

Directors' Report and Management Discussion & Analysis

Dear Shareholders,

Your Directors have pleasure in presenting Sixth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2016 and the Statement of Profit & Loss for the year ended on that date.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Your Company has five subsidiaries including step-down subsidiaries namely, Cement Manufacturing Company Limited (CMCL), Star Cement Meghalaya Limited (SCML), Megha Technical & Engineers Private Limited (MTEPL), Meghalaya Power Limited (MPL) and NE Hills Hydro Limited (NHHL). CMCL along with its subsidiaries operates integrated Cement plants in the State of Meghalaya and Assam with a combined installed capacity of 2.87 MMTPA of Cement and 2.54 MMTPA of cement clinker. MPL is in the business of power generation and operates 51 MW Thermal Power Plant in the State of Meghalaya. NHHL is exploring possibilities of power generation in the North Eastern Part of India. The report on the financial position of the Company's Subsidiaries for the year ended 31st March, 2016 in Form **AOC 1** is attached and marked as **Annexure - 1** to this report.

Your Company does not have any Associate or Joint Venture.

A Policy has been formulated for determining the Material Subsidiaries of the Company. The said Policy has been posted on the Company's website at the weblink: <http://www.starferrocement.co.in/admin/docs/policy-on-material-subsiary.pdf>

INDIAN ECONOMY AND GLOBAL HEADWINDS

Amidst mixed global economic landscape, India stands out as a haven of stability and an outpost of opportunity. Its macro-economy remains stable, founded on the Government's commitment to fiscal consolidation and low inflation. Country's economic growth has remained the highest in the world, helped by a reorientation of Government spending towards needed public infrastructure and have been accomplished in the face of global headwinds and a second successive season of poor rainfall. During the Financial Year 2015-16 India as an economy fared well as compared to most of the developing economies as also compared to developed economies. The signs of consolidation of Indian Economy which started reflecting during October-December Quarter of FY 2014-15 were sustained and confirmed during the year under review. As against 7.2% of GDP growth during Financial Year 2014-15, Indian Economy is expected to register GDP growth rate of 7.6% during the FY 2015-16. Despite a weak monsoon for a second consecutive year, agriculture and food production both grew, although marginally, over previous year. Improvement in private consumption was witnessed largely on account of a pickup in urban consumption, while rural consumption remained subdued as a result of two consecutive weak monsoons. Government consumption growth also stayed tepid as the Central Government boosted capital expenditure and curtailed current expenditure. Increase in capital expenditure undertaken by the Central Government helped investment growth to improve further during the year under review as compared to previous Financial Year.

Inflationary pressures were largely under control mainly on account of sharp fall witnessed in the prices of oil as also on account of base rate effect and softening of food prices.

As against this, Global economic growth slowed in FY 2015-16 to its weakest pace since the year 2008-09. This was mainly led by slower growth in emerging economies. China's real GDP growth was witnessed at 6.9% during the year 2015 which is one of the slowest in last 25 years reflecting a weaker growth in country's industrial sector. Growth in other emerging economies also slowed in 2015 and more particularly in commodity producing countries. All major developed economies are expected to see the growth momentum picking up. Despite expectations of a more robust recovery, developed economies continue to face considerable headwinds from the legacies of the global financial crisis, including subdued employment levels, elevated private and public sector debt and financial sector fragilities.



In the backdrop of above, Indian Economy is expected to pick up further growth momentum during the ensuing Financial Year, helped by the Government's strengthening of public sector banks' capital and operations, private investment benefitting from corporate deleveraging, the financing of stalled projects and an uptick in bank credit.

CEMENT SCENARIO IN INDIA – OPPORTUNITIES, CHALLENGES AND OUTLOOK

Cement is major business vertical for subsidiaries of your Company. India is one of the largest producer of Cement in world and only second to China. It accounts for nearly 8% of the total global production having close to 400 Million MT per annum installed capacity. The cement industry capacity doubled in the last decade, with about 70 Million MT added in the last three years alone. Cement, being a bulk commodity, is a freight intensive industry and transporting it over long distances can prove to be uneconomical. This has resulted in cement being largely a regional play with the industry divided into five main regions viz. North, South, West, East and the Central Region. The Southern region of India has the highest installed capacity, accounting for about one-third of the country's total installed cement capacity.

On the consumption side, India has witnessed sustained growth in cement consumption since 2001. However, consumption growth has slowed down in last 4-5 years mainly on account of a slump in housing, infrastructure and commercial sector. The gap in the pace between capacity additions and actual demand has led to an excess capacity situation in the industry, resulting in sub-optimal utilization rates.

On Per Capita consumption front, cement in India still remains substantially low at about 195 kg which is less than 50% as compared with the world average and thus underlines the tremendous scope for growth in the Indian cement industry in the long term.

Cement is a cyclical commodity with a high correlation with GDP. The housing sector is the biggest demand driver of cement, accounting for about two-thirds of the total consumption. The other major consumers of cement include infrastructure, commercial construction and industrial construction.

First half of FY 2015-16 witnessed slowdown in consumption and demand growth. However, second half of the Financial Year started with up-tick in demand which further consolidated during the last quarter of the Financial Year. Housing sector is the major demand driver. The slow growth in cement sector is expected to remain a short-term phenomenon with the Government's focus on constructing 50 million houses under 'Housing for All' scheme by 2022. Government's other initiatives such as 100 smart cities, AMRUT cities, affordable housing as well as initiatives undertaken towards development of ports, roads, bridges, freight corridor, etc. are likely to provide further impetus to cement demand in India. This also gets reflected with Government's intention to unshackle the impediments in economic and infrastructural growth. The years ahead are expected to bring more cheers for Indian Cement Industry.

On the cost front power, fuel and logistic costs are the major cost drivers. Cost, quality and availability of coal are major cost driver for power as well as fuel so far as cement industry is concerned. Indian cement industry continued to face challenges on this front, both in terms of quality as well as prices. However, with all time low Baltic Dry Index (BDI), the landed cost of imported Petroleum Coke has been seen to be more cost effective for cement industry in terms of its cost as well as consistency in quality parameters. With unblocking of coal blocks and Governments intent to bring perceptible difference in power supply situation, both in terms of quantity and quality, it is expected that in years to come, the challenges currently being faced by Indian cement industry will be eased out.

In the backdrop of opportunities in Housing and Infrastructure sectors, India as an economy presents a promising future for cement industry.

EAST INDIA AND LAND OF SEVEN SISTERS – AN OPPORTUNITY FOR CEMENT INDUSTRY

East India which comprises of States of West Bengal, Bihar, Jharkhand and Orissa as well as eastern most North Eastern Region comprising of contiguous Seven Sister States namely, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura and Himalayan State Sikkim is endowed with opportunities. North East India is 8% of land size of India where around 4% of Indian populace resides. The region offers a unique agglomeration comprising varied cultures, languages and dialects, different forms of belief and worship and diverse ways of life. Topography of North Eastern Region (NER) presents a panoramic view and an awe-inspiring landscape. Within these fascinating and fabulous environment of NER, rich potential wealth of mineral resources have been lying untapped, ready to be exploited for the benefit of the people and economy. Despite being endowed with vast natural resources in terms of forests, biological diversity, hydroelectricity and petroleum, the region has remained largely underdeveloped on account of poor infrastructure and limited connectivity, both within the region as well as with the rest of the country. The region, connected to the rest of India by a narrow stretch of land called the 'chicken's neck', needs infrastructure to support. Large Hydro potential that exists in NER and if exploited, has potential to export power to the power deficit Northern and Western regions of the country. This under development of the region presents a lot of opportunities for industrial and infrastructure growth within the region. Development of infrastructure such as roads, communications and electricity supply to remote hilly area will result in better quality of life. The improvement in power generation will in turn help in establishing industries by annulling the effects of high transportation costs. Owing to proximity of the region with neighboring countries such as Bangladesh and Myanmar, the region has potential of augmenting trade.

On the socio-economic front, the region stands way below in comparison with the rest of India. Underdeveloped infrastructure has been one of major bottlenecks in development of region on socio-economic front. During recent years the Government has taken several steps to overcome these infrastructural bottlenecks to induce sustainable development in the region. The strong focus

on roads, airports and hydropower developments are some of the key steps in this direction.

Realizing these opportunities, subsidiary of your Company CMCL started setting up its first cement plant in the State of Meghalaya of NER with a very small capacity of 0.3 Million MT more than a decade ago and started its commercial operations during later part of the FY 2004-05. The product and brand was well accepted in the markets of North East. Looking at the potential of the market, your subsidiary Company kept on adding the capacity which has reached to the level of 2.54 Million MT per annum of Cement Clinker and around 2.87 Million MT of Cement in North East alone. With passage of time, your subsidiary has been able to spread its foot print in the entire North Eastern region in terms of its distribution network and enjoys a premium brand reputation commanding highest market share in North Eastern Region. Owing to the vast opportunities, markets of North Eastern Region continued to remain the focus market for the products of your subsidiaries.

During the year under review the region witnessed infrastructure growth story getting realized on the ground with two major highway projects dedicated to NER on 1st May, 2015. Shillong Bye-pass Highway Project and four-lane Jorabat – Barapani section of NH-40 was opened for public on its completion. This has helped decongest the traffic in the city of Shillong from trucks and heavy vehicles coming from or moving towards North Eastern parts of Assam, Mizoram and Tripura apart from significant reduction in travel time and also ease of logistic operations for cement industry like your Company's subsidiaries having factories in Meghalaya. Much awaited broad gauge conversion work of Silchar-Lumding railway line on a stretch of 210 Kms was completed and opened for Goods and Passenger Traffic during the year under review. Similarly, the capital town of the landlocked State of Tripura appeared on a broad-gauge railway network connecting Tripura with the rest of the country. The project consists of 79 major bridges, 340 minor bridges and 21 tunnels. The rail line brings Assam's underdeveloped but strategically important Barak Valley as well as State of Tripura on the broad gauge map. During the year under review, the State of Arunachal Pradesh was presented with second Broad Gauge connectivity with the commissioning of Balipara – Bhalukpong gauge conversion project. Similarly, North Lakhimpur – Murkongselek sections were converted into broad-gauge during the year under review. Commissioning of newly converted North Lakhimpur – Murkongselek section marked the completion of Rangiya – Murkongselek Gauge Conversion project running all along the North Bank of Brahmaputra. There are other major railway projects which are on a fast track of completion.

All the above developments are expected to provide better connectivity for goods and passenger traffic for overall benefit of public residing in these States and presents a promising future for cement industry in North East Region as also for economy of the region.

Simultaneous with expanding its horizon in the markets of North Eastern Region, your subsidiary which started its network expand in the markets of West Bengal and Bihar during the latter part of Financial Year 2013-14 has further consolidated its presence in

these markets during the year under review. States of West Bengal and Bihar have also remained under developed as compared to rest of India and has tremendous growth opportunities in infrastructure and housing sector, two major demand drivers of cement. During the year under review the subsidiary Company has successfully driven the marketing campaign in these States to bring the recall of its brand **"STAR CEMENT"** at the top of people's mind. Looking at opportunities in these markets, subsidiary Company has further augmented its capacity in form of arrangements with grinding units in the State of West Bengal.

MARKET DEVELOPMENT

Despite slowdown in cement demand in rest of the country, growth in cement demand in NER was close to country's GDP growth rate. During the year under review, cement demand in NER has grown by more than 7% over previous Financial Year. Over a period of time, cement import to NER from outside region has also reduced considerably. During the year under review less than 15% of cement was imported in the region from outside as against more than 17% during previous Financial Year. During the year under review your subsidiary companies were able to sale 17,03,415 MT of cement in the markets of NER as against 14,98,380 MT during the FY 2014-15 and thus recording a growth of 13.7% over previous year.

Your Directors are pleased to report that markets of West Bengal and Bihar where the brand **"STAR CEMENT"** has been relatively a new player as compared to its positioning in the markets of North Eastern Region, has fared well during the year under review. Your subsidiary companies have been able to sale 9,26,280 MT of cement during the Financial Year 2015-16 in these markets as against 6,70,871 MT during the Financial Year 2014-15 registering a growth of 38% over previous year. To augment its capacity further in these markets, your subsidiary has made arrangements with one more grinding unit in the State of West Bengal during the year under review. With this arrangement, subsidiary has grinding arrangement of close to 1 Million MT of cement per annum. The capacity augmentation will help further in cutting down the logistic time to make the product available in these markets.

In line with its endeavor to focus trade segment of the business, your subsidiaries continued adding dealer and retail network across length and breadth of the North East Region as well as in the States of West Bengal and Bihar to make its foot prints more visible in these markets. At the close of the fiscal, your subsidiaries had dealer and retail network of more than 6000 spread across entire North East Region and 4000 in the States of West Bengal and Bihar on consolidated basis.

During the year under review your subsidiary Company CMCL has undertaken various marketing initiatives in order to make the brand **"STAR CEMENT"** more visible and attain top of mind recall. In the markets of North Bengal and Bihar, they launched its premium product **"Star Anti-Rust Cement"**. Marketing Campaign called **"Kismat Ki Bori"** was launched in various markets of North Eastern Regions and outside the region too. During the year under review your subsidiary's branding initiative in form of **"Largest Idol of Goddess Durga"** was a huge success story.

STAR FERRO AND CEMENT LIMITED

To make the brand more visible in remote areas, a block level branding campaign was undertaken. In addition, they conducted various knowledge sharing events mainly related to construction techniques in form of “Engineers’ Workshop” and “Star Tech” to impart training to engineers. Your subsidiary also conducted more than 50 “Mason Certification Programme” wherein masons were trained and their construction skills were certified jointly by your subsidiary Company and local engineering institutes. These initiatives has helped them to promote the brand “STAR CEMENT” in a more effective manner in these markets and has also resulted into creation of better informed category of masons and engineers.

POWER BUSINESS

During the year under review, the performance of Meghalaya Power Limited, a step down subsidiary of the Company was very optimistic. The power generation has increased to 1,831.14 Lacs units as compared to 1,679.23 Lacs units recorded in the previous year. During the Financial year 2015-16, the Company has posted PBT of ₹ 1,472.07 Lacs and PAT of ₹ 1,082.84 Lacs as against ₹ 1,287.39 Lacs and ₹ 544.66 Lacs respectively recorded in the previous Financial Year.

OPPORTUNITIES & THREATS, RISKS AND CONCERNS

In the backdrop of initiatives being undertaken by the Central Government in form of “Housing for All” and “Affordable Housing” in the urban and rural housing sector and initiatives in the areas of “Amrut and Smart Cities”, Development of Ports, Roads

and Highways, dedicated Freight Corridors, Gauge conversion Projects undertaken by Railways, development in the area of alternative source of energy vis Hydro and Solar Power and other infrastructure projects is expected to boost Cement and Power Demand in the region where subsidiaries of your Company operates as well as in other parts of the country too.

India’s economy being too much dependent upon vagaries of monsoon, rains play an important factor which determines commodity demand growth including cement. Cement and power industry being majorly dependent upon availability of quality coal at affordable cost remains to be a concern. However, recent initiatives in the areas of unblocking of coal mines as also all-time low Baltic Dry Index (BDI) making availability of Petroleum Coke at a cheaper cost with high consistency in quality is expected to address the concern to a great extent.

Your Company having business operations through its subsidiaries only, the Company has evolved a risk management framework to identify, assess and mitigate the key risk factors of the business of its Subsidiaries impacting your Company’s performance. The Board of the Company is kept informed about the risk management of the Company.

FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company for the Financial Year ended 31st March, 2016 and previous Financial Year are as under:

(₹ in Lacs)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Net Sales/ Income	1,71,644.98	1,43,121.01	2,375.38	0.10
Profit Before Depreciation, Interest & Tax	39,931.24	43,584.75	2,225.93	(138.55)
Depreciation	(17,149.21)	(22,374.29)	-	-
Interest and Finance Charges	(8,336.77)	(8,738.47)	(0.01)	(0.03)
Exceptional Items	(53.14)	1.83	-	-
Profit Before Tax	14,392.13	12,473.82	2,225.92	(138.58)
Tax Expenses	(551.06)	(480.13)	44.56	-
Profit after Tax before Minority Interest	13,841.06	11,993.69	2,270.48	(138.58)
Less: Minority Interest	(4,643.59)	(3,650.03)	-	-
Net profit after Minority Interest	9,197.48	8,343.66	-	-
Surplus in the Statement of Profit & Loss:				
At the beginning of the year	44,838.24	37,165.12	41.61	180.20
Add: Profit for the year	9,197.48	8,343.66	2,270.48	(138.58)
-Less: Interim Dividend on Equity Shares	2,221.73	-	2,221.73	-
-Less: Tax on Interim Equity Dividend	-	-	-	-
-Less: Tax on Proposed Equity Dividend	-	670.55	-	-
-Less: Transfer to General Reserve	-	-	-	-
Balance at the end of the year	51,813.98	44,838.24	90.36	41.61

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2016 was ₹ 2,221.73 Lacs. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options or sweat equity shares.

EXTRACT OF ANNUAL RETURN

In terms of requirement of Section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual return in form MGT-9 is annexed herewith and marked **Annexure-2**.

MEETINGS OF THE BOARD

During the year seven (7) Board meetings and five (5) Audit Committee meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The details of the Board meetings and the Committee meetings are provided in the Corporate Governance Report.

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 21st March, 2016 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors at their meeting also, inter-alia, assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

COMMITTEES OF THE BOARD

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has a Whistle Blower Policy/ Vigil Mechanism as required under Section 177 of the Companies Act, 2013 and as per Listing Obligations and Disclosures Requirements Regulations, 2015 formulated by Securities and Exchange Board of India (SEBI). The Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The said policy may be referred to at the Company's website at the weblink: <http://www.starferrocement.co.in/admin/docs/Whistle-Blower-Policy.pdf>

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any.
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year under review.

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on going concern basis.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

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

FAMILIARIZATION PROGRAMME UNDERTAKEN FOR INDEPENDENT DIRECTORS

In order to enable the Independent Directors to perform their duties optimally, the Board has devised a familiarization programme for the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. They are periodically updated about the development which takes place in the Company. The Independent Directors have been issued Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and commitments etc. The familiarization program is available on the Company's website under the weblink: <http://www.starferrocement.co.in/admin/docs/familiarisation-programme.pdf>

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

The Board has framed a Remuneration Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The remuneration policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and at other executive levels. The remuneration policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. The details on the same are given in the Corporate Governance Report.

AUDITORS & AUDITORS' REPORT

M/s. Kailash B. Goel & Co., Chartered Accountants (Firm Registration no. 322460E) Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting of the Company. Being eligible, they have offered themselves for re-appointment and have confirmed that their appointment, if made, will be in accordance to the provisions of Section 141 read with Section 139 of the Companies Act, 2013 and the rules framed there under for re-appointment of auditors. The Board, on recommendation of the Audit Committee, recommends the appointment of M/s. Kailash B. Goel & Co., as Statