committee and the details of meetings attended by the Directors are as under:



Name	Category	No. of Committee Meetings Attended
Mr. Mangilal Jain	Chairman – Independent, Non-Executive	6
Mr. Manindra Nath Banerjee	Member – Independent, Non-Executive	6
Mr. Sajjan Bhajanka	Member - Non-Independent, Executive	5

Audit Committee meetings are attended by the Chief Executive Officer, Chief Financial Officer of the Company and Representatives of Statutory Auditors and Internal Auditors, are invitees for the relevant meetings. The Company Secretary acts as the Secretary of the Audit Committee.

#### Nomination and Remuneration Committee:

The Nomination and Remuneration Committee determines on behalf of the Board and shareholders as per agreed term of reference, the Company's policy on specific remuneration packages for Executive Directors, Key Managerial Personnel and other employees. The Chairman of the Committee is an Independent Director and the Members on the Committee are Non-Executive Directors.

The broad terms of reference of the Committee inter alia are as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Directors;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;

- Recommending/reviewing remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.

#### Remuneration Policy

The Company has formulated a remuneration policy with a focus on attracting talent and rewarding performance based on review of achievements. The remuneration to be paid to the Executive Directors is recommended by the Remuneration Committee based on the Net Profits of the Company which are then approved by the Board of Directors of the Company and the Shareholders of the Company in their respective meetings. The remuneration paid to the Executive Directors was determined and based on the industry benchmark, performance of the Company to the industry performance. Independent Non-Executive Directors are appointed for their performance expertise in their individual capacity as individual Professionals/Business Executives. Independent Non-Executive Directors are paid sitting fees for attending each Board and Committee Meetings.

The Remuneration Policy of the Company is available on the Company's website at: <http://starcement.co.in/wp-content/uploads/Remuneration-policy.pdf>

The composition of the Nomination and Remuneration Committee is in accordance with the regulatory requirements specified by Section 178 of the Companies Act, 2013 and the Listing Regulations. The Company Secretary acts as Secretary to the Committee. The Nomination and Remuneration Committee comprises of the following three members:

Name of the Member	Category	Designation
Mr. Mangilal Jain	Independent, Non-Executive	Chairman
Mr. Manindra Nath Banerjee	Independent, Non-Executive	Member
Mr. Prem Kumar Bhajanka	Non-Independent, Non-Executive	Member

**Meetings and Attendance:**

The Remuneration Committee met once on 2nd May, 2016 during the Financial Year 2016-17. All the Members of the Committee attended the meeting.

**Remuneration paid to the Directors:-**

The details of remuneration paid to Directors for the Financial Year 2016-17 is provided below:

Sl. No.	Name of the Director	Designation	Salary (₹)	Sitting Fees (₹)	No. of Shares held as on 31.03.2017
1.	Mr. Sajjan Bhajanka	Chairman & Managing Director	60,00,000	Nil	3,77,16,950
2.	Mr. Sanjay Agarwal	Managing Director	60,00,000	Nil	20,91,920
3.	Mr. Rajendra Chamaria	Vice - Chairman & Managing Director	66,00,000	Nil	3,19,87,055
4.	Mr. Prem Kumar Bhajanka	Director	Nil	Nil	41,98,410
5.	Mr. Pankaj Kejriwal	Director	Nil	Nil	Nil
6.	Mr. Mangilal Jain	Independent Director	Nil	55,000	Nil
7.	Mr. Manindra Nath Banerjee	Independent Director	Nil	57,500	Nil
8.	Mr. Santanu Ray*	Independent Director	NA	NA	Nil
9.	Mrs. Plistina Dkhar*	Independent Director	NA	NA	Nil
10.	Mrs. Ibaridor Katherine War*	Independent Director	NA	NA	Nil
11.	Mrs. Clara Suja#	Non – Independent Director	2,40,000	5,000	Nil

None of the Directors of the Company / Key Managerial Personnel had any pecuniary relationship with the Company during the year.

\*Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War were appointed as Additional Directors of the Company w.e.f. 8th April, 2017 in the Independent category.

# Resigned with effect from 5th April, 2017 and remuneration paid in professional capacity.

**Stakeholders' Relationship Committee**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI Regulations, the Board has constituted "Stakeholders Relationship Committee".

The Committee's responsibility is to oversee Share Transfers and addressing to and redressal of shareholders' grievances etc. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agents of the Company.

The terms of reference of the Committee shall, inter alia, include:

- Review the process and mechanism of redressal of investor grievance and suggest measures of improving the system of redressal of investor grievances.
- Consider and approve all requests from shareholders regarding transfer & transmission of shares, issue of duplicate share certificate, consolidation of shares, demat, remat, split & folio consolidation etc.
- Review and resolve the pending investors complaints, if any, relating to transfer of shares, non-receipt of share certificate(s), non-receipt of interest dividend warrants,

non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.

- Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolve them.

The Composition of Stakeholders Relationship Committee is as follows:

Name of the Member	Category	Designation
Mr. Manindra Nath Banerjee	Non-Executive, Independent	Chairman
Mr. Sajjan Bhajanka	Executive, Non-Independent	Member
Mr. Sanjay Agarwal	Executive, Non-Independent	Member

The Company Secretary acts as Secretary to the Committee.

**Meetings and Attendance**

The Stakeholder Relationship Committee was constituted on 8th April, 2017. As such, there was no meeting of the Committee during the Financial Year 2016-17.

### Corporate Social Responsibility Committee

The Company has constituted Corporate Social Responsibility Committee (CSR) as required under section 135 of the Companies Act 2013. The Committee consists of three Directors out of which one director is an Independent Director.

The terms of reference of the Committee are as follows:

- i. To formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- ii. To recommend the amount of expenditure to be incurred on CSR activities

During the Financial Year 2016-17, CSR Committee Meeting was held on 30th January, 2017 where all the members were present.

The Corporate Social Responsibility Committee comprises of the following three members and details of the meeting attended by them are given below:

Name of the Member	Category	Designation
Mr. Sanjay Agarwal	Executive, Non-Independent	Chairman
Mr. Sajjan Bhajanka	Executive, Non-Independent	Member
Mr. Mangilal Jain	Non-Executive, Independent	Member

#### Meetings and Attendance:

The CSR Committee met once on 30th January, 2017 during the Financial Year 2016-17. All the Members of the Committee attended the meeting.

#### VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Board of Directors of the Company has adopted a Vigil Mechanism Policy. This mechanism provides a tool in the hands of Employees and Directors to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

### GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings:

Financial Year	Venue	Date and time
2015-16	'Star Club', Village Lumshnong, PO: Khaliehriat, Dist. East Jaintia Hills, Meghalaya – 793210	22nd August, 2016 at 03:30 P.M.
2014-15	'Star Club', Village Lumshnong, PO: Khaliehriat, Dist. East Jaintia Hills, Meghalaya – 793210	26th May, 2015 at 03:30 P.M.
2013-14	'Star Club', Village Lumshnong, PO: Khaliehriat, Dist. East Jaintia Hills, Meghalaya – 793210	10th September, 2014 at 3:00 P.M.

Details of Special Resolution passed in the last three Annual General Meetings:

AGM	Date	Matter
13th	10th September, 2014	1. Addition of Article to the existing Articles of Association 2. Enhancement of Borrowing Power 3. Creation of charges or mortgages and hypothecations
14th	26th May, 2015	1. Giving Loans/ Guarantees or providing securities for and on behalf of Subsidiary Companies and / or making investments in such Subsidiary Companies 2. Re-appointment of Mr. Sajjan Bhajanka as Managing Director 3. Re-appointment of Mr. Sanjay Agarwal as Managing Director 4. Re-appointment of Mr. Rajendra Chamaria as Managing Director 5. Enhancement of Borrowing Power 6. Creation of charges or mortgages and hypothecations
15th	22nd August, 2016	Place of keeping register of members and copies of Annual Return other than Registered Office of the Company

During the year, no resolution has been passed through the exercise of Postal Ballot. In addition to the above, the following Special Resolutions were passed in the Extra Ordinary General Meetings:

Date	Matter
24th May, 2016	Change of Name of the Company and consequential amendment in Memorandum of Association
13th February, 2017	Adoption of new set of Articles of Association

Court Convened Meeting of Secured and Unsecured Creditors were held on 5th December, 2016 where special resolution for approval of the Scheme of Amalgamation was passed.

## DISCLOSURES

- No materially significant related party transactions took place between the Company and its subsidiaries, its Promoters, Directors or the Management and their relatives which have a bearing on interests of the Company at large. Other Related Party transactions as per requirements of Accounting Standard 18 have been reported in Notes to Accounts annexed to the financial statements. The policy on related party transaction has been placed on the Company's website at <http://starcement.co.in/wp-content/uploads/Related-Party-policy.pdf>
- There has been no instance of non-compliance by the Company on any matter related to capital markets and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.
- The Company has a well-defined risk management framework and the Board is kept informed about the risk assessment and minimization procedures. The risk policy provides for identification of risk, its assessments and procedures to minimize risk. The risk management policy is reviewed periodically to ensure that the executive management controls the risk as per decided policy.
- The Company's policy on Vigil mechanism is placed on the Company's website at <http://starcement.co.in/wp-content/uploads/Whistle-Blower-Policy.pdf>. We hereby affirm that no personnel have been denied access to the audit committee.
- The Directors of the Company are not related inter-se.
- The Financial statements of the Company are prepared in accordance with the Accounting Standards stipulated under the Companies Act.
- During the year under review, the Company has not raised any money through public issue.
- The Company's policy on "material subsidiary" is placed on the Company's website at <http://starcement.co.in/wp-content/uploads/Policy-on-Material-subsiary.pdf>.

## CODE OF CONDUCT

In pursuance of the SEBI Regulations, the Board has approved the 'Code of Conduct for Board of Directors and Senior Management' and same has been circulated and posted on the Company's website [www.starcement.co.in](http://www.starcement.co.in). The Directors and Senior Management personnel have affirmed compliance with the provisions of above Code of Conduct. The declaration by the Chief Executive Officer to this effect is also attached to this Report.

## MEANS OF COMMUNICATION

The quarterly financial results, annual results, annual report and official news are posted on the website of the Company - [www.starcement.co.in](http://www.starcement.co.in).

## MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report, forms a part of the Directors' Report.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date and Time	11th September, 2017 at 02:00 p.m.
Venue	Star Club, Village: Lumshnong, PO: Khaliéhriat, Dist. East Jaintia Hills, Meghalaya – 793210
Dates of Book Closure	8th September, 2017 to 11th September, 2017 (both days inclusive).

### Financial Calendar (for the year 2017-18)

The Company follows financial year starting from 1st of April of the financial year and ending on 31st March of the following year.

### Proposed date for approval of financial results

First Quarter ended 30th June, 2017	Within 45 days from the end of quarter
Second Quarter ended 30th September, 2017	Within 45 days from the end of quarter
Third Quarter ended 31st December, 2017	Within 45 days from the end of quarter
Fourth/Last Quarter ended 31st March, 2018	Within 60 days from the end of quarter

### Listing on Stock Exchanges:

The Shares of the Company is proposed to be listed on the following Stock Exchanges and listing applications have been filed accordingly:-

- National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Bandra –Kurla Complex, Bandra (E)  
Mumbai- 400 051

b) BSE Ltd. (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street, Fort,  
Mumbai – 400 001

The Company has paid listing fees to NSE and BSE for the year 2017 – 18.

Annual Custody/Issuer fee for the year 2016-17 has been paid by the Company to NSDL and CDSL. Bills for the year 2017-18 has been received and paid by the Company to CDSL but Bill from NSDL for the year 2017-18 is yet to be received.

**ISIN Allotted to the Company by the Depositories:**

The Company has signed Depository agreement with both National Securities Depository Limited and Central Depository Services (India) Limited. The ISIN allotted to the Company is INE460H01021.

**Corporate Identity Number:**

U26942ML2001PLC006663

**Registrars and Share Transfer Agents:**

M/s. Maheshwari Datamatics Private Limited  
23, R.N. Mukherjee Road, 5th Floor, Kolkata - 700001  
Phone: 033 22435029/22482248  
Fax - 033 22484787  
Email - mdpldc@yahoo.com

**Share Transfer System**

Requests for transfer of shares can be lodged either at the office of the Company or at the office of the Registrar. The transfers are normally processed within a maximum period of 15 days from the receipt of documents, complete in all respect.

Transfer of Shares in dematerialized form is duly processed by NSDL/CDSL in electronic form through the respective Depository participants. Dematerialisation is required to be

done with a period of 15 days from the date of lodgment of dematerialisation request, complete in all respect, with the Depository Participant of the Shareholder.

**Dematerialisation of shares and liquidity**

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

**Plant Locations:**

**Lumshnong Plant**

Vill: Lumshnong, P.O. Khaliehriat, Dist.: East Jaintia Hills Meghalaya – 793210

**Sonapur Plant**

Gopinath Bordoloi Road  
Vill: Chamta Pathar, P.O. Sonapur, Kamrup Assam  
Pin: 782402

**Address for Correspondence:**

a) Corporate Office:

The Company Secretary & Compliance Officer  
Star Cement Limited, Satyam Tower,  
3 Alipore Road, Kolkata-700 027  
Phone: 033 22435029  
Fax: 033 22484787  
Email: investors@starcement.co.in  
Website: www.starcement.co.in

b) Registered Office: Village: Lumshnong, P.O. Khaliehriat, Dist. East Jaintia Hills, Meghalaya – 793210

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 30th May, 2017

**Sajjan Bhajanka**  
*(Chairman)*

# COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, it is hereby declared that all Board members and Senior management personnel of the Company have affirmed the compliance of the Code of Conduct for the year ended 31st March, 2017.

Place: Kolkata  
Dated: 30th May, 2017

**Sanjay Kumar Gupta**  
*Chief Executive Officer*

# CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

To,  
The Board of Directors  
Star Cement Limited

We the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Star Cement Limited ('the Company'), to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements and the cash flow statement for the Financial year ended 31st March, 2017 and based on our knowledge and belief, we state that:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - i) significant changes, if any, in internal control over financial reporting during the year;
  - ii) significant changes, if any, in accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata  
Date: 30th May, 2017

**Sanjay Kumar Gupta**  
*Chief Executive Officer*

**Dilip Kumar Agarwal**  
*Chief Financial Officer*

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# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Star Cement Limited  
Vill:-Lumshnong, P.O. Khaliehriat,  
Dist. East Jaintia Hills,  
Meghalaya - 793 210

We have examined the compliance of conditions of the Corporate Governance by Star Cement Limited for the year ended on 31st March, 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

CA. Arun Kumar Sharma  
*Partner*  
Membership No. 057329

Place: Kolkata  
Date: 30th May, 2017

**FINANCIAL**  
**STATEMENT**





## INDEPENDENT AUDITORS' REPORT

To the Members of  
STAR CEMENT LIMITED  
(Formerly Cement Manufacturing Company Limited)

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Star Cement Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of its pending litigations on its financial position in its standalone financial statement – Refer Note 2.31 to the standalone financial statement.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its standalone financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company Refer to Note 2.39 to the standalone financial statement.

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place : Kolkata  
Date : 30th May, 2017

## ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended 31st March, 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The fixed assets of the Company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) 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 and no material discrepancies were observed.
- (iii) The Company has not granted loan to any body corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). So the provision of paragraph 3(iii) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) On the basis of our examination of books and record of the Company, in our opinion and according to the information and explanations given to us, the Company has not accepted deposits during the year and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
- (vi) 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 148(1) of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable except as detailed below.
- | Nature of Due       | Amount (₹ lacs) |
|---------------------|-----------------|
| Cement Clinker Cess | 99.68           |
- (b) According to the information and explanations given to us, there are no material dues of duty of customs, income tax, sales tax, service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of duty of excise and service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	72.92	2005-06 & 2006-07	CESTAT
The Central Excise Act, 1944	Excise Duty	370.45	Apr-'09 to March-12	CESTAT
The Central Excise Act, 1944	Excise Duty	57.18	2009-10 to 2013-14	CESTAT
The Central Excise Act, 1944	Excise Duty	46.09	June 2014	Deputy Commissioner, Central Excise Shillong
The Central Excise Act, 1944	Excise Duty	105.93	April 2014	Commissioner, Central Excise Shillong
The Central Excise Act, 1944	Excise Duty	13.71	2006-07 and 2007-08	CESTAT
The Central Excise Act, 1944	Excise Duty	4.75	Jan-'05 to Sep-'05	CESTAT
The Central Excise Act, 1944	Excise Duty	4.50	Oct-'05 to Jul-'06	CESTAT
The Central Excise Act, 1944	Excise Duty	0.74	Jan-'05 to Oct-'06	CESTAT

(viii) Based on our audit procedures and as per the information & explanation given by the management, the Company has not defaulted in repayment of dues to financial Institution or Banks. The Company has not issued any debentures.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act

where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place : Kolkata  
Date : 30th May, 2017

## ANNEXURE - B TO THE AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Star Cement Limited** (Formerly **Cement Manufacturing Company Limited**) ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Kolkata  
Date : 30th May, 2017

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

(₹ in lacs)

<b>Balance Sheet</b> as at 31st March, 2017			
	Note	As at 31.03.2017	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	4,192.14	4,192.14
Share Capital-Pending Allotment		0.15	-
Reserves and Surplus	2.2	60,416.72	53,006.55
		<b>64,609.01</b>	<b>57,198.69</b>
<b>Non-current Liabilities</b>			
Long Term Borrowings	2.3	35,693.50	28,573.80
Deferred Tax Liabilities (Net)	2.4	98.16	-
Other Long Term Liabilities	2.5	8,947.66	7,628.03
Long Term Provisions	2.6	249.86	159.62
		<b>44,989.18</b>	<b>36,361.45</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2.7	20,344.14	22,805.75
Trade Payables		7,414.28	14,747.34
Other Current Liabilities	2.8	19,837.82	18,233.93
Short Term Provisions	2.9	71.92	118.65
		<b>47,668.17</b>	<b>55,905.66</b>
<b>Total</b>		<b>1,57,266.36</b>	<b>1,49,465.79</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
-Tangible Assets	2.10	28,538.56	26,332.34
-Intangible Assets	2.10	12.49	12.28
-Capital Work in Progress		4,624.16	4,071.93
		<b>33,175.20</b>	<b>30,416.54</b>
Non Current Investments	2.11	23,911.39	23,878.43
Deferred Tax Asset (Net)	2.4	-	85.90
Long Term Loans and Advances	2.12	20,569.83	19,338.34
Other Non- Current Assets	2.13	-	48.20
		<b>77,656.43</b>	<b>73,767.41</b>
<b>Current Assets</b>			
Inventories	2.14	6,203.17	8,506.31
Trade Receivables	2.15	28,769.85	34,736.91
Cash and Cash equivalents	2.16	1,259.11	806.49
Short Term Loans and Advances	2.17	43,377.80	31,648.67
		<b>79,609.93</b>	<b>75,698.38</b>
<b>Total</b>		<b>1,57,266.36</b>	<b>1,49,465.79</b>
<b>Significant accounting policies and notes on accounts</b>	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place: Kolkata  
Date: 30th May, 2017

Dilip Kumar Agarwal  
Chief Financial Officer

Manoj Agarwal  
Company Secretary

For and on Behalf of the Board of Directors

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171

(₹ in lacs)

Statement of Profit and Loss for the year ended 31st March, 2017			
	Note	2016-17	2015-16
<b>INCOME</b>			
Revenue from Operations (Gross)	2.18	1,45,969.47	1,48,433.04
Excise Duty (refer note 2.32)		(5,906.21)	(6,833.82)
<b>Revenue from Operations (Net)</b>		<b>1,40,063.26</b>	<b>1,41,599.22</b>
Other Income	2.19	163.34	93.56
<b>Total Revenue</b>		<b>1,40,226.60</b>	<b>1,41,692.78</b>
<b>EXPENSES</b>			
Cost of Materials consumed	2.20	41,849.87	43,214.48
Purchase of Traded Goods		17,549.11	15,536.81
(Increase)/Decrease in Inventories	2.21	(98.26)	(594.67)
Employee Benefit Expenses	2.22	6,992.18	6,224.40
Finance Costs	2.23	5,631.68	4,913.04
Depreciation and Amortization Expenses		4,669.26	6,064.49
Other Expenses	2.24	55,737.18	60,693.16
<b>Total Expenses</b>		<b>1,32,331.02</b>	<b>1,36,051.72</b>
<b>Profit/(loss) before exceptional and extraordinary items and tax</b>		<b>7,895.58</b>	<b>5,641.06</b>
Exceptional items		35.36	(55.00)
<b>Profit/(loss) before tax</b>		<b>7,930.93</b>	<b>5,586.06</b>
<b>Tax Expenses</b>			
- Current Tax		1,706.63	1,195.58
Less: MAT Credit entitlement		(1,706.63)	(1,195.58)
- Net Current Tax		-	-
- Income Tax for Earlier year		(393.87)	41.59
- Deferred Tax		(228.61)	(85.90)
<b>Profit/(loss) for the year</b>		<b>7,308.45</b>	<b>5,630.36</b>
<b>Earnings Per Equity Share</b>			
Basic Earning Per Share		1.74	1.34
Diluted Earning Per Share		1.74	1.34
<b>Significant accounting policies and notes on accounts</b>	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place: Kolkata  
Date: 30th May, 2017

Dilip Kumar Agarwal  
Chief Financial Officer

Manoj Agarwal  
Company Secretary

For and on Behalf of the Board of Directors

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171



(₹ in lacs)

<b>Cash Flow Statement</b> for the year ended 31st March, 2017		2016-17	2015-16
<b>A</b>	<b>Cash flow from Operating Activities</b>		
	Net Profit/(Loss) before Tax	7,930.93	5,586.06
	Adjustments for :		
	Depreciation	4,669.26	6,064.49
	(Profit)/ Loss on Sale of Fixed Assets	(5.73)	8.22
	Interest Income	(127.49)	(47.26)
	Finance Costs	5,631.68	4,913.04
	Income Tax for Earlier years	(393.87)	(41.59)
	Provision for Bad and Doubtful Debts (Net of adjustments)	(16.53)	(35.14)
	<b>Operating Profit before Working Capital changes</b>	<b>17,688.25</b>	<b>16,447.81</b>
	Adjustments for :		
	(Increase)/Decrease in Trade receivables	5,983.59	(11,981.10)
	(Increase)/Decrease in Inventories	2,303.14	(3,259.83)
	(Increase)/Decrease in Loans & Advances and other assets	(14,061.52)	(12,470.54)
	Increase/(Decrease) in Trade Payables, Other Liabilities and Provisions	(3,891.32)	5,856.79
	Cash Generated from Operations	8,022.15	(5,406.87)
	Direct Taxes Paid	1,105.00	1,100.00
	<b>Net Cash flow from Operating Activities</b>	<b>9,127.15</b>	<b>(4,306.87)</b>
<b>B</b>	<b>Cash flow from Investing Activities</b>		
	(Purchase)/sale of Fixed Assets (including WIP)- Net*	(7,436.72)	(3,357.45)
	Fixed Deposits/Margin Money Given/(Repaid)	(308.33)	(4.74)
	(Purchase)/ sale of Investments	(32.96)	-
	Interest Received	127.49	47.26
	<b>Net Cash used in Investing Activities</b>	<b>(7,650.51)</b>	<b>(3,314.93)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	Interest paid	(5,631.68)	(4,913.04)
	Proceeds from /(Repayment of) Long Term Borrowings / Liabilities*	6,640.74	5,249.78
	Proceeds from /(Repayment of) Short Term Borrowings	(2,461.60)	6,931.14
	<b>Net Cash used in Financing Activities</b>	<b>(1,452.55)</b>	<b>7,267.89</b>
	<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>24.09</b>	<b>(353.91)</b>
	<b>Cash and Cash Equivalents</b>		
	Opening Balance**	787.48	1,141.40
	Add: Transferred as per Scheme of Amalgamation (Refer note 2.26)	72.02	-
	<b>Closing Balance</b>	<b>883.58</b>	<b>787.48</b>

\*Excluding notional foreign exchange (loss)/gain of ₹14.53 lacs, (PY ₹121.94 Lacs) capitalized /reduced in accordance with para 46A of AS-11.

\*\* Represents Cash and Bank Balances as indicated in Note-2.16, and excludes ₹375.53 lacs, (PY ₹19.01 Lacs) being Bank Balances with restrictive use and maturity of more than three months.

As per our report of even date

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place: Kolkata  
Date: 30th May, 2017

Dilip Kumar Agarwal  
Chief Financial Officer

Manoj Agarwal  
Company Secretary

For and on Behalf of the Board of Directors

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171

## Notes to Financial Statements

### Corporate Information

Star Cement Limited (formerly Cement Manufacturing Company Limited) (the Company) is a public limited company domiciled in India and incorporated on 2nd November, 2001 under the provisions of Companies Act, 1956. The Company is engaged in the manufacturing and selling of Cement Clinker & Cement. The manufacturing units are located at Lumshnong, Meghalaya and Guwahati, Assam. The Company is selling its product across north eastern and eastern states of India.

### 1. Significant Accounting Policies

#### 1.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, to the extent notified. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

The accounting policies are consistently followed by the Company and changes in accounting policy are separately disclosed.

#### 1.2 Use of Estimates

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

#### 1.3 Fixed Assets

Fixed Assets are stated at their cost of acquisition, installation or construction (net of Cenvat credit and other recoverable, wherever applicable) less accumulated depreciation, amortization and impairment losses if any, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to working condition for its intended use. The Company has adopted the provisions of para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates", and accordingly exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Railway sidings, the ownership of which vest with the Railway authorities are depreciated over five years.

#### 1.4 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 completion of construction.

#### 1.5 Expenditure during construction period

In case of new projects and substantial expansion of existing units, expenditure incurred including trial production expenses net of revenue earned, and attributable interest and financing costs, prior to commencement of commercial production/ completion of project are capitalised.

#### 1.6 Depreciation

Depreciation on Fixed Assets is provided on Written Down Value (WDV) method in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C' thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV method so as to depreciate the initial cost down to the residual value over the estimated useful lives. Useful lives, components and residual amounts are reviewed annually. Depreciation on amount capitalized pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' is provided over the balance useful life of depreciable capital assets. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

## Notes to Financial Statements *(contd.)*

### 1.7 Investments

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

### 1.8 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials & labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of Inventories is computed on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 1.9 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 statement of profit and loss of the year when the contributions to the respective funds are due.

#### (ii) Defined Benefit Plan

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

#### (iii) Other Long-term benefits

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

Actuarial gain/losses, if any, are recognized in the statement of profit and loss.

### 1.10 Borrowing Costs

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

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

### 1.12 Foreign Currency Transactions and Balances

Transactions in foreign currencies entered into by the Company are accounted at the exchanges rates prevailing on the date of the transactions. Exchange differences arising on settlement /restatement of short term foreign currency monetary assets and liabilities of the Company are recognized as income or expenses in the Statement of Profit and Loss. All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the Balance Sheet date. The exchange difference arising as a result is added to or deducted from the cost of the assets in accordance with para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

### 1.13 Taxes on Income

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating

## Notes to Financial Statements *(contd.)*

during current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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

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

### 1.14 Intangible Asset

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

### 1.15 Research and Development Expenditure

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

### 1.16 Provisions and Contingencies

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimates of the amount required to settle the obligation at the Balance Sheet date. 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 recognized nor disclosed in the financial statements.

### 1.17 Cash & Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, demand deposits with banks and other short-term highly liquid investments/deposits with an original maturity of three months or less.

### 1.18 Earnings Per Share

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

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

### 1.19 Revenue Recognition

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

### 1.20 Government Grants and Subsidies

Government grants / subsidies are recognized 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 recognized in the Profit and 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.

## Notes to Financial Statements (contd.)

2.1 Share Capital		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
Authorised Capital	6,000.00	6,000.00
60,00,00,000 (60,00,00,000 as at 31.03.16) Equity Shares of ₹1/- each fully paid)		
Issued, Subscribed & fully Paid -up shares		
41,92,13,920 (41,92,13,920 as at 31.03.16) Equity Shares of ₹1/- each fully paid)#	4,192.14	4,192.14

### a. Terms/Rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### b. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No. of Shares	No. of Shares
At the beginning of the year	41,92,13,920	41,92,13,920
Issued during the year	-	-
Outstanding at the end of the year	41,92,13,920	41,92,13,920

### c. Shares held by Holding Company

	No. of Shares	No. of Shares
Star Ferro and Cement Limited#	29,54,75,000	29,54,75,000

### d. Details of Shareholders holding more than 5% of Equity Share capital

Name of the Shareholders	No. of Shares	No. of Shares
	% of holding	% of holding
Star Ferro and Cement Limited#	29,54,75,000	29,54,75,000
	70.48%	70.48%
Sajjan Bhajanka	3,77,16,950	3,56,25,000
	9.00%	8.50%
Rajendra Chamaria	3,19,87,055	2,75,65,140
	7.63%	6.58%

# 29,54,75,000 Equity Shares amounting to ₹2,954.75 Lacs to be cancelled upon allotment of shares pursuant to Scheme of Amalgamation (Refer Note no. 2.26).

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

### e. Share Capital-Pending Allotment

		(₹ in lacs)
	31.03.2017	31.03.2016
15,077 Equity Shares of ₹1/- each to be allotted as per Scheme of Amalgamation (Refer Note no. 2.26)	0.15	-
	0.15	-

## Notes to Financial Statements (contd.)

2.2 Reserves & Surplus		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Capital Reserve</b>			
Balance as per last Account	6,719.90	6,719.90	
Add: Pursuant to Scheme of Amalgamation *	643.53	-	
Addition/(Deduction) during the year	-	-	
	<b>7,363.43</b>	<b>6,719.90</b>	
<b>General Reserve</b>			
Balance as per last Account	3,820.00	3,820.00	
Less : Pursuant to the Scheme of Amalgamation *	(632.17)	-	
Addition/(Deduction) during the year	-	-	
	<b>3,187.83</b>	<b>3,820.00</b>	
<b>Surplus as per Profit &amp; Loss Account</b>			
Balance as per last Account	42,466.64	36,836.28	
Add: Pursuant to Scheme of Amalgamation *	90.36	-	
Profit/(loss) for the year	7,308.45	5,630.36	
Amount available for appropriation	49,865.45	42,466.64	
Total Appropriations	-	-	
Net Surplus in the statement of profit and loss	49,865.45	42,466.64	
<b>Total Reserves and Surplus</b>	<b>60,416.72</b>	<b>53,006.55</b>	

\*Refer Note no. 2.26

2.3 Long Term Borrowings		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Term Loans</b>			
Rupee Loans from Banks (Secured)	10,381.85	13,848.03	
Rupee Loans from a Financial Institution (Secured)	2,437.51	3,000.00	
Rupee Loan from a Body Corporate (Secured)	6,999.28	-	
Foreign Currency Loan from a Bank (Secured)	1,255.86	2,158.90	
<b>Loans and Advances from Related Party (Unsecured)</b>			
- From a subsidiary	13,400.00	13,208.00	
- From Directors	6,524.37	2,256.66	
<b>Other Loans &amp; Advances</b>			
-Hire Purchase Finance from banks (Secured)	226.61	127.69	
	<b>41,225.48</b>	<b>34,599.28</b>	
Less: Current Maturities of long term borrowings	(5,531.99)	(6,025.48)	
	<b>35,693.50</b>	<b>28,573.80</b>	

Notes:-

- Rupee Term Loan of ₹2,702.10 Lacs from a bank is repayable in 16 equal quarterly instalments commencing from June 2018. The Loan is secured by pari passu first charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya and second pari passu charge on the current assets of the Company's cement plant at Lumshnong, Meghalaya.
- Rupee Term Loans of ₹2,992.25 Lacs from banks are repayable in further 10 unequal quarterly instalments ending on December 2019. Rupee Term Loan of ₹4,687.50 Lacs from a bank is repayable in 15 equal quarterly instalments commencing from June 2017. Foreign Currency loan of ₹1,255.86 Lacs from a bank is repayable in further 11 unequal quarterly instalments ending on December 2019. These loans are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the Company's cement grinding unit at Guwahati, Assam. The term loans are also secured by personal guarantees of some of the Directors of the Company.

## Notes to Financial Statements (contd.)

3. Rupee Term Loan of ₹2,437.51 Lacs from a financial institution is repayable in 13 equal quarterly instalments commencing from December 2016. The loan is to be secured by first charge on fixed assets of Megha Technical & Engineers Private Limited, a wholly owned subsidiary of the Company. Pending security creation, the loan is temporarily secured by personal guarantee of some of the Directors of the Company.
4. Rupee Term Loan of ₹6,999.28 Lacs from a body corporate is repayable in 8 equal half Yearly instalments commencing from December 2017. The loan is secured by pari passu first charge on the fixed assets of the Company's cement plant at Lumshnong, Meghalaya and second pari passu charge over the current assets of the Company's cement plant at Lumshnong, Meghalaya. The loan is also secured by personal guarantee of one of the Director of the Company.
5. Hire Purchase Finance is secured by hypothecation of respective vehicles and is repayable within four years having varying date of payment.
6. The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

### 2.4 Deferred Tax Liabilities (Net)

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Deferred Tax liability		
-Fixed assets	113.21	-
Gross deferred tax liability	113.21	-
Deferred Tax Assets*		
- Gratuity & Leave encashment	9.44	16.17
- Fixed Assets	-	58.69
-Trade receivable	5.61	11.03
Gross deferred tax asset	15.06	85.90
<b>Net Deferred Tax (Assets)/Liability</b>	<b>98.16</b>	<b>(85.90)</b>

\* Deferred Tax Assets of ₹44.56 Lacs transferred to the Company pursuant to the Scheme of Amalgamation (Refer note no. 2.26)

### 2.5 Other Long Term Liabilities

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Security Deposit	8,706.97	7,327.41
Retention Money	240.69	300.62
	<b>8,947.66</b>	<b>7,628.03</b>

### 2.6 Long Term Provisions

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
Provisions for employee benefits		
- Leave Encashment	178.19	96.75
- Gratuity	71.67	62.87
	<b>249.86</b>	<b>159.62</b>

## Notes to Financial Statements (contd.)

2.7 Short Term Borrowings		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Working Capital facilities from Banks</b>		
- Cash Credit (Secured)	11,208.25	10,603.63
<b>Short Term Loan</b>		
- From Banks (Unsecured)	9,135.90	9,245.23
- Foreign Currency Demand Loan from a Bank (Unsecured)	-	2,956.89
	<b>20,344.14</b>	<b>22,805.75</b>

### Notes:-

- a. The above amount includes
- |                      |           |           |
|----------------------|-----------|-----------|
| Secured borrowings   | 11,208.25 | 10,603.63 |
| Unsecured borrowings | 9,135.90  | 12,202.12 |
- b. Working Capital facilities of ₹4,056.60 Lacs from banks are secured by first pari passu charge on current assets and second pari passu charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya.
- c. Working Capital facilities of ₹7,151.65 Lacs from banks are secured by pari passu first charge on current assets and pari passu second charge on fixed assets of the Company's cement grinding unit at Guwahati, Assam.
- d. The Working Capital facilities have been guaranteed by some of the Directors of the Company.
- e. Short term Loan from Banks is due for repayment on June 2017.

2.8 Other Current Liabilities		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
Current Maturities of long term borrowings	5,531.99	6,025.48
Interest accrued but not due on borrowings	0.10	0.93
<b>Other Payables</b>		
-Statutory Liabilities (including excise duty on finished goods ₹162.11 Lacs, ₹58.85 Lacs as at 31.03.2016)	1,949.04	1,316.03
-Creditors-Micro, Small & Medium Enterprises (refer note no. 2.27)	-	-
-Creditors for capital goods	1,477.97	150.79
-Advances from customer	1,319.75	2,136.05
-Salary and Bonus to employees	176.72	203.93
-Unclaimed dividends**	1.65	-
-Other Liabilities	9,380.61	8,400.70
	<b>19,837.82</b>	<b>18,233.93</b>

\*\* Amount to be transferred to the Investor Education and Protection Fund shall be determined on the respective due date

2.9 Short Term Provisions		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Provisions for Employee Benefits</b>		
-Leave Encashment	29.49	85.12
-Gratuity	42.43	33.53
	<b>71.92</b>	<b>118.65</b>



## Notes to Financial Statements (contd.)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on	Additions	Deduction /	Total as on	Upto	For the year	Deduction /	Total as on	As on
	01.04.2016		Adjustment	31.03.2017	31.03.2016		Adjustment	31.03.2017	31.03.2016
(₹ in lacs)									
<b>2.10 Fixed Assets</b>									
<b>TANGIBLE ASSETS</b>									
<b>A. Cement Plant at Lumshnong, Meghalaya</b>									
Land & Site Development	2,194.10	802.14	-	2,996.24	-	-	-	2,996.24	2,194.10
Factory Building	4,266.73	469.07	-	4,735.80	2,501.96	165.90	-	2,667.86	1,764.77
Non Factory Building	2,265.93	17.22	-	2,283.15	1,085.47	70.43	-	1,155.90	1,180.46
Plant, Machinery & Equipments	14,110.85	4,877.98	0.54	18,988.30	10,493.44	651.86	0.41	11,144.88	3,617.42
Furniture & Fixtures	343.48	6.87	-	350.36	274.54	13.99	-	288.53	68.95
Office Equipments	324.01	8.55	2.96	329.60	294.42	10.10	2.78	301.74	27.86
Computers	347.20	17.36	0.15	364.41	319.28	13.73	0.14	332.88	31.53
Vehicles	1,066.91	206.82	83.80	1,189.94	784.11	110.23	75.96	818.38	282.80
Tools & Tackles	242.44	0.91	-	243.35	205.02	11.73	-	216.75	37.42
<b>Total of Tangible Assets (A)</b>	<b>25,161.66</b>	<b>6,406.91</b>	<b>87.44</b>	<b>31,481.13</b>	<b>15,958.24</b>	<b>1,047.97</b>	<b>79.29</b>	<b>16,926.92</b>	<b>9,203.42</b>
<b>B. Cement Grinding Unit at Guwahati, Assam</b>									
Land & Site Development	1,698.63	15.41	-	1,714.03	-	-	-	-	1,698.63
Factory Building	3,038.98	-	14.53	3,024.45	646.02	227.62	-	873.63	2,392.97
Non Factory Building	2,112.04	349.52	-	2,461.56	1,115.69	284.49	-	1,400.18	996.35
Plant, Machinery & Equipments	23,904.98	0.62	-	23,905.60	12,567.22	2,849.02	-	15,416.23	11,337.76
Furniture & Fixtures	312.41	39.01	-	351.42	133.39	50.58	-	183.97	167.45
Office Equipments	119.95	17.61	4.53	133.03	71.26	25.76	-	97.03	36.00
Computers	212.47	28.55	1.75	239.28	144.43	47.20	0.31	191.32	47.96
Vehicles	753.77	21.69	49.40	726.07	445.49	94.76	40.26	499.98	308.29
Tools & Tackles	255.70	21.75	-	277.44	156.51	29.68	-	186.19	99.19
<b>Total of Tangible Assets (B)</b>	<b>32,408.92</b>	<b>494.17</b>	<b>70.21</b>	<b>32,832.88</b>	<b>15,280.00</b>	<b>3,609.11</b>	<b>40.57</b>	<b>18,848.54</b>	<b>17,128.92</b>
<b>Total of Tangible Assets (A+B)</b>	<b>57,570.58</b>	<b>6,901.08</b>	<b>157.65</b>	<b>64,314.01</b>	<b>31,238.24</b>	<b>4,657.08</b>	<b>119.87</b>	<b>35,775.45</b>	<b>26,332.34</b>
<b>C. INTANGIBLE ASSETS</b>									
Computer Software	129.67	12.53	-	142.19	117.39	12.31	-	129.70	12.28
<b>Total Fixed Assets - (A + B + C)</b>	<b>57,700.25</b>	<b>6,913.61</b>	<b>157.65</b>	<b>64,456.20</b>	<b>31,355.63</b>	<b>4,669.39</b>	<b>119.87</b>	<b>35,905.16</b>	<b>26,344.62</b>
Previous Year's figures	56,190.35	1,565.29	55.40	57,700.25	25,332.23	6,064.60	41.20	31,355.63	30,858.13

a. During the year Company has discarded fixed assets amounting to ₹3.11 Lacs, (Previous Year ₹5.68 Lacs) and sold fixed assets amounting to ₹55.67 Lacs, (Previous Year ₹49.72 Lacs.)

b. Depreciation for the year includes preoperative depreciation of ₹0.14 Lacs, (Previous Year ₹0.11 lacs)

c. During the year foreign exchange gain of ₹14.53 lacs is reduced from Factory Building in accordance with para 46A of AS-11

## Notes to Financial Statements (contd.)

2.11 Non Current Investments		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Non Current Investments</b>		
<b>Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Investment in Unquoted Equity Instruments</b>		
<b>Investment in Subsidiaries</b>		
Megha Technical & Engineers Private Limited	2,734.64	2,734.64
2,73,46,400 (2,73,46,400 as at 31.03.2016) Equity Shares of ₹10/- each fully paid up		
Star Century Global Cement Private Limited	20.03	-
300 (Nil as at 31.03.2016) Equity Share of \$100 each fully paid up		
Star Cement Meghalaya Limited	17,414.67	17,414.67
2,60,88,656 (2,60,88,656 as at 31.03.2016) Equity Share of ₹10 each fully paid up		
Meghalaya Power Limited	3,568.31	3,568.31
87,36,620 (87,36,620 as at 31.03.2016) Equity Share of ₹10 each fully paid up		
NE Hills Hydro Limited	7.00	7.00
70,000 (70,000 as at 31.03.2016) Equity Share of ₹10 each fully paid up		
<b>Investment in Others</b>		
Adonis Vyapaar Private Limited	35.55	32.32
3,55,509 (3,23,190 as at 31.03.2016) Equity Share of ₹10 each fully paid up		
Apanapan Viniyog Private Limited	35.55	32.32
3,55,509 (3,23,190 as at 31.03.2016) Equity Share of ₹10 each fully paid up		
Ara Suppliers Private Limited	35.55	32.32
3,55,509 (3,23,190 as at 31.03.2016) Equity Share of ₹10 each fully paid up		
Arham Sales Private Limited	35.55	32.32
3,55,509 (3,23,190 as at 31.03.2016) Equity Share of ₹10 each fully paid up		
<b>Non Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Investment in Quoted Equity Instruments</b>		
Reliance Power Limited	24.54	24.54
8,743 (8,743 as at 31.03.2016) Equity Shares of ₹10/- each fully paid up		
	<b>23,911.39</b>	<b>23,878.43</b>
Aggregate amount of Quoted Investment	24.54	24.54
Aggregate Market Value of Quoted Investment	4.21	4.31
Aggregate amount of Unquoted Investment	<b>23,886.85</b>	<b>23,853.90</b>

## Notes to Financial Statements (contd.)

2.12 Long Term Loans and Advances		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Capital Advances			
Secured, Considered Good	61.28	-	
Unsecured, Considered Good	3,382.55	3,321.18	
	<b>3,443.83</b>	<b>3,321.18</b>	
Security Deposits			
Secured, Considered Good	-	-	
Unsecured, Considered Good	358.28	363.20	
	<b>358.28</b>	<b>363.20</b>	
Other Loans and Advances			
Unsecured, Considered Good			
-Subsidies Receivable from Central/State Governments	5,848.91	5,848.91	
-Subsidies/Incentives Receivable from Central/State Governments	1,353.22	1,025.00	
-Advance Income Tax (net of provision for taxation), including MAT Credit Entitlement	9,565.60	8,780.05	
	<b>16,767.73</b>	<b>15,653.97</b>	
	<b>20,569.83</b>	<b>19,338.34</b>	
2.13 Other Non Current Assets		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Others			
Balance with banks held as margin money deposits with original maturity of more than 12 months	-	48.20	
	<b>-</b>	<b>48.20</b>	
2.14 Inventories		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Raw Materials [including in transit - ₹100.02 Lacs, As at 31.03.2016 ₹210.30 Lacs]	799.82	1,729.64	
Work - In - Process	22.66	27.09	
Finished Goods [including in transit- ₹484.49 Lacs, As at 31.03.2016 ₹605.28 Lacs]	2,393.94	2,291.25	
Stock in Trade [including in transit- ₹ Nil, As at 31.03.2016 ₹38.39 Lacs]	36.48	348.74	
Fuels, packing materials, etc.	965.82	2,127.60	
Stores & Spares parts	1,984.46	1,981.99	
	<b>6,203.17</b>	<b>8,506.31</b>	

## Notes to Financial Statements (contd.)

2.15 Trade Receivables		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Secured Considered Good</b>			
Over Six months	193.28	229.72	
Other debts	3,951.79	4,310.48	
	<b>4,145.07</b>	<b>4,540.20</b>	
<b>Unsecured</b>			
<b>Over Six Months</b>			
I Considered Good	933.87	1,163.32	
Considered Doubtful	45.52	62.06	
Less: Provision for Doubtful Debts	(45.52)	(62.06)	
	<b>933.87</b>	<b>1,163.32</b>	
II Claims due from Central Government - Considered Good	14,383.35	9,142.78	
<b>Other Debts</b>			
I Considered Good	6,594.64	17,302.04	
II Claims due from Central Government - Considered Good	2,712.92	2,588.58	
	<b>28,769.85</b>	<b>34,736.91</b>	

2.16 Cash & Cash Equivalents		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Cash on Hand	68.91	64.55	
Stamp Paper in hand	165.87	-	
Cheques In Hand	148.77	56.49	
<b>Balance with Banks</b>			
- In current accounts/cash credit accounts	498.39	666.44	
- Unpaid Dividend Account	1.65	-	
Balance with banks held as margin money deposits with original maturity of more than 3 months and upto 12 months	375.53	19.01	
	<b>1,259.11</b>	<b>806.49</b>	

## Notes to Financial Statements (contd.)

2.17 Short term Loans and Advances		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Loans and advances to related parties</b>		
Unsecured, Considered Good		
-Advances Recoverable from an Associate	35.00	35.00
	<b>35.00</b>	<b>35.00</b>
<b>Others</b>		
Unsecured, Considered Good		
-Advances to suppliers	391.62	340.78
-Loan and advances to employees	66.64	70.55
-Balances with Statutory/Government authorities	3,540.07	2,645.63
-Subsidies/Incentives Receivable from Central/State Governments	36,796.25	26,223.14
-Advances for Services & Expenses	2,362.66	2,185.00
-Prepaid expenses	185.55	148.57
Unsecured, Considered Doubtful		
-Doubtful advances	7.09	8.08
Less: Provision for Bad & Doubtful advances	(7.09)	(8.08)
	<b>43,342.80</b>	<b>31,613.67</b>

2.18 Revenue from Operations		(₹ in lacs)
Particulars	2016-17	2015-16
<b>Sale of Products</b>		
Domestic	1,45,132.32	1,47,376.74
Export	354.23	608.72
	<b>1,45,486.56</b>	<b>1,47,985.46</b>
<b>Other Operating Income</b>		
Shortage Recovery of Cement & Clinker	341.30	312.41
Others	141.61	135.17
<b>Revenue from operation (gross)</b>	<b>1,45,969.47</b>	<b>1,48,433.04</b>
<b>Details of Products Sold</b>		
Cement	1,45,481.81	1,47,140.60
Clinker	4.75	844.86
	<b>1,45,486.56</b>	<b>1,47,985.46</b>

## Notes to Financial Statements (contd.)

2.19 Other Income		
	(₹ in lacs)	
Particulars	2016-17	2015-16
<b>Interest Income on</b>		
-Bank deposits	67.49	5.66
-others	60.00	41.60
Miscellaneous Income	35.85	46.30
	<b>163.34</b>	<b>93.56</b>

2.20 Cost of Materials Consumed		
	(₹ in lacs)	
Particulars	2016-17	2015-16
Inventory at the beginning of the year	1,729.64	772.78
Add: Purchases	40,920.05	44,171.35
	<b>42,649.68</b>	<b>44,944.12</b>
Less :Inventory at the end of the year	799.82	1,729.64
<b>Cost of Materials Consumed</b>	<b>41,849.87</b>	<b>43,214.48</b>

	(₹ in lacs)	
Particulars	2016-17	2015-16
<b>Details of Raw materials Consumed</b>		
Limestone	1,541.57	1,457.04
Shale	74.72	98.38
Iron Mill Scale	2.34	19.45
Gypsum	877.24	747.18
Fly ash	7,915.62	7,619.19
Clinker	31,326.90	33,204.90
Others	111.47	68.35
	<b>41,849.87</b>	<b>43,214.48</b>

2.21 (Increase) /Decrease in Inventories		
	(₹ in lacs)	
Particulars	2016-17	2015-16
<b>Work in Process</b>		
Opening Stock	27.09	9.67
Closing Stock	22.66	27.09
	<b>4.43</b>	<b>(17.42)</b>
<b>Finished Goods</b>		
Opening Stock	2,291.25	1,714.00
Closing Stock	2,393.94	2,291.25
	<b>(102.69)</b>	<b>(577.25)</b>
<b>(Increase) /Decrease</b>	<b>(98.26)</b>	<b>(594.67)</b>

	(₹ in lacs)	
Particulars	2016-17	2015-16
<b>Details of Finished goods</b>		
Cement	1,170.05	2,155.22
Clinker	1,223.89	136.03
	<b>2,393.94</b>	<b>2,291.25</b>

## Notes to Financial Statements (contd.)

2.22 Employee Benefit Expenses		(₹ in lacs)
Particulars	2016-17	2015-16
Salaries & Wages	6,465.94	5,709.14
Contribution to Provident Fund and other funds	231.41	199.11
Welfare Expenses	294.82	316.15
	<b>6,992.18</b>	<b>6,224.40</b>

2.23 Finance Costs		(₹ in lacs)
Particulars	2016-17	2015-16
Interest Expense		
-On Fixed Loans	2,075.11	1,496.91
-On Other Loans	3,280.48	3,089.96
Exchange Fluctuation (Gain)/loss to the extent considered as an adjustment to borrowing costs	53.84	169.75
Other finance Costs	222.25	156.42
	<b>5,631.68</b>	<b>4,913.04</b>

2.24 Other Expenses		(₹ in lacs)
Particulars	2016-17	2015-16
Consumption of Stores & Spares	506.17	725.37
Packing Materials	3,434.14	3,503.30
Power & Fuel	8,948.02	9,455.06
Repairs & Maintenance		
- Building	110.50	135.21
- Plant & Machinery	461.01	653.85
- Others	154.38	265.03
Heavy Vehicle / Equipment Running Expenses	413.88	329.61
Excise duty variation on opening/closing stock	139.46	98.87
Travelling and Conveyance	855.25	927.34
Insurance	182.07	148.95
Rent, Rates & Taxes	1,609.55	942.25
Research & Development Expenses	56.25	53.05
Charity & Donation	363.59	65.64
Miscellaneous Expenses	1,644.85	1,499.08
CSR Expenses	76.17	62.34
Advertisement & Publicity	1,717.78	2,919.67
Outward Freight Charges	21,268.05	24,134.66
Sales Promotion Expenses	3,095.84	2,688.89
Commission & Incentives	10,700.24	12,084.99
	<b>55,737.18</b>	<b>60,693.16</b>

## Notes to Financial Statements (contd.)

2.25 In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

### 2.26 Scheme of Amalgamation

(a) Pursuant to the Scheme of Amalgamation ("The Scheme") between Star Ferro and Cement Limited (SFCL) and the Company as approved by the National Company Law Tribunal, Guwahati Bench at Guwahati vide its order dated 7th February, 2017, all the assets and liabilities of SFCL have been transferred to and vested in the Company at their respective book values on a going concern basis with effect from 1st April, 2016 being the appointed date. The said order of the National Company Law Tribunal has been filed with the Registrar of Companies on 22nd February, 2017, the effective date of the scheme and accordingly, the Scheme of Amalgamation has been given effect to in these accounts. The said amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed under Accounting Standard 14 (AS -14) - "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India.

(b) Details of Assets and Liabilities along with value of each of the assets and liabilities being transferred under the Scheme of Amalgamation are as under:

Particulars	Amount
(₹ in lacs)	
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Deferred Tax Asset (Net)	44.56
<b>Total</b>	<b>44.56</b>
<b>Current Assets</b>	
Cash and Cash equivalents	72.02
Short Term Loans and Advances	4.10
<b>Total Assets</b>	<b>120.68</b>
<b>LIABILITIES</b>	
<b>Non-Current Liabilities</b>	
Long Term Provisions	10.50
<b>Current Liabilities</b>	
Other Current Liabilities	7.88
Short Term Provisions	0.43
<b>Total Liabilities</b>	<b>18.81</b>

(c) Pursuant to the Scheme, the difference between book value of assets and liabilities transferred from the SFCL being ₹101.87 Lacs, has been Credited to Shareholders' Fund of the Company as Under :

Particulars	Amount
(₹ in lacs)	
Share Capital - Pending Allotment	0.15
Capital Reserve	643.53
General Reserve	(632.17)
Surplus As Per Statement of P&L	90.36
	<b>101.87</b>

(a) Pursuant to the said Scheme of Amalgamation, the Company is to issue 29,54,90,077 number of Equity Shares in the ratio of 1.33 Equity Shares of face value of ₹1/- each to the shareholders of SFCL in lieu of 1 (one) Equity Share of face value of ₹1/- each held by them in SFCL as fully paid – up. Upon such allotment of shares, 29,54,75,000 number of Equity Shares held by SFCL shall stand cancelled.



## Notes to Financial Statements *(contd.)*

(b) Consequent to the allotment of new shares as per the Scheme of Amalgamation, Current share capital of the Company will increase by ₹0.15 Lac.

2.27 Based on the information/documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

Particulars	(₹ in lacs)	
	2016-17	2015-16
(i) Principal amount remaining unpaid to any supplier at the end of the accounting year (including retention money against performance)	-	-
(ii) Interest due on above	-	-
Total of (i) & (ii)	-	-
(i) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.01	0.01
(ii) Amount paid to the suppliers beyond the respective appointed date.	0.27	0.58
(iii) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
(iv) Amount of interest accrued and remaining unpaid at the end of accounting year.	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	-	-

2.28 The Company deals in only one Segment i.e. Cement . There is no separate reportable segment as required by Accounting Standard 17- 'Segment Reporting'. The Company mainly caters to the needs of the domestic market. As such there are no reportable geographical segments.

2.29 As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural developments projects.

A CSR Committee has been formed by Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross Amount required to be spent by the Company during the year is ₹57.04 Lacs, (P.Y. ₹40.52 Lacs)

b) Amount spent during the year on:

Particulars	(₹ in lacs)	
	2016-17	2015-16
Education	33.27	20.00
Preventive healthcare and Sanitation	1.50	25.00
Health Care, poverty and Malnutrition, and Rural Development	15.99	17.34
Protection of Flora and Fauna	25.41	-
<b>Total</b>	<b>76.17</b>	<b>62.34</b>

## Notes to Financial Statements *(contd.)*

### 2.30 Related party Disclosures

A.	Names of the related parties where control exists	Nature of relationship
	Star Ferro and Cement Limited (SFCL)	Holding Company (upto 31.03.16)
	Megha Technical & Engineers Private Limited (MTEPL)	Subsidiary Company
	Star Cement Meghalaya Limited (SCML)	Subsidiary Company
	Meghalaya Power Limited (MPL)	Subsidiary Company
	NE Hills Hydro Limited (NEHL)	Subsidiary Company
	Star Century Global Cement Private Limited (SCGCPL)	Subsidiary Company (w.e.f 20.06.16)
<b>B.</b>	<b>Others-with whom transactions have taken place during the year</b>	
<b>I</b>	<b>Names of related parties</b>	<b>Nature of relationship</b>
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP
	Shyam Century Ferrous Limited (SCFL)	Enterprises influenced by KMP
<b>II</b>	<b>Key Management Personnel</b>	
	<b>Names of related parties</b>	<b>Nature of relationship</b>
	Mr. Sajjan Bhajanka	Chairman & Managing Director
	Mr. Rajendra Chamaria	Vice Chairman & Managing Director
	Mr. Sanjay Agarwal	Managing Director
	Mr. Prem Kumar Bhajanka	Director
	Mr. Sanjay Kr. Gupta	Chief Executive Officer
	Mr. Dilip Kumar Agarwal	Chief Financial Officer
	Mr. Manoj Agarwal	Company Secretary
<b>III</b>	<b>Relatives of Key Management Personnel</b>	
	<b>Names of the related parties</b>	<b>Nature of relationship</b>
	Mr. Rahul Chamaria	Son of Mr. Rajendra Chamaria, Vice Chairman & Managing Director
	Mr. Sachin Chamaria	Son of Mr. Rajendra Chamaria, Vice Chairman & Managing Director

## Notes to Financial Statements (contd.)

Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2017

(₹ In Lacs)

Sl. No.	Types of Transactions	Holding Company		Subsidiaries		Enterprises influenced by KMP		Key Management Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1	<b>Purchase Transactions</b>								
	SCFL	-	-	-	-	42.93	23.12	-	-
	MPL	-	-	3,555.38	3,661.57	-	-	-	-
	SCML	-	-	27,625.06	32,701.66	-	-	-	-
2	<b>Sale Transactions</b>								
	MTEPL	-	-	20.21	875.82	-	-	-	-
	SCML	-	-	70.96	8.21	-	-	-	-
	MPL	-	-	9.14	1.98	-	-	-	-
	CPIL	-	-	-	-	2.63	9.12	-	-
3	<b>Services Rendered</b>								
	MTEPL	-	-	6.57	4.85	-	-	-	-
4	<b>Service Received</b>								
	SCML	-	-	63.01	13.77	-	-	-	-
5	<b>Purchase of Capital Goods</b>								
	MTEPL	-	-	-	0.41	-	-	-	-
6	<b>Loans &amp; Advances taken</b>								
	MTEPL	-	-	200.00	11,500.00	-	-	-	-
	Mr. Sanjay Agarwal	-	-	-	-	-	-	2,500.00	-
	Mr. Sajjan Bhajanka	-	-	-	-	-	-	1,700.00	-
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	-	250.00
7	<b>Loan &amp; advances Given</b>								
	SCGCPL	-	-	3.50	-	-	-	-	-
8	<b>Loan &amp; advances repaid</b>								
	MTEPL	-	-	1,150.00	7,000.00	-	-	-	-
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	150.00	1,350.00
9	<b>Interest Paid</b>								
	MTEPL	-	-	1,308.05	1,103.49	-	-	-	-
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	202.87	297.00
	Mr. Sajjan Bhajanka	-	-	-	-	-	-	42.56	-
	Mr. Sanjay Agarwal	-	-	-	-	-	-	59.42	-
10	<b>Remuneration Paid</b>								
	Mr. Sajjan Bhajanka	-	-	-	-	-	-	60.00	60.00
	Mr. Rajendra Chamaria	-	-	-	-	-	-	66.00	66.00
	Mr. Sanjay Agarwal	-	-	-	-	-	-	60.00	60.00
	Mr. Sanjay Kumar Gupta	-	-	-	-	-	-	91.98	84.78
	Mr. Rahul Chamaria	-	-	-	-	-	-	30.00	30.00
	Mr. Sachin Chamaria	-	-	-	-	-	-	26.50	24.00
	Mr. Dilip Kumar Agarwal	-	-	-	-	-	-	52.96	-
	Mr. Manoj Agarwal	-	-	-	-	-	-	48.31	41.89

## Notes to Financial Statements (contd.)

(₹ In Lacs)

Sl. No.	Types of Transactions	Holding Company		Subsidiaries		Enterprises influenced by KMP		Key Management Personnel	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>11</b>	<b>Investment made</b>								
	SCGCPL	-	-	20.03	-	-	-	-	-
<b>12</b>	<b>Balance Outstanding as at 31.03.17</b>								
<b>(a)</b>	<b>Creditors</b>								
	MPL	-	-	325.85	344.16	-	-	-	-
	SCML	-	-	746.06	1,537.99	-	-	-	-
	MTEPL	-	-	-	-	-	-	-	-
<b>(b)</b>	<b>Debtors</b>								
	MPL	-	-	-	1.98	-	-	-	-
	SCML	-	-	-	-	-	-	-	-
<b>(c)</b>	<b>Advance : (Given)</b>								
	SICL	-	-	-	-	35.00	35.00	-	-
	SCGCPL	-	-	3.50	-	-	-	-	-
<b>(d)</b>	<b>Loans : (Taken)</b>								
	MTEPL	-	-	13,400.00	13,208.00	-	-	-	-
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	2,232.58	2,256.66
	Mr. Sanjay Agarwal	-	-	-	-	-	-	2,553.48	-
	Mr. Sajjan Bhajanka	-	-	-	-	-	-	1,738.30	-
<b>(e)</b>	<b>Guarantees Obtained</b>								
	Mr. Sajjan Bhajanka	-	-	-	-	-	-	40,772.40	41,206.92
	Mr. Rajendra Chamarla	-	-	-	-	-	-	31,335.61	36,206.92
	Mr. Sanjay Agarwal	-	-	-	-	-	-	33,773.12	39,206.92
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	-	31,335.61	36,206.92
<b>(f)</b>	<b>Guarantees Provided</b>								
	MTEPL	-	-	-	1,800.00	-	-	-	-
	SCML	-	-	-	8,654.77	-	-	-	-
<b>(g)</b>	<b>Investments:</b>								
	MTEPL	-	-	2,734.64	2,734.64	-	-	-	-
	SCML	-	-	17,414.67	17,414.67	-	-	-	-
	MPL	-	-	3,568.31	3,568.31	-	-	-	-
	NE Hills Hydro	-	-	7.00	7.00	-	-	-	-
	SCGCPL	-	-	20.03	-	-	-	-	-

## Notes to Financial Statements (contd.)

### 2.31 Contingent Liabilities

Particulars	(₹ in Lacs)	
	31.03.2017	31.03.2016
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of advances)	236.26	125.23
Claims against the Company not acknowledge as debts – Excise VAT/Income Tax matters/Royalty etc.	676.27	666.29
Bill of exchange discounted with banks	653.87	17.22
Duty saved under EPCG scheme	46.65	17.22
Letters of Credit issued by Bank	106.35	162.22
Solvent surety furnished to Excise Department against differential excise duty refund (Refer note no 2.32)	1,268.09	920.20

Note: Based on legal opinion / decisions in similar cases, the Management believes that the Company has a fair chance of favorable decisions in cases mentioned here-in-above and hence no provision is considered necessary.

2.32(a) Against company's claim in respect of its cement plant at Lumshnong for refund of differential excise duty, Hon'ble High Court at Guwahati (Shillong Bench) vide its order dated 12th September, 2012, has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety. Based on the said judgment of the Hon'ble High Court in favour of the Company and legal opinion obtained by the Company, the differential excise duty refund of ₹127.80 lacs (P.Y. ₹223.19 Lacs) has been recognized as revenue in the book of accounts.

(b) Against company's claim in respect of its cement plant at Guwahati for refund of differential excise duty, Hon'ble High Court at Guwahati vide its order dated 1st December, 2016, in the matter of Raj Coke industries & others versus the Union of India has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety. Based on the said judgment of the Hon'ble High Court and legal opinion obtained by the Company, the differential excise duty refund of ₹793.54 Lacs (₹ Nil) have been recognized as revenue in the book of accounts.

### 2.33 Employee Defined Benefits

#### Defined Contribution Plans

- (a) The Company has recognized an expense of ₹231.4 Lacs (Previous year – ₹199.11 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 summarize the components of net benefit expenses recognized in statement of profit and loss and the funded status and amounts recognized in the balance sheet for gratuity. Under leave encashment scheme, the Company allows its employees to encash accumulated leave over and above thirty days at any time during the year. The scheme is not funded by company.

Particulars	2016-17		2015-16	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>I Expense recognized in the Statement of Profit and Loss</b>				
1. Current Service Cost	58.46	68.96	53.18	56.51
2. Interest Cost	21.18	14.82	17.59	12.25
3. Employee Contribution	-	-	-	-
4. Expected Return on Plan Assets	(13.09)	-	(10.20)	-
5. Actuarial (Gains)/Losses	(13.92)	27.02	17.72	29.78
6. Past Service Cost	-	-	-	-
7. Settlement Cost	-	-	-	-
8. Losses/(gains) on acquisition/divesture	-	-	-	-
9. Total Expense	52.62	110.80	78.29	98.54

## Notes to Financial Statements (contd.)

Particulars	2016-17		2015-16	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>II Net Asset/(Liability) recognized in the Balance Sheet</b>				
1. Present Value of Defined Benefit Obligation	305.04	207.68	254.58	181.87
Add: Amount adjusted pursuant to Scheme of Amalgamation	-	-	-	-
2. Fair Value of Plan Assets	190.95	-	158.18	-
3. Funded Status [Surplus/(Deficit)]	(114.10)	(207.68)	(96.40)	(181.87)
4. Net Asset/ (Liability)	(114.10)	(207.68)	(96.40)	(181.87)
<b>III Change in Obligation during the Period</b>				
1. Present value of Defined Benefit Obligation at the beginning of the year	259.78	187.59	183.92	123.47
2. Current Service Cost	58.46	68.96	53.18	56.51
3. Interest Cost	21.18	14.82	17.59	12.25
4. Settlement Cost	-	-	-	-
5. Past Service Cost	-	-	-	-
6. Employee Contribution	-	-	-	-
7. Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
8. Actuarial (Gains)/Losses	(14.47)	27.02	15.75	29.78
9. Benefits Payments	(19.90)	(90.71)	(15.86)	(40.14)
10. Present Value of Defined Benefit Obligation at the end of the year	305.04	207.68	254.58	181.87
<b>IV Change in assets during the Period</b>				
1. Plan Assets at the beginning of the year	158.18	-	96.84	-
2. Assets acquired on amalgamation in previous year	-	-	-	-
3. Settlements	-	-	-	-
4. Expected return on plan assets	13.09	-	10.20	-
5. Contributions by employer	40.13	90.71	68.97	40.14
6. Actual Benefit Paid	(19.90)	(90.71)	(15.86)	(40.14)
7. Actuarial Gains/(Losses)	(0.55)	-	(1.97)	-
8. Plan Assets at the end of the year	190.95	-	158.18	-
9. Actual Return on plan assets	12.54	-	8.23	-
<b>V The major categories of plan assets as a percentage of the fair value of total plan assets</b>				
1. Funded with insurer	100.00%	0.00%	100.00%	0.00%
<b>VI The Principal actuarial assumptions are as follows</b>				
Discount rate	7.50%	7.50%	8.00%	8.00%
Expected Return on plan assets	7.50%	0.00%	8.00%	0.00%
Salary Increase	6.00%	6.00%	6.00%	6.00%
Withdrawal rates (Varying between per annum depending upon the duration and age of the employees)	Varying between 8% per annum to 1% per annum depending on duration and age of the employees			

2.34 The Company had exercised the option given in paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company has depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign Currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance useful life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the period ended on 31st March, 2017 is ₹109.31 lacs, (PY ₹120.38 lacs). The unamortized portion carried forward as at 31st March, 2017 is ₹437.63 lacs, (as at 31.03.15 ₹561.47 lacs).

## Notes to Financial Statements (contd.)

### 2.35 Earning Per Share (EPS)

Particulars	(₹ in lacs)	
	31.03.2017	31.03.2016
Profit/(Loss) Attributable to Equity Shareholders	7,308.45	5,630.36
Equity Share Capital	4,192.14	4,192.14
Weighted average number of equity shares outstanding for basic EPS (Face value of ₹1/-per share)	41,92,13,920	41,92,13,920
Weighted average number of equity shares outstanding for diluted EPS (Face value of ₹1/-per share)	41,92,28,997	41,92,13,920
Basic Earnings Per Share (₹)	1.74	1.34
Diluted Earnings Per Share (₹)	1.74	1.34

### 2.36 a) Value of imported and indigenous stores & spare parts consumed and their percentage to total consumption:

Particulars	2016-17		2015-16	
	(₹ in Lacs)	%	(₹ in Lacs)	%
<b>Stores &amp; Spares</b>				
Imported	137.85	27.22	65.73	9.06
Indigenous	368.32	72.78	659.64	90.94
<b>Total</b>	<b>506.17</b>	<b>100.00</b>	<b>725.37</b>	<b>100.00</b>

### b) Value of Export calculated on FOB basis

Particulars	(₹ in lacs)	
	2016-17	2015-16
Cement	256.36	105.10

### c) Expenditure incurred in foreign currency:

Particulars	(₹ in lacs)	
	2016-17	2015-16
Interest	173.30	193.29
Stores, Spare parts and Components	111.66	92.22
Others	29.54	0.76
<b>Total</b>	<b>314.49</b>	<b>286.27</b>

### d) Unhedged Foreign Currency Exposure

	As on 31st March, 2017			As on 31st March, 2016		
	Foreign Currency	In Million	₹ in Lacs	Foreign Currency	In Million	₹ in Lacs
ECB	USD	1.94	1,255.86	USD	3.25	2,158.90
FCNRB-Demand Loan	USD	-	-	USD	4.46	2,956.89
<b>Total</b>		<b>1.94</b>	<b>1,255.86</b>		<b>7.71</b>	<b>5,115.79</b>

## Notes to Financial Statements (contd.)

### 2.37 Payment to Auditor

Particulars	(₹ in Lacs)	
	2016-17	2015-16
As Auditor		
-Statutory Audit Fees	9.00	9.00
-Tax Audit Fees	2.00	2.00
In Other Capacity		
Certification Fees and other services	6.41	2.68
<b>Total</b>	<b>17.41</b>	<b>13.68</b>

### 2.38 Donation to Political Parties

Name of the Party	(₹ in Lacs)	
	2016-17	2015-16
Bharatiya Janta Party	215.00	-

2.39. During the year, the Company had Specified Bank Notes (SBNs) and other denomination notes (ODNs) as defined in the MCA Notification No. G.S.R. 308(E) dated March 31, 2017. The SBNs and ODNs held and transacted during the period from November 8, 2016 to December 30, 2016 are as under:

Particulars	(₹ in Lacs)		
	SBNs*	ODNs	Total
Closing Cash on Hand as on November 8, 2016	51.27	26.64	77.91
Add : Permitted Receipts	-	38.14	38.14
Less : Permitted Payments	-	41.57	41.57
Less : Amount Deposited in bank	51.27	-	51.27
<b>Closing Cash on Hand as on December 30,2016</b>	<b>-</b>	<b>23.22</b>	<b>23.22</b>

\*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning as provided in notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 8, 2016.

2.40 The Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) would be applicable to the Company from Financial year commencing on and after 1st April, 2017. Accordingly, the financial statements have been prepared in compliance with Companies (Accounting Standards) Rules, 2006.

2.41 Tax expense for earlier years represents write back upon completion of assessments and change in estimate of allow ability of certain deductions.

2.42 Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current period classification.

For and on Behalf of the Board of Directors

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

Dilip Kumar Agarwal  
Chief Financial Officer

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Manoj Agarwal  
Company Secretary

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171

Place: Kolkata  
Date: 30th May, 2017



## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of  
STAR CEMENT LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Star Cement Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31st March, 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on

Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company, as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. We did not audit the financial statements of two subsidiaries (NE Hills Hydro Limited and Star Century Global Cement Private Limited), whose financial statements reflect total assets worth of ₹7.22 Lacs and ₹24.33 lacs as at 31st March, 2017. These financial statements and other financial information have been audited by other auditor whose report have been furnished to us, and our opinion is based solely on the report of the other auditor.
2. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 2.29 to the consolidated financial statements;
  - ii. The Group and its jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November to 30<sup>th</sup> December, 2016 and these are in accordance with the books of account maintained by the Company. Refer to Note 2.38 to the consolidated financial statements.

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

**CA. Arun Kumar Sharma**  
Partner  
Membership No. 057329

Place : Kolkata  
Date : 30th May, 2017

## ANNEXURE - A TO THE AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of Star Cement Limited ("the Holding Company") and its subsidiary companies except NE Hills Hydro Limited and Star Century Global Cement Private Limited which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit

evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

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

#### Opinion

In our opinion, the Holding Company and its subsidiary companies except NE Hills Hydro Limited and Star Century Global Cement Private Limited, which are companies incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting

criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place : Kolkata  
Date : 30th May, 2017

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

(₹ in lacs)

<b>Consolidated Balance Sheet as at 31st March, 2017</b>			
	Note	As at 31.03.2017	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	4,192.14	4,192.14
Share Capital-Pending Allotment		0.15	-
Reserves and Surplus	2.2	1,18,607.12	1,01,342.06
		<b>1,22,799.41</b>	<b>1,05,534.20</b>
<b>Minority Interest</b>			
		<b>5,893.53</b>	<b>5,303.70</b>
<b>Non-current Liabilities</b>			
Long Term Borrowings	2.3	36,347.99	38,433.05
Deferred Tax Liabilities (Net)	2.4	1,629.70	1,168.57
Other Long Term Liabilities	2.5	9,953.10	9,318.89
Long Term Provisions	2.6	374.47	267.75
		<b>48,305.26</b>	<b>49,188.26</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2.7	29,411.33	36,474.61
Trade Payables		9,377.93	14,038.73
Other Current Liabilities	2.8	31,528.68	35,901.74
Short Term Provisions	2.9	120.46	148.09
		<b>70,438.40</b>	<b>86,563.17</b>
<b>Total</b>		<b>2,47,436.60</b>	<b>2,46,589.34</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
-Tangible Assets	2.10	86,307.17	91,897.59
-Intangible Assets	2.10	15.68	15.99
-Capital Work in Progress (including pre-operative expenses)		5,486.90	4,897.05
		<b>91,809.75</b>	<b>96,810.62</b>
Non Current Investments	2.11	165.78	152.86
Long Term Loans and Advances	2.12	47,624.64	44,459.81
Other Non-Current Assets	2.13	28.14	54.86
		<b>1,39,628.31</b>	<b>1,41,478.15</b>
<b>Current Assets</b>			
Inventories	2.14	16,122.45	20,916.41
Trade Receivables	2.15	39,948.86	44,880.17
Cash and Cash Equivalents	2.16	2,007.99	2,376.09
Short Term Loans and Advances	2.17	49,728.64	36,938.52
Other Current Assets	2.18	0.34	-
		<b>1,07,808.28</b>	<b>1,05,111.19</b>
<b>Total</b>		<b>2,47,436.60</b>	<b>2,46,589.34</b>
<b>Significant accounting policies and notes on accounts</b>	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place: Kolkata  
Date: 30th May, 2017

For and on Behalf of the Board of Directors

Dilip Kumar Agarwal  
Chief Financial Officer

Manoj Agarwal  
Company Secretary

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171

(₹ in lacs)

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017			
	Note	2016-17	2015-16
<b>INCOME</b>			
Revenue from Operations (Gross)	2.19	1,75,203.99	1,76,341.11
Excise Duty (refer note 2.30)		(2,403.71)	(4,838.17)
Revenue from Operations (Net)	2.20	1,72,800.28	1,71,502.94
Other Income		218.93	130.46
<b>Total Revenue</b>		<b>1,73,019.21</b>	<b>1,71,633.40</b>
<b>EXPENSES</b>			
Cost of Materials consumed	2.21	25,097.05	20,620.81
Purchase of Traded Goods		17,549.11	15,693.85
(Increase)/Decrease in Inventories	2.22	(1,209.36)	(1,763.62)
Employee Benefit Expenses	2.23	11,853.55	10,780.14
Finance Costs	2.24	7,797.36	8,336.76
Depreciation and Amortization Expenses		14,120.54	17,149.21
Other Expenses	2.25	78,631.74	86,233.10
<b>Total Expenses</b>		<b>1,53,840.00</b>	<b>1,57,050.26</b>
<b>Profit/(loss) before exceptional and extraordinary items and tax</b>		<b>19,179.21</b>	<b>14,583.14</b>
Exceptional items		1.00	(53.14)
<b>Profit/(loss) before tax</b>		<b>19,180.21</b>	<b>14,530.00</b>
<b>Tax Expenses</b>			
- Current Tax		4,175.35	3,231.89
Less: MAT Credit entitlement		(4,007.02)	(2,973.55)
- Net Current Tax		(168.33)	(258.34)
- Income Tax for Earlier year		(753.03)	(34.79)
- Deferred Tax		(505.69)	(302.49)
<b>Profit/(loss) for the year</b>		<b>17,753.16</b>	<b>13,934.38</b>
- Minority Interest		(589.82)	(530.59)
<b>Profit/(loss) for the year (After Minority Interest)</b>		<b>17,163.34</b>	<b>13,403.79</b>
<b>Earnings Per Equity Share</b>			
Basic Earning Per Share		4.09	3.20
Diluted Earning Per Share		4.09	3.20
<b>Significant accounting policies and notes on accounts</b>	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place: Kolkata  
Date: 30th May, 2017

Dilip Kumar Agarwal  
Chief Financial Officer

Manoj Agarwal  
Company Secretary

For and on Behalf of the Board of Directors

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171

(₹ in lacs)

**Consolidated Cash Flow Statement**

for the year ended 31st March, 2017

	2016-17	2015-16
<b>A Cash flow from Operating Activities</b>		
Net Profit/(Loss) before Tax	19,180.21	14,530.00
Adjustments for :		
Depreciation	14,120.54	17,149.21
(Profit)/ Loss on Sale of Fixed Assets - Net	(39.56)	8.44
Interest Income	(218.93)	(130.46)
Finance Costs	7,797.36	8,336.76
Income Tax/MAT Credit entitlement for Earlier years	(753.03)	(34.79)
Provision for Bad and Doubtful Debts (Net of adjustments)	-	(47.53)
<b>Operating Profit before Working Capital changes</b>	<b>40,086.59</b>	<b>39,811.64</b>
Adjustments for :		
(Increase)/Decrease in Trade receivables	4,931.31	(13,852.26)
(Increase)/Decrease in Inventories	4,793.96	(10,001.93)
(Increase)/Decrease in Loans & Advances and other assets	(13,299.52)	(10,859.20)
Increase/(Decrease) in Trade Payables, Other Liabilities and Provisions	(2,996.12)	7,449.65
Cash Generated from Operations	33,516.22	12,547.91
Direct Taxes Refund/(Paid) - Net	(2,820.00)	(2,845.00)
<b>Net Cash flow from Operating Activities</b>	<b>30,696.22</b>	<b>9,702.91</b>
<b>B Cash flow from Investing Activities</b>		
Investment in Unquoted Equity Instruments	(12.93)	-
(Purchase)/sale of Fixed Assets (including Capital WIP)*	(9,197.18)	(8,168.59)
(Purchase)/Sale of Fixed Assets	295.51	89.18
Fixed Deposit/Margin Money given/(Repaid)	(332.39)	27.52
Interest Received	218.93	130.46
<b>Net Cash used in Investing Activities</b>	<b>(9,028.06)</b>	<b>(7,921.43)</b>
<b>C Cash Flow from Financing Activities</b>		
Interest paid	(7,797.36)	(8,336.76)
Proceeds from /(Repayment of) Long Term Borrowings / Liabilities*	(7,606.74)	(10,607.79)
Proceeds from /(Repayment of) Short Term Borrowings	(7,063.28)	17,545.79
<b>Net Cash used in Financing Activities</b>	<b>(22,467.39)</b>	<b>(1,398.77)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(799.22)</b>	<b>382.71</b>
<b>Cash and Cash Equivalents</b>		
Opening Balance	2,357.08	1,974.37
Add: Transferred as per Scheme of Amalgamation (Refer note 2.26)	72.02	-
<b>Closing Balance**</b>	<b>1,629.87</b>	<b>2,357.08</b>

\*Excluding notional foreign exchange gain/(loss) of ₹178.44 lacs [P.Y. ₹ (747.24) lacs] adjusted in accordance with para 46A of AS-11.

\*\* Represents Cash and Bank Balances as indicated in Note-2.16 and excludes ₹378.12 lacs (P.Y. ₹19.01 lacs) being Bank Balances with restrictive use and maturity of more than three months.

As per our report of even date

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

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Place: Kolkata  
Date: 30th May, 2017

Dilip Kumar Agarwal  
Chief Financial Officer

Manoj Agarwal  
Company Secretary

For and on Behalf of the Board of Directors

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171

## Notes to Consolidated Financial Statements

### 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 unrealized 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 31.03.2017
Megha Technical & Engineers Private Limited (MTEPL)	India	100.00
Star Cement Meghalaya Limited (SCML)	India	87.49
Meghalaya Power Limited (MPL)	India	51.00
NE Hills Hydro Limited (NeHHL)	India	100.00
Star Century Global Cement Private Limited (SCGCPL) (w.e.f 20.06.16)	Myanmar	100.00

- (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) in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C' thereof. 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 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.

### 1. Significant Accounting Policies

#### 1.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, to the extent notified. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

The accounting policies are consistently followed by the Company and changes in accounting policy are separately disclosed.

#### 1.2 Use of Estimates

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

#### 1.3 Fixed Assets

Fixed Assets are stated at their cost of acquisition, installation or construction (net of Cenvat credit and other recoverable, wherever applicable) less accumulated depreciation, amortization and impairment losses if any, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to



## Notes to Consolidated Financial Statements *(contd.)*

working condition for its intended use. Railway sidings the ownership of which vest with the Railway authorities are depreciated over five years. The Company and its Subsidiaries Star Cement Meghalaya Limited and Meghalaya Power Limited has adopted the provisions of para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates", and accordingly exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

### 1.4 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 completion of construction.

### 1.5 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 / completion of project are capitalized.

### 1.6 Depreciation

Depreciation on Fixed Assets is provided on Written Down Value (WDV) method, except the Power Division of MTEPL, where depreciation is provided on Straight Line Method (SLM), in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing deprecation specified in Part 'C' thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV method so as to depreciate the initial cost down to the residual value over the estimated useful lives. Useful lives, components and residual amounts are reviewed annually. Depreciation on amount capitalized pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' is provided over the balance useful life of depreciable fixed assets. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### 1.7 Investments

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

### 1.8 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials & labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of Inventories is computed on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### 1.9 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 Statement of Profit & Loss for the year when the contributions to the respective funds are due.

#### (ii) Defined Benefit Plan

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

#### (iii) Other Long-term benefits

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

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

### 1.10 Borrowing Costs

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

## Notes to Consolidated Financial Statements (contd.)

in the period in which they are incurred. Borrowing cost includes exchange differences arising from relevant foreign currency borrowings to the extent that they are regarded as adjustment to the interest cost.

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

### 1.12 Foreign Currency Transactions and Balances

Transactions in foreign currencies entered into by the Company are accounted at the exchanges rates prevailing on the date of the transactions. Exchange differences arising on settlement /restatement of short term foreign currency monetary assets and liabilities of the Company and its subsidiaries are recognized as income or expenses in the Statement of Profit and Loss. All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the Balance Sheet date. The exchange difference arising as a result is added to or deducted from the cost of the assets in accordance with para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates' in the case of the Company and its subsidiaries Star Cement Meghalaya Limited and Meghalaya Power Limited. Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

### 1.13 Revenue Recognition

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

### 1.14 Intangible Assets

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

### 1.15 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 recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act, 1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realization / liabilities.

Minimum Alternate Tax (MAT) credit is recognized 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.

### 1.16 Government Grants and Subsidies

Government grants / subsidies are recognized 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 recognized in the Statement of Profit and Loss 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.

### 1.17 Research and Development Expenditure

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

### 1.18 Provisions and Contingencies

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will

## Notes to Consolidated Financial Statements (contd.)

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 recognized nor disclosed in the financial statements.

### 1.19 Segment Reporting

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

### 1.20 Cash & Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, demand deposits with banks and other short-term highly liquid investments/deposits with an original maturity of three months or less.

### 1.21 Earnings Per Share

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

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

2.1 Share Capital		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Authorised Capital	6,000.00	6,000.00	
60,00,00,000 (60,00,00,000 as at 31.03.16) Equity Shares of ₹1/- each fully paid)			
Issued, Subscribed & fully Paid -up shares	4,192.14	4,192.14	
41,92,13,920 (41,92,13,920 as at 31.03.16) Equity Shares of ₹1/- each fully paid )#			

#### a. Terms/Rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### b. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	No. of Shares	No. of Shares
At the beginning of the year	41,92,13,920	41,92,13,920
Issued during the year	-	-
Outstanding at the end of the year	41,92,13,920	41,92,13,920

#### c. Shares held by Holding Company

	No. of Shares	No. of Shares
Star Ferro and Cement Limited#	29,54,75,000	29,54,75,000

## Notes to Consolidated Financial Statements (contd.)

### d. Details of Shareholders holding more than 5% of Equity Share capital

Name of the Shareholders	No. of Shares	No. of Shares
	% of holding	% of holding
Star Ferro and Cement Limited#	29,54,75,000	29,54,75,000
	70.48%	70.48%
Sajjan Bhajanka	3,77,16,950	3,56,25,000
	9.00%	8.50%
Rajendra Chamaria	3,19,87,055	2,75,65,140
	7.63%	6.58%

# 29,54,75,000 Equity Shares amounting to ₹2,954.75 Lacs to be cancelled upon allotment of shares pursuant to Scheme of Amalgamation (Refer Note no. 2.26).

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

### e. Share Capital-Pending Allotment

(₹ in lacs)

	31.03.2017	31.03.2016
15,077 Equity Shares of ₹1/- each to be allotted as per Scheme of Amalgamation (Refer Note no. 2.26)	0.15	-
	0.15	-

### 2.2 Reserves & Surplus

(₹ in lacs)

Particulars	31.03.2017	31.03.2016
<b>Capital Reserve</b>		
Balance as per last Account	23,833.70	23,833.70
Add: Pursuant to Scheme of Amalgamation *	643.53	-
Addition/(Deduction) during the year	-	-
	24,477.23	23,833.70
<b>General Reserve</b>		
Balance as per last Account	3,820.00	3,820.00
Add : Pursuant to the Scheme of Amalgamation *	(632.17)	-
Addition during the year	-	-
	3,187.83	3,820.00
<b>Surplus as per Profit &amp; Loss Account</b>		
Balance as per last Account	73,688.36	60,284.57
Add: Pursuant to Scheme of Amalgamation *	90.36	-
Profit/(loss) for the year	17,163.34	13,403.79
Amount available for appropriation	90,942.06	73,688.36
Total Appropriations	-	-
Net Surplus in the statement of profit and loss	90,942.06	73,688.36
<b>Total Reserves and Surplus</b>	<b>1,18,607.12</b>	<b>1,01,342.06</b>

\*Refer Note no. 2.26

## Notes to Consolidated Financial Statements (contd.)

2.3 Long Term Borrowings		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Term Loans</b>		
Rupee Loans from Banks (Secured)	19,273.70	30,408.80
Rupee Loans from a Financial Institution (Secured)	2,437.51	3,000.00
Rupee Loan from a Body Corporate (Secured)	8,506.30	2,895.02
Foreign Currency Loan from Banks (Secured)	12,155.53	18,563.43
<b>Loans and Advances from Related Party</b>		
- From Directors (Unsecured)	7,344.74	2,256.66
<b>Other Loans &amp; Advances</b>		
-Hire Purchase Finance from banks (Secured)	358.89	380.93
	<b>50,076.68</b>	<b>57,504.99</b>
Less: Current Maturities of long term borrowings	13,728.69	19,071.94
	<b>36,347.99</b>	<b>38,433.05</b>

### Notes:

- Rupee Term Loan of ₹2,702.10 lacs from a bank is repayable in 16 equal quarterly instalments commencing from June 2018. The Loan is secured by pari passu first charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya and second pari passu charge on the current assets of the Company's cement plant at Lumshnong, Meghalaya.
- Rupee Term Loans of ₹2,992.25 lacs from banks are repayable in further 10 unequal quarterly instalments ending on December 2019. Rupee Term Loan of ₹4,687.50 lacs from a bank is repayable in 15 equal quarterly instalments commencing from June 2017. Foreign Currency loan of ₹1,255.86 lacs from a bank is repayable in further 11 unequal quarterly instalments ending on December 2019. These loans are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the Company's cement grinding unit at Guwahati, Assam. The term loans are also secured by personal guarantees of some of the Directors of the Company.
- Rupee Term Loan of ₹2,437.51 lacs from a financial institution is repayable in 13 equal quarterly instalments commencing from December 2016. The loan is to be secured by first charge on fixed assets of Megha Technical & Engineers Private Limited, a wholly owned subsidiary of the Company. Pending security creation, the loan is temporarily secured by personal guarantee of some of the Directors of the Company.
- Rupee Term Loan of ₹6,999.28 lacs from a body corporate is repayable in 8 equal half yearly instalments commencing from December 2017. The loan is secured by first charge on the fixed assets of the Company's cement plant at Lumshnong, Meghalaya and second pari passu charge over the current assets of the Company's cement plant at Lumshnong, Meghalaya. The loan is also secured by personal guarantee of one of the Director of the Company.
- Rupee Term Loans of ₹7,567.06 lacs from Banks and ₹1,507.02 lacs from a body corporate are repayable in further 10 unequal quarterly instalments ending on December 2019. Foreign Currency Loan of ₹3,951.57 Lacs are repayable in further 11 unequal quarterly instalments ending on December 2019. These loans are secured by pari passu first charge on fixed assets and pari passu second charge on current assets of the Company's subsidiary cement clinker plant at Lumshnong, Meghalaya.
- Rupee Term Loan of ₹1,324.79 lacs from a bank is repayable in further 11 equal quarterly instalments ending on March 2020. Foreign currency loan of ₹6,948.10 lacs from a bank is repayable in further 11 unequal quarterly instalments ending on December 2019. Term Loans from banks are secured by pari passu first charge on the fixed assets and pari passu second charge on the current assets of the Company's subsidiary power plant at Lumshnong, Meghalaya. Further, the loan has been guaranteed by some of the Directors of the Company.
- Hire Purchase Finance from Banks and Body Corporates are secured by hypothecation of subsidiary's vehicles / equipments and is repayable within three to four years having varying date of payment.
- Term Loans of ₹26,645.30 Lacs from Banks have been guaranteed by some of the Directors of the Company.
- The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

## Notes to Consolidated Financial Statements (contd.)

2.4 Deferred Tax Liabilities (Net)		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Deferred Tax liability</b>		
-Fixed assets	1,655.84	1,203.30
<b>Gross deferred tax liability</b>	<b>1,655.84</b>	<b>1,203.30</b>
<b>Deferred Tax Assets*</b>		
-Gratuity & Leave encashment	20.53	23.70
-Trade receivable	5.61	11.03
<b>Gross deferred tax asset</b>	<b>26.14</b>	<b>34.73</b>
<b>Net Deferred Tax Liability</b>	<b>1,629.70</b>	<b>1,168.57</b>

\* Deferred Tax Assets of ₹44.56 Lacs transferred to the Company pursuant to the Scheme of Amalgamation (Refer note no. 2.26).

2.5 Other Long Term Liabilities		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
Security Deposit	9,665.03	8,935.65
Retention Money	288.07	383.25
	<b>9,953.10</b>	<b>9,318.89</b>

2.6 Long Term Provisions		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Provisions for employee benefits</b>		
- Leave Encashment	246.52	161.22
- Gratuity	127.95	106.53
	<b>374.47</b>	<b>267.75</b>

2.7 Short Term Borrowings		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
<b>Working Capital facilities from Banks</b>		
- Cash Credit (Secured)	18,275.43	20,022.49
<b>Short Term Loan</b>		
- From Banks (Unsecured)	11,135.90	11,245.23
- Foreign Currency Demand Loan from a Bank (Unsecured)	-	2,956.89
- From a Body Corporate (Unsecured)	-	2,250.00
	<b>29,411.33</b>	<b>36,474.61</b>

## Notes:-

- a. The above amount includes
- |                      |           |           |
|----------------------|-----------|-----------|
| Secured borrowings   | 18,275.43 | 20,022.49 |
| Unsecured borrowings | 11,135.90 | 16,452.12 |
- b. Working Capital facilities of ₹4,056.60 Lacs from banks are secured by first pari passu charge on current assets and second pari passu charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya. The Working capital facilities from banks have also been guaranteed by some of the Directors of the Company.

## Notes to Consolidated Financial Statements (contd.)

- c. Working capital facilities of ₹7,151.65 lacs from banks are secured by pari passu first charge on current assets and pari passu second charge on fixed assets of the Company's cement grinding unit at Guwahati, Assam.
- d. Working capital facilities of ₹5,609.43 lacs from banks are secured by first charge on current assets and second charge on fixed assets of subsidiary's Clinker unit at Lumshnong, Meghalaya on pari passu basis.
- e. Cash credit of ₹1,457.75 lacs from a bank is secured by first charge on subsidiary's current assets and second charge on fixed assets of subsidiary's power plants at Lumshnong, Meghalaya.
- f. Short Term Borrowings of ₹25,900 lacs from Banks have been guaranteed by some of the Directors of the Company.
- g. Short term loan from banks is due for repayment on June, 2017.
- h. Short term loan from a bank of subsidiaries is due for repayment on June, 2017.

2.8 Other Current Liabilities		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
Current Maturities of long term borrowings	13,728.69	19,071.94
Interest accrued but not due on borrowings	23.65	138.87
<b>Other Payables</b>		
-Statutory Liabilities (including excise duty on finished goods ₹216.80 lacs, ₹73.38 lacs as at 31.03.16)	2,932.62	2,068.04
-Creditors - Micro, Small & Medium Enterprise	-	-
-Creditors for capital goods	1,477.97	150.79
-Advances from customer	1,765.07	2,186.02
-Salary and Bonus to employees	292.77	296.61
-Unclaimed dividends**	1.65	-
-Other Liabilities	11,306.26	11,989.47
	<b>31,528.68</b>	<b>35,901.74</b>

\*\* Amount to be transferred to the Investor Education and Protection Fund shall be determined on the respective due date.

2.9 Short Term Provisions		(₹ in lacs)
Particulars	31.03.2017	31.03.2016
Provisions for Employee Benefits		
-Leave Encashment	44.32	98.03
-Gratuity	76.14	50.06
	<b>120.46</b>	<b>148.09</b>

## Notes to Consolidated Financial Statements (contd.)

Particulars	(₹ in lacs)									
	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	As on 01.04.2016	Additions	Deduction / Adjustment	Total as on 31.03.2017	Upto 31.03.2016	For the year	Deduction / Adjustment	Total as on 31.03.2017	As on 31.03.2017	As on 31.03.2016
<b>A TANGIBLE ASSETS</b>										
Land & Site Development	7,043.34	1,668.05	-	8,711.40	-	-	-	-	8,711.40	7,043.34
Factory Building	20,156.26	503.00	31.38	20,627.88	6,691.52	1,281.14	-	7,972.66	12,655.22	13,464.74
Non Factory Building	8,892.44	506.13	1.91	9,396.66	3,933.84	809.98	-	4,743.82	4,652.84	4,958.60
Plant, Machinery & Equipments	1,23,769.63	5,557.04	223.30	1,29,103.38	59,314.12	11,207.62	34.63	70,487.12	58,616.26	64,455.51
Furniture & Fixtures	840.75	56.54	0.08	897.22	528.76	83.99	0.07	612.69	284.53	311.99
Office Equipments	536.33	32.69	8.42	560.60	434.43	43.06	3.70	473.79	86.80	101.90
Computers	783.83	62.93	3.63	843.13	653.36	84.89	2.14	736.11	107.01	130.47
Vehicles	4,013.49	346.53	188.69	4,171.33	2,714.66	509.56	160.92	3,063.31	1,108.02	1,298.83
Tools & Tackles	1,178.47	39.13	-	1,217.60	1,046.26	86.25	-	1,132.51	85.09	132.21
<b>Total - A</b>	<b>1,67,214.54</b>	<b>8,772.05</b>	<b>457.41</b>	<b>1,75,529.18</b>	<b>75,316.95</b>	<b>14,106.50</b>	<b>201.45</b>	<b>89,222.01</b>	<b>86,307.17</b>	<b>91,897.59</b>
<b>Previous Year's figures</b>	<b>1,61,090.87</b>	<b>6,349.27</b>	<b>225.60</b>	<b>1,67,214.54</b>	<b>58,308.94</b>	<b>17,135.99</b>	<b>127.98</b>	<b>75,316.95</b>	<b>91,897.59</b>	<b>1,02,781.92</b>
<b>B. INTANGIBLE ASSETS</b>										
Computer Software	166.79	13.87	-	180.66	150.80	14.17	-	164.97	15.69	15.99
<b>Previous Year's figures</b>	<b>152.35</b>	<b>14.44</b>	<b>-</b>	<b>166.79</b>	<b>137.47</b>	<b>13.33</b>	<b>-</b>	<b>150.80</b>	<b>15.99</b>	<b>14.88</b>

a. During the year Company and its Subsidiaries has discarded fixed assets amounting to ₹80.33 lacs, (Previous Year ₹130.43 lacs) and sold fixed assets amounting to ₹198.63 lacs, (Previous Year ₹95.17 Lacs).

b. Depreciation for the year includes preoperative depreciation of ₹ 0.14 lacs, (Previous Year 0.11 lacs).

c. During the year Company and its Subsidiaries has reduced foreign exchange gain of ₹178.44 lacs from above fixed assets in accordance with para 46A of AS-11.



## Notes to Consolidated Financial Statements (contd.)

2.11 Non Current Investments		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Trade Investments (valued at cost unless stated otherwise)</b>			
<b>Investment in Unquoted Equity Instruments</b>			
Ribhoi Engineering Company Private Limited	2.70	2.70	
27,000 (27,000 as at 31.03.2016) Equity Share of ₹10/- each fully paid up			
Adonis Vyapaar Pvt. Ltd.	34.65	31.42	
3,55,590 (3,23,190 as at 31.03.2016) Equity Share of ₹10/- each fully paid up			
Apanapan Viniyog Pvt. Ltd.	34.65	31.42	
3,55,590 (3,23,190 as at 31.03.2016) Equity Share of ₹10/- each fully paid up			
Ara Suppliers Pvt Ltd	34.59	31.36	
3,55,590 (3,23,190 as at 31.03.2016) Equity Share of ₹10/- each fully paid up			
Arham Sales Pvt. Ltd.	34.65	31.42	
3,55,590 (3,23,190 as at 31.03.2016) Equity Share of ₹10/- each fully paid up			
<b>Non Trade Investments (valued at cost unless stated otherwise)</b>			
<b>Investment in Quoted Equity Instruments</b>			
Reliance Power Limited	24.54	24.54	
8,743 (8,743 as at 31.03.2016) Equity Shares of ₹10/- each fully paid up			
	<b>165.78</b>	<b>152.86</b>	
Aggregate amount of Quoted investment	24.54	24.54	
Aggregate Market value of Quoted investment	4.21	4.31	
Aggregate amount of Unquoted investments	141.25	128.32	

2.12 Long Term Loans and Advances		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Capital Advances</b>			
Secured, Considered Good	61.28	-	
Unsecured, Considered Good	5,269.04	5,169.37	
	5,330.33	5,169.37	
<b>Security Deposits</b>			
Unsecured, Considered Good	751.67	802.51	
	751.67	802.51	
<b>Other Loans and Advances</b>			
Unsecured, Considered Good			
-Balances with Statutory/Government Authorities	2,298.83	1,840.22	
-Subsidies/Incentives Receivable from Central/State Governments	21,280.75	21,219.50	
-Advance Income Tax (net of provision for taxation), including MAT Credit Entitlement	17,963.07	15,428.21	
	41,542.65	38,487.94	
	<b>47,624.64</b>	<b>44,459.81</b>	

## Notes to Consolidated Financial Statements (contd.)

2.13 Other Non Current Assets		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Others</b>			
Balance with banks held as margin money deposits with original maturity of more than 12 months	28.14	54.86	
	<b>28.14</b>	<b>54.86</b>	
2.14 Inventories		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Raw Materials	2,863.54	2,798.85	
Work - In - Process	182.59	226.39	
Finished Goods [including in transit- ₹611.29 lacs, As at 31.03.2016 ₹636.91 lacs] and Power inventory (with MeSCL) ₹2,535.58 lacs, P.Y. ₹1,183.99 lacs)	5,657.00	4,403.85	
Stock in Trade [including in transit- Nil Lacs, As at 31.03.2016 ₹38.39 lacs]	181.26	348.74	
Fuels, packing materials, etc.	3,630.71	9,289.51	
Stores & Spares parts	3,607.34	3,849.07	
	<b>16,122.45</b>	<b>20,916.41</b>	
2.15 Trade Receivables		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Secured Considered Good</b>			
Over Six months	216.80	253.24	
Other debts	4,450.89	4,757.15	
	<b>4,667.69</b>	<b>5,010.39</b>	
<b>Unsecured</b>			
<b>Over Six Months</b>			
I Considered Good	998.15	1,236.46	
Considered Doubtful	123.90	140.44	
Less: Provision for Doubtful Debts	(123.90)	(140.44)	
	<b>998.15</b>	<b>1,236.46</b>	
II Claims due from Central Government - Considered Good	22,125.93	14,650.82	
<b>Other Debts</b>			
I Considered Good	7,458.17	18,999.94	
II Claims due from Central Government - Considered Good	4,698.92	4,982.57	
	<b>12,157.09</b>	<b>23,982.50</b>	
	<b>39,948.86</b>	<b>44,880.17</b>	
2.16 Cash & Cash Equivalents		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Cash on Hand	100.57	81.30	
Stamp Paper in hand	165.87	-	
Cheques In Hand	440.97	1,102.67	
<b>Balance with Banks</b>			
- In current accounts/cash credit accounts	920.82	1,173.11	
- Unpaid Dividend Account	1.65	-	
Balance with banks held as margin money deposits with original maturity of more than 3 months and upto 12 months	378.12	19.01	
	<b>2,007.99</b>	<b>2,376.09</b>	

## Notes to Consolidated Financial Statements (contd.)

2.17 Short term Loans and Advances		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
<b>Loans and advances to related parties</b>			
Unsecured, Considered Good			
-Advances Recoverable from a related party	35.00	35.00	
	35.00	35.00	
<b>Others</b>			
Unsecured, Considered Good			
-Advances to suppliers	1,325.28	790.79	
-Loan and advances to employees	77.80	84.84	
-Balances with Statutory/Government authorities	5,288.06	3,978.62	
-Subsidies /Incentives Receivable from Central/State Governments	39,798.26	29,303.52	
-Advances for Services & Expenses	2,759.04	2,366.76	
-Income Tax Refund Receivable	51.70	77.21	
-Prepaid expenses	390.62	301.14	
Unsecured, Considered Doubtful			
-Loan and advances to employees/Suppliers	21.36	19.23	
Less: Provision for Bad & Doubtful advances	(18.46)	(18.60)	
	49,693.64	36,903.52	
	49,728.64	36,938.52	
<b>2.18 Other Current Assets</b>			
		(₹ in lacs)	
Particulars	31.03.2017	31.03.2016	
Unamortized Expenses	0.34	-	
	0.34	-	

## Notes to Consolidated Financial Statements (contd.)

2.19 Revenue from Operations		(₹ in lacs)	
Particulars	2016-17	2015-16	
Sale of Products			
Domestic	1,72,185.28	1,71,977.67	
Export	2,392.49	3,807.53	
	1,74,577.77	1,75,785.20	
Other Operating Income			
Shortage Recovery of Cement & Clinker	398.56	356.00	
Others	227.67	199.91	
Revenue from operation (gross)	1,75,203.99	1,76,341.11	
Details of Products Sold			
Cement	1,63,348.27	1,61,735.46	
Power	46.57	-	
Clinker	11,182.94	14,049.74	
	1,74,577.77	1,75,785.20	

2.20 Other Income		(₹ in lacs)	
Particulars	2016-17	2015-16	
Interest Income on			
-Bank deposits	67.84	6.47	
-others	75.84	41.97	
Miscellaneous Income	75.25	82.02	
	218.93	130.46	

2.21 Cost of Materials Consumed		(₹ in lacs)	
Particulars	2016-17	2015-16	
Inventory at the beginning of the year	2,798.85	1,657.80	
Add: Purchases	25,161.74	21,761.86	
	27,960.59	23,419.66	
Less :Inventory at the end of the year	2,863.54	2,798.85	
Cost of Materials Consumed	25,097.05	20,620.81	

		(₹ in lacs)	
Particulars	2016-17	2015-16	
Details of Raw materials Consumed			
Limestone	7,903.47	6,470.16	
Shale	312.98	419.20	
Iron Mill Scale	116.92	188.40	
Gypsum	937.44	798.08	
Fly ash	7,772.42	7,489.30	
Others including freight on Clinker	7,375.60	5,165.25	
From Ore fines	678.21	90.43	
	25,097.05	20,620.81	

## Notes to Consolidated Financial Statements *(contd.)*

2.22 (Increase) /Decrease in Inventories		
	(₹ in lacs)	
Particulars	2016-17	2015-16
<b>Work in Process</b>		
Opening Stock	226.39	191.75
Closing Stock	182.59	226.39
	<b>(43.80)</b>	<b>34.64</b>
<b>Finished Goods</b>		
Opening Stock	4,403.85	2,674.87
Closing Stock	5,657.00	4,403.85
	<b>1,253.15</b>	<b>1,728.98</b>
<b>(Increase) /Decrease</b>	<b>(1,209.36)</b>	<b>(1,763.62)</b>
	(₹ in lacs)	
Particulars	2016-17	2015-16
<b>Details of Finished goods</b>		
Cement	1,421.32	2,961.75
Power	2,535.58	1,183.99
Clinker	1,700.11	258.11
	<b>5,657.00</b>	<b>4,403.85</b>

2.23 Employee Benefit Expenses		
	(₹ in lacs)	
Particulars	2016-17	2015-16
Salaries & Wages	11,046.71	10,029.03
Contribution to Provident Fund	338.52	297.09
Welfare Expenses	468.32	454.03
	<b>11,853.55</b>	<b>10,780.14</b>

2.24 Finance Costs		
	(₹ in lacs)	
Particulars	2016-17	2015-16
<b>Interest Expense</b>		
-On Fixed Loans	4,511.14	5,267.64
-Others	2,896.96	2,673.83
Exchange Fluctuation (Gain)/loss to the extent considered as an adjustment to borrowing costs	53.84	169.75
Other finance Costs	335.43	225.54
	<b>7,797.36</b>	<b>8,336.76</b>

## Notes to Consolidated Financial Statements (contd.)

2.25 Other Expenses		(₹ in lacs)
Particulars	2016-17	2015-16
Consumption of Stores & Spares	758.44	1,089.50
Packing Materials	3,962.14	3,959.02
Power & Fuel	19,158.76	21,545.21
Repairs & Maintenance		
- Building	271.55	370.60
- Plant & Machinery	1,758.73	2,146.24
- Others	267.83	386.47
Heavy Vehicle / Equipment Running Expenses	1,058.62	978.67
Excise duty variation on opening/closing stock	122.64	175.74
Travelling and Conveyance	1,085.12	1,140.79
Insurance	344.23	301.24
Rent, Rates & Taxes	2,490.47	1,472.80
Research & Development Expenses	74.42	79.84
Charity & Donation	862.77	158.69
Miscellaneous Expenses	2,327.87	2,281.10
CSR Expenses	210.14	191.38
Advertisement & Publicity	1,771.58	3,330.10
Outward Freight Charges	26,985.58	29,598.47
Sales Promotion Expenses	3,467.76	3,463.94
Commission & Incentives	11,653.07	13,563.31
	<b>78,631.74</b>	<b>86,233.10</b>

2.26 In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

### 2.27 Scheme of Amalgamation

- (a) Pursuant to the Scheme of Amalgamation ("The Scheme") between Star Ferro and Cement Limited (SFCL) and the Company as approved by the National Company Law Tribunal, Guwahati Bench at Guwahati vide its order dated 7th February, 2017, all the assets and liabilities of SFCL have been transferred to and vested in the Company at their respective book values on a going concern basis with effect from 1st April, 2016 being the appointed date. The said order of the National Company Law Tribunal has been filed with the Registrar of Companies on 22nd February, 2017, the effective date of the scheme and accordingly, the Scheme of Amalgamation has been given effect to in these accounts. The said amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed under Accounting Standard 14 (AS -14) - "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India.

## Notes to Consolidated Financial Statements (contd.)

- (b) Details of Assets and Liabilities along with value of each of the assets and liabilities being transferred under the Scheme of Amalgamation are as under:

(₹ in lacs)	
Particulars	Amount
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Deferred Tax Asset (Net)	44.56
<b>Total</b>	<b>44.56</b>
<b>Current Assets</b>	
Cash and Cash equivalents	72.02
Short Term Loans and Advances	4.10
<b>Total Assets</b>	<b>120.68</b>
<b>LIABILITIES</b>	
<b>Non-Current Liabilities</b>	
Long Term Provisions	10.50
<b>Current Liabilities</b>	
Other Current Liabilities	7.88
Short Term Provisions	0.43
<b>Total Liabilities</b>	<b>18.81</b>

- (c) Pursuant to the Scheme, the difference between book value of assets and liabilities transferred from the SFCL being ₹101.87 Lacs, has been credited to Shareholders' Fund of the Company as Under :

(₹ in lacs)	
Particulars	Amount
Share Capital - Pending Allotment	0.15
Capital Reserve	643.53
General Reserve	(632.17)
Surplus as Per Statement of P&L	90.36
	<b>101.87</b>

- (d) Pursuant to the said Scheme of Amalgamation, the Company is to issue 29,54,90,077 no of Equity Shares in the ratio of 1.33 Equity Shares of face value of ₹ 1/- each to the shareholders of SFCL in lieu of 1 (one) Equity Share of face value of ₹1/- each held by them in SFCL as fully paid – up. Upon such allotment of shares, 29,54,75,000 no. of Equity Shares held by SFCL shall stand cancelled.
- (e) Consequent to the allotment of new shares as per the Scheme of Amalgamation, Current share capital of the Company will increase by ₹0.15 Lac.

### 2.28 Capital and Other Commitments (to the extent not provided for)

(₹ in lacs)		
Particulars	As at 31.03.2017	As at 31.03.2016
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	236.26	125.23

## Notes to Consolidated Financial Statements (contd.)

### 2.29 Contingent Liabilities

(₹ in lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
Claims against the Company not acknowledged as debts – Excise /Income Tax Matters/Royalty etc.	1,188.47	1,072.18
Duty Saved under EPCG scheme	1,198.77	1,169.34
Bills of exchange discounted with banks	653.87	17.22
Letter of Credits issued by banks	106.35	162.22
Solvent surety furnished to Excise Department against differential excise duty refund (refer note no 2.30)	3,554.88	2,131.40

Note: Based on legal opinion / decisions in similar cases, the Management believes that the Company has a fair chance of favourable decisions in cases mentioned here-in-above and hence no provision is considered necessary.

- 2.30 (i) Against company's claim in respect of its cement plant at Lumshnong for refund of differential excise duty, Hon'ble High Court at Guwahati (Shillong Bench) vide its order dated 12th September, 2012, has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety. Based on the said judgment of the Hon'ble High Court, in favour of the Company and legal opinion obtained by the Company, the differential excise duty refund of ₹127.80 lacs (PY ₹223.19 lacs) have been recognized as revenue in the book of accounts.
- (ii) Against company's claim in respect of its Guwahati Grinding Unit and company's subsidiary Star Cement Meghalaya Limited-(SCML) for refund of differential excise duty, Hon'ble High Court at Guwahati vide its order dated 1st December, 2016, in the matter of Raj Coke Industries & others Versus the Union of India has directed the Excise Department to release 50% of the disputed amount against furnishing of solvent surety. Based on the said judgment of the Hon'ble High Court and legal opinion obtained by the Company and its subsidiary Star Cement Meghalaya Limited the differential excise duty refund of ₹ 3,176.53 Lacs (P.Y. ₹ Nil) have been recognized as revenue in the book of accounts.

### 2.31 Unhedged Foreign Currency Exposure

(₹ In Lacs)

Particulars	As at 31.03.2017			As at 31.03.2016		
	Foreign Currency	In Millions	₹ In lacs	Foreign Currency	In Millions	₹ In lacs
ECB Loan	USD	18.74	12,155.53	USD	26.76	17,747.67
FCNRB Term Loan	USD	-	-	USD	1.23	815.76
FCNRB Demand Loan	USD	-	-	USD	4.46	2,956.89
<b>Total</b>		<b>18.74</b>	<b>12,155.53</b>		<b>32.45</b>	<b>21,520.32</b>



## Notes to Consolidated Financial Statements (contd.)

### 2.32 Related Party Disclosures

	Names of the related parties where control exists	Nature of relationship
A	Star Ferro and Cement Limited (SFCL)	Holding Company (upto 31.03.2016)
B	Others-with whom transactions have taken place during the period	
I	<b>Names of other related parties</b>	<b>Nature of relationship</b>
	Shyam Century Ferrous Limited (SCFL)	Enterprises influenced by KMP
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP
II	<b>Key Management Personnel</b>	
	<b>Names of other related parties</b>	<b>Nature of relationship</b>
	Mr. Sajjan Bhajanka	Chairman & Managing Director
	Mr. Rajendra Chamaria	Vice Chairman & Managing Director
	Mr. Sanjay Agarwal	Managing Director
	Mr. Pankaj Kejriwal	Managing Director in subsidiary
	Mr. Prem Kumar Bhajanka	Managing Director in subsidiary
	Mr. Sanjay Kumar Gupta	CEO
	Mr. Dilip Kumar Agarwal	CFO
	Mr. Vishal Agarwal	CFO in subsidiary
	Mr. Vivek Lahoti	CFO in subsidiary
	Mr. Swarup Chand kayal	CFO in subsidiary (upto 28.02.2017)
	Mr. Manoj Agarwal	Company Secretary
	Mr. Mohit Mahana	Company Secretary in subsidiary
	Mr. Kaushik Ranjan Saha	Company Secretary in subsidiary (From 02.05.2016)
III	<b>Relatives of Key Management Personnel</b>	
	Mr. Rahul Chamaria	Son of Mr. Rajendra Chamaria, Vice Chairman & Managing Director
	Mr. Sachin Chamaria	Son of Mr. Rajendra Chamaria, Vice Chairman & Managing Director
	Mrs. Renu Chamaria	Wife of Mr. Rajendra Chamaria, Vice Chairman & Managing Director (w.e.f. from 02.11.2016)
	Mrs. Vrinda Kedia Chamaria	Daughter In Law of Mr. Rajendra Chamaria, Vice Chairman & Managing Director (w.e.f. from 02.11.2016)

## Notes to Consolidated Financial Statements (contd.)

(₹ In Lacs)							
Sl. No.	Types of Transactions	Holding Company		Enterprises influenced by KMP		Key Managerial Personnel/ Relatives of KMP	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>1</b>	<b>Purchase Transactions</b>						
	SCFL	-	-	187.71	23.12	-	-
<b>2</b>	<b>Sale Transaction</b>						
	CPIL	-	-	27.44	9.12	-	-
	SCFL	-	-	46.57	-	-	-
<b>3</b>	<b>Loans &amp; advances taken</b>						
	Mr. Prem Kumar Bhajanka	-	-	-	-	-	250.00
	Mr. Sanjay Agarwal	-	-	-	-	2,500.00	-
	Mr. Sajjan Bhajanka	-	-	-	-	2,500.00	-
<b>4</b>	<b>Loans &amp; advances repaid</b>						
	Mr. Prem Kumar Bhajanka	-	-	-	-	150.00	1,350.00
<b>5</b>	<b>Interest paid</b>						
	Mr. Prem Kumar Bhajanka	-	-	-	-	202.87	297.00
	Mr. Sajjan Bhajanka	-	-	-	-	65.20	-
	Mr. Sanjay Agarwal	-	-	-	-	59.42	-
<b>6</b>	<b>Remuneration Paid</b>						
	Mr. Sajjan Bhajanka	-	-	-	-	60.00	60.00
	Mr. Sanjay Agarwal	-	-	-	-	60.00	60.00
	Mr. Rajendra Chamaria	-	-	-	-	66.00	66.00
	Mr. Pankaj Kejriwal	-	-	-	-	42.00	42.00
	Mr. Prem Kumar Bhajanka	-	-	-	-	60.00	60.00
	Mr. Rahul Chamaria	-	-	-	-	30.00	30.00
	Mr. Sachin Chamaria	-	-	-	-	26.50	24.00
	Mrs. Renu Chamaria	-	-	-	-	12.50	-
	Mrs. Vrinda Kedia Chamaria	-	-	-	-	11.75	-
	Mr. Sanjay Kr. Gupta	-	-	-	-	91.98	84.78
	Mr. Dilip Kumar Agarwal	-	-	-	-	52.96	-
	Mr. Manoj Agarwal	-	-	-	-	48.31	41.89
	Mr. Vivek Lahoti	-	-	-	-	31.49	27.04
	Mr. Vishal Agarwal	-	-	-	-	9.39	7.80
	Mr. Swarup Chand Kayal	-	-	-	-	17.65	9.61
	Mr. Mohit Mahana	-	-	-	-	5.82	3.53
	Mr. Kaushik Ranjan Saha	-	-	-	-	3.43	-
	Ms. Nupur Burman	-	-	-	-	-	3.63
	Mr. Kamal Kishore Sewoda	-	-	-	-	-	0.46
	Mr. Divyang Jain	-	-	-	-	-	0.36

## Notes to Consolidated Financial Statements (contd.)

(₹ In Lacs)							
Sl. No.	Types of Transactions	Holding Company		Enterprises influenced by KMP		Key Managerial Personnel/ Relatives of KMP	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
7	Balance Outstanding As on 31.03.2017						
A	Share Capital						
	SFCL	-	2,954.75	-	-	-	-
	SCFL	-	-	3,373.50	3,373.50	-	-
B	Loans & Advances paid						
	Profound Cement Works Ltd.	-	-	35.00	35.00	-	-
C	Loans & Advances taken						
	Mr. Prem Kumar Bhajanka	-	-	-	-	2,232.58	2,256.66
	Mr. Sanjay Agarwal	-	-	-	-	2,553.48	-
	Mr. Sajjan Bhajanka	-	-	-	-	2,558.67	-
D	Guarantees Obtained						
	Mr. Sajjan Bhajanka	-	-	-	-	52,545.30	56,772.08
	Mr. Rajendra Chamaria	-	-	-	-	31,335.61	36,206.92
	Mr. Sanjay Agarwal	-	-	-	-	33,773.12	39,206.92
	Mr. Prem Kumar Bhajanka	-	-	-	-	41,758.50	49,606.32
E	Debtors						
	CPIL	-	-	24.81	-	-	-
F	Creditors						
	SCFL	-	-	98.21	-	-	-

## Notes to Consolidated Financial Statements (contd.)

2.33 Segment Reporting		(₹ In Lacs)							
SL. No.	Particulars	2016-17				2015-16			
		Power	Cement	Unallocated	Total	Power	Cement	Unallocated	Total
A	Revenue (Gross)								
	External Sales*	50.71	1,74,527.06	-	1,74,577.77	17.26	1,75,767.94	-	1,75,785.20
	Inter Segment Sales	10,137.45	35,706.84	-	45,844.29	10,460.75	39,775.23	-	50,235.98
	Elimination	(10,137.45)	(35,706.84)	-	(45,844.29)	(10,460.75)	(39,775.23)	-	(50,235.98)
	Total Revenue (Gross)	50.71	1,74,527.06	-	1,74,577.77	17.26	175,767.94	-	1,75,785.20
B	Results								
	Segment Result	2,308.77	23,821.00	-	26,129.77	2,404.21	19,988.34	-	22,392.55
	Unallocated Income/ (Expenses) (Net)	-	-	-	846.81	-	-	-	527.35
	Interest & Finance Charges (Net)	-	-	-	(7,797.36)	-	-	-	(8,336.76)
	Operating Profit	-	-	-	19,179.21	-	-	-	14,583.14
	Exceptional Income	-	-	-	1.00	-	-	-	(53.14)
	Provision for Taxation	-	-	-	4,175.35	-	-	-	3,231.89
	Mat Credit Entitlement	-	-	-	(4,007.02)	-	-	-	(2,973.55)
	Income Tax for earlier year	-	-	-	(753.03)	-	-	-	(34.79)
	Deferred Tax (Net)	-	-	-	(505.69)	-	-	-	(302.49)
	Profit after Tax (before minority interest)	-	-	-	17,753.16	-	-	-	13,934.38
	Other Information								
A	Total Assets								
	Segment Assets	29,500.00	2,14,696.33	-	2,44,196.33	30,050.22	2,12,902.49	-	2,42,952.71
	Unallocated Corporate/Other Assets	-	-	3,240.27	3,240.27	-	-	3,688.62	3,688.62
B	Total Liabilities								
	Segment Liabilities	12,940.27	1,04,207.43	-	1,17,147.70	17,148.05	1,16,188.77	-	1,33,336.82
	Unallocated Corporate/Other Liabilities	-	-	1,595.96	1,595.96	-	-	2,414.61	2,414.61
C	Capital Expenditure	20.66	8,892.85	4.84	8,918.35	1,103.22	5,834.76	-	6,937.98
D	Depreciation	1,909.23	12,211.31	-	14,120.54	1,959.34	15,189.87	-	17,149.21

\*External Sales include captive consumption.

#### 2.34 Employee Defined Benefits

- Defined Contribution Plans –The Company has recognized an expense of ₹338.52 Lacs (Previous year ₹297.09 lacs) towards the defined contribution plans.
- Define Benefit Plans - The Company has a defined benefit gratuity plan. Every employee who has completed five years or more service is entitled to Gratuity on terms not less than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company. The following tables summaries 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.
- Under leave encashment scheme, the Company allows its employees to encash accumulated leave over and above thirty days at any time during the year. The scheme is not funded by the Company.
- Defined Benefit Plans – As per Actuarial Valuation as at 31st March, 2017.

## Notes to Consolidated Financial Statements (contd.)

(₹ In Lacs)

Particulars	2016-17		2015-16	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>I Expense recognized in the Statement of Profit and Loss</b>				
1. Current Service Cost	84.87	96.25	78.55	78.93
2. Interest Cost	33.49	20.83	27.98	17.72
3. Employee Contribution	-	-	-	-
4. Expected Return on Plan Assets	(19.77)	-	(16.67)	-
5. Actuarial (Gains)/Losses	(8.69)	29.57	30.25	52.30
6. Past Service Cost	-	-	-	-
7. Settlement Cost	-	-	-	-
8. Losses/(gains) on acquisition/divesture	(0.02)	-	(0.05)	-
9. Total Expense	89.87	146.65	120.06	148.94
<b>II Net Asset/(Liability) recognized in the Balance Sheet</b>				
1. Present Value of Defined Benefit Obligation	483.59	290.85	404.33	259.26
2. Fair Value of Plan Assets	279.51	-	247.75	-
3. Funded Status [Surplus/(Deficit)]	(204.09)	(290.85)	(156.58)	(259.26)
4. Net Asset/ (Liability)	(204.09)	(290.85)	(156.58)	(259.26)
<b>III Change in Obligation during the Year</b>				
1. Present value of Defined Benefit Obligation at the beginning of the year	409.53	264.98	293.33	182.46
2. Current Service Cost	84.87	96.25	78.55	78.93
3. Interest Cost	33.49	20.83	27.98	17.72
4. Settlement Cost	-	-	-	-
5. Past Service Cost	-	-	-	-
6. Employee Contribution	-	-	-	-
7. Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
8. Actuarial (Gains)/Losses	(9.68)	29.57	27.41	52.30
9. Benefits Payments	(34.60)	(120.80)	(22.93)	(72.15)
10. Present Value of Defined Benefit Obligation at the end of the year	483.60	290.83	404.33	259.26
<b>IV Change in assets during the Year</b>				
1. Plan Assets at the beginning of the year	247.74	-	168.99	-
2. Assets acquired on amalgamation in previous year	-	-	-	-
3. Settlements	-	-	-	-
4. Expected return on plan assets	19.77	-	16.67	-
5. Contributions by employer	47.58	120.80	87.81	72.15
6. Actual Benefit Paid	(34.60)	(120.80)	(22.93)	(72.15)
7. Actuarial Gains/(Losses)	(0.97)	-	(2.79)	-
8. Plan Assets at the end of the year	279.52	-	247.74	-
9. Actual Return on plan assets	15.98	-	11.16	-

## Notes to Consolidated Financial Statements (contd.)

Particulars	(₹ In Lacs)			
	2016-17		2015-16	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>V The major categories of plan assets as a percentage of the fair value of total plan assets</b>				
1. Funded with insurer	100.00%	0.00%	100.00%	0.00%
<b>VI The Principal actuarial assumptions are as follows</b>				
Discount rate	7.50%	7.50%	8.00%	8.00%
Expected Return on plan assets	7.50%	0.00%	8.00%	0.00%
Salary Increase	6.00%	6.00%	6.00%	6.00%
Withdrawal rates (Varying between per annum depending upon the duration and age of the employees)	Varying between 8% per annum to 1% per annum depending on duration and age of the employees			

2.35 The Company and its subsidiaries Star Cement Meghalaya Limited and Meghalaya Power Limited have exercised the option under in paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company and its subsidiaries Star Cement Meghalaya Limited and Meghalaya Power Limited has depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign Currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance useful life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the period ended on 31st March, 2017 of the Company is ₹740.43 lacs, (PY. ₹691.69 lacs). The unamortized portion carried forward as at 31st March, 2017 is ₹3,747.90 lacs (as at 31.03.2016 ₹4,948.40 lacs).

## 2.36 Earning Per Share (EPS)

Particulars	(₹ in lacs)	
	31.03.2017	31.03.2016
Profit/(Loss) Attributable to Equity Shareholders	17,163.34	13,403.79
Equity Share Capital	4,192.14	4,192.14
Weighted average number of equity shares outstanding for basic EPS (Face value of ₹1/-per share)	41,92,13,920	41,92,13,920
Weighted average number of equity shares outstanding for diluted EPS (Face value of ₹1/-per share)	41,92,28,997	41,92,13,920
Basic Earnings Per Share (₹)	4.09	3.20
Diluted Earnings Per Share (₹)	4.09	3.20

## Notes to Consolidated Financial Statements (contd.)

### 2.37 Additional Information pursuant to Schedule III of the Companies Act, 2013

Sl. No.	Name of the entity	Net Assets i.e. total assets minus total liabilities				Share in profit / ( loss)			
		As % of consolidated net assets		Amount (₹ In Lac)		As % of consolidated profit/loss		Amount (₹ In Lac)	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	Parent	48.51%	50.21%	62,429.54	55,649.15	40.96%	40.38%	7,271.38	5,626.91
	Subsidiaries								
1	Megha Technical & Engineers Pvt Ltd	16.75%	19.45%	21,550.01	21,563.26	(0.41%)	3.06%	(72.11)	425.86
2	Star Cement Meghalaya Ltd	27.17%	23.11%	34,971.24	25,617.66	52.67%	48.79%	9,350.17	6,798.77
3	Meghalaya Power Ltd	2.99%	2.44%	3,848.62	2,704.13	3.46%	3.96%	613.90	552.25
4	NE Hills Hydro Ltd	-	-	-	-	-	-	-	-
	Foreign Subsidiary								
1	Star Century Global Cement (P) Ltd.	-	-	-	-	-	-	-	-
	Minority Interest in subsidiaries	4.58%	4.79%	5,893.53	5,303.70	3.32%	3.81%	589.82	530.59
	<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>1,28,692.94</b>	<b>110,837.90</b>	<b>100%</b>	<b>100%</b>	<b>17,753.16</b>	<b>13,934.38</b>

2.38 During the year, the Company had Specified Bank Notes (SBNs) and other denomination notes (ODNs) as defined in the MCA Notification No. G.S.R. 308(E) dated March 31, 2017. The SBNs and ODNs held and transacted during the period from November 8, 2016 to December 30, 2016 are as under:

Particulars	SBNs*	ODNs	Total
Closing Cash on Hand as on November 8, 2016	61.46	29.90	91.36
Add : Permitted Receipts	-	60.04	60.04
Less : Permitted Payments	-	56.31	56.31
Less : Amount Deposited in bank	61.46	-	61.46
Closing Cash on Hand as on December 30,2016	-	33.63	33.63

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning as provided in notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 8, 2016.

2.39 The Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) would be applicable to the Company from financial year commencing on and after 1st April, 2017. Accordingly, the financial statements have been prepared in compliance with Companies (Accounting Standards) Rules, 2006.

2.40 Tax expense for earlier years represents write back upon completion of assessments and change in estimate of allowability of certain deductions.

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

2.42 Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current period classification.

For and on behalf of the Board of Directors

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

Dilip Kumar Agarwal  
Chief Financial Officer

Sajjan Bhajanka  
Chairman & Managing Director  
DIN:00246043

CA. Arun Kumar Sharma  
Partner  
Membership No. 057329

Manoj Agarwal  
Company Secretary

Rajendra Chamaria  
Vice-Chairman & Managing Director  
DIN:00246171

Place: Kolkata  
Date: 30th May, 2017

## STAR CEMENT LIMITED

CIN: U26942ML2001PLC006663

Regd. Office: Vill: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210

Corporate Office: Satyam Towers, Unit No. 9B, 1st Floor, 3 Alipore Road, Kolkata – 700027

Tel: 03655 – 278215/16/18, Fax: 03655-278217, Email: investors@starcement.co.in, Website: www.starcement.co.in

### NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **SIXTEENTH ANNUAL GENERAL MEETING** of the Members of Star Cement Limited will be held on Monday, 11th September, 2017 at 02:00 P.M. at “Star Club”, Vill: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya - 793210 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31st March, 2017 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Agarwal (DIN: 00246132), who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of Statutory Auditors of the Company  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. D. K. Chhajer & Co., Chartered Accountants (Firm Registration No. 304138E) be and are hereby appointed as the Statutory Auditors of the Company in place of M/s. Kailash B. Goel & Co., Chartered Accountants (Firm Registration No. 322460E), the retiring Auditors, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 21st Annual General Meeting to be held in 2022 at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.”

#### SPECIAL BUSINESS:

4. **Appointment of Mr. Santanu Ray as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act, Mr. Santanu Ray (DIN: 00642736), who was appointed as an Additional Director of the Company with effect from 8th April, 2017 by the Board of Directors in terms of Section 161 of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2022 and whose office shall not be liable to determination by retirement of Directors by rotation.”

5. **Appointment of Mrs. Plistina Dkhar as an Independent Director**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act, Mrs. Plistina Dkhar (DIN: 01375361), who was appointed as an Additional Director of the Company with effect from 8th April, 2017 by the Board of Directors in terms of Section 161 of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2022 and whose office shall not be liable to determination by retirement of Directors by rotation.”



6. **Appointment of Mrs. Ibaridor Katherine War as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act, Mrs. Ibaridor Katherine War (DIN: 03107920), who was appointed as an Additional Director of the Company with effect from 8th April, 2017 by the Board of Directors in terms of Section 161 of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2022 and whose office shall not be liable to determination by retirement of Directors by rotation.”

7. **Ratification of Remuneration to the Cost Auditor**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies and confirms the remuneration of ₹65,000/- (Rupees Sixty Five Thousand only) to be paid to M/s. B. G. Chowdhury & Co., Cost Accountants (Firm Registration No. 000064), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2018;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. **Approval for Material Related Party Transactions**

To consider and if thought fit, to pass with or without

modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or enactment thereof for the time being in force), and pursuant to the consent of the Audit Committee and the Board of Directors obtained at their respective meetings, consent and approval of the members of the Company be and is hereby accorded to the Board of Directors (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its power, including the powers conferred by this Resolution) for the arrangements/ transactions/ contracts (including any other transfer of resources, services or obligations) hitherto entered or to be entered into by the Company with related parties in the ordinary course of business and on arms’ length basis as set out in the explanatory statement annexed to the notice convening this meeting, for financial years commencing from financial year 2016-17;

RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/ pay monies or to perform all other obligations in terms of such arrangements/ transactions/ contracts with the Related parties.”

**Registered Office:**  
Vill: Lumshnong,  
P.O.: Khaliehriat  
Dist.: East Jaintia Hills  
Meghalaya - 793210

By Order of the Board  
For **Star Cement Limited**

Dated: 3rd August, 2017  
Place: Kolkata

**Debabrata Thakurta**  
Company Secretary

**NOTES:**

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE ON POLL ON HIS/HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013 read with Rules made thereunder, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument appointing the proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Notice. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. Corporate Members intending to send their authorized representatives to attend and vote at the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
4. Members holding shares in the physical form are requested to notify changes in address, email id, bank mandate and bank particulars, if any, under their signatures to M/s. Maheshwari Datamatics Pvt. Ltd., 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700001, the Registrars and Share Transfer Agents (RTA) of the Company, quoting their Folio numbers. Members holding shares in electronic form may update such information with their respective Depository Participants.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members who have not registered their e-mail address with the Company can now register the same by writing to the Registrar of the Company at the following address:-  
Maheshwari Datamatics Private Limited  
23, R. N. Mukherjee Road, 5th Floor, Kolkata - 700001
6. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
6. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in prescribed Form SH-13 with the RTA. Nomination form can be downloaded from the Company's website: [www.starcement.co.in](http://www.starcement.co.in) under the section 'Investors'. In respect of shares held in Electronic/ Demat form, members may please contact their respective Depository Participants.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number to the Company/ RTA for registration of transfer of shares, for securities market transactions and off-market/ private transactions involving transfer of shares in physical form. In this connection, the Transferees of Company's shares are requested to submit a copy of their PAN card along with the Transfer Deed. Members holding shares in electronic form are requested to submit their PAN to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or RTA.
8. Members seeking information regarding financial accounts of the Company are requested to write to the Company at least 7 (seven) days before the date of meeting so as to enable the management to keep the information ready.
9. All documents meant for inspection and referred to in the Notice and accompanying Annual Report are open for inspection at the Registered Office as well as Corporate Office of the Company during office hours between 11:00 A.M to 1:00 P.M on all working days till the date of the Annual General Meeting (AGM) and will be also available for inspection at the Meeting.
10. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM. Members are requested to bring their admission slip along with the copy of the Annual Report at the Annual General Meeting.

11. Additional information in respect of the Director seeking appointment/re-appointment at the Annual General Meeting pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Secretarial Standard on General Meeting are furnished as an Annexure and forms a part of the Notice. The Director has furnished the requisite consents/ declarations for his appointment/ re-appointment.
12. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 8th September, 2017 to Monday, 11th September, 2017 (both days inclusive).
13. Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company's website, [www.starcement.co.in](http://www.starcement.co.in) for their download.
14. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 and Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
15. In compliance with the provision of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all the Members to enable them to cast their vote electronically in respect of business to be transacted at the Meeting, for which the Company has engaged the services of National Securities Depository Limited (NSDL). The Members holding shares either in physical form or in dematerialized form, desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.
16. The facility for voting through ballot paper shall be made available at the Annual General Meeting and the Members who have not cast their votes by remote e-voting as on **Cut-off date i.e. Monday, 4th September, 2017** shall be able to exercise their right at the Annual General Meeting through ballot paper. Members who cast their votes by remote e-voting prior to the meeting, may attend the meeting but will not be entitled to cast their vote again.
17. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Monday, 4th September, 2017, are entitled to vote on the Resolutions set forth in this Notice and a person who is not a Member as on cut-off date should treat this notice for information purpose only. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). Members who have acquired shares after the dispatch of the Notice of Annual General Meeting and before the cut-off date may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
18. The remote e-voting period will commence at **9.00 a.m. on Friday, 8th September, 2017 and will end at 5.00 p.m. on Sunday, 10th September, 2017**. The Company has appointed Mr. Sourav Kedia, Practicing Company Secretary (Membership no. ACS 40951), to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting.
19. The Route map of the venue of Annual General Meeting i.e. "Star Club", Vill: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya - 793210 is annexed at the end of this Notice.
20. **PROCEDURE FOR REMOTE E-VOTING**  
The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating e-voting for AGM. The instructions for remote e-voting are as under:
  - A. **In case of Members who receive the Notice in electronic mode:**
    - i) Open the PDF file 'SCL e-Voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
    - ii) Launch an internet browser and open <https://www.evoting.nsdl.com>
    - iii) Click on Shareholder - Login.
    - iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.
    - v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
    - vi) Home page of e-voting will open. Click on e-Voting - Active Voting Cycles.
    - vii) Select the 'EVEN' (E-Voting Event Number) of Star Cement Limited.
    - viii) Now you are ready for e-voting as 'Cast Vote' page opens.
    - ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
    - x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
    - xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory (ies) who are authorised to vote, to the Scrutinizer by

an e-mail at [souravkedia@gmail.com](mailto:souravkedia@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**B. In case of Members who receive Physical copy of the Notice of the AGM and Attendance Slip:**

1. Initial Password is provided, as follows, at the bottom of the Attendance Slip.

EVEN (E-voting Event Number)	USER ID	PASSWORD
-	-	-

2. Please follow all steps from Sl. No. ii) to Sl. No. xii) above, to cast vote.

- C. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for members and 'e-voting user manual' available in the downloads section of NSDL's e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- D. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
- E. The voting rights shall be as per the number of equity share held by the Member(s) as on Monday, 4th September, 2017. Members are eligible to cast vote electronically only if they are holding shares as on that date.

F. The Companies (Management and Administration) Rules, 2014, as amended provides that the electronic voting period shall remain open for atleast three days and shall close at 5.00 p.m. on the date preceding the date of the AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Friday, 8th September, 2017 and will end at 5.00 p.m. on Sunday, 10th September, 2017.

G. The results shall be declared within 48 hours from the conclusion of the AGM. The results along with the Scrutinizer's Report shall be placed on the website of the Company and on the website of NSDL and such results will also be forwarded to the Stock Exchanges where the Company's shares are listed.

By Order of the Board  
For Star Cement Limited

Dated: 3rd August, 2017  
Place: Kolkata

Debabrata Thakurta  
Company Secretary

## EXPLANATORY STATEMENT (PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013)

**Item No. 4, 5 and 6:**

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at its Board Meeting held on 8th April, 2017 appointed Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War as Additional Directors (Category – Independent) of the Company with effect from 8th April, 2017 for a term upto 31st March, 2022, subject to regularization/approval of the shareholders at the ensuing Annual General Meeting (AGM).

In terms of Section 161(1) of the Companies Act, 2013, Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War, holds office upto the date of the ensuing Annual General Meeting of the Company and are eligible for appointment as Director, not liable to retire by rotation, subject to the approval of the shareholders.

Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War have given their consent to act as an Independent Directors of the Company and have furnished necessary declarations to the Board of Directors that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under the Listing Regulations. Further as per the declaration received by the Company, the proposed appointees are not

disqualified under section 164 of the Act. The directorships held by the proposed appointees are within the limits prescribed under the Act and Regulation 25 of the Listing Regulations.

Notices under Section 160(1) of the Companies Act, 2013 along with requisite deposit have been received from the Members, signifying their intention to propose the appointment of Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War as Directors of the Company.

In the opinion of the Board, Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company. Brief resume of proposed appointee Directors, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under the Listing Regulations with the Stock Exchanges, have been provided as an Annexure to this Notice.

Copy of the appointment letter of the proposed appointees as an Independent Directors of the Company setting out the terms and conditions of appointment are available for inspection by the member at the Registered Office as well

as Corporate Office of the Company on all working days between 11:00 A.M. to 1:00 P.M. till the date of the Annual General Meeting (AGM).

Keeping in view, the vast expertise and knowledge, the Board considers that the continued association of proposed appointees would be of immense benefit to the Company and it is desirable to avail services of Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War, as an Independent Directors. Accordingly, the Board recommends the resolutions in relation to appointment of Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War, as Independent Directors, as an Ordinary Resolutions for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Santanu Ray, Mrs. Plistina Dkhar and Mrs. Ibaridor Katherine War for their respective appointments, are concerned or interested, financially or otherwise, in Resolutions set out at item no. 4 to 6.

**Item No.7:**

The Board of Directors on the recommendation of Audit Committee has appointed M/s. B. G. Chowdhury & Co., Cost Accountants (Firm Registration No. 000064) as the Cost Auditor of the Company to conduct the Cost Audit of the Company for the Financial Year 2017-18 at a remuneration of ₹65,000/-.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the Shareholders.

**Item No. 8**

Pursuant to Section 188 of the Companies Act, 2013 ('the Act'), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such sum as is specified in the Rules. The aforesaid provisions are not applicable in respect of transactions which are in the ordinary course of business and on arm's length basis.

The Company has obtained trading and listing approval from the National Stock Exchange of India Limited and BSE Limited and shares of the Company are listed with effect from 16th June, 2017. The transactions entered into by the Company with Star Cement Meghalaya Limited, Subsidiary Company, prior to the listing approval were in the ordinary course of business and at arm's length basis and were in compliance with the provisions of Companies Act, 2013. However, pursuant to Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), approval of the members through ordinary resolution is required for all related party transactions which are material, even if they are entered into in the ordinary course of business and on arm's length basis. For this purpose, a transaction is considered to be material, if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.

All the Related Party Transactions entered into by the Company are at arm's length basis and in the ordinary course of business and approval of the Audit Committee / Board is obtained, wherever required. As the transaction(s) entered into by the Company, together with the transactions already entered with Star Cement Meghalaya Limited, subsidiary company, qualifies to be a Material Related Party transaction under Listing Regulations, approval of the members by way of ordinary resolution is being sought.

<b>Name of the Related Party</b>	<b>Star Cement Meghalaya Limited</b>
<b>Nature of relationship</b>	Holding-Subsidiary
<b>Name of the Director or KMP who is related, if any</b>	Mr. Sajjan Bhajanka, Mr. Sanjay Agrawal, Mr. Rajendra Chamaria, Mr. Prem Kumar Bhajanka, Mr. Pankaj Kejriwal, Mr. Mangilal Jain and Mr. Santanu Ray may deemed to be related by virtue of being common Directors.
<b>Estimated Transaction Value</b>	₹500 crores for each Financial Year
<b>Nature, material terms and particulars of the contract or arrangement</b>	Sale, purchase or Supply of Goods or Materials and Availing and rendering of any services from time to time by the Company. However, such transactions would at all time be on arm's length basis and in the ordinary course of the Company's business.
<b>Any other information</b>	NIL

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except their extent of Directorships/holding position of Key Managerial Personnel as mentioned above.

The Board recommends the Ordinary Resolution set out at

Item No. 8 of the Notice for approval by the shareholders.

By Order of the Board  
For **Star Cement Limited**

Dated: 3rd August, 2017  
Place: Kolkata

**Debabrata Thakurta**  
Company Secretary

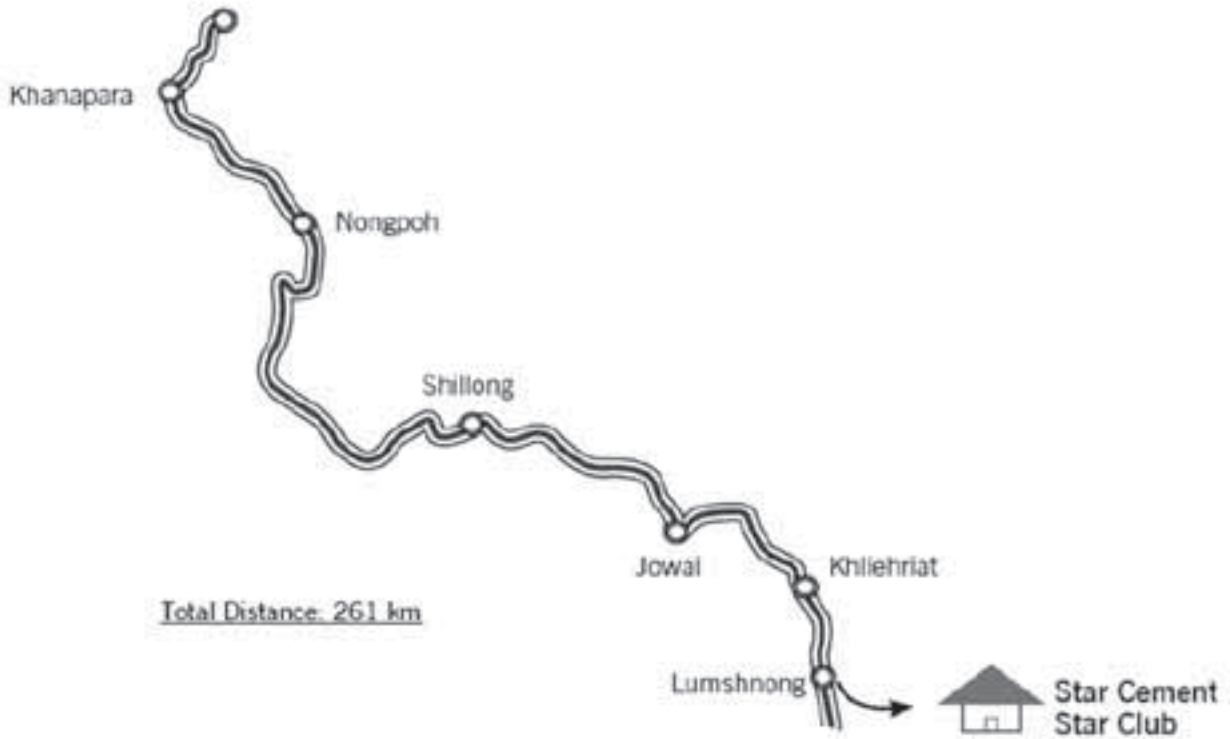
## ANNEXURE TO ITEM NO. 2, 4, 5 &amp; 6 OF THE NOTICE

Details of Director seeking appointment/ re-appointment at the forthcoming Annual General Meeting  
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Secretarial Standard on General Meeting]

Name of the Director	Mr. Sanjay Agarwal	Mr. Santanu Ray	Mrs. Plistina Dkhar	Mrs. Ibaridor Katherine War
DIN	00246132	00642736	01375361	03107920
Age (Years)	56	70	57	42
Nationality	Indian	Indian	Indian	Indian
Qualification	Commerce Graduate	Chartered Accountant	Under graduate	Under graduate
Experience (years)	29	40	31	20
Expertise in special functional Area	Marketing and sales promotion	Accounting and Finance Management	Administration	Administration
Date of First Appointment on the Board of the Company	16.11.2002	08.04.2017	08.04.2017	08.04.2017
Terms & condition of re-appointment	Managing Director; Liable to retire by rotation	Being appointed as Independent Director not liable to retire by rotation upto 31.03.2022	Being appointed as Independent Director not liable to retire by rotation upto 31.03.2022	Being appointed as Independent Director not liable to retire by rotation upto 31.03.2022
Details of remuneration sought to be paid and remuneration last drawn	₹5,00,000/- per month	Not Applicable	Not Applicable	Not Applicable
Shareholding in the Company [Equity share of face value ₹ 1/- each ] (as at 28th July, 2017)	2,44,80,135	Nil	997	Nil
Relationship between the Directors inter se and other Key Managerial Person	None	None	None	None
No. of Board Meetings attended during the year	7	Not Applicable	Not Applicable	Not Applicable
List of Directorship held in other Companies (excluding Foreign Company)	1. Century Plyboards (India) Ltd. 2. Auroville Investments Pvt. Ltd. 3. The Bengal Rowing Club 4. Century Coats Ltd. 5. Century Infotech Ltd. 6. Pacific Plywoods Pvt. Ltd. 7. Ranisati Vihar Pvt. Ltd. 8. Sumangal International Pvt. Ltd. 9. Sumangal Business Pvt. Ltd. 10. Star Cement Meghalaya Ltd. 11. Indian Chamber of Commerce Calcutta	1. Century Plyboards (India) Ltd. 2. Shyam Century Ferrous Ltd. 3. Kariwala Industries Ltd. 4. Megha Technical & Engineers Pvt. Ltd. 5. Star Cement Meghalaya Ltd.	1. Shyam Century Ferrous Ltd. 2. Riangdo Veneers Private Ltd. 3. Century Plyboards (Meghalaya) Ltd. 4. Megha Bidyut Private Ltd.	Nil
Membership/ Chairmanships of Committees of Boards of other Companies. (only Audit Committee and Stakeholders' Relationship Committee have been considered)	Nil	Audit Committee Chairman 1. Star Cement Meghalaya Limited 2. Megha Technical & Engineers Private Limited Member 1. Shyam Century Ferrous Limited Stakeholders' Relationship Committee Chairman 1. Star Cement Meghalaya Limited	Nil	Nil

## ROUTE MAP

Lokpriya Gopinath Bordoloi International Airport, Borjhar, Guwahati



Venue: "Star Club", Vill: Lumshnong, P.O.: Khliehriat, Dist.: East Jaintia Hills, Meghalaya- 793210

# STAR CEMENT LIMITED

CIN: U26942ML2001PLC006663

Regd. Office: Vill: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210

Corporate Office: Satyam Towers, Unit No. 9B, 1st Floor, 3 Alipore Road, Kolkata – 700027

Tel: 03655 – 278215/16/18, Fax: 03655-278217, Email: investors@starcement.co.in, Website: www.starcement.co.in

## PROXY FORM NO. MGT - 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Folio No. / DP ID and Client ID: \_\_\_\_\_

I/We, being the member(s) of the Company and holding \_\_\_\_\_ shares of the Company, hereby appoint:-

- Name: \_\_\_\_\_, Address: \_\_\_\_\_  
Email: \_\_\_\_\_, Signature: \_\_\_\_\_, or failing him/her
- Name: \_\_\_\_\_, Address: \_\_\_\_\_  
Email: \_\_\_\_\_, Signature: \_\_\_\_\_, or failing him/her
- Name: \_\_\_\_\_, Address: \_\_\_\_\_  
Email: \_\_\_\_\_, Signature: \_\_\_\_\_,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company, to be held on Monday, 11th day of September, 2017 at 02:00 P.M. at "Star Club", Vill: Lumshnong, P.O: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya-793210 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	RESOLUTIONS	Optional*	
		For	Against
<b>Ordinary Business</b>			
1	Audited Financial Statements (including the Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31st March, 2017 and the Reports of Board of Directors and Auditors thereon.		
2	Re-appointment of Mr. Sanjay Agarwal as a Director of the Company, liable to retire by rotation.		
3	Appointment of Statutory Auditors of the Company and to fix their remuneration.		
<b>Special Business</b>			
4	Appointment of Mr. Santanu Ray as an Independent Director.		
5	Appointment of Mrs. Plistina Dkhar as an Independent Director.		
6	Appointment of Mrs. Ibaridor Katherine War as an Independent Director.		
7	Ratification of remuneration payable to Cost Auditors.		
8	Approval of Material related party transactions		

Signed this \_\_\_\_ day of \_\_\_\_\_, 2017

Signature of the shareholder \_\_\_\_\_

Signature of the proxy holder \_\_\_\_\_

Affix  
Revenue  
Stamp of  
₹1/-

### Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of 16th Annual General Meeting.
- \* It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Please complete all details including details of member(s) in the above box before submission.





# STAR CEMENT LIMITED

CIN: U26942ML2001PLC006663

Regd. Office: Vill: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210

Corporate Office: Satyam Towers, Unit No. 9B, 1st Floor, 3 Alipore Road, Kolkata – 700027

Tel: 03655 – 278215/16/18, Fax: 03655-278217, Email: investors@starcement.co.in, Website: www.starcement.co.in

## ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING – 11th September, 2017 at 02:00 P.M.

Folio No./ DP ID and Client ID: _____
Name: _____
Address: _____ _____ _____
No. of Shares held : _____

I/We certify that I/We am/are a registered shareholder/Proxy for the registered shareholder of the Company.

I/We hereby record my/our attendance at the Sixteenth Annual General of the Company at "Star Club", Vill: Lumshnong, P.O.: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210 on **Monday, 11th September, 2017.**

\_\_\_\_\_  
Member's/Proxy's name in block letters

\_\_\_\_\_  
Member's/Proxy's signature

### Notes:

1. Registration will start at 01:00 P.M and close at 01:45 P.M. on the day of Annual General Meeting.
2. The members are required to produce their duly signed Attendance Slips and get their entry passes from the registration counter.
3. The members should produce their entry passes at the entrance of the AGM Hall for attending the AGM.
4. The Members are informed that in case of joint holders attending the meeting, only such joint holder whose name appears in the chronological order in the Demat account /Folio will be entitled to vote.
5. This Attendance Slip is valid only in case shares are held on the date of the Annual General Meeting.
6. The Members who have received Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit duly filled in Attendance Slip at the registration counter to attend the Annual General Meeting.



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# Corporate Information

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## Board of Directors

**Sajjan Bhajanka**  
*Chairman & Managing Director*

**Rajendra Chamaria**  
*Vice Chairman & Managing Director*

**Sanjay Agarwal**  
*Managing Director*

**Prem Kumar Bhajanka**  
*Director*

**Pankaj Kejriwal**  
*Director*

**Mangilal Jain**  
*Director*

**Manindra Nath Banerjee**  
*Director*

**Santanu Ray**  
*Director*

**Plistina Dkhar**  
*Director*

**Ibaridor Katherine War**  
*Director*

## Auditors

**Kailash B. Goel & Co.**  
*Chartered Accountants*

70, Ganesh Chandra Avenue, 1st Floor,  
Kolkata - 700013

## CEO

**Sanjay Kumar Gupta**

## CFO

**Dilip Kumar Agarwal**

## Company Secretary

**Manoj Agarwal**  
(upto 2nd August, 2017)

**Debabrata Thakurta**  
(w.e.f. 3rd August, 2017)

## Bankers & FI's

Allahabad Bank

Bank of Baroda

Corporation Bank

State Bank of India

Andhra Bank

NEDFi

HDFC Bank

Axis Bank

## Registered Office

Vill.: Lumshnong, P.O. Khaliehriat  
Dist.: East Jaintia Hills  
Meghalaya - 793210

## Lumshnong Plant

Vill.: Lumshnong, P.O. Khaliehriat  
Dist.: East Jaintia Hills  
Meghalaya - 793210

## Sonapur Plant

Gopinath Bordoloi Road  
Vill.: Chamta Pathar, P.O. Sonapur  
Kamrup Assam - 782402

## 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

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



STAR CEMENT LIMITED

Registered Office

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

Corporate Office

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

[www.starcement.co.in](http://www.starcement.co.in)

CIN: U26942ML2001PLC006663

