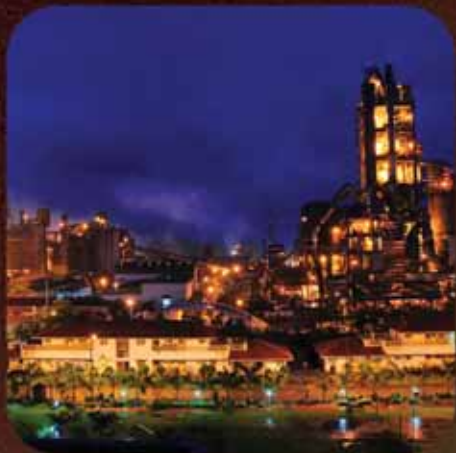


Star Ferro and Cement Limited
ANNUAL REPORT 2012-13



QUALITY

Always



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Corporate Information

BOARD OF DIRECTORS

Sri Sajjan Bhajanka	<i>Chairman</i>
Sri Hari Prasad Agarwal	<i>Managing Director</i>
Sri Sanjay Agarwal	<i>Director</i>
Sri Mangi Lal Jain	<i>Director</i>
Sri Manindra Nath Banerjee	<i>Director</i>
Sri Santanu Ray	<i>Director</i>

AUDITORS

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

BANKERS

State Bank of India
Axis Bank Ltd.
Oriental Bank of Commerce

REGISTRAR & SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane
(Surendra Mohan Ghosh Sarani)
2nd Floor, Kolkata - 700 001

REGISTERED OFFICE

6, Lyons Range, 1st Floor
Kolkata - 700 001
Phone : 033 3940 3950

WORKS

Ferro Alloy & Power Units
EPIP Area, Byrnihat
Dist : Ri-Bhoi
Meghalaya



Notice

NOTICE is hereby given that the **Third Annual General Meeting** of the Members of Star Ferro and Cement Limited will be held at **Indian Chamber of Commerce Auditorium, 10th Floor, 4, India Exchange Place, Kolkata - 700 001** on **Wednesday, 25th September, 2013** at **3.00 P.M.**, to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and Statement of Profit & Loss for the year ended on that date together with the Reports of Directors and Auditors thereon.
- 2 To appoint a Director in place of Sri Sajjan Bhajanka, who retires by rotation and, being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Sri Sanjay Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4 To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification/s the following Resolutions as Ordinary Resolutions :

- 5 **"RESOLVED** that Sri Manindra Nath Banerjee, who was appointed as an Additional Director of the Company by the Board of Directors and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member of the Company, proposing the candidature of Sri Banerjee to the office of Director of the Company and who has consented, if appointed, to act as a Director of the Company, is hereby appointed as a Director of the Company, liable to retire by rotation."
- 6 **"RESOLVED** that Sri Mangi Lal Jain, who was appointed as an Additional Director of the Company by the Board of Directors and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member of the Company, proposing the candidature of Sri Jain to the office of Director of the Company and who has consented, if appointed, to act as a Director of the Company, is hereby appointed as a Director of the Company, liable to retire by rotation."
- 7 **"RESOLVED** that Sri Santanu Ray, who was appointed as an Additional Director of the Company by the Board of Directors and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received

a notice in writing, under Section 257 of the Companies Act, 1956, from a member of the Company, proposing the candidature of Sri Ray to the office of Director of the Company and who has consented, if appointed, to act as a Director of the Company, is hereby appointed as a Director of the Company, liable to retire by rotation."

- 8 **"RESOLVED** that pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto (including any statutory modification or re-enactment thereof, for the time being in force) the Company hereby approves the appointment of Sri Hari Prasad Agarwal as Managing Director of the Company for a period of five years from 24th April, 2013 to 23rd April, 2018 (both days inclusive), on terms and conditions including remuneration, as set out in the explanatory statement and agreement entered into by the Company and Sri Hari Prasad Agarwal, a copy whereof duly authenticated by the Chairman is placed before this meeting."

"RESOLVED FURTHER that where in any financial year, the Company has no profits or inadequate profits, the remuneration payable to Sri Hari Prasad Agarwal shall be subject to the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 as may, for the time being, be in force."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to vary the terms and conditions of appointment including increase of remuneration and perquisites of Sri Hari Prasad Agarwal within the limits sanctioned in the aforesaid agreement, in such manner as may be agreed to between the Board and Sri Hari Prasad Agarwal in the best interest of the Company, but subject to the restrictions contained in the Companies Act, 1956 and Schedule XIII to the said Act."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take such steps and actions and give such directions as may be, in its absolute discretion, deemed necessary and to settle any question that may arise in this regard."

Registered Office :
6, Lyons Range, 1st Floor
Kolkata - 700 001
22nd July, 2013

By Order of the Board
For **Star Ferro and Cement Ltd.**

Hari Prasad Agarwal
Managing Director

Notice

NOTES

- 1 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE (ONLY ON POLL) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE DULY COMPLETED AND SIGNED PROXY FORM SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING.**
- 2 Corporate Members are requested to send to the company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
- 3 Members holding shares in physical form are requested to notify change in address, bank mandate and bank particulars, if any, under their signatures to Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane, (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata – 700 001, the Registrar and Share Transfer Agent, quoting Folio Nos. Members holding shares in electronic form may update such details with their respective Depository Participants.
- 4 The share transfer books of the Company will remain closed from 19th September, 2013 to 25th September, 2013 (both days inclusive)
- 5 SEBI vide Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009 has made it mandatory to furnish copy of PAN Card 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.
- 6 Members seeking any information regarding accounts should write to the Company at least seven days before the date of the meeting so as to enable the management to keep the information ready.
- 7 All documents meant for inspection and referred in the Notice and the accompanying Annual Report are open for inspection at the Registered 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 this Annual General Meeting.
- 8 Members are required to bring their admission slip along-with copy of the Annual Report at the Annual General Meeting.

- 9 An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
- 10 Relevant information, in respect of Directors who are being appointed and those who are retiring by rotation and are eligible for re-appointment at the ensuing Annual General Meeting is given below:

Sri Sajjan Bhajanka

Sri Sajjan Bhajanka, 61 years, is a commerce graduate having 34 years of rich experience in plywood, ferro-silicon and cement industries. He has played a key role in the progress of the company. He is presently Chairman and Executive Director of Century Plyboards (India) Ltd. Sri Bhajanka is also a Director of Cement Manufacturing Co Ltd., Star Cement Meghalaya Ltd., Meghalaya Power Ltd., Puri Ports Ltd., Makui Properties Pvt. Ltd., Sri Ram Merchants Pvt. Ltd., Sri Ram Vanijya Pvt. Ltd., Pacific Plywoods Pvt. Ltd., Apnapan Viniyog Pvt. Ltd., Ara Suppliers Pvt. Ltd., Adonis Vyaper Pvt. Ltd., Arham Sales Pvt. Ltd., Shyam Century Multi Projects Pvt. Ltd., Bharat Chamber of Commerce, Century MDF Ltd, Emami Ltd, Marwari Relief Society and Shyam Century Ferrous Ltd. Mr. Bhajanka is also Chairman of Investors Grievance Committee and member of the Audit Committee of Emami Ltd. He is holding 2,45,71,570 shares of face value of ₹ 1/- each in the company as on date.

Sri Sanjay Agarwal

Sri Sanjay Agarwal, 52 years, is a commerce graduate having 26 years of experience in various fields. He has been associated with the company since incorporation. He is presently Managing Director of Century Plyboards (India) Ltd. Sri Agarwal is also a Director of Century Coats Ltd., Cement Manufacturing Co Ltd., Star India Cement Ltd., Puri Ports Ltd., Sumangal International Pvt. Ltd., Pacific Plywoods Pvt. Ltd., Apnapan Viniyog Pvt. Ltd., Ara Suppliers Pvt. Ltd., Adonis Vyaper Pvt. Ltd., Arham Sales Pvt. Ltd., Star Cement Meghalaya Ltd., Rani Sati Vihar Pvt. Ltd., Sumangal Business Pvt. Ltd., Auroville Investments Pvt. Ltd., Bengal Rowing Club, Century MDF Ltd., Shyam Century Ferrous Ltd., MCC Chamber of Commerce Industry and Indian Chamber of Commerce. He is holding 2,37,88,740 shares of face value of ₹ 1/- each in the company as on date.

Sri Manindra Nath Banerjee

Sri Manindra Nath Banerjee, 76 years is a Master of Arts and has retired from Indian Administrative Service, Government of West Bengal. He had served in senior positions in various Central and State Government undertakings. He is presently a Director of Century Plyboards (India) Ltd. and Skipper Ltd. He is not holding any shares in the company as on date.



Notice

Sri Mangi Lal Jain

Sri Mangi Lal Jain, aged about 82 years, is a Commerce Graduate and Chartered Accountant. He is having substantial experience in various industrial fields. He has an experience over 56 years and has worked in senior positions with various companies of repute. He is also Director of Century Plyboards (India) Ltd., Cement Manufacturing Co. Ltd, Megha Technical & Engineers Pvt. Ltd., Auro Sundram Ply & Door Pvt. Ltd., Star Cement Meghalaya Ltd., Meghalaya Power Ltd., NE Hills Hydro Ltd., and Zenith Exports Ltd.

He is holding 3000 shares of face value of ₹ 1/- each in the company as on date.

Sri Santanu Ray

Sri Santanu Ray, 66 years, is a Chartered Accountant having worked as a Manager and Consultant with several well-known companies. He is also a Director of Century Plyboards (India) Ltd. Sri Ray has vast experience in the field of research and education and has been the Chief Mentor at various business schools. He is not holding any shares in the company as on date.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

Sri Manindra Nath Banerjee was appointed Additional Director of the Company on 12th April, 2013 by the Board of Directors of the Company and is to hold office till the ensuing Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the directorship of the Company. Sri Manindra Nath Banerjee is a Master of Arts and has retired from Indian Administrative Service, Government of West Bengal. He had served in senior positions in various Central and State Government undertakings. He is presently a Director of Century Plyboards (India) Ltd. and Skipper Ltd. He is not holding any shares in the company as on date.

Your Directors believe that continued association of Sri Manindra Nath Banerjee would be immensely beneficial to the Company and recommends that the aforesaid resolution is passed by the members.

Except Sri Manindra Nath Banerjee, no other Director of the Company is interested or concerned in the aforesaid resolution.

Notice received under Section 257 of the Companies Act, 1956 proposing candidature of Sri Manindra Nath Banerjee is available for inspection at the Registered Office of the Company

Item No. 6

Sri Mangi Lal Jain was appointed Additional Director of the Company on 12th April, 2013 by the Board of Directors of the Company and is to hold office till the ensuing Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the directorship of the Company. Sri Mangi Lal Jain is a Commerce Graduate and Chartered Accountant. He is having substantial experience in various industrial fields. He has an experience over 56 years and has worked in senior positions with various companies of repute. He is also Director of Century Plyboards (India) Ltd.,

Cement Manufacturing Co. Ltd, Megha Technical & Engineers Pvt. Ltd., Auro Sundram Ply & Door Pvt. Ltd., Star Cement Meghalaya Ltd., Meghalaya Power Ltd., NE Hills Hydro Ltd., and Zenith Exports Ltd. He is holding 3,000 shares of face value of ₹ 1/- each in the company as on date.

Your Directors believe that continued association of Sri Mangi Lal Jain would be immensely beneficial to the Company and recommends that the aforesaid resolution is passed by the members.

Except Sri Mangi Lal Jain, no other Director of the Company is interested or concerned in the aforesaid resolution.

Notice received under Section 257 of the Companies Act, 1956 proposing candidature of Sri Mangi Lal Jain is available for inspection at the Registered Office of the Company

Item No. 7

Sri Santanu Ray was appointed Additional Director of the Company on 12th April, 2013 by the Board of Directors of the Company and is to hold office till the ensuing Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the directorship of the Company. Sri Santanu Ray, is a Chartered Accountant having worked as a Manager and Consultant with several well-known companies. He is also a Director of Century Plyboards (India) Ltd. Sri Ray has vast experience in the field of research and education and has been the Chief Mentor at various business schools. He is not holding any shares in the company as on date.

Your Directors believe that continued association of Sri Santanu Ray would be immensely beneficial to the Company and recommends that the aforesaid resolution is passed by the members.

Except Sri Santanu Ray, no other Director of the Company is interested or concerned in the aforesaid resolution.

Notice

Notice received under Section 257 of the Companies Act, 1956 proposing candidature of Sri Santanu Ray is available for inspection at the Registered Office of the Company

Item No. 8

Shri Hari Prasad Agarwal was appointed as Managing Director of the Company for a period of five years from 24th April, 2013 to 23rd April, 2018 (both days inclusive), subject to the approval of members. The terms and conditions of appointment including remuneration set out in the Agreement entered into with him, are also reproduced below:

A. Tenure of Appointment : For a period of 5 years from 24th April, 2013 to 23rd April, 2018 (both days inclusive)

B. Remuneration :

- i. Salary - ₹ 25,000/- per month subject to such periodical increments as may be decided by the Board of Directors or any of its Committees, subject however that the aggregate remuneration on account of salary shall not exceed ₹ 5,00,000/- per month.
- ii. Perquisites - To be decided by the Board of Directors on recommendation of the Remuneration Committee, subject however that the aggregate remuneration on account of such perquisites shall not exceed ₹ 1,00,000/- per month.

The Managing Director shall also be entitled to the following perquisites which shall not be included in the remuneration as stated above :

- a) Contribution to Provident Fund and Superannuation Fund or Annuity Fund as per Rules of the Company, to the extent these either singly or together are not taxable under Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.
- iii. In addition to the above, the following amenities and facilities, if provided, shall not be considered as perquisites :
 - a) Provision of car for use on Company's business. Use of car for personal purposes shall be billed by the Company to him.
 - b) Mobile phone and telephone facilities at the residence for official use. Personal long distance calls shall be billed by the Company to him.

- c) Reimbursement of entertainment and other expenses actually incurred in connection with the business of the Company.

Sri Hari Prasad Agarwal, 65 years, is a commerce graduate having 40 years of rich experience in various industries. He has been associated with the company since incorporation He is presently Vice chairman and Executive Director of Century Plyboards (India) Ltd. Sri Agarwal is also a Director of Century Plantations Ltd., Century Infotech Ltd., Century Plyboards (Meghalaya) Ltd., Century Crop Sciences Pvt. Ltd., Landmark Veneers Pvt. Ltd., Megha Technical & Engineers Pvt. Ltd., Shyam Century Cement Industries Ltd., NE Hills Hydro Ltd., Shyam Century Metallic Ltd., Pushpanjali Abasan Pvt. Ltd., Century Sumeru Development Ltd., Century Sumeru Infrastructure Ltd., Amul Boards Pvt. Ltd., Century International Impex Ltd, Shyam Century Ferrous Ltd. and Century MDF Ltd. Sri Agarwal is a well-known figure and is associated with several social and charitable organisations. He is holding 24,35,760 shares of face value of ₹ 1/- each in the company as on date.

Your Directors believe that continued association of Sri Hari Prasad Agarwal would be immensely beneficial to the Company and recommends that the aforesaid resolution is passed by the members.

An abstract of the terms of appointment and memorandum of interest under Section 302 of the Companies Act, 1956 has been circulated to the Members on 12th April, 2013.

Except Sri Hari Prasad Agarwal, no other Director of the Company is interested or concerned in the aforesaid resolutions.

Copy of Agreement entered into between the Company and Sri Hari Prasad Agarwal is available for inspection at the Registered Office of the Company.

Registered Office :
6, Lyons Range, 1st Floor
Kolkata - 700 001
22nd July, 2013

By Order of the Board
For **Star Ferro and Cement Ltd.**

Hari Prasad Agarwal
Managing Director



Directors' Report



Dear Shareholders,

Your Directors have great pleasure in presenting the 3rd Annual Report together with the audited Balance Sheet as at 31st March, 2013 and Statement of Profit & Loss for the year ended on that date.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	CONSOLIDATED		STANDALONE	
	2012-13	2011-12	2012-13	2011-12
Gross Income	69,545.15	0.20	6,858.57	0.20
Net Income	66,126.13	0.20	6,485.76	0.20
Profit Before Depreciation, Interest & Tax	12,001.49	(0.03)	(13.08)	(0.03)
Depreciation	5,029.09	–	551.63	–
Interest & Finance Charges	2,858.86	–	201.78	–
Exceptional Items	(17.64)	–	–	–
Profit Before Tax	4,131.18	(0.03)	(766.49)	(0.03)
Tax Expenses	370.95	–	(207.73)	–
Profit after Tax before Minority Interest	3,760.23	(0.03)	(558.76)	(0.03)
Less : Minority Interest	1,268.21	–	–	–
Net Profit after Minority Interest	2,492.02	(0.03)	(558.76)	(0.03)
Surplus in Statement of Profit and Loss				
At the beginning of the year	(0.10)	(0.07)	(0.10)	(0.07)
Add : Amount adjusted on acquisition of subsidiaries pursuant to the Scheme of Arrangement	35,502.39	–	–	–
Add : Profit for the year	2,492.02	(0.03)	(558.76)	(0.03)
At the end of the year	37,994.31	(0.10)	(558.86)	(0.10)

Directors' Report

SCHEME OF ARRANGEMENT

Pursuant to the Scheme of Arrangement ('the Scheme') approved by the Hon'ble High Court of Calcutta, all the assets and liabilities of the Ferro Alloys and Cement division of Century Plyboards (India) Ltd. (CPIL) (i.e. business and interest of CPIL in manufacture of ferro alloys and cement including captive power plants attached thereto) have been transferred and vested in Star Ferro and Cement Limited (Resulting Company) at their respective book values on going concern basis from 1st April, 2012 being the appointed date. As per the Scheme, the appointed date as approved by the Hon'ble Court is 1st April, 2012 and effective date is 28th June, 2013 being the date on which the certified copies of the order sanctioning the said scheme was filed with the Registrar of Companies, West Bengal, in accordance with the Companies Act, 1956. Though the Scheme has become effective after the balance sheet date, it is operative from the appointed date 1st April, 2012 and accordingly effect of the same has been given in the accounts for the financial year 2012-13.

The figures for current year are not comparable with figures of previous year due to effect of the Scheme in current year figures.

ALLOTMENT OF SHARES

In accordance with the scheme, the Board of Directors of the Company at their meeting held on 22nd July, 2013, has issued and allotted 22,21,72,990 Equity Shares of ₹ 1/- each to every member of Century Plyboards (India) Ltd. (CPIL) holding fully paid up equity shares of CPIL and whose name appeared in the Register of Members of CPIL as on 19th July, 2013, the Record date fixed by CPIL for this purpose. These shares were allotted in the ratio of 1:1, i.e. one fully paid-up Equity Share of ₹ 1/- each in the Company for every one Equity Share of ₹ 1/- each held in CPIL.

PERFORMANCE AND OPERATIONS REVIEW

The performance of the Ferro alloy unit remained subdued during the first three quarters of the financial year under review mainly due to global market scenario but there has been increase in demand of Ferro alloys during the last quarter along with significant improvement in the overall performance.

During the year under review the Ferro alloy division has completed its capacity expansion from 18MVA Furnaces to 27 MVA Furnaces. However, due to poor demand and power shortage, the unit has been able to utilize only 59% of its enhanced capacity. The production quantity during the year under review was 9462.834 MT only, yet the team needs to be appreciated for achieving this level of production in spite of unprecedented power crisis due to unavailability of coal to run the captive power plant.

The first quarter of the year under review was also partly under the influence of lingering after-effects of Global Meltdown experienced during previous years. But gradually, with the depletion of stock piles across the world due to shutdown of Ferro alloy facilities, the demand of Ferro Alloys has slowly picked up.

The Consolidated clinker production of the Company's subsidiaries was 8,35,576 MT registering a growth of 16.90% over the previous year. The Consolidated cement production, on the hand was 10,67,465 MT as against 11,03,800 MT during last financial year, a drop of little over 3% compared to the previous year. Consolidated sales of cement was 10,65,097 MT of Cement as against 11,06,422 MT during the previous year, depicting a marginal drop of approximately 4%. Consolidated Gross Income during the year was ₹ 69,545.15 Lacs while Net Profit after minority interest was ₹ 2492.02 Lacs.

DIVIDEND

In view of the loss incurred, the Board of Directors did not recommend any dividend for the year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorised use or disposition. Company policies, guidelines and procedures are in place to ensure that all transactions are authorised, recorded and reported correctly as well as provide for adequate checks and balances.

The internal audit department reviews the effectiveness and efficiency of these systems and procedures. Audits are finalised and conducted based on internal risk assessment. Significant deviations are brought to the notice of the Board periodically and corrective measures are recommended for implementation. All these steps facilitate timely detection of any irregularities and early remedial measures with no monetary loss.

SUBSIDIARIES & ASSOCIATES

Consequent to the Scheme of Arrangement becoming effective, the pre-demerger share capital of the company has been cancelled and as such the company is no more a subsidiary of Century Plyboards (India) Ltd. Further, Cement Manufacturing Company Ltd (CMCL) and its subsidiaries Meghalaya Power Ltd. (MPL), Megha Technical & Engineers Pvt. Ltd (MTEPL), Star Cement Meghalaya Ltd. (SCML) and NE Hills Hydro Ltd. (NHHL) have now become subsidiaries of Star Ferro and Cement Ltd. with effect from appointed date 1st April, 2012.

CMCL along with its subsidiary MTEPL operates integrated Cement



Directors' Report

plant at Meghalaya with aggregate annual installed capacity of 1.20 MTPA. During last quarter of FY 2012-13, the new 1.60 MTPA cement grinding unit of CMCL at Guwahati, Assam and 1.75 MTPA Clinkerisation unit of SCML at Meghalaya have also commenced their commercial operation and their operations. During the FY 2012-13, MPL has completed its second phase of 51 MW power project. NHHL is exploring possibilities of power generation in the North-east.

CONSOLIDATED FINANCIAL STATEMENTS

The Ministry of Corporate Affairs, Government of India, has granted a general exemption under section 212(8) of the Companies Act, 1956 from the requirement to attach detailed financial statements of each subsidiary. In compliance with the exemption granted, we have presented summary financial information for each subsidiary in this Report. A statement of holding company's interest in subsidiaries is also furnished separately.

The detailed financial statements and audit reports of each of the subsidiaries are available for inspection at the registered office of the company during office hours between 11 am to 1 pm and upon written request from a shareholder, your company will arrange to send the financial statements of subsidiary companies to the said shareholder. Further, the report and accounts of the subsidiary companies will also be available on the Company's website, www.starferrocement.com.

The Consolidated Financial Statements of the Company prepared as per Accounting Standards- AS 21, consolidating the Company's accounts with its subsidiaries, has also been included as part of this Annual Report.

FUTURE OUTLOOK

The Indian Ferro Alloy industry has a capacity of 5.15 million tonnes. It is accounting for nearly 10% of the world's Ferro alloy production and is among the 10 largest producers of the material in the world. In the midst of raw material availability being a key factor for Ferro alloy industry growth, production is concentrated in a few pockets. India, South Africa, China and the CIS countries represent a large source for Ferro alloys. India's Ferro alloy supply constitutes of Ferro chrome about 32%, Ferro Manganese and Silicon Manganese about 62% and rest others.

Ferro Alloy Industry mainly caters to the needs of steel industry. Ferro alloys are used as additives and deoxidizing agents in steel manufacture. At present, though there is surplus capacity in the country, severe power cuts is hampering the production.

Ferro Alloy producers across the globe in last couple of years was also one of the worst hit in history, with drastic collapse in demand

and vertical fall in prices of finished products. After a couple of difficult years, well-coordinated efforts at the global level and various stimulus packages (policy, fiscal and monetary) have helped to put the world economy back on track.

Strong growth in steel and stainless steel is expected in the near future with strong demands in infrastructure industry. And it is expected that the excess capacity will be absorbed and further growth is anticipated in Ferro alloys Industry in the years to come to match the growth of Steel Industry. In view of potential growth of housing and infrastructure, the overall demand for Ferro alloy is expected to remain buoyant.

FUTURE PLANS OF EXPANSION

To meet the requirement of coal for its captive power plant, the Company has started mining operations in the State of Nagaland and the operation is expected to yield results in the coming years. In order to further reduce the power costs, the Company is exploring the prospects of hydel power project in the State of Mizoram.

Further, steps have also been taken for iron ore mining at Chanderdigha in Assam to meet the mill scale requirement for production of Ferro Silicon.

DIRECTORS

Sri Manindra Nath Banerjee, Sri Mangi Lal Jain and Sri Santanu Ray were appointed as Additional Directors of the Company on 12th April, 2013 by the Board of Directors of the Company to hold office till the ensuing Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956 proposing their candidature to the office of Directors of the Company. In view of considerable experience of Sri Banerjee, Sri Jain and Sri Ray, your Directors recommend their appointment.

In accordance with Articles of Association of the Company, Sri Sajjan Bhajanka and Sri Sanjay Agarwal retire by rotation, and being eligible, offer themselves for re-appointment. In view of their considerable experience, your Directors recommend their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended March 31, 2013, the applicable Accounting Standards have been followed and that no material departures are made from the same;

Directors' Report

- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the loss of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors had prepared the annual accounts for the financial year ended March 31, 2013, on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis on Company's performance and industry trends with respect to the company is attached separately to this Annual Report.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance. A detailed report on your company's Corporate Governance practices is provided separately in this Annual Report.

AUDITORS & AUDITORS' REPORT

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

COST AUDITORS

Your Company had appointed M/s. B. G. Chowdhury & Co., Cost Accountant, of 4A, 11/47A, Panditia Road, Kolkata- 700029, having Firm registration number 000064 and ICWA Membership No. 13497, as Cost Auditor for audit of cost records maintained in respect of ferro alloy business for the financial year ended 31st March, 2013. The due date for filing the Cost Audit Reports is 27th September, 2013.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR philosophy of the Company is embedded in its

commitment to all stakeholders, consumers, employees, the environment and the society. Your Company believes that it is this commitment which will deliver competitive, profitable and sustainable growth. The Company contributes a part of its income to social, charitable and cultural organizations. It reaches out with the objective of improving the quality of life of the economically deprived people in the places where the Company has a presence.

GREEN INITIATIVES IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs has recently permitted companies to send electronic copies of Annual Report, notices etc., to the e-mail IDs of shareholders. Your Company has accordingly arranged to send the soft copies of these documents to the e-mail IDs of 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.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

The human resource philosophy and strategy of your Company has been designed to attract and retain the best talent on offer. Employees are your Company's most valuable assets and your Company's processes are designed to empower employees and support creative approaches in order to create enduring value. Your Company's human resource management systems and processes aim to enhance organisational performances. The Company focuses on quick grievance resolution mechanisms and maintains absolute harmony with its work force and as such it has not faced any labour trouble since inception.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956.

Particulars of Employees

No employee was in receipt of remuneration, requiring disclosure under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975.

Information as to conservation of energy

The Company has always been conscious of the need of conservation of energy. Adequate energy conservation steps are being taken in all plants and offices of the Company. Additional information on conservation of energy is set out in a separate statement, attached to and forming part of this Report.

Information as to technology absorption

There is no specific area in which research and development



Directors' Report

is carried out by the Company, but the Company constantly carries out research for improvement of its products. The technologies used by the Company are indigenous. Constant efforts are made towards absorption, adaptation and innovation of technologies used, for improvement/development of products of the company.

Foreign Exchange earnings and outgo

There were no foreign exchange earnings and outgo during the year.

PUBLIC DEPOSITS

The Company has not invited or accepted deposits from the public covered under Section 58A of the Companies Act, 1956.

APPRECIATION

The Directors commend the contribution made by employees to the continued satisfactory business performance during the year. Their dedication and competence has ensured that the Company continues to be a significant and leading player in the industry.

Your Directors take this opportunity to thank the customers, shareholders, vendors, business partners/associates, bankers, financial institutions, regulatory and government authorities and stock exchanges for their consistent support and encouragement to the Company.

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Place : Kolkata

Date : 22nd July, 2013

Directors' Report

ANNEXURE

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

Disclosure of particulars with respect to conservation of energy.

Sl. No.	Particulars	2012-13	2011-12
A	POWER AND FUEL CONSUMPTION		
	Electricity		
	I Purchased		
	Units (Lacs KWH)	85.96	—
	Total Amount (₹ in Lacs)	382.92	—
	Rate / unit (₹)	4.45	—
	II Own Generation		
	Through Diesel Generator		
	Units (Lacs KWH)	0.07	—
	Unit / Ltr of HSD	4.01	—
	Total Amount (₹ in Lacs)	0.75	—
	HSD cost / Unit Generated (₹/unit)	11.24	—
	HSD Rate / Litre (₹)	45.04	—
	III Through Captive Power Unit		
	Units (Lacs KWH)	729.17	—
	Total Cost (₹ in Lacs)	3,616.90	—
	Rate /Unit (₹)	4.96	—
B	CONSUMPTION PER UNIT OF PRODUCTION		
	Electricity (KWH/T of Ferro Silicon)	8,614.70	—
	HSD (Ltr / T of Ferro Silicon)	0.18	—



Management Discussion and Analysis



INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Ferro Alloy industry has a capacity of 5.15 million tonnes. It is accounting for nearly 10% of the world's Ferro alloy production and is among the 10 largest producers of the material in the world. In the midst of raw material availability being a key factor for Ferro alloy industry growth, production is concentrated in a few pockets. India, South Africa, China and the CIS countries represent a large source for Ferro alloys. India's Ferro alloy supply constitutes of Ferro chrome about 32%, Ferro Manganese and Silicon Manganese about 62% and rest others.

Ferro Alloy Industry mainly caters to the needs of steel industry. Ferro alloys are used as additives and deoxidizing agents in steel manufacture. At present, though there is surplus capacity in the country, severe power cuts is hampering the production.

Ferro Alloy producers across the globe in last couple of years was also one of the worst hit in history, with drastic collapse in demand and vertical fall in prices of finished products. After a couple of difficult years, well-coordinated efforts at the global level and various stimulus packages (policy, fiscal and monetary) have helped to put the world economy back on track.

Strong growth in steel and stainless steel is expected in the near future with strong demands in infrastructure industry. And it is expected that the excess capacity will be absorbed and further growth is anticipated in Ferro alloys Industry in the years to come to match the growth of Steel Industry. In view of potential growth of housing and infrastructure, the overall demand for Ferro alloy is expected to remain buoyant.

OPPORTUNITIES AND THREATS

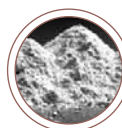


Ferro Alloy

The company's ferro alloy unit is situated in Meghalaya, where there is abundant availability of raw material. The only problem which can disrupt production is availability of power, as production process of ferro

alloy is highly power intensive and therefore the cost of power is critical to the competitiveness of the products. Moreover the supply of power in Meghalaya is not comfortable. On an average, 40% of the total cost per tonne of Ferro alloys is accounted for by power. Also, post capacity expansion of the unit from 18MVA Furnaces to 27 MVA Furnaces, the company plans to achieve full capacity utilization which further increases the requirement of power. In order to combat this problem, the company has installed a 13.8MW captive power plant to ensure un-interrupted production. Since the last quarter, the unit has also started purchasing power from Indian Energy Exchange to meet the shortfall in power.

Your Company's strategic moves and proactive measures in the direction of maintaining minimum stock, minimization of power costs, optimization of raw material consumption norms and other elements of operational cost, balanced focus on markets, etc. will surely help in achieving full scale and efficient operations in the coming year.



Cement

India being a fast developing country and Cement being one of the core industry plays a vital role in the growth and development of a nation. Indian Cement industry occupies an important place in the Indian economy. Indian cement industry has transited itself into a more advanced, keeping in line with the technological world and is currently positioned second globally. This has offered advantages to the industry. There are 139 large cement plants and over 365 mini cement plants in India, with currently more than 40 players in the industry.

Rapid Development in Real estate, construction and infrastructure sector coupled with the ever increasing industrial activities, in addition to the onset of various Special Economic Zones (SEZs) being developed across the country, there is a huge demand for cement. The industry is not only meeting the requirements arising within the domestic market but also fulfilling the burgeoning

Management Discussion and Analysis

demands of the international arena. India is also exporting good amount of cement clinker and by products of cement. The cement sector has attracted foreign direct investments also. In the backdrop of above, the growth momentum in Indian Cement industry is likely to continue in years to come.

India's North Eastern region is still far behind as far as connectivity by Rail and Road is concerned as compared to other states of our country. However, NER so rich with natural resources has not been able to catch up with the pace of development which has taken place in rest of India. Important parameters like Per Capita Gross State Domestic Product (GSDP), Per Capita Electricity Consumption, Per Capita income of NER as compared to rest of India also suggests that a lot of efforts are still required to be put for the socio-economic development of the region. Keeping this wide gap into consideration, the Central Government, in the recent past, has been focusing on the development of NER and budgetary allocation for development of the region has seen increasing trend year after year.

During the year under review there has been modest increase in Cement Demand in NER. However, we firmly believe that the demand of cement will again surpass the growth compared to national demand in coming years as many infrastructure projects have now started in real term. The Assam - Manipur Rail link work is in full swing. Central Government Hydel power project and Private sector both are also coming up as per plans. Major consumption area like housing, road, airport and rail will drive the demand further.

The company's major subsidiary Cement Manufacturing Company Limited (CMCL) and its subsidiary Megha Technical & Engineers Private Limited (MTEPL) are having their cement and clinker units situated at Lumshnong in Meghalaya and both CMCL and MTEPL sell their cement under the brand name 'STAR CEMENT'.

STAR CEMENT is one of the leading and the highest selling cement brand in the North Eastern part of the country. CMCL has the advantage of its own captive lime stone mines and is situated at a close proximity of large reserves of coal at a distance of only 25 kms. CMCL's lime stone mines has reserves of 300 Million Tonnes, enough to meet all its' raw material requirements (based on expanded capacity) for the next 70 years. The unit is also entitled to various fiscal incentives as per the North East policy of the Central Government and the State Government. The unit uses state of the art dry process rotary kiln technology and manufactures high grade Ordinary Portland Cement (OPC), Pozzoland Portland Cement (PPC) and other specialty grades required for infrastructure projects.

Despite various challenges on the economic front and slowdown in cement demand during second half of FY 2012-13, CMCL has been able to sustain its operations almost at last fiscal's level. During the year under review it has produced 758,175 MT of Cement Clinker and 489,229 MT of Cement and its subsidiary

MTEPL has produced 578,236 MT of Cement.

During last quarter of FY 2012-13 CMCL's new grinding unit at Guwahati and new Cement Clinker manufacturing unit of M/s. Star Cement Meghalaya Limited (SCML), subsidiary of CMCL also commenced their commercial operations and their operations are getting stabilized. On consolidated basis, CMCL has been able to produce 835,576 MT of Cement Clinker.

With the above mentioned expansions, the present combined capacity of CMCL and its subsidiaries is now 2.80 MTPA of Cement. Also, during the year under review, Meghalaya Power Limited, subsidiary of CMCL and also an associated company of ours has completed its second phase of setting up of 51 MW Power plant. With this there is expected to be no power crisis for CMCL and its subsidiaries, MTEPL and SCML.

Cement is considered to be a cyclical industry. Addition of new capacities particularly in north east may tilt industry more towards supply situation. Cement is highly capital intensive and fairly long gestation industry. The expansion plans may make the company very high leveraged to face any demand set back.

With strong brand image and expansions, the company does not expect to face any problem in near and fairly distant future.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Ferro Alloys

Ferro Alloys segment posted a turnover of ₹ 6,830.58 Lacs in 2012-13.

Power

Power segment posted a turnover of ₹ 7,949.00 Lacs in 2012-13 with segment profit of ₹ 1,058.80 Lacs.

Cement

The cement capacities run by company's subsidiaries also posted impressive performance with a turnover of ₹ 62,252.56 Lacs. Segment profit was posted at ₹ 7,252.39 Lacs.

OUTLOOK

Your Company's and its subsidiaries' products are Cement and Ferro Alloys, demand for which is linked to infrastructure and real estate sector. In view of improved economic situation and the Government's thrust towards infrastructure and real estate activities, your company is hopeful to achieve better results and attain growth. With modern plants, latest technologies, and precious brands the products of your Company are positioned to fully exploit emerging opportunities.

RISKS AND CONCERNS

Your Company has a comprehensive risk management policy. The risk policy provides for identification of risk, its assessment and procedures to minimize risk. The risk policy is periodically



Management Discussion and Analysis

reviewed by the Audit Committee to ensure that the executive management controls the risk as per decided policy.

Some of the key risks affecting your Company are illustrated below:

Foreign Exchange Risk

Your Company does not have any foreign exchange earnings and outgo. Its subsidiaries have defined policy of reviewing foreign exchange risk on regular basis and accordingly decide about hedging as per situation prevailing and expected. In adverse times company defers its forex liabilities by availing buyers' credits overseas, thereby avoiding immediate exchange losses and substantially lowering borrowing cost.

Interest Rate Risk

Your Company is exposed to interest rate fluctuations on its borrowings. During the financial year under review the interest rates were revised upward. Your Company uses a judicious mix of fixed, floating, domestic and overseas debts to lower its interest cost to optimum level. Your company could afford to avail finance at competitive rates due to its reputation, compliance record, high ratings and satisfactory performance.

Manpower retention Risk

Your Company has a wide marketing network spread across the country. Your company deals in consumer goods through large dealers' network and has to maintain large marketing and administrative team. Your company can not be an exception to man power attrition. Your company has devised a simulative HR policy and performance based incentive system to address this.

Government Policy Change Risk

Changes in Government Policies especially with respect to Custom Duty and Excise Duty may affect the operations of your Company. However, in recent past, the Government's Policies have remained more or less neutral and as such favourable to the industry and company's product segments.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate and effective internal control system,

which are continuously reviewed for their effectiveness. The systems are periodically reviewed and corrective measures are taken to further strengthen them.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the financial year the total income of your company was ₹ 6,858.57 Lacs. However, the company incurred a Loss of ₹ 558.76 Lacs.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATION FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

All employees receive on going learning opportunities through customized programs that are designed in-house. Company encourages its employees to attend outside seminars. The employees are encouraged to offer constructive suggestions for improvement in their respective areas which are thoroughly discussed in departmental meetings. Employees are covered by incentive system encouraging them to perform to their best. The company maintains absolute harmony with its work force.

CAUTIONARY STATEMENT

The statements in the "Management Discussion and Analysis" section describing the Company's objectives, projections, estimates, expectations and predictions may be "forward looking statements". All statements that address expectation or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results are based on certain assumptions and expectations of future events. The company can not guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievement may thus differ materially from those projected in such forward looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statement on the basis of any subsequent developments, information or event.

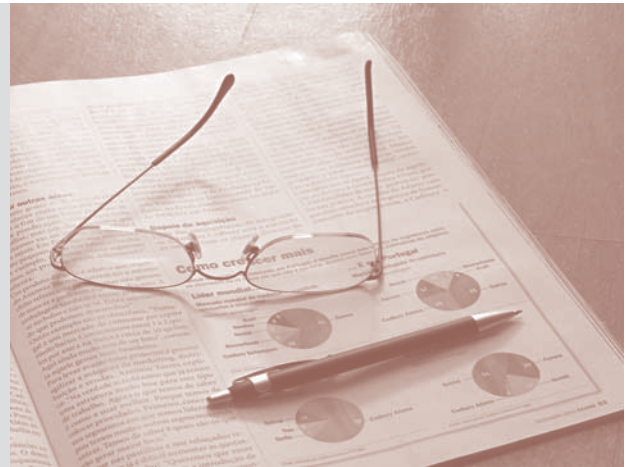
For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Place : Kolkata

Date : 22nd July, 2013

Corporate Governance Report



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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is a systemic process which enables the company to operate in a manner that meets with the ethical, legal and business expectations and at the same time fulfills its social responsibilities. It also focuses on the need to provide a sustainable competitive return for its investors.

The Company's Corporate Governance Philosophy derives from the values of Integrity, Excellence & Responsibility. It emphasises wealth creation for society, protection & interest enhancement for all stakeholders, without compromising the environment and health of society at large.

The company believes in achieving business excellence and optimizing long-term value for its shareholders on a sustained basis through ethical business conduct. It envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations and all its interactions with shareholders, employees, lenders, government and society at large.

As on date, the board consisted of the following members :

Sl. No.	Name	Designation	Whether Promoter	Whether Executive	Whether Independent
1	Sri Sajjan Bhajanka	Chairman	Yes	No	No
2	Sri Hari Prasad Agarwal	Managing Director	Yes	Yes	No
3	Sri Sanjay Agarwal	Director	Yes	No	No
4	Sri Manindra Nath Banerjee*	Director	No	No	Yes
5	Sri Mangi Lal Jain*	Director	No	No	Yes
6	Sri Santanu Ray*	Director	No	No	Yes

* Sri Manindra Nath Banerjee, Sri Mangi Lal Jain and Sri Santanu Ray were appointed Additional Directors of the company w.e.f. 12th April, 2013 in the Independent category.

1. BOARD OF DIRECTORS

Composition

The Board of Directors ("the Board") of the Company is composed of eminent individuals from diverse fields. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company. As on date, the Board consists of six Directors, including and headed by a Non-executive Chairman. The Board of the Company has an optimum combination of Promoter, Independent, Executive and Non-Executive Directors. The Company has one Executive Director and five Non-Executive Directors out of which three are Independent. The Board members are expert in different disciplines of corporate working i.e. finance, technical, marketing, administration, etc. The Independent Directors are expert professionals with high credentials and actively contribute in the deliberations of the Board.



Corporate Governance Report

Directorship, Committee Membership and Chairmanship

The details about positions held by Board of Directors as Directors of Public Limited Companies, Committee Membership and Committee Chairmanship as on date are as under :

Sl No.	Name	Number of	
		Directorship of Public Limited Companies*	Membership(s) [including Chairmanship(s)] of Board Committees**
1	Sri Sajjan Bhajanka	9	2 (including 1 as Chairman)
2	Sri Hari Prasad Agarwal	14	4
3	Sri Sanjay Agarwal	9	-
4	Sri Manindra Nath Banerjee	3	4 (including 2 as Chairman)
5	Sri Mangi Lal Jain	9	3 (including 2 as Chairman)
6	Sri Santanu Ray	2	2

* includes Private Limited Companies which are subsidiaries of Public Limited Companies, but excludes Private, Foreign, Unlimited Liability Companies, Companies registered under Section 25 of the Companies Act, 1956 and Membership of Managing Committees of Chambers of Commerce/Professional Bodies.

** indicates membership/ chairmanship of Audit Committee and Shareholders'/Investors' Grievance Committee.

None of the Directors is a Member of the Board of more than 15 companies in terms of Section 275 of the Companies Act, 1956 or Member of more than 10 committees or Chairman of more than 5 committees, across all the companies in which he is a Director.

Board Meetings & Procedure

The Board meets at regular intervals to discuss and decide on Company/ business policy and strategy apart from other normal Board business. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. The draft minutes of the proceedings of the Board of Directors are circulated in advance and the comments, if any, received from the Directors are incorporated in the minutes in consultation with the Chairman. The meetings of the Board of Directors are generally held at Company's Registered Office at Kolkata and are scheduled well in advance to facilitate them to plan their schedules and to ensure meaningful participation in the meetings. The agenda for the Board / Committee meetings is generally accompanied by background notes and other material information which is circulated to Directors in advance to facilitate discussion for taking an informed decision. The Board is also kept informed of major events/items and approvals taken wherever necessary. The Chairman and Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

Senior executives are invited to provide additional inputs at the Board meeting for the items being discussed by the Board of Directors, as and when necessary. Due adherence to all applicable laws, rules, regulations including the Companies Act, 1956 read with rules made there under is ensured while preparing the agenda notes, minutes etc. of the meeting.

Number and Dates of Board Meetings held during the year

Five Board Meetings were held during the financial year ended 31st March, 2013. These were held on 20th April, 2012, 9th May, 2012, 11th August, 2012, 21st October, 2012 and 11th February, 2013 and were attended by Sri Sajjan Bhajanka, Sri Hari Prasad Agarwal and Sri Sanjay Agarwal, who were Directors during the above period. The previous Annual General Meeting of the company was also attended by all the three Directors.

Resume of Directors proposed to be re-appointed

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

Changes in Directorships

There was no change in Directorship of the company during the financial year ended 31st March, 2013. Sri Manindra Nath Banerjee, Sri Mangi Lal Jain and Sri Santanu Ray were appointed Additional Directors of the company w.e.f. 12th April, 2013.

Corporate Governance Report

2. COMMITTEES OF THE BOARD

Currently, the Board has three committees: Audit Committee, Remuneration committee and Share Transfer cum Investor Grievance Committee.

Audit Committee

The role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

Terms of reference

Terms of reference of the Audit Committee includes the following :

- a) overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and fair.
- b) Recommending appointment, re-appointment and if required removal /replacement of statutory, branch & internal auditors and recommending their remuneration.
- c) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- d) Reviewing with the management, the annual audited financial statements before submission to the Board for

approval, with particular reference to Directors' Responsibility Statement, Change in Accounting Policies, Major Accounting entries, Audit findings, Audit Qualifications, Related Party Transactions and Compliance with listing agreements of stock exchanges.

- e) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain areas of concern.
- f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control system.
- g) Reviewing the adequacy of internal control systems and internal audit function and discussion with internal auditors regarding any significant finding and follow up.
- h) To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary.
- i) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit report.
- j) To approve appointment of Chief Financial Officer of the company.

Composition

The Audit Committee comprises of the following four members :

Sl. No.	Name	Category	Designation
1	Sri Mangi Lal Jain	Non-executive independent	Chairman
2	Sri Santanu Ray	Non-executive independent	Member
3	Sri Manindra Nath Banerjee	Non-executive independent	Member
4	Sri Hari Prasad Agarwal	Executive non-independent	Member

All the members of the Committee are financially literate. The Committee is headed by Sri Mangi Lal Jain. Sri Mangi Lal Jain and Sri Santanu Ray are both fellow members of the Institute of Chartered Accountants of India and have vast and diverse experience in financial management, corporate affairs, accounting and audit matters. Sri Manindra Nath Banerjee is a retired IAS Officer with over 50 years of experience. Sri Hari Prasad Agarwal is Commerce Graduate with over 40 years of experience in finance and accounts. The Composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

Meetings and Attendance

The Audit Committee was constituted on 12th April, 2013. As such, there was no meeting of the Audit Committee during the financial year 2012-13.



Corporate Governance Report

Remuneration Committee

The 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.

Terms of Reference

Terms of reference of the Remuneration Committee includes the following :

- Determine the Company's policy on specific remuneration package for Managing Director/Whole-time Directors including pension rights.
- To appraise the performance of Executive Directors and to determine and recommend to the Board, compensation payable to them, keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
- Decide the amount of Commission payable to the Whole time Directors.
- To review the overall compensation policy, service agreements and other employment conditions to Executive Directors and

senior executives just below the Board of Directors and make appropriate recommendations to the Board of Directors.

- To review the overall compensation policy for Non-Executive Directors and Independent Directors and make appropriate recommendations to the Board of Directors.
- To make recommendations to the Board of Directors on the increments in the remuneration of the Directors.

Remuneration policy

Remuneration Committee recommends, based on the Net Profits of the Company, remuneration for the Executive Directors. Such recommendation is then approved by the Board and Shareholders. The remuneration paid to Executive Directors is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance. Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as individual Professionals/ Business Executives. Independent Non-Executive Directors receive sitting fees for attending Board Meetings. The Company's remuneration strategy is directed towards rewarding performance, based on review of achievements.

Composition

The Remuneration Committee comprises of the following three members :

Sl. No.	Name	Category	Designation
1	Sri Mangi Lal Jain	Non-executive independent	Chairman
2	Sri Santanu Ray	Non-executive independent	Member
3	Sri Manindra Nath Banerjee	Non-executive independent	Member

Meetings and Attendance

The Remuneration Committee was constituted on 12th April, 2013. As such, there was no meeting of the Remuneration Committee during the financial year 2012-13.

Service Contracts, Severance Fee, Notice Period and Stock options

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. Service Contracts are also executed with each Executive Director. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors. A notice of three months is required to be given by a Director seeking to vacate office and the resignation takes effect upon the expiration of such notice or its earlier acceptance by the Board. The Company has no stock option plans and hence such

instruments do not form a part of the remuneration package payable to any executive and/or non-executive director. During the year under review, none of the directors was paid any remuneration.

Share Transfer cum Investor Grievance Committee

The Committee was formed with a view to oversee transfer of shares and related applications, redressal of shareholders grievances, etc. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agent of the Company, and also provides continuous guidance to improve the service levels for investors.

Terms of Reference

Terms of reference of the Share Transfer cum Investor Grievance Committee includes the following :

- oversee, review and approve all matters connected with transfer of shares, issue of duplicate share certificates, split of share certificates, etc.

Corporate Governance Report

- Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, non- receipt of Annual Report etc.
- Review the process and mechanism of redressal of investor grievance and suggest measures of improving the system of redressal of investor grievances.
- Oversee the performance of the Registrar and Share Transfer Agent and also review and take note of complaints directly received and resolve them.

Composition

The Share Transfer cum Investor Grievance Committee comprises of the following two members :

Sl. No.	Name	Category	Designation
1	Sri Manindra Nath Banerjee	Non-executive independent	Chairman
2	Sri Hari Prasad Agarwal	Executive non-independent	Member

Meetings and Attendance

The Share Transfer cum Investor Grievance Committee was constituted on 12th April, 2013. As such, there was no meeting of the Share Transfer cum Investor Grievance Committee during the financial year 2012-13.

Status of pending Complaints

During the year under review, no complaints were received from investors. There were no complaints pending at the beginning and at the close of the financial year.

3. GENERAL BODY MEETINGS

Particulars of last two Annual General Meetings

AGM	Year ended	Venue	Date	Time
1st	31.03.2011	6, Lyons Range, 1st Floor, Kolkata - 700 001	06.09.2011	11-30 AM
2nd	31.03.2012	6, Lyons Range, 1st Floor, Kolkata - 700 001	26.09.2012	2-30 PM

No Special Resolutions were passed in last two Annual General Meetings.

No Special Resolution was passed through postal ballot during the financial year 2012-13.

4. DISCLOSURES

- There are no materially significant related party transactions i.e. transactions material in nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. having potential conflict with the interests of the Company at large. Other related party transactions have been reported in Notes to Accounts. The Register of Contracts containing transactions, in which the Directors are interested, is placed before the Board regularly.
- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three financial years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India or any other statutory authority.
- The Company has a 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 assessment and procedures to minimize risk. The risk policy is periodically reviewed to ensure that the executive management controls the risk as per decided policy. The risk management issues are discussed in Management Discussion and Analysis.
- The Directors of the Company are not related inter-se.
- The financial statements of the Company are prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- During the year under review, the Company has not raised any money through an issue (public, rights, preferential, etc.)



Corporate Governance Report

5. CODE OF CONDUCT

The Board of Directors has adopted a Code of Business Conduct and Ethics for all Board Members and senior management personnel and the same has been posted on the Company's website www.starferrocement.com. All the Board members and Senior Management Personnel have affirmed compliance with the Code for the year ended 31st March, 2013. A declaration to this effect signed by the CEO of the Company is given hereunder :

I hereby confirm that :

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management Executives in respect of financial year 2012-13.

Kolkata, 22nd July, 2013

Hari Prasad Agarwal
Managing Director & CEO

6. MEANS OF COMMUNICATION

The financial results are presently posted on the website of the Company – www.starferrocement.com.

7. MANAGEMENT DISCUSSION AND ANALYSIS

This information is set out in a separate section included in this Annual Report.

8. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting :

Date	25th September, 2013 (Wednesday)
Time	3.00 P.M.
Venue	Indian Chamber of Commerce auditorium, 10th Floor, 4, India Exchange Place, Kolkata - 700 001
Financial Year	2012-13
Book Closure Date	19th September, 2013 to 25th September, 2013 (both days inclusive)

Listing on Stock Exchanges

The Company is in the process of making requisite application to The National Stock Exchange of India Ltd. and BSE Ltd. for listing of its shares.

ISIN : INE935001010

Registrar and Share Transfer Agent :

M/s. Maheshwari Datamatics Private Ltd.
6, Mangoe Lane, (Surendra Mohan Ghosh Sarani)
2nd Floor, Kolkata 700 001
Phone No. 033-22435029/5809
Fax : 033-22484787
Email : mdpldc@yahoo.com

Share Transfer System

Requests for transfer of shares in physical form received either at the office of the Company or at the office of the Registrar are generally approved by the Share Transfer cum Investor Grievance Committee within a maximum period of 15 days from the date of receipt provided the documents are complete in all respects.

Transfer of shares in dematerialised form is duly processed by NSDL/CDSL in electronic form through the respective Depository Participants. Dematerialisation is done within 15 days of receipt of request along with the share certificates through the Depository Participant of the shareholder.

Corporate Governance Report

Dematerialisation of shares and liquidity

The Company's shares can be traded in demat form at both NSDL and CDSL. Valid demat requests received by the Company's Registrar are confirmed within the statutory period.

The International Securities Identification Number (ISIN) allotted to the Company's Equity shares of face value of ₹ 1/- is INE935001010. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his Depository Participant (DP) to the Company's Registrars, M/s. Maheshwari Datamatics Private Limited.

Plant Location - Ferro Alloy & Power : EPIP Area, Byrnihat,
District : Ri-Bhoi, Meghalaya

Address for correspondence

The Compliance Officer
Star Ferro and Cement Limited
6, Lyons Range, 1st Floor, Kolkata 700 001
Phone : 033-39403950
Fax : 033-2248 3539
Email : investors@starferrocement.com
Website : www.starferrocement.com

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Place : Kolkata
Date : 22nd July, 2013



Standalone Financial Statements

Independent Auditors' Report

To the Members of STAR FERRO AND CEMENT LIMITED

Report on the Financial Statement

We have audited the accompanying financial statements of Star Ferro And Cement Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2013;
- (ii) in the case of the Statement of Profit & Loss, of the Loss of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. The Branch Auditor's Report in respect of Ferro Alloy unit at Meghalaya has been forwarded to us and has been appropriately dealt with.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the audited return from the branch as submitted to us.
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Kailash B. Goel & Co.**

Firm Registration No.322460E

Chartered Accountants

CA. Arun Kumar Sharma

Partner

Place : Kolkata

Date : 8th July, 2013

Membership No. 57329



Annexure to Independent Auditors' Report

Annexure referred to in Paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The fixed assets of the company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) During the year the Company has not disposed of a substantial part of its Fixed Assets and therefore do not affect the going concern assumption.
2. (a) The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.
3. (a) The Company has granted unsecured loan to a subsidiary company covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 200.00 Lacs and the year end balance of loan given to such companies was ₹ NIL.
- (b) In our opinion and according to information and explanations given to us, the rate of interest and other terms condition on which loan has been given is not, prima facie, prejudicial to the interest of the Company.
- (c) There was no stipulation for repayment of the above loan but the same was stated to be repayable on demand. The receipt of interest on such loan had been regular and the loan was fully received back during the year.
- (d) The company has taken unsecured loan from four companies covered in the register maintained u/s 301 of Companies Act, 1956. The maximum amount involved during the year was ₹ 1,860.00 Lacs and the year-end balance of loan taken from such companies was ₹ 760.00 Lacs.
- (e) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which the loans have been taken are not, prima facie, prejudicial to the interest of the Company.
- (f) There was no stipulation for repayment of the above loans but the same was stated to be repayable on demand. In respect of the aforesaid loans, the company is regular in payment of interest.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and other services. During the course of our audit, no major weakness has been noticed in these internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, the transaction made in pursuance of such contracts and arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are

Annexure to Independent Auditors' Report

of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.

9. (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, VAT, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Provident Fund, Income Tax, Sales Tax, VAT, Excise Duty, Cess that have not been deposited on account of any dispute.
10. The Company has accumulated losses at the end of the financial year which is less than fifty percent of its net worth and it has incurred cash losses in the current financial year and immediately preceding financial year.
11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. In our opinion and on the basis of information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.
19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
20. The Company has not raised any money through public issue during the year
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Kolkata

Date : 8th July, 2013

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

CA. Arun Kumar Sharma
Partner
Membership No. 57329



Balance Sheet

 as at 31st March, 2013

(₹ in Lacs)

	Notes	31st March, 2013	31st March, 2012
A EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	5.00	5.00
Share Capital - Pending Allotment	2	2,216.73	–
Reserves & Surplus	3	8,389.17	(0.10)
		10,610.90	4.90
Non Current Liabilities			
Long-Term Borrowings	4	1,036.37	–
Other Long-Term Liabilities	5	336.99	–
Long Term Provisions	6	20.93	–
		1,394.29	–
Current Liabilities			
Short-Term Borrowings	7	2,151.33	–
Trade Payables	8	871.73	0.06
Other Current Liabilities	8	299.89	0.00
Short-Term Provisions	6	8.89	–
		3,331.84	0.06
TOTAL		15,337.03	4.96
B ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	9	3,439.47	–
Intangible Assets	10	1.40	–
Capital Work-in-Progress		19.59	–
Non-Current Investments	11	6,328.25	–
Deferred Tax Assets (Net)	12	207.73	–
Long-Term Loans and Advances	13	98.87	–
Current Assets			
Inventories	15	2,822.96	–
Trade Receivables	14	1,147.77	–
Cash and Bank Balances	16	157.37	4.64
Short Term Loans and Advances	13	732.86	0.32
Other Current Assets	14	380.76	–
TOTAL		15,337.03	4.96
Summary of Significant Accounting Policies	1.1		

The accompanying notes form 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 : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Hari Prasad Agarwal
Managing Director

Statement of Profit & Loss for the year ended 31st March, 2013

(₹ in Lacs)

	Notes	2012-13	2011-12
INCOME			
Gross Revenue from Operations	17	6,858.18	–
Less : Excise Duty		372.81	–
Net Revenue from Operations		6,485.37	–
Other Income	18	0.39	0.20
Total Revenue (I)		6,485.76	0.20
EXPENSES			
Cost of Raw Materials Consumed	19	2,503.79	–
(Increase)/Decrease in inventories of Finished Goods	20	(501.15)	–
Employee Benefits Expense	21	377.22	–
Other Expenses	22	4,118.98	0.23
Depreciation and Amortisation Expense	23	551.63	–
Finance Cost	24	201.78	–
Total Expenses (II)		7,252.25	0.23
Profit before Taxation		(766.49)	(0.03)
Tax Expenses			
Current Tax		–	–
Deferred Tax		(207.73)	–
Total Tax Expenses		(207.73)	–
Profit for the year		(558.76)	(0.03)
Earnings per equity share [nominal value of share ₹ 1/- (₹ 1/-)]			
- Basic	30	(111.75)	(0.01)
- Diluted	30	(0.25)	(0.01)
Summary of Significant Accounting Policies	1.1		

The accompanying notes form 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 : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Hari Prasad Agarwal
Managing Director



Cash Flow Statement

 for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(766.49)	(0.03)
Adjustments for :		
Depreciation/Amortisation	551.63	–
Finance Cost	201.78	–
(Profit)/Loss on Sale of Fixed Assets	0.18	–
Interest Income	(0.39)	–
Operating Profit before Working Capital changes	(13.29)	(0.03)
Adjustments for :		
(Increase) in Trade Receivables	(659.63)	–
(Increase) in Loans & Advances and other assets	12.78	(0.02)
(Increase) in Inventories	(862.44)	–
Increase/(Decrease) in Trade Payables, Other Liabilities and Provisions	962.37	(0.31)
Cash Generated from Operations	(560.21)	(0.36)
Direct Taxes Paid (Net of Refunds)	(4.74)	–
Net Cash generated from Operating Activities	(564.95)	(0.36)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(677.27)	–
Fixed Deposits/Margin Money (Given)/Refund	(5.53)	–
Interest Received	0.39	–
Net Cash used in Investing Activities	(682.41)	–
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	1526.11	–
Repayment of Loans	(44.24)	–
Capital Subsidy Received	(0.45)	–
Interest Paid	(248.01)	–
Other Borrowing Cost paid	(6.73)	–
Net Cash used in Financing Activities	1226.68	–
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(20.68)	(0.36)
Cash and Cash Equivalents as on 1st April, 2012	4.64	5.00
Add : Transferred as per Scheme of Arrangement (Refer Note No. - 25)	167.59	–
	172.23	5.00
* Cash and Cash Equivalents as on 31st March, 2013	151.55	4.64

* Represents Cash and Bank Balances as indicated in Note No. -16, and excludes ₹ 5.82 Lacs (₹ NIL) being Bank Balances with restricted use.

Note :

- As the Ferro Alloys and Cement Division of Century Plyboards (India) Limited (CPIL) has been demerged and transferred to the Company, the current year Cash Flow Statement is not comparable with the corresponding previous year Cash Flow Statement
- The Cash Flow Statement for the current financial year has been reported after taking into consideration the financial statements of demerging Ferro Alloys and Cement Division of CPIL as on 01.04.2012.

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 : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Hari Prasad Agarwal
Managing Director

Notes to Financial Statements as at and for the year ended 31st March, 2013

1 Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis and on the basis of going concern. The accounting policies applied by the Company are consistent with those used in the previous year.

1.1 Summary of Significant Accounting Policies

(i) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates.

(ii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(a) Revenue from sale of goods and services rendered is recognized upon passage of title which generally coincides with delivery of materials and rendering of services to the customers. The Company collects Sales Taxes and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company.

Hence, they are excluded from revenues. Excise Duty deducted from revenue (Gross) is the amount that is included in the revenue (Gross) and not the entire amount of liability arising during the year.

Sales figures are net of rebates, trade discounts and returns.

(b) Dividend Income is recognized when the shareholders' right to receive the payment is established by the Balance Sheet date.

(c) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

(iii) Fixed Assets

Fixed Assets are stated at cost or revalued amount, as the case may be, less accumulated depreciation / amortisation and impairment, if any, except freehold land which is carried at cost. Cost comprises the purchase price inclusive of duties (net of Cenvat / VAT), taxes, incidental expenses and erection / commissioning expenses etc. up to the date, the asset is ready for its intended use. In case of revaluation of fixed assets, the original cost as written-up by the valuer, is considered in the accounts and the differential amount is transferred to revaluation reserve.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular are capitalised and depreciated over the residual life of the respective assets.

(iv) Capital Work-in-Progress

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

(v) Expenditure during construction period

In case of new projects and substantial expenses of existing factories, expenditure incurred including trial production expenses net of revenue earned, and attributable interest and financing cost, prior to commencement of commercial production are capitalised.

(vi) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in Use' of the assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(vii) Depreciation/Amortization

(a) The classification of plant and machinery into continuous and non-continuous process is done as



Notes to Financial Statements as at and for the year ended 31st March, 2013

per technical certification and depreciation thereon is provided accordingly.

- (b) Depreciation on Fixed Assets is provided under Written Down Value method at the rates prescribed in Schedule XIV of the Companies Act, 1956, or at rates determined based on useful lives of the respective assets, as estimated by the management, whichever is higher.
- (c) Depreciation on Fixed Assets added / disposed of during the year is provided on pro-rata basis with reference to the date of addition / disposal.
- (d) Intangible Assets are amortized over a period of 5 years.
- (e) In case of impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(viii) Foreign Currency Transactions

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

(ix) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as long-term investments. Current Investments are carried at lower of cost and market value on individual investment basis. Long Term Investments are considered at cost, unless there is an "other than temporary" decline in value, in which case adequate provision is made for the diminution in the value of Investments.

(x) 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 realisable 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/ FIFO 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.

(xi) Government Grants and Subsidies

Grants and Subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the Grant or Subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

When the Grant or Subsidy relates to an asset, it is deducted from the gross value of the asset concerned in arriving at the carrying amount of related asset.

Government grants of the nature of promoter's contribution are credited to capital reserve and treated as a part of the shareholders' funds.

(xii) Retirement and other employee benefits

(a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and is charged to the Statement of Profit & Loss of the year when the contributions to the respective funds are due. The Company has no obligations other than the contribution payable to the respective funds.

(b) Gratuity Liability, being a defined benefit obligation, is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year.

(d) Actuarial gains / losses are immediately taken to the Statement of Profit & Loss and are not deferred.

Notes to Financial Statements as at and for the year ended 31st March, 2013

(xiii) Earning per Share

Basic Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deductible preference dividend and attributable taxes) by the weighted number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

(xiv) Excise Duty and Custom Duty

Excise Duty on finished goods stock lying at the factories is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, Custom Duty on imported material in transit/lying in bonded warehouse is accounted for at the time of import/bonding of materials.

(xv) Borrowing Costs

Borrowing Costs includes interest, amortization of ancillary costs incurred in connection with the arrangements of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing Cost directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(xvi) Taxation

Tax expenses comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income Taxes reflect the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

The Deferred Tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation

laws. Deferred Tax Assets are recognized 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. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

The carrying amounts of Deferred Tax Assets are reviewed at each balance sheet date. The company writes-down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative 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. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in guidance note issued by the Institute of Chartered Accountants of India, the said assets is created by way of a credit to the Statement of Profit & Loss and shown as MAT credit entitlement. The company reviews the carrying amount of MAT at each Balance Sheet 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 specified period.

(xvii) Segment Reporting

a) Identification of segments :

The company has identified that its business segments are the primary segments. The Company's business are organized and managed separately according to the nature of products/services, with each segment representing a strategic business unit that offers different product / services and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

b) Inter segment transfers :

The Company generally accounts for inter-segment sales and transfers at current market prices.



Notes to Financial Statements as at and for the year ended 31st March, 2013

c) Allocation of Common Costs :

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated".

The accounting policies adopted for segment reporting are in line with those of the Company's accounting policies.

(xviii) Cash and Cash Equivalents

Cash and Cash Equivalents in the cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

(xix) Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that

an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(xx) Contingent Liabilities

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 2 SHARE CAPITAL		
5,00,000 (5,00,000) Equity Shares of ₹ 1/- each	5.00	5.00
Total	5.00	5.00
Issued		
5,00,000 (5,00,000) Equity Shares of ₹ 1/- each	5.00	5.00
Total	5.00	5.00
Subscribed and Paid up		
5,00,000 (5,00,000) Equity Shares of ₹ 1/- each #	5.00	5.00
Total	5.00	5.00

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31st March, 2013		31st March, 2012	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Equity Shares				
At the beginning of the year	5,00,000	5.00	5,00,000	5.00
Issued during the year	–	–	–	–
Outstanding at the end of the year	5,00,000	5.00	5,00,000	5.00

b) Terms/Rights attached to the 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 India rupees.

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

c) Details of Shareholders holding more than 5% shares in the company

	31st March, 2013		31st March, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 1/- each fully paid-up				
Century Plyboards (India) Ltd.	5,00,000	100.00%	5,00,000	100.00%

The existing share capital to be cancelled upon allotment of shares pursuant to Scheme of Arrangement (Refer Note No. - 25)

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. (₹ in Lacs)

	31st March, 2013	31st March, 2012
Share Capital - Pending Allotment		
Shares to be allotted as per Scheme of Arrangement (Refer Note No. - 25)	2,216.73	–
Total	2,216.73	–



Notes to Financial Statements

as at and for the year ended 31st March, 2013

(₹ in Lacs)

		31st March, 2013	31st March, 2012
NOTE 3	RESERVES & SURPLUS		
Capital Reserve			
	Amount adjusted pursuant to Scheme of Arrangement (Refer Note No. - 25)	8,627.64	–
	Add : Capital Investment Subsidy	320.39	–
	Closing Balance	8,948.03	–
Surplus in the Statement of Profit & Loss			
	Balance as per the last Financial Statements	(0.10)	(0.07)
	Add : Profit/(Loss) for the year	(558.76)	(0.03)
	Net Surplus in the Statement of Profit & Loss	(558.86)	(0.10)
	Total Reserves and Surplus	8,389.17	(0.10)

(₹ in Lacs)

		Non Current Portion		Current Maturities	
		31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 4	LONG TERM BORROWINGS				
Term Loans (Secured)					
	Indian Rupee Loan from a Financial Institution	1,018.22	–	39.28	–
Other Loans and Advances (Secured)					
	Hire Purchase :				
	- From Banks	7.58	–	28.58	–
	- From Bodies Corporate	10.57	–	19.85	–
		1,036.37	–	87.71	–
	Amount disclosed under the head "Other Current Liabilities" (Refer Note No. - 8)	–	–	(87.71)	–
	Net Amount	1,036.37	–	–	–

Notes :

- Rupee Term Loan of ₹ 1,057.50 Lacs (₹ NIL) from NEDFI for Ferro Alloy Division at Byrnihat carries interest rate of PLR + 1% i.e. 12.75% p.a. The loan is secured by equitable mortgage of leasehold rights of land and first charge on fixed assets of the Company's Ferro Alloy Division at Byrnihat, Meghalaya and Second Charge on Current Assets of the said unit on pari passu basis. Term Loans from NEDFI is to be repaid in 27 quarterly instalments of ₹ 39.28 Lacs each in first 26 quarters and balance in the last quarter with first instalment due on 01.01.2014.
- Hire Purchase Finance of ₹ 66.58 Lacs is secured by hypothecation of company's vehicles and is repayable within three to four years having varying date of payment. Transferred pursuant to the Scheme (Refer Note No. - 25).

(₹ in Lacs)

		31st March, 2013	31st March, 2012
NOTE 5	OTHER LONG TERM LIABILITIES		
Others			
	Other Liabilities	336.99	–
	Total Amount	336.99	–

Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	Long Term		Short Term	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 6 PROVISION				
Provision for Employee Benefits				
Gratuity	20.93	–	–	–
Leave Encashment	–	–	8.89	–
Total Amount	20.93	–	8.89	–

(₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 7 SHORT TERM BORROWINGS		
Cash Credit from a Bank (Secured)	1,191.33	–
Short Term Loan (Unsecured) from Bodies Corporate	200.00	–
Loans from related parties (Unsecured)		
- From Bodies Corporate	760.00	–
Total Amount	2,151.33	–

Notes :

- Working Capital facility from a Bank is secured by first charge on the current assets of the Company's Ferro Alloy Division and second charge on the fixed assets of the Ferro Alloy Plant on pari passu basis.
Further, the working capital facilities are also guaranteed by three directors of the company.
The above cash credit is repayable on demand and carries interest rate of Base Rate + 3.25% p.a.
- Short Term Loans from bodies corporate for ₹ 960 Lacs are repayable on demand and carries interest rate of 11% to 13.3%

(₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 8 OTHER CURRENT LIABILITIES		
Trade Payables		
- Dues to Micro and Small Enterprises (Refer Note No. - 28)	–	–
- Dues to Others	871.73	0.06
	871.73	0.06
Other Liabilities		
- Current Maturities of Long Term Borrowings (Refer Note No. - 4)	87.71	–
- Interest accrued but not due	0.49	–
- Advances from Customers	72.79	–
- Statutory Dues	138.90	–
	299.89	–
Total Amount	1,171.62	0.06



Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	Land & Site Development	Factory Buildings	Plant & Machinery	Electrical Installations	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
	Free Hold								
NOTE 9 TANGIBLE ASSETS									
COST OR VALUATION									
At 1st April, 2011	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31st March, 2012	-	-	-	-	-	-	-	-	-
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 25)	86.17	1,172.90	3,547.42	910.35	33.41	8.92	22.17	664.56	6,445.90
Additions	-	230.59	1,009.93	199.69	0.82	0.04	2.83	5.97	1,449.87
Disposals	-	-	-	-	-	0.46	-	0.36	0.82
At 31st March, 2013	86.17	1,403.49	4,557.35	1,110.04	34.23	8.50	25.00	670.17	7,894.95
Depreciation									
As at 1st April, 2011	-	-	-	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31st March, 2012	-	-	-	-	-	-	-	-	-
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 25)	-	552.93	2,367.07	611.98	23.57	4.93	18.01	326.35	3,904.84
Charge for the Year	-	65.92	313.94	70.55	1.83	0.68	1.92	96.44	551.28
Disposals	-	-	-	-	-	0.29	-	0.35	0.64
As at 31st March, 2013	-	618.85	2,681.01	682.53	25.40	5.32	19.93	422.44	4,455.48
Net Block									
As at 31st March, 2012	-	-	-	-	-	-	-	-	-
As at 31st March, 2013	86.17	784.64	1,876.34	427.51	8.83	3.18	5.07	247.73	3,439.47

Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	Computer Software	Total
NOTE 10 INTANGIBLE ASSETS		
COST OR VALUATION		
At 1st April, 2011	–	–
Addition	–	–
Disposals	–	–
At 31st March, 2012	–	–
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 25)	–	–
Addition	1.75	1.75
Disposals	–	–
As at 31st March, 2013	1.75	1.75
Amortisation		
As at 1st April, 2011	–	–
Charge for the Year	–	–
Disposals	–	–
At 31st March, 2012	–	–
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 25)	–	–
Charge for the Year	0.35	0.35
Disposals	–	–
As at 31st March, 2013	0.35	0.35
Net Block		
As at 31st March, 2012	–	–
As at 31st March, 2013	1.40	1.40

(₹ in Lacs)

	Face Value per share	No. of Shares	31st March, 2013	31st March, 2012
NOTE 11 NON-CURRENT INVESTMENTS (At Cost)				
A Long Term (Trade-Unquoted)				
(a) Investments In Subsidiaries				
Cement Manufacturing Company Ltd.	10	2,95,47,500 (-)	2,954.75	–
Meghalaya Power Ltd.	10	83,58,998 (-)	3,373.50	–
	–	–	6,328.25	–



Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 12 DEFERRED TAX ASSET (NET)		
Deferred Tax Asset		
Business Loss Carried Forward	234.99	–
Impact of expenditure charged to the Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	52.05	–
	287.04	–
Deferred Tax Liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortization charged	79.31	–
	79.31	–
Net Deferred Tax Asset	207.73	–

(₹ in Lacs)

	Non Current		Current	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 13 LOANS AND ADVANCES				
Loans and Advances (Unsecured-Considered Good)				
Capital Advances	38.02	–	–	–
Security Deposits	60.57	–	0.60	–
Advances recoverable in cash or kind	–	–	254.38	–
Other Loans and Advances				
Prepaid Expenses	0.28	–	26.32	0.30
Advance Income Tax	–	–	12.46	0.02
Balance with Statutory/Government Authorities	–	–	439.10	–
	98.87	–	732.86	0.32

(₹ in Lacs)

	Non Current		Current	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 14 TRADE RECEIVABLES AND OTHER ASSETS				
14.1 Trade Receivables (Unsecured)				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Considered Good	–	–	92.44	–
Considered Doubtful	–	–	130.61	–
	–	–	223.05	–
Provision for doubtful trade receivables	–	–	130.61	–
A	–	–	92.44	–
Other Debts				
Considered Good	–	–	1,055.33	–
B	–	–	1,055.33	–
Total (A+B)	–	–	1,147.77	–

Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	Non Current		Current	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
14.2 Other Assets				
Unsecured, Considered Good				
Central/State Government Subsidies Receivable	–	–	380.76	–
	–	–	380.76	–

(₹ in Lacs)

	Notes	31st March, 2013	31st March, 2012
NOTE 15 INVENTORIES			
(At Lower of Cost and Net Realisable Value)			
Raw Materials	19	156.27	–
Finished Goods	20	1,045.47	–
Stores & Spares Parts, etc.		1,621.22	–
		2,822.96	–

(₹ in Lacs)

	Current	
	31st March, 2013	31st March, 2012
NOTE 16 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
- On Current Accounts	143.40	0.40
- Deposits with Original Maturity of less than three months	–	4.18
Cash on Hand	8.15	0.06
	151.55	4.64
Other Bank Balances		
- Deposits with Original Maturity of more than 12 months	5.82	–
	5.82	–
	157.37	4.64



Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
NOTE 17 REVENUE FROM OPERATIONS		
Revenue from Operations		
Sale of Products		
Finished Goods	6,830.58	—
Other Operating Revenue		
Miscellaneous Income	27.60	—
Revenue from Operations (Gross)	6,858.18	—
Less : Excise Duty	372.81	—
Revenue from Operations (Net)	6,485.37	—

Note :

Excise duty on sales amounting to ₹ 372.81 Lacs (₹ Nil) has been reduced from sales in the Statement of Profit & Loss, while excise duty on increase/decrease in stock amounting to ₹ 58.91 Lacs (₹ NIL) has been considered as expense in Note No. - 22 of financial statements.

(₹ in Lacs)

	2012-13	2011-12
Details of Products sold		
Finished Goods sold		
- Ferro Silicon	6,830.58	—
	6,830.58	—

(₹ in Lacs)

	2012-13	2011-12
NOTE 18 OTHER INCOME		
Interest Income on		
Fixed Deposits, Loans, etc.	0.39	0.20
	0.39	0.20

(₹ in Lacs)

	2012-13	2011-12
NOTE 19 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	—	—
Add : Stock transferred pursuant to Scheme of Arrangement (Refer Note No. - 25)	201.09	—
	201.09	—
Add : Purchases	2,458.97	—
	2,660.06	—
Less : Inventory at the end of the year	156.27	—
Cost of Raw Materials Consumed	2,503.79	—

Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
NOTE 19 COST OF RAW MATERIALS CONSUMED (Contd.)		
Details of Raw Material consumed		
Charcoal	285.04	—
Quartz	1,099.50	—
Lam Coke	873.21	—
Mill Scale	187.08	—
Coal (Steam & Chocolate)	45.62	—
Other Raw Material	13.34	—
	2,503.79	—
Details of Closing Stock of Raw Materials		
Charcoal	30.35	—
Quartz	19.55	—
Lam Coke	39.95	—
Mill Scale	27.53	—
Coal (Steam & Chocolate)	33.68	—
Other Raw Material	5.21	—
	156.27	—

(₹ in Lacs)

	2012-13	2011-12
NOTE 20 (INCREASE)/DECREASE IN INVENTORIES		
Inventories at the beginning of the year		
Finished Goods	—	—
Add : Inventories transferred pursuant to Scheme of Arrangement (Refer Note No. - 25)		
Finished Goods	544.32	—
	544.32	—
Inventories at the end of the year		
Finished Goods	1,045.47	—
	1,045.47	—
	(501.15)	—
Details of Finished Goods		
Ferro Silicon	1,035.61	—
Silicon Manganese	9.86	—
	1,045.47	—



Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
NOTE 21 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus, etc.	329.49	–
Contribution to Provident, Gratuity and Other Funds	17.58	–
Employees Welfare Expenses	30.15	–
	377.22	–

(₹ in Lacs)

	2012-13	2011-12
NOTE 22 OTHER EXPENSES		
Stores & Spare parts consumed	450.58	–
Power and Fuel	2,884.30	–
(Increase)/decrease of excise duty on inventory	58.91	–
Insurance	37.23	–
Rent	18.04	–
Rates & Taxes	35.36	–
Repairs & Maintenance :		
- Buildings	18.64	–
- Plant & Machinery	117.00	–
- Others	16.02	–
Transport & Freight	385.45	–
Commission, Discount & Incentives on Sale	9.31	–
Advertisement, Publicity and Sales Promotion	2.53	–
Communication Expenses	7.52	–
Auditors' Remuneration	3.10	0.06
Loss on Fixed Assets Sold/Discarded (Net)	0.18	–
Miscellaneous Expenses	74.81	0.17
	4,118.98	0.23
Payment to Auditors		
As Auditor		
- Audit Fees	1.12	0.06
Payment to Branch Auditors		
- Audit Fees	1.98	–
	3.10	0.06

Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
NOTE 23 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Tangible Assets	551.28	–
Depreciation on Intangible Assets	0.35	–
	551.63	–

(₹ in Lacs)

	2012-13	2011-12
NOTE 24 FINANCE COST		
Interest Expenses [Net of Capitalisation ₹ 52.63 Lacs (₹ NIL)]	195.05	–
Bank Charges	6.73	–
	201.78	–



Notes to Financial Statements as at and for the year ended 31st March, 2013

25. Scheme of Arrangement

a) Pursuant to the Scheme of Arrangement ("the scheme") between Century Plyboards (India) Limited (CPIL), the Company and their respective shareholders as approved by the Hon'ble High Court at Kolkata vide its order dated 17th May, 2013, all the assets and liabilities of the Ferro Alloys and Cement division (i.e., business and interests in manufacture of Ferro alloys and cement, including captive power plant attached thereto) of CPIL have been transferred to and vested in the Company at their respective book values on a going concern basis with effect from 1st April, 2012 being the appointed date. Accordingly, the Scheme of Arrangement has been given effect to in these accounts. Hence the previous year's figures are not comparable.

b) The details of the assets and liabilities transferred from CPIL are as under : (₹ in Lacs)

Assets	
Non-Current Assets	
Fixed Assets	
Tangible Assets	2,541.06
Capital Work-in-Progress	998.43
Non-Current Investments	6,328.25
Long-Term Loans and Advances	72.08
	9,939.82
Current Assets	
Inventories	1,960.52
Trade Receivables	488.14
Cash and Bank Balances	167.89
Short-Term Loans And Advances	705.60
Other Current Assets	59.92
	3,382.07
Total	13,321.89
Liabilities	
Non-Current Liabilities	
Long-Term Borrowings	575.90
	575.90
Current Liabilities	
Short-Term Borrowings	1,173.40
Trade Payables	330.48
Other Current Liabilities	384.49
Short-Term Provisions	13.25
	1,901.62
Total	2,477.52

c) Pursuant to the Scheme, the difference between book value of assets and liabilities transferred from the CPIL being ₹ 10,844.37 Lacs, has been Credited to the Shareholders' Fund of the Company as under : (₹ in Lacs)

Share Capital - Pending Allotment	2,216.73
Capital Reserve	8,627.64
	10,844.37

Notes to Financial Statements as at and for the year ended 31st March, 2013

- d) Pursuant to the said scheme, the Company will issue and allot its Equity Shares to the shareholders of CPIL in ratio of 1 (one) Equity share of ₹ 1/- each of the Company as fully paid-up for every 1 (one) Equity Share of ₹ 1/- each held by them in CPIL. Pending allotment of these shares, the amount of ₹ 2,216.73 Lacs is disclosed as 'Share Capital - pending allotment'. Consequent to the allotment of new shares as per the scheme, current share capital of the Company of ₹ 5 Lacs will be cancelled and the Company ceases to be subsidiary of the CPIL.

26. Contingent Liabilities

(₹ in Lacs)

	31st March, 2013	31st March, 2012
Contingent Liabilities not provided for in respect of :		
(a) Bills discounted with banks	855.77	—

27. Excise duty debited to Statement of Profit & Loss is Net of Subsidy ₹ 362.33 Lacs (₹ Nil).

28. 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 :

(₹ in Lacs)

	2012-2013	2011-2012
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	—	—
(ii) Interest due on above.	—	—
Total of (i) & (ii)	—	—
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	—	—
(iv) Amount paid to the suppliers beyond the respective appointed date.	—	—
(v) 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.	—	—
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	—	—
(vii) 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.	—	—

29. 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 favorable than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

The following tables summarize the components of net benefit expenses recognized in the Statement of Profit & Loss and the funded status and amounts recognized in the Balance Sheet for the Gratuity.

(₹ in Lacs)

Sl. No.	2012-13	2011-12
(i) Net Employee Expense/(Benefit)		
Current service cost	3.84	—
Interest cost on benefit obligation	2.01	—
Expected return on Plan Assets		
Net actuarial (gains)/losses recognized in the year	(4.94)	—
Total employer expense	0.91	—



Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

Sl. No.	2012-13	2011-12
(ii) Actual return on Plan Assets	—	—
(iii) Benefit Asset / (Liability)		
Fair Value of Plan Assets	—	—
Defined benefit obligation	20.93	—
Benefit Asset / (Liability)	(20.93)	—
(iv) Movement in benefit liability		
Opening defined benefit obligation	—	—
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 25)	23.74	—
Interest cost	2.01	—
Current service cost	3.84	—
Benefits paid	(3.72)	—
Actuarial (gains) / losses	4.94	—
Closing benefit obligation	20.93	—
(v) Movement in fair value of Plan Assets		
Opening fair value of Plan Assets	—	—
Expected Return on Plan Assets	—	—
Contribution by employer	—	—
Benefits paid	—	—
Actuarial gains / (losses) on obligation	—	—
Closing fair value of Plan Assets	—	—
(vi) The major categories of Plan Assets as a percentage of the fair value of total Plan Assets		
Funded with insurer	100%	—
(vii) The Principal actuarial assumptions are as follows :		
Discount rate	8%	—
Expected Return on Plan Assets	—	—
Salary Increase	5%	—
Withdrawal rates (Varying between per annum depending upon the duration and age of the employees)	1%-2%	—
(viii) Amount incurred as expense for defined contribution to Provident Fund is ₹ 10.42 Lacs (₹ NIL)		
(ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market		

Notes to Financial Statements

as at and for the year ended 31st March, 2013

(x) **The details for the current and previous periods are as follows :** (₹ in Lacs)

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Defined Benefit Obligation	20.93	—	—	—	—
Plan Assets	—	—	—	—	—
Surplus / (Deficit)	(20.93)	—	—	—	—
Experience adjustments on Plan Liability	2.01	—	—	—	—
Experience adjustments on Plan Assets	—	—	—	—	—

30. Earning per Share (EPS) :

In terms of Accounting Standard - 20, the calculation of EPS is given below :

	2012-2013	2011-2012
Profit/(Loss) as per the Statement of Profit & Loss (₹ in Lacs) and available for Equity Shareholders	(558.76)	(0.03)
Weighted average number of Equity Shares outstanding during the year	5,00,000	5,00,000
Nominal value of equity shares (₹)	1	1
Basic Earnings Per Share (EPS) (₹)	(111.75)	(0.01)
Weighted average number of equity shares to be issued pursuant to Scheme of Demerger excluding shares to be cancelled on allotment (Refer Note No. - 25)	22,21,72,990	—
Diluted Earnings Per Share (₹)	(0.25)	(0.01)

31. Imports, Exports and foreign currency exposure

There are no Imports, Exports, expenses and exposure in foreign currency during the current financial year as well as previous financial year.

32. Related Party Disclosures

a) Name of the transacting parties :

Subsidiary Companies	Cement Manufacturing Company Limited Megha Technical & Engineers Private Limited Meghalaya Power Limited
Enterprises Owned/ Influenced by Key Management Personnel or their relatives.	Brijdham Merchants Private Limited Sri Ram Vanijya Private Limited

b) Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March, 2013 are given hereunder : (₹ in Lacs)

Sl. No.	Type of Transactions	Subsidiary Companies		Enterprises Owned / Influenced by KMP	
		2012-13	2011-12	2012-13	2011-12
1.	Purchase Transaction				
	Cement Manufacturing Company Limited	1.20	—	—	—
	Megha Technical & Engineers Private Limited	2.64	—	—	—
2.	Sales Transaction				
	Cement Manufacturing Company Limited	22.67	—	—	—



Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

Sl. No.	Type of Transactions	Subsidiary Companies		Enterprises Owned / Influenced by KMP	
		2012-13	2011-12	2012-13	2011-12
3.	Loans & Advances Received				
	Cement Manufacturing Company Limited	600.00	—	—	—
	Megha Technical & Engineers Private Limited	1,060.00	—	—	—
	Brijdham Merchants Private Limited	—	—	100.00	—
	Sri Ram Vanijya Private Limited	—	—	100.00	—
4.	Loans & Advances Given				
	Megha Technical & Engineers Private Limited	200.00	—	—	—
5.	Interest Paid				
	Cement Manufacturing Company Limited	2.38	—	—	—
	Megha Technical & Engineers Private Limited	18.51	—	—	—
	Brijdham Merchants Private Limited	—	—	0.06	—
	Sri Ram Vanijya Private Limited	—	—	0.06	—
6.	Interest Received				
	Megha Technical & Engineers Private Limited	4.39	—	—	—
7.	Outstanding Balances as at 31st March, 2013 :				
	- Loans received				
	Megha Technical & Engineers Private Limited	560.00	—	—	—
	Brijdham Merchants Private Limited	—	—	100.00	—
	Sri Ram Vanijya Private Limited	—	—	100.00	—
	- Investments				
	Cement Manufacturing Company Limited	2,954.75	—	—	—
	Meghalaya Power Limited	3,373.50	—	—	—

33. The Company's segment information as at and for the Year ended 31st March, 2013 are as below :

(₹ in Lacs)

SL. No.	Ferro Alloys	Power Unit	Total
a. External sales	6,830.58	—	6,830.58
	(—)	(—)	(—)
Inter-segment sales	—	3,616.86	3616.86
	(—)	(—)	(—)
Total Revenue (Gross)	6,830.58	3,616.86	10,447.44
	(—)	(—)	(—)
b. Segment Results	-1,090.24	526.44	-563.80
	(—)	(—)	(—)
Unallocated Income/(-) Expenses(Net of unallocated Income/(-)Expenses			-0.91
			(0.03)
Operating Profit/Loss (-)			-564.71
			(—)
Finance Cost			201.78
			(—)
Deferred Tax Charges/(-)Credit			-207.73
			(—)
Total Profit /(-) Loss after tax			-558.76
			(0.03)

Notes to Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

Sl. No.	Ferro Alloys	Power Unit	Total
a. Other Information			
Segment Assets	5,677.49 (-)	3,106.07 (-)	8,783.56 (-)
Unallocated Corporate/Other Assets			6,553.47 (4.96)
TOTAL			15,337.03 (4.96)
b. Segment Liabilities	998.35 (-)	451.24 (-)	1,449.59 (-)
Unallocated Corporate/Other Liabilities			3,276.54 (0.06)
TOTAL			4,726.13 (0.06)
c. Capital Expenditure	1,319.76 (-)	151.44 (-)	1,471.20 (-)
d. Depreciation/Amortisation	263.32 (-)	288.31 (-)	551.63 (-)

Notes :

(a) **Business Segments :** The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified following business segments :

Ferro-Alloys	-	Ferro Silicon
Power	-	Generation of Power

(b) **Geographical Segments :** The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

34 (a) Quantitative details of Products Manufactured, Turnover, Opening Stock, Purchases, Closing Stock etc. :

Particulars	Unit	Opening Stock (c)		Production	Purchases		Turnover (b)		Closing Stock	
		Quantity	Amount (₹ in Lacs)	Quantity	Quantity	Amount (₹ in Lacs)	Quantity	Amount (₹ in Lacs)	Quantity	Amount (₹ in Lacs)
i) Ferro Silicon	MT	899 (-)	534.77 (-)	9,463 (-)	- (-)	- (-)	8,893 (-)	6,830.57 (-)	1,469 (-)	1,035.61 (-)
ii) Silicon Manganese	MT	39 (-)	9.55 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	39 (-)	9.86 (-)
iii) Power	MW	- (-)	- (-)	81,240 (a) (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
			544.32 (-)			- (-)		6,830.57 (-)		1,045.47 (-)

(a) Entire power used for own consumption.

(b) Includes Excise duty

(c) Opening stock acquired pursuant to Scheme of Arrangement, Refer Note No. - 25



Notes to Financial Statements as at and for the year ended 31st March, 2013

(b) Raw Materials Consumed :

	Unit of Qty.	2012-13		2011-12	
		Quantity	Value (₹ in Lacs)	Quantity	Value (₹ in Lacs)
(i) Charcoal	MT	6,784.64	285.04	—	—
(ii) Quartz	MT	17,666.37	1,099.50	—	—
(iii) Lam Coke	MT	4,764.64	873.21	—	—
(iv) Mill Scale	MT	2,867.82	187.08	—	—
(v) Coal (Steam & Chocolate)	MT	796.90	45.62	—	—
(vi) Other Raw Material	MT	281.44	13.34	—	—
Total			2503.79		—

(c) Value of Imported and indigenous Raw-materials and stores, Spare parts etc and their percentage to total consumption :

	2012-13		2011-12	
	Value (₹ in Lacs)	%	Value (₹ in Lacs)	%
Raw Materials				
- Imported	—	—	—	—
- Indigenous	2,503.79	100.00	—	—
Total	2,503.79	100.00	—	—
Stores & Spare parts, etc.				
- Imported	—	—	—	—
- Indigenous	450.58	100.00	—	—
Total	450.58	100.00	—	—

Note : It is not possible to identify the consumption of spare parts separately and hence consumption of stores and spare parts, etc. is shown above.

35. Previous year's figures including those given in brackets have been rearranged where necessary to confirm to the current year's classifications.

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

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Place : Kolkata
Date : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Hari Prasad Agarwal
Managing Director

Statement relating to Subsidiaries

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies (as on 31st March, 2013)

Sl. Particulars	Name of Subsidiaries				
	Direct Subsidiary Cement Manufacturing Company Limited	Ultimate Subsidiaries			
		Meghalaya Power Ltd.	Megha Technical & Engineers Pvt. Ltd.	Star Cement Meghalaya Ltd.	NE Hills Hydro Ltd.
1. Financial year of the Subsidiary ended on	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013
2. Date from which they became Subsidiary	1st April, 2012	1st April, 2012	1st April, 2012	1st April, 2012	1st April, 2012
3. Shares of the Subsidiary held by the Company/ Direct Subsidiary as on 31st March, 2013					
a) Number of Shares	2,95,47,500	1,70,95,618	2,73,36,400	2,98,17,818	70,000
b) Face value of Shares	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-	₹ 10/-
c) Extent of Holding	70.48%	99.80%	99.96%	100%	100%
4. The net aggregate amount of the Subsidiary Company's profit/(loss) so far as it concerns the members of the holding company	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
a) Not dealt with in the Holding Company's accounts					
i) For the financial year ended 31st March, 2013	2,162.71	45.87	2,731.26	(1,800.01)	NIL
ii) Upto the previous financial years of the Subsidiary Company.	28,054.49	552.68	10,015.92	NIL	NIL
b) Dealt with in the Holding Company's accounts					
i) For the financial year ended 31st March, 2013	NIL	NIL	NIL	NIL	NIL
ii) For the previous financial year of the Subsidiary Company since they became the Holding Company's subsidiaries.	NIL	NIL	NIL	NIL	NIL

Figures in brackets indicate loss.

The Ministry of Corporate Affairs, Government of India vide its general circular no. 2/2011 dated 8th February, 2011, has granted exemption to all companies from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the company required u/s 212 of the Companies Act, 1956. Therefore, the said Reports of the subsidiary companies are not attached herewith. However, a statement containing information as required by Ministry of Corporate Affairs, while granting exemption, is given hereunder :

(₹ in Lacs) (as on 31st March, 2013)

Sl. Particulars	Name of Subsidiaries				
	Direct Subsidiary Cement Manufacturing Company Limited	Ultimate Subsidiaries			
		Meghalaya Power Ltd.	Megha Technical & Engineers Pvt. Ltd.	Star Cement Meghalaya Ltd.	NE Hills Hydro Ltd.
1 Capital	4,192.14	1,713.06	2,734.64	2,981.78	7.00
2 Reserves	49,593.35	7,385.47	19,104.96	30,215.12	-
3 Total Assets	92,261.20	30,501.88	29,225.39	80,910.63	7.06
4 Total Liabilities	92,261.20	30,501.88	29,225.39	80,910.63	7.06
5 Details of Investments (except investments in subsidiaries)					
- Adonis Vyaper Pvt. Ltd.	31.42	-	-	-	-
- Apnapan Viniyog Pvt. Ltd.	31.42	-	-	-	-
- Ara Suppliers Pvt. Ltd.	31.36	-	-	-	-
- Arham Sales Pvt. Ltd.	31.42	-	-	-	-
- Reliance Power Ltd.	24.54	-	-	-	-
- Ribhoi Engineering Company Pvt. Ltd.	-	-	-	-	2.70
6 Gross Turnover	37,393.71	4,146.97	35,173.46	1,081.75	-
7 Profit before Taxation	3,108.68	129.22	3,850.59	(2,064.29)	-
8 Provision for Taxation	40.13	75.09	(26.19)	489.64	-
9 Profit / (Loss) after Taxation	3,068.55	54.13	3,876.78	(2,553.93)	-
10 Proposed Dividend	-	-	-	-	-

For and on behalf of the Board of Directors

Place : Kolkata
Date : 8th July, 2013

Hari Prasad Agarwal
Managing Director

Sajjan Bhajanka
Chairman



Consolidated Financial Statements

Independent Auditors' Report

To the Board of Directors of STAR FERRO AND CEMENT LIMITED

We have audited the accompanying Consolidated Balance Sheet of STAR FERRO AND CEMENT LIMITED ("the Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31st March 2013, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated statements 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. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the report of the other auditor on the financial statement of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March 2013;
- (ii) in the case of the Consolidated Statement of Profit & Loss, of the Loss of the Company and Profit/Loss of its subsidiaries for the year ended on that date; and
- (iii) in the case of Consolidated Cash Flow Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year ended on that date.

Other Matters

We did not audit the financial statements of a subsidiary (NE Hills Hydro Limited), whose financial statements reflect total assets worth of ₹ 7.00 Lacs as at 31st March, 2013. 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

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

CA. Arun Kumar Sharma

Place : Kolkata
Date : 8th July, 2013

Partner
Membership No. 57329



Consolidated Balance Sheet

as at 31st March, 2013

(₹ in Lacs)

	Notes	31st March, 2013	31st March, 2012
A EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	5.00	5.00
Share Capital - Pending Allotment	3	2,216.73	–
Reserves & Surplus	4	67,049.81	(0.10)
		69,271.54	4.90
Minority Interest		25,379.55	–
Non Current Liabilities			
Long Term Borrowings	5	76,490.96	–
Deferred Tax Liability	7	409.32	–
Other Long Term Liabilities	6	8,000.65	–
Long Term Provisions	8	156.44	–
		85,057.37	–
Current Liabilities			
Short Term Borrowings	9	9,113.96	–
Trade Payables	10	7,231.59	0.06
Other Current Liabilities	10	9,914.68	–
Short Term Provisions	8	22.58	–
		26,282.81	0.06
TOTAL		2,05,991.27	4.96
B ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	11	1,16,448.76	–
Intangible Assets	12	31.51	–
Capital Work-in-Progress		12,888.73	–
Non Current Investments	13	152.86	–
Long term Loans and Advances	14	4,482.10	–
Other Non Current Assets	15	22,722.63	–
Current Assets			
Inventories	16	14,999.41	–
Trade Receivables	15	4,271.36	–
Cash and Bank Balances	17	2,714.61	4.64
Short Term Loans and Advances	14	17,735.48	0.32
Other Current Assets	15	9,543.82	–
TOTAL		2,05,991.27	4.96
Summary of Significant Accounting Policies	2.1		

The accompanying notes form 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 : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
 Chairman

Hari Prasad Agarwal
 Managing Director

Consolidated Statement of Profit & Loss for the year ended 31st March, 2013

(₹ in Lacs)

	Notes	2012-13	2011-12
INCOME			
Gross Revenue from Operations	18	69,378.85	–
Less : Excise Duty		3,419.02	–
Net Revenue from Operations		65,959.83	–
Other Income	19	166.30	0.20
Total Revenue (I)		66,126.13	0.20
EXPENSES			
Cost of Raw Materials Consumed	20	11,939.83	–
(Increase)/Decrease in inventories of Finished Goods and Work-in-Progress	21	(2,432.46)	–
Employee Benefits Expense	22	4,101.68	–
Other Expenses	23	40,515.59	0.23
Depreciation and Amortisation Expense	24	5,029.09	–
Finance Cost	25	2,858.86	–
Total Expenses (II)		62,012.59	0.23
Profit before Tax and Exceptional Items		4,113.54	(0.03)
Exceptional Items	26	(17.64)	–
Profit before Taxation		4,131.18	(0.03)
Tax Expenses			
Current Tax		1,417.72	–
Less : MAT credit entitlement		1,417.72	–
Net Current Tax Expense		–	–
Deferred Tax		370.95	–
Total Tax Expenses		370.95	–
Profit for the year before minority interest		3,760.23	(0.03)
Minority Interest		1,268.21	–
Profit for the year		2,492.02	(0.03)
Earnings per equity share [nominal value of share ₹ 1/- (₹ 1/-)]	35		
Basic		498.40	(0.01)
Diluted		1.12	(0.01)
Summary of Significant Accounting Policies	2.1		

The accompanying notes form 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 : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Hari Prasad Agarwal
Managing Director



Consolidated Cash Flow Statement

for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	4,131.18	(0.03)
Adjustments for :		
Depreciation	5,029.09	–
Finance Cost	2,858.86	–
(Profit)/Loss on Fixed Assets sold/discarded	8.59	–
Preliminary Expenses Written Off	16.25	–
Provision for Doubtful Debts	(46.78)	–
Unspent Liabilities Written Back	(10.24)	–
Unrealised Foreign Exchange Fluctuations Loss	(19.48)	–
Interest Income	(124.70)	–
Operating Profit before Working Capital Changes	11,842.77	(0.03)
Adjustments for :		
Increase/(decrease) in Trade Payables, Other Liabilities and Provisions	5,501.15	–
(Increase)/decrease in Trade Receivables	3,680.88	(0.02)
(Increase)/decrease in Loans & Advances and other assets	(24,410.09)	(0.31)
(Increase)/decrease in Inventories	(5,264.88)	–
	(20,492.94)	(0.33)
Cash Generated from Operations :	(8,650.17)	(0.36)
Direct Taxes paid (Net)	(1,266.08)	–
Net Cash Flow from Operating Activities	(9,916.25)	(0.36)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	21,529.42	–
Sale of Fixed Assets	110.63	–
Fixed Deposits/Margin Money Refund	27.54	–
Interest Received	124.70	–
Purchase of Fixed Assets	(24,030.91)	–
Net Cash Flow used in Investing Activities	(2,238.62)	–
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	24,736.42	–
Repayment of Loans	(2,443.11)	–
Interest Paid (Including Interest Capitalized)	(9,561.00)	–
Other Borrowing Cost Paid	(324.13)	–
Net Cash Flow from Financing Activities	12,408.18	–
Net Changes in Cash & Cash Equivalents (A+B+C)	253.31	(0.36)
Cash & Cash Equivalents on 1st April, 2012	4.64	5.00
Add : transferred as per Scheme of Arrangement (Refer Note No.27)	167.59	–
Add : Balance of Subsidiaries acquired as per the scheme (Refer Note No.27)	2,199.90	–
	2,372.13	5.00
* Cash & Cash Equivalents on 31st March, 2013	2,625.44	4.64

*Represents Cash and Bank Balances as indicated in Note No. - 17, and excludes ₹ 89.17 Lacs (₹ NIL) being Bank Balances with restrictive use and maturity of more than three months.

Consolidated Cash Flow Statement for the year ended 31st March, 2013

Note :

- 1) As the Ferro Alloys and Cement Division of Century Plyboards (India) Limited (CPIL) has been demerged and transferred to the Company, the current year Cash Flow Statement is not comparable with the corresponding previous year Cash Flow Statement.
- 2) The Cash Flow Statement for the current financial year has been reported after taking into consideration the financial statements of demerging Ferro Alloys and Cement Division of CPIL as on 01.04.2012.

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 : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Hari Prasad Agarwal
Managing Director



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

1. Principles of Consolidation

The Consolidated Financial Statements which relate to Star Ferro and Cement Limited (the Company) and its subsidiaries have been prepared on the following basis :

- (a) The financial statements of the company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealized profit/loss included

therein, in accordance with Accounting Standards (AS-21), "Consolidated 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 recognized 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 31.03.2013	% of Voting power as on 31.03.2012
Cement Manufacturing Company Limited	India	70.48	-
Megha Technical & Engineers Private Limited	India	99.96	-
Star Cement Meghalaya Limited	India	100.00	-
Meghalaya Power Limited	India	99.80	-
NE Hills Hydro Limited	India	100.00	-

- (d) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, 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 the Companies Accounting Standards Rules, 2006, Minority interest has been computed in respect of non-fully owned subsidiaries and adjusted against the consolidated income of the group in order to arrive at the net income attributable to the shareholders' of the Company.
- (f) The subsidiaries has been acquired with effect from 01.04.2012 pursuant to the Scheme of arrangement approved by the Hon'ble High Court at Kolkata

2. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis and on the basis of going concern. The accounting policies applied by the Company are consistent with those used in the previous year.

2.1 Summary of Significant Accounting Policies

(i) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates.

(ii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- (a) Revenue from sale of goods and services rendered is recognized upon passage of title which generally coincides with delivery of materials and rendering of services to the customers. The Company collects Sales Taxes and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company.

Hence, they are excluded from revenues. Excise Duty deducted from revenue (Gross) is the amount that is included in the revenue (Gross) and not the entire amount of liability arising during the year.

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

Sales figures are net of rebates, trade discounts and returns.

- (b) Dividend Income is recognized when the shareholders' right to receive the payment is established by the balance sheet date.
- (c) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.

(iii) Fixed Assets

Fixed Assets are stated at cost or revalued amount, as the case may be, less accumulated depreciation / amortisation and impairment, if any, except freehold land which is carried at cost. Cost comprises the purchase price inclusive of duties (net of Cenvat / VAT), taxes, incidental expenses and erection / commissioning expenses etc. up to the date, the asset is ready for its intended use. In case of revaluation of fixed assets, the original cost as written-up by the valuer, is considered in the accounts and the differential amount is transferred to revaluation reserve.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular are capitalised and depreciated over the residual life of the respective assets.

(iv) Capital Work-in-Progress

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

(v) Expenditure during construction period

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

(vi) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in Use' of the assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(vii) Depreciation / Amortization

- (a) The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- (b) Depreciation on Fixed Assets is provided under Written Down Value method (except in case of fixed assets of power division of the subsidiary Megha Technical & Engineers Private Limited where straight line method is followed) at the rates prescribed in Schedule XIV of the Companies Act, 1956, or at rates determined based on useful lives of the respective assets, as estimated by the management, whichever is higher.
- (d) Depreciation on Fixed Assets added/disposed of during the year is provided on pro-rata basis with reference to the date of addition/disposal.
- (f) Intangible assets are amortized over a period 3 to 5 years depending on the useful life.
- (g) In case of impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(viii) Foreign Currency Transactions

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

(ix) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-Term Investments. Current Investments are carried at lower of cost and market value on individual investment basis. Long Term Investments are considered at cost, unless there is an "other than temporary" decline in value, in which case adequate provision is made for the diminution in the value of Investments.

(x) Inventories

Raw Materials, Stores and Spares are valued at lower



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

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 Realisable 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/ FIFO 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.

(xi) Government Grants and Subsidies

Grants and Subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the Grant or Subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

When the Grant or Subsidy relates to an asset, it is deducted from the gross value of the asset concerned in arriving at the carrying amount of related asset.

Government Grants of the nature of promoter's contribution are credited to capital reserve and treated as a part of the shareholders' funds.

(xii) Retirement and other employee benefits

- (a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and is charged to the Statement of Profit & Loss of the year when the contributions to the respective funds are due. The Company has no obligations other than the contribution payable to the respective funds.
- (b) Gratuity Liability, being a defined benefit obligation, is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year.
- (d) Actuarial gains/losses are immediately taken to the Statement of Profit & Loss and are not deferred.

(xiii) Earning per Share

Basic Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deductible preference dividend and attributable taxes) by the weighted number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

(xiv) Excise Duty and Custom Duty

Excise Duty on finished goods stock lying at the factories is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, Custom Duty on imported material in transit/lying in bonded warehouse is accounted for at the time of import/ bonding of materials.

(xv) Borrowing Costs

Borrowing Costs includes interest, amortization of ancillary costs incurred in connection with the arrangements of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing Cost directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

(xvi) Taxation

Tax expenses comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income Taxes reflect the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

The Deferred Tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

Deferred Tax Assets are recognized 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. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

The carrying amounts of deferred tax assets are reviewed at each Balance Sheet date. The company writes-down the carrying amount of deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative 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. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in guidance note issued by the Institute of Chartered Accountants of India, the said assets is created by way of a credit to the Statement of Profit & Loss and shown as MAT credit entitlement. The company reviews the carrying amount of MAT at each Balance Sheet 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 specified period.

(xvii) Segment Reporting

a) Identification of segments :

The company has identified that its business segments are the primary segments. The Company's business are organized and managed separately according to the nature of products/services, with each segment representing a strategic business unit that offers different product /services and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

b) Inter segment transfers :

The Company generally accounts for intersegment sales and transfers at current market prices.

c) Allocation of Common Costs :

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated".

The accounting policies adopted for segment reporting are in line with those of the Company's accounting policies.

(xviii) Cash and Cash Equivalents

Cash and Cash Equivalents in the cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

(xix) Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(xx) Contingent Liabilities

A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A Contingent Liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 3 SHARE CAPITAL		
5,00,000 (5,00,000) Equity Shares of ₹ 1/- each	5.00	5.00
Total	5.00	5.00
Issued		
5,00,000 (5,00,000) Equity Shares of ₹ 1/- each	5.00	5.00
Total	5.00	5.00
Subscribed and Paid up		
5,00,000 (5,00,000) Equity Shares of ₹ 1/- each #	5.00	5.00
Total	5.00	5.00

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31st March, 2013		31st March, 2012	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Equity Shares				
At the Beginning of the year	5,00,000	5.00	5,00,000	5.00
Issued during the year	–	–	–	–
Outstanding at the end of the year	5,00,000	5.00	5,00,000	5.00

b) Terms/Rights attached to the 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 India rupees.

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

c) Details of Shareholders holding more than 5% shares in the company.

	31st March, 2013		31st March, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 1/- each fully paid-up				
Century Plyboards (India) Ltd.	5,00,000	100.00%	5,00,000	100.00%

The existing share capital to be cancelled upon allotment of shares pursuant to Scheme of Arrangement (Refer Note No. - 27)

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares

	31st March, 2013	31st March, 2012
Share Capital - Pending Allotment		
Shares to be allotted as per Scheme of Arrangement (Refer Note No. - 27)	2,216.73	–
Total	2,216.73	–

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 4 RESERVES & SURPLUS		
Capital Reserve		
Balance as per the last Financial Statements	–	–
Add : Amount adjusted pursuant to Scheme of Arrangement (Refer Note No. - 27)	8,627.64	–
Add : Amount adjusted on acquisition of subsidiaries pursuant to the Scheme (Refer Note No. - 27)	2,549.77	–
Add : Capital Investment Subsidy	15,270.22	–
Closing Balance	26,447.63	–
General Reserve		
Balance as per the last Financial Statements	–	–
Add : Amount adjusted on acquisition of subsidiaries pursuant to the Scheme (Refer Note No. - 27)	2,607.87	–
Add : Transferred from Statement of Profit & Loss	–	–
Closing Balance	2,607.87	–
Surplus in the Statement of Profit & Loss		
Balance as per the last Financial Statements	(0.10)	(0.07)
Add : Amount adjusted on acquisition of subsidiaries pursuant to the Scheme (Refer Note No. - 27)	35,502.39	–
Add : Profit for the year	2,492.02	(0.03)
Net Surplus in the Statement of Profit & Loss	37,994.31	(0.10)
Total Reserves and Surplus	67,049.81	(0.10)

(₹ in Lacs)

	Non Current Portion		Current Maturities	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 5 LONG TERM BORROWINGS				
Term Loans (Secured)				
Indian Rupee Loan from Banks	44,555.27	–	4,826.96	–
Indian Rupee Loan from a Financial Institution	1,018.22	–	39.28	–
Foreign Currency Loan from Banks	23,928.06	–	2,267.92	–
Other Loans and Advances (Secured)				
Buyers Credit from banks for Capital expenditure	6,957.16	–	–	–
Hire Purchase obligations :				
- From banks	21.68	–	156.79	–
- From Bodies Corporate	10.57	–	19.85	–
	76,490.96	–	7,310.80	–
Amount disclosed under the head "Other Current Liabilities" (Refer Note No. - 10)			(7,310.80)	
Net Amount	76,490.96	–	–	–

Notes :

- (a) Rupee Term Loan of ₹ 1,057.50 Lacs (₹ NIL) from NEDFI for Ferro Alloy Division at Byrnihat carries interest rate of PLR + 1% i.e. 12.75% p.a. The loan is secured by equitable mortgage of leasehold rights of land and first charge on fixed assets of the Company's Ferro Alloy Division at Byrnihat, Meghalaya and Second Charge on Current Assets of the said unit on pari passu basis. Term Loans from NEDFI is to be repaid in 27 quarterly installments of ₹ 39.28 Lacs each in first 26 quarters and balance in the last quarter with first installment due on 01.01.2014



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

1. (b) Rupee Term Loan of ₹ 984.51 Lacs (₹ NIL) from a bank is repayable in 5 equal quarterly installments of ₹ 197.50 Lacs each ending on June, 2014. The Loan is secured by first charge on fixed assets (except specifically charged assets) of the subsidiary's cement plant at Lumshnong, Meghalaya.
 - (c) Rupee Term Loan of ₹ 7,000.00 Lacs (₹ NIL) from a bank is repayable in 16 equal quarterly installments commencing from September, 2013. The Loan is secured by first pari passu charge on current assets and on fixed assets of the subsidiary's cement plant at Lumshnong, Meghalaya.
 - (d) Rupee Term Loans of ₹ 12,203.59 Lacs (₹ NIL) and Foreign Currency loan of ₹ 1,615.30 Lacs (₹ NIL) from banks are repayable in 28 unequal quarterly installments commencing from March, 2013. The loans are secured by first pari passu charge on fixed assets of subsidiary's cement grinding unit at Guwahati, Assam.
 - (e) Rupee Term Loan of ₹ 572.96 Lacs (₹ NIL) is repayable in 3 equal quarterly installments ending on December, 2013. The Term loan is secured by first charge on Fixed Assets of the Subsidiary's Cement Grinding Unit at Lumshnong, Meghalaya on Pari passu basis.
 - (f) Rupee Term Loan of ₹ 25,932.26 Lacs (₹ NIL) and foreign currency loan of ₹ 9,677.81 Lacs from banks are repayable in 28 unequal quarterly installments commencing from March, 2013. Term Loans are secured by first charge on the fixed assets of the subsidiary's Cement clinker plant at Lumshnong, Meghalaya on pari passu basis.
 - (g) Rupee Term Loan of ₹ 2,688.91 Lacs (₹ NIL) and foreign currency loan of ₹ 12,191.36 Lacs (₹ NIL) from a bank are repayable in 28 unequal quarterly installments commencing from March, 2013. Foreign currency loan of ₹ 2,711.51 Lacs from a bank is repayable in 28 unequal quarterly installments ending on March, 2017. These Term Loans are secured by first charge on the fixed assets of the subsidiary's power plants at Lumshnong, Meghalaya on pari-passu basis.
 - (h) Buyers credit of ₹ 2,478.54 Lacs (₹ NIL) from banks have been availed against Letters of Credit (sub-limit to Term Loans) issued by banks which are secured by first charge on fixed assets of the subsidiary's Cement Grinding unit at Guwahati, Assam.
 - (i) Buyers credit of ₹ 4,478.62 Lacs (₹ NIL) from banks have been availed against letter of credit (sub-limit to Term Loans) issued by banks which are secured by first charge on fixed assets of the subsidiary's cement clinker plant at Lumshnong, Meghalaya.
 - (j) Hire Purchase Finance of ₹ 66.58 Lacs (₹ NIL) is secured by hypothecation of company's vehicles and is repayable within three to four years having varying date of payment.
 - (k) Hire Purchase Finance of ₹ 67.31 lacs (₹ NIL) is secured by hypothecation of subsidiary's vehicles / equipments and is repayable within three to four years having varying date of payment.
 - (l) Hire Purchase Finance of ₹ 66.58 Lacs (₹ NIL) is secured by hypothecation of subsidiary's vehicles / equipments and is repayable within three to four years having varying date of payment.
 - (m) Term Loans of ₹ 39,395.19 Lacs (₹ NIL) from Banks have been guaranteed by some of the Directors of the Company.
2. Buyers credit carries interest @ Libor plus 1% to 3.5% and repayable in 90-365 days.

(₹ in Lacs)

		31st March, 2013	31st March, 2012
NOTE 6	OTHER LONG TERM LIABILITIES		
	Security Deposits	5,205.03	—
	Others	2,795.62	—
	Total Amount	8,000.65	—

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 7 DEFERRED TAX LIABILITIES		
Deferred tax liability		
Fixed assets : Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	1,023.61	–
	1,023.61	–
Deferred tax asset		
Business Loss Carried forward	234.99	–
Impact of expenditure charged to the Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	379.30	–
	614.29	–
Net deferred tax liabilities	409.32	–

(₹ in Lacs)

	Long Term		Short Term	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 8 PROVISION				
Provision for Employee Benefits				
Provision for Gratuity	83.83	–	–	–
Provision for Leave Encashment	72.61	–	22.58	–
Total Amount	156.44	–	22.58	–

(₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 9 SHORT TERM BORROWINGS		
Loans repayable on demand		
Cash Credit from banks (Secured)	3,765.50	–
Short Term Loan from Bodies Corporate (Unsecured)	200.00	–
Loans from related parties (Unsecured)		
- From Bodies Corporate	200.00	–
Other Loans and advances		
FCNRB Demand Loan (Secured)	3,448.46	–
Short Term Loan from a bank (Secured)	1,500.00	–
Total Amount	9,113.96	–

Notes :

- (a) Working Capital facility of ₹ 1,191.33 Lacs (₹ NIL) from a Bank is secure by first charge on the current assets of the Company's Ferro Alloy Division and second charge on the fixed assets of the Ferro Alloy Plant on pari passu basis.
- (b) Working Capital facilities of ₹ 4,555.34 Lacs (₹ NIL) from banks are secured by first pari passu charge on subsidiary's current assets and second pari passu charge on fixed assets of the Company's cement plant at Lumshnong, Meghalaya.
- (c) Working capital facilities of ₹ 2,229 Lacs (₹ NIL) from banks are secured by first charge on subsidiary's current assets of its Cement Grinding unit at Lumshnong, Meghalaya on pari passu basis.



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

- (d) Cash credit of ₹ 738.29 Lacs (₹ NIL) from a bank is secured by first charge on subsidiary's current assets and second charge on fixed assets of its power plants at Lumshnong, Meghalaya.

Further, the working capital facilities for ₹ 6,484.96 Lacs (₹ NIL) are also guaranteed by some directors of the company.

The above cash credits are repayable on demand and carries interest rate of Base Rate + 3.25% p.a.

2. Short Term unsecured loan of ₹ 400 Lacs (₹ NIL) is repayable on demand and carries interest @11% to 13.30% p.a.

(₹ in Lacs)

	31st March, 2013	31st March, 2012
NOTE 10 OTHER CURRENT LIABILITIES		
Trade Payables		
- Dues to Micro and Small Enterprises (Refer Note No. - 32)	–	–
- Dues to Others	7,231.59	0.06
	7,231.59	0.06
Others Liabilities		
- Current Maturities of Long Term Borrowings (Refer Note No. - 5)	7,310.80	–
- Interest accrued but not due on Borrowings	1.21	–
- Advances from Customers	466.71	–
- Statutory Dues Payable	2,135.96	–
	9,914.68	–
Total Amount	17,146.27	0.06

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	Land & Site Development Free Hold	Factory Buildings	Non-Factory Buildings On Freehold Land	Plant & Machinery	Electrical Installations	furniture & Fixtures	Office Equipments	Computers	Vehicles	Mines & Mines Developments	Total
NOTE 11 TANGIBLE ASSETS											
COST OR VALUATION											
At 1st April, 2011	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
At 31st March, 2012	-	-	-	-	-	-	-	-	-	-	-
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)	86.17	1,172.90	-	3,547.42	910.35	33.41	8.92	22.17	664.56	-	6,445.90
Transferred on acquisition of subsidiaries pursuant to the scheme (Refer Note No. - 27)	2,697.14	6,241.34	3,516.85	23,092.75	-	458.57	364.26	438.66	2,307.51	1,122.15	40,239.23
Additions	2,098.82	7,908.18	1,229.98	83,190.38	199.69	133.19	51.95	51.93	185.87	3.50	95,053.49
Disposals	38.14	-	-	82.62	-	12.66	6.84	2.05	50.68	-	192.99
At 31st March, 2013	4,843.99	15,322.42	4,746.83	109,747.93	1,110.04	612.51	418.29	510.71	3,107.26	1,125.65	141,545.63
Depreciation											
As at 1st April, 2011	-	-	-	-	-	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
At 31st March, 2012	-	-	-	-	-	-	-	-	-	-	-
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)	-	552.93	-	2,367.07	611.98	23.57	4.93	18.01	326.35	-	3,904.84
Transferred on acquisition of subsidiaries pursuant to the scheme (Refer Note No. - 27)	-	2,469.58	605.07	10,892.62	-	253.40	132.75	321.74	958.91	-	15,634.07
Charge for the Year	-	575.41	154.04	4,079.36	70.55	58.08	36.72	60.18	597.39	-	5,631.73
Disposals	-	-	-	25.58	-	8.31	3.68	1.86	34.34	-	73.77
As at 31st March, 2013	-	3,597.92	759.11	17,313.47	682.53	326.74	170.72	398.07	1,848.31	-	25,096.87
Net Block											
As at 31st March, 2012	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2013	4,843.99	11,724.50	3,987.72	92,434.46	421.51	285.77	247.57	112.64	1,258.95	1,125.65	116,448.76



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

	Computer Software	Total
NOTE 12 INTANGIBLE ASSETS		
COST OR VALUATION		
At 1st April, 2011	–	–
Addition	–	–
Disposals	–	–
At 31st March, 2012	–	–
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)	–	–
Transferred on acquisition of subsidiaries pursuant to the Scheme (Refer Note No. - 27)	86.69	86.69
Addition	40.45	40.45
Disposals	2.45	2.45
As at 31st March, 2013	124.69	124.69
Amortisation		
As at 1st April, 2011	–	–
Charge for the Year	–	–
Disposals	–	–
At 31st March, 2012	–	–
Transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)	–	–
Transferred on acquisition of subsidiaries pursuant to the Scheme (Refer Note No. - 27)	81.46	81.46
Charge for the Year	14.17	14.17
Disposals	2.45	2.45
As at 31st March, 2013	93.18	93.18
Net Block		
As at 31st March, 2012	–	–
As at 31st March, 2013	31.51	31.51

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

	Face Value per share	No of Shares	31st March, 2013	31st March, 2012
NOTE 13 NON-CURRENT INVESTMENTS (Fully Paid Up) (At Cost)				
A Non Trade Investments				
(a) Quoted Equity Shaes				
Reliance Power Ltd.	10	8743 (-)	24.54	-
Sub Total			24.54	-
B. Trade Investments				
(a) Unquoted Equity Instruments				
Ara Suppliers Pvt. Ltd.	10	323190 (-)	31.36	-
Arham Sales Pvt. Ltd.	10	323190 (-)	31.42	-
Adonis Vyaper Pvt. Ltd.	10	323190 (-)	31.42	-
Apanapan Viniyog Pvt. Ltd.	10	323190 (-)	31.42	-
Ribhoi Engineering Company Pvt. Ltd.	10	27000 (-)	2.70	-
Total			128.32	-
Aggregate Amount of Investments			152.86	-
Quoted			24.54	-
Unquoted			128.32	-
Market Value of Quoted Investments			5.38	-

(₹ in Lacs)

	Non Current		Current	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 14 LOANS AND ADVANCES				
Loans and Advances (Considered Good)				
Capital Advances				
Secured	272.82	-	-	-
Unsecured	3,900.79	-	-	-
Doubtful (Net of provision for doubtful advances)	63.98	-	-	-
Security Deposits				
Unsecured	244.23	-	0.60	-
Loans - Unsecured				
- To related parties	-	-	35.00	-
- To other Bodies corporate	-	-	800.00	-
Advances recoverable in cash or kind				
Unsecured	-	-	3,361.04	-
Other Loans and Advances (Unsecured - Considered Good)				
Prepaid Expenses	0.28	-	414.87	0.30
Advance Income Tax (Net of Provisions)	-	-	1,108.64	0.02
MAT Credit Entitlement	-	-	8,805.37	-
Balance with Statutory/Government Authorities	-	-	3,209.96	-
	4,482.10	-	17,735.48	0.32



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	Non Current		Current	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
NOTE 15 TRADE RECEIVABLES AND OTHER ASSETS				
15.1 Trade Receivables				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Secured - Considered Good	–	–	27.15	–
Unsecured - Considered Good	–	–	145.21	–
Unsecured - Considered Doubtful	–	–	309.55	–
	–	–	481.91	–
Provision for doubtful trade receivables	–	–	309.55	–
A	–	–	172.36	–
Other Debts				
Secured - Considered Good	–	–	1,585.03	–
Unsecured - Considered Good	–	–	2,513.97	–
B	–	–	4,099.00	–
Total (A+B)	–	–	4,271.36	–
15.2 Other Assets				
Unsecured, Considered Good				
Central/State Government Claims/Subsidies Receivable	22,722.63	–	9,541.53	–
Other Receivable	–	–	1.87	–
Unamortized Expenses (To the extent not written off or adjusted)	–	–	0.42	–
	22,722.63	–	9,543.82	–

(₹ in Lacs)

	Notes	31st March, 2013		31st March, 2012	
NOTE 16 INVENTORIES					
(At Lower of Cost and Net Realisable Value)					
Raw Materials	21	1,484.16	–	–	–
Work in Progress	22	114.42	–	–	–
Finished Goods	22	3,481.82	–	–	–
Stores & Spares Parts, etc.		9,919.01	–	–	–
		14,999.41	–	–	–
Note					
The above includes Stock in Transit					
Raw Materials		48.76	–	–	–
Finished Goods		208.03	–	–	–

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

	Current	
	31st March, 2013	31st March, 2012
NOTE 17 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
- On Current accounts	1,806.88	0.40
- Deposits with Original Maturity of less than three months	150.51	4.18
Cheques/Drafts on hand	637.07	-
Cash on hand	30.98	0.06
	2,625.44	4.64
Other Bank Balances		
- Deposits with Original Maturity of more than 12 months	5.82	-
Margin Money Deposits	83.35	-
	89.17	-
	2,714.61	4.64

(₹ in Lacs)

	2012-13	2011-12
NOTE 18 REVENUE FROM OPERATIONS		
Revenue from Operations		
- Sale of Products		
- Finished Goods	69,151.56	-
Other Operating Revenue		
- Scrap Sales	25.82	-
- Miscellaneous Income	201.47	-
Revenue from Operations (Gross)	69,378.85	-
Less : Excise Duty	3,419.02	-
Revenue from Operations (Net)	65,959.83	-

Note :

Excise duty on sales amounting to ₹ 3,419.02 Lacs (₹ NIL) has been reduced from sales in the Statement of Profit & Loss and excise duty on increase/(decrease) in stock amounting to ₹ 252.07 Lacs (₹ NIL) has been considered as income/expense in Note No. - 23 of financial statements.

(₹ in Lacs)

	2012-13	2011-12
Details of Products sold		
Finished Goods sold		
- Cement	62,252.56	-
- Ferro Silicon	6,830.58	-
- Power	68.42	-
	69,151.56	-



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
NOTE 19 OTHER INCOME		
Interest Income on		
Fixed Deposits, Loans, etc.	124.70	0.20
Insurance and Other Claims	0.36	–
Unspent/Unclaimed liabilities written back	10.24	–
Miscellaneous Receipts	31.00	–
	166.30	0.20

(₹ in Lacs)

	2012-13	2011-12
NOTE 20 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	–	–
Add : Stock transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)	201.09	–
Add : Stock of subsidiaries transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)	667.89	–
Add : Purchases	12,555.02	–
	13,424.00	–
Less : Inventory at the end of the year	1,484.17	–
Cost of Raw Materials Consumed	11,939.83	–
Details of Raw Material consumed		
Charcoal	285.04	–
Quartz	1,099.50	–
Lam Coke	873.21	–
Mill Scale	187.08	–
Coal (Steam & Chocolate)	45.62	–
Fly Ash	6,345.83	–
Limestone	1,885.55	–
Iron Mill Scale & Fines	536.76	–
Gypsum	517.92	–
Shale	128.65	–
Other Raw Material	34.67	–
	11,939.83	–

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

	2012-13	2011-12
NOTE 20 COST OF RAW MATERIALS CONSUMED (Contd.)		
Details of Closing Stock of Raw Materials		
Charcoal	30.35	–
Quartz	19.55	–
Lam Coke	39.95	–
Mill Scale	27.53	–
Coal (Steam & Chocolate)	33.68	–
Fly Ash	573.95	–
Limestone	249.86	–
Iron Mill Scale & Fines	128.91	–
Gypsum	106.13	–
Shale	13.93	–
Clinker	246.41	–
Other Raw Material	13.92	–
	1,484.17	–

(₹ in Lacs)

	2012-13	2011-12
NOTE 21 (INCREASE)/DECREASE IN INVENTORIES		
Inventories at the beginning of the year		
Finished Goods	–	–
Work-in-Progress	–	–
	–	–
Add : Inventories transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)	544.32	–
Finished goods		
Add : Inventories of subsidiaries transferred pursuant to Scheme of Arrangement (Refer Note No. - 27)		
Finished goods	417.78	–
Work-in-Progress	21.86	–
Trial Run Production		
Work-in-Progress	101.87	–
Finished goods	77.95	–
	1,163.78	–



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
NOTE 21 (INCREASE)/DECREASE IN INVENTORIES (Contd.)		
Inventories at the end of the year		
Finished Goods	3,481.82	—
Work-in-Progress	114.42	—
	3,596.24	—
(Increase)/Decrease in inventories of Finished Goods/Work in Progress	(2,432.46)	—
Finished Goods		
Ferro Silicon	1,035.61	—
Silicon Manganese	9.86	—
Cement	637.31	—
Clinker	1,799.04	—
	3,481.82	—
Work in Progress		
Raw Mill	27.21	—
Fine Coal	32.37	—
Crushed Lime Stone	54.84	—
	114.42	—

(₹ in Lacs)

	2012-13	2011-12
NOTE 22 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus, etc.	3,792.44	—
Contribution to Provident, Gratuity and other Funds	127.59	—
Employees Welfare Expenses	181.65	—
	4,101.68	—

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

	2012-13	2011-12
NOTE 23 OTHER EXPENSES		
Stores & Spare parts consumed	3,079.47	–
Power and Fuel	15,220.52	–
(Increase)/decrease of excise duty on inventory	252.07	–
Insurance	188.21	–
Rent	213.97	–
Rates & Taxes	535.86	–
Repairs & Maintenance		
-Buildings	249.37	–
-Plant & Machinery	677.72	–
- Others	143.25	–
Transport & Freight	12,248.53	–
Commission, Discount & Incentives on Sale	4,072.31	–
Advertisement, Publicity and Sales Promotion	1,606.74	–
Communication Expenses	7.52	–
Directors' Remuneration	201.00	–
Auditors' Remuneration	23.31	0.06
Preliminary Expenses Written off	16.25	–
Charity and Donations	341.48	–
Loss on Fixed Assets Sold /Discarded	8.59	–
Miscellaneous Expenses	1,429.42	0.17
	40,515.59	0.23
Payment to Auditors		
As Auditor		
- Audit Fees	12.47	0.06
In other Capacity		
- Certificate and other Services	8.83	–
Reimbursement of Expenses	0.03	–
Payment to Branch Auditors		
- Audit Fees	1.98	–
	23.31	0.06

(₹ in Lacs)

	2012-13	2011-12
NOTE 24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Tangible Assets	5,631.73	–
Depreciation on Intangible Assets	14.17	–
	5,645.90	–
Less : Transferred to pre-operative expenses	616.81	–
	5,029.09	–



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
NOTE 25 FINANCE COST		
Interest Expenses [net of Capitalisation ₹ 7,025.59 Lacs (₹ Nil)]	2,534.73	–
Exchange difference to the extent considered as an adjustment to borrowing costs	317.40	–
Bank Charges	6.73	–
	2,858.86	–

(₹ in Lacs)

	2012-13	2011-12
NOTE 26 EXCEPTIONAL ITEMS		
Foreign Exchange Fluctuations	299.76	–
Less : Exchange difference to the extent considered as an adjustment to borrowing costs (Refer Note No. - 25)	317.40	–
	(17.64)	–

27. Scheme of Arrangement

- a) Pursuant to the Scheme of Arrangement (“the scheme”) between Century Plyboards (India) Limited (CPIL), the Company and their respective shareholders as approved by the Hon’ble High Court at Kolkata vide its order dated 17th May, 2013, all the assets and liabilities of the Ferro Alloys and Cement division (i.e., business and interests in manufacture of Ferro alloys and cement, including captive power plant attached thereto) of CPIL have been transferred to and vested in the Company at their respective book values on a going concern basis with effect from 1st April, 2012 being the appointed date. Accordingly, the Scheme of Arrangement has been given effect to in these accounts. Hence the previous year’s figures are not comparable.
- b) The details of the assets and liabilities transferred from CPIL are as under :

(₹ in Lacs)

ASSETS	
Non-current assets	
Fixed Assets	
Tangible Assets	2,541.06
Capital Work-in-Progress	998.43
Non-Current Investments	6,328.25
Long-Term Loans and Advances	72.08
	9,939.82
Current assets	
Inventories	1,960.52
Trade Receivables	488.14
Cash and Bank Balances	167.89
Short-Term Loans and Advances	705.60
Other Current Assets	59.92
	3,382.07
TOTAL	13,321.89

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

(₹ in Lacs)

LIABILITES	
Non-Current Liabilities	
Long-Term Borrowings	575.90
	575.90
Current Liabilities	
Short-Term Borrowings	1,173.40
Trade Payables	330.48
Other Current Liabilities	384.49
Short-Term Provisions	13.25
	1,901.62
TOTAL	2,477.52

- c) Pursuant to the Scheme, the difference between book value of assets and liabilities transferred from the CPIL being ₹ 10844.37 Lacs, has been Credited to the Shareholders' Fund of the Company as under.

(₹ in Lacs)

Share Capital – Pending allotment	2,216.73
Capital Reserve	8,627.64
	10,844.37

- d) Pursuant to the said scheme, the company will issue and allot its Equity Shares to the shareholders of CPIL in ratio of 1 (one) Equity share of ₹ 1/- each of the Company as fully paid-up for every 1 (one) Equity Share of ₹ 1/- each held by them in CPIL. Pending allotment of these shares, the amount of ₹ 2,216.73 Lacs is disclosed as 'Share Capital - pending allotment'. Consequent to the allotment of new shares as per the scheme, current share capital of the Company of ₹ 5 Lacs will be cancelled and the Company ceases to be subsidiary of the CPIL.

28. Capital & Other Commitments

Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for ₹ 899.12 Lacs (₹ NIL)

29. Contingent Liabilities

(₹ in Lacs)

	31st March, 2013	31st March, 2012
Contingent Liabilities not provided for in respect of :		
(a) Demands/Claims by various Government Authorities and others not acknowledged as debt :		
(i) Excise Duty/Service Tax	120.84	–
(ii) Income Tax	3,278.31	–
Total	3,399.15	–
(b) Un-redeemed bank guarantees	587.36	–
(c) Bills discounted with banks	988.87	–
(d) Letters of credit issued by the banks	262.64	–
(e) Custom Duty on import under EPCG Scheme against which Export obligation is to be fulfilled	10,525.38	–
(f) Guarantee provided to bank on behalf of Contractors	2,477.30	–

Note : Based on discussion with the solicitors/favourable decisions in similar cases/legal opinion taken by the company, the management believes that the company has a good chance of success in above mentioned cases and hence, no provision there against is considered necessary.



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

30. There is a diminution of ₹ 19.16 Lacs (₹ NIL) in the value of a quoted investment based on the last quoted price. The above investment being long term and strategic in nature, the said diminution, in the opinion of the management, is temporary in nature and hence no provision is considered necessary.
31. Excise duty debited to Statement of Profit & Loss is Net of Subsidy ₹ 5,216.69 Lacs (₹ NIL).
Raw Material consumption and Transport & Freight are Net of Subsidy of ₹ 338.34 Lacs (₹ NIL) and ₹ 482.62 Lacs (₹ NIL) respectively in respect of a subsidiary company.
32. 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 : (₹ in Lacs)

Particulars	2012-2013	2011-2012
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	—	—
(ii) Interest due on above.	—	—
Total of (i) & (ii)	—	—
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	—	—
(iv) Amount paid to the suppliers beyond the respective appointed date	—	—
(v) 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.	—	—
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year	—	—
(vii) 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.	—	—

33. 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 favorable than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

The following tables summarize the components of net benefit expenses recognized in the Statement of Profit & Loss and the funded status and amounts recognized in the Balance Sheet for the Gratuity. (₹ in Lacs)

Sl. No.	2012-13	2011-12
(i) Net Employee Expense/(benefit)		
Current service cost	35.23	—
Interest cost on benefit obligation	13.77	—
Expected return on Plan Assets	(8.89)	—
Net Actuarial (gains)/losses recognized in the year	(15.95)	—
Losses/(gains) on acquisition/divestiture	6.12	—
Total employer expense	30.37	—
(ii) Actual return on Plan Assets	—	—
(iii) Benefit Asset / (Liability)		
Fair Value of Plan Assets	95.93	—
Defined benefit obligation	179.76	—
Benefit Asset / (Liability)	(83.83)	—

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013 (₹ in Lacs)

Sl. No.		2012-13	2011-12
(iv)	Movement in benefit liability		
	Opening defined benefit obligation	158.89	—
	Interest cost	13.77	—
	Current service cost	35.23	—
	Benefits paid	(10.65)	—
	Actuarial (gains) / losses	(15.95)	—
	Liabilities assumed on acquisition/(settled on divesture)	(1.52)	—
	Closing benefit obligation	179.76	—
(v)	Movement in fair value of Plan Assets		
	Opening fair value of Plan Assets	101.72	—
	Expected Return on Plan Assets	8.88	—
	Contribution by employer	—	—
	Benefits paid	(6.93)	—
	Actuarial gains / (losses) on obligation	(7.74)	—
	Closing fair value of Plan Assets	95.93	—
(vi)	The major categories of Plan Assets as a percentage of the fair value of total Plan Assets		
	Funded with insurer	100%	—
(vii)	The Principal actuarial assumptions are as follows :		
	Discount rate	8%	—
	Expected Return on Plan Assets	8.25%	—
	Salary Increase	5%	—
	Withdrawal rates (Varying between per annum depending upon the duration and age of the employees)	1%-2%	—
(viii)	Amount incurred as expense for defined contribution to Provident Fund is ₹ 120.43 Lacs (₹ NIL).		
(ix)	The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
(x)	The Company expects to contribute ₹ 38.06 Lacs (₹ NIL) to Gratuity Fund in 2013-2014.		
(xi)	The details for the current and previous periods are as follows :		
	Defined Benefit Obligation	179.76	—
	Plan Assets	95.93	—
	Surplus / (Deficit)	(83.83)	—
	Experience adjustments on Plan Liability	6.93	—
	Experience adjustments on Plan Assets	(—)	—



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

34. Earning Per Share (EPS) :

In terms of Accounting Standard - 20, the calculation of EPS is given below :

	2012-2013	2011-2012
Profit/(Loss) as per the Statement of Profit & Loss (₹ in Lacs) and available for Equity Shareholders	2,492.02	(0.03)
Weighted average number of Equity Shares outstanding during the year	5,00,000	5,00,000
Nominal value of equity shares (₹)	1	1
Basic earnings per share (EPS) (₹)	498.40	(0.01)
Weighted average number of equity shares to be issued pursuant to Scheme of demerger excluding shares to be cancelled on allotment	22,21,72,990	—
Diluted earnings per share (₹)	1.12	(0.01)

35. Derivative instruments and unhedged foreign currency exposure :

The particulars of unhedged foreign currency exposures as on the balance sheet dates are as follows : (₹ in Lacs)

	2012-13			2011-12		
	Foreign Currency	Foreign Currency	Indian Rupees	Foreign Currency	Foreign Currency	Indian Rupees
FCNRB Term Loan	USD	49.88	2,711.51	—	—	—
FCNRB Demand Loan	USD	50.00	2,719.47	—	—	—
ECB-Term Loan	USD	402.09	21,869.16	—	—	—
Buyers Credit	EURO	81.93	5,697.51	—	—	—
Buyers Credit	USD	52.53	2,856.87	—	—	—
Buyers Credit	GBP	0.22	18.11	—	—	—
Letter of Credit	CHF	0.85	49.09	—	—	—
Letter of Credit	EURO	—	—	—	—	—

36. Related Party Disclosures :

a) Name of the transacting related parties :

Key Management Personnel	Sri Sajjan Bhajanka (Chairman & Managing Director) Sri Rajendra Chamaria (Vice Chairman & Managing Director) Sri Sanjay Agarwal (Joint Managing Director) Sri Pankaj Kejriwal (Managing Director in subsidiary) Sri Prem Kumar Bhajanka (Director in Subsidiaries) Sri Atul Rasiklal Desai (COO) for the period 05.09.2012 to 04.03.2013 Sri Sanjay Kumar Gupta (Chief Financial Officer)
Enterprises Owned/ Influenced by Key Management Personnel or their relatives	Century Plyboards (India) Limited Brijdham Merchants Private Limited Sri Ram Vanijya Private Limited Star India Cement Limited

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

- b) Details of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2013 are given hereunder : (₹ in Lacs)

Sl. No.	Type of Transactions	Associates		Enterprises Owned / Influenced by KMP	
		2012-13	2011-12	2012-13	2011-12
1	Purchase Transactions				
	Century Plyboards (India) Limited	-	-	24.87	-
2	Sale Transactions				
	Century Plyboards (India) Limited	-	-	9.81	-
3	Purchase of Capital Goods				
	Century Plyboards (India) Limited	-	-	0.42	-
4	Loan Taken				
	Brijdham Merchants Private Limited	-	-	100.00	-
	Sri Ram Vanijya Private Limited	-	-	100.00	-
5	Loan Given				
	Century Plyboards (India) Limited	-	-	600.00	-
6	Interest paid				
	Brijdham Merchants Private Limited	-	-	0.06	-
	Sri Ram Vanijya Private Limited	-	-	0.06	-
7	Remuneration Paid				
	Sri Pankaj Kejriwal	-	-	42.00	-
	Sri Rajendra Chamaria	-	-	66.00	-
	Sri Sajjan Bhajanka	-	-	36.00	-
	Sri Sanjay Agarwal	-	-	36.00	-
	Sri Prem Bhajanka	-	-	36.00	-
	Sri Atul Rasiklal Desai	-	-	84.03	-
	Sri Sanjay Kumar Gupta	-	-	35.80	-
8	Balance Outstanding :				
A	Receivable/(Payable)				
	Century Plyboards (India) Limited	-	-	0.09	-
D	Loans & Advances paid				
	Star India Cement Limited	-	-	35.00	-
E	Loans & Advances received				
	Brijdham Merchants Private Limited	-	-	100.00	-
	Sri Ram Vanijya Private Limited	-	-	100.00	-
E	Guarantees Obtained				
	Sri Sajjan Bhajanka	-	-	43,604.85	-
	Sri Rajendra Chamaria	-	-	26,358.75	-
	Sri Sanjay Agarwal	-	-	26,358.75	-
	Sri Prem Kumar Bhajanka	-	-	13,715.38	-



Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

37. The Company's segment information as at and for the Year ended 31st March, 2013 are as below :

(₹ in Lacs)

Sl. No.	Ferro Alloys	Cement	Power	Total
A Revenue (Gross)				
External Sales	6,830.58 (-)	62,252.56 (-)	68.42 (-)	69,151.56 (-)
Inter-segment Sales	- (-)	- (-)	7,880.58 (-)	7,880.58 (-)
Total Revenue (Gross)	6,830.58 (-)	62,252.56 (-)	7,949.00 (-)	77,032.14 (-)
B Result				
Segment Results	(1,090.24) (-)	7,252.39 (-)	1,058.80 (-)	7,220.95 (-)
Unallocated Income/(-) Expenses (Net of unallocated Income/(-) Expenses (including exceptional items))				-230.91 (0.03)
Operating Profit				6,990.04 (-)
Finance Cost				2,858.86 (-)
Provision for Taxation				1,417.72 (-)
Deferred Tax Charge /(-) Credit				370.95 (-)
MAT Credit Entitlement (-)				1,417.72 (-)
Net Profit (before minority interest)				3,760.23 (- 0.03)
Other Information				
a Total Assets				
Segment Assets	5,677.49 (-)	1,59,432.27 (-)	33,857.18 (-)	1,98,966.94 (-)
Unallocated Corporate/Other Assets				7,024.33 (4.96)
				2,05,991.27 (4.96)
b Total Liabilities				
Segment Liabilities	998.35 (-)	84,697.90 (-)	20,262.84 (-)	1,05,959.09 (-)
Unallocated Corporate/Other Liabilities				5,381.09 (0.06)
				1,11,340.18 (0.06)
C Capital Expenditure *	1,319.76 (-)	26,669.97 (-)	5,716.45 (-)	33,706.18 (-)
D Depreciation/Amortisation	263.32 (-)	3,839.11 (-)	926.66 (-)	5,029.09 (-)

*Excluding ₹ 0.54 Lacs (₹ NIL) for unallocated corporate assets.

Notes to Consolidated Financial Statements as at and for the year ended 31st March, 2013

Notes :

- (a) **Business Segments** : The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified following business segments :
- | | | |
|--------------|---|---------------------|
| Ferro-Alloys | - | Ferro Silicon |
| Power | - | Generation of Power |
| Cement | - | Cement and Clinker |
- (b) **Geographical Segments** : The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

For **Kailash B. Goel & Co.**
Firm Registration No. 322460E
Chartered Accountants
CA. Arun Kumar Sharma
Partner
Membership No. 057329
Place : Kolkata
Date : 8th July, 2013

For and on behalf of the Board of Directors

Sajjan Bhajanka
Chairman

Hari Prasad Agarwal
Managing Director

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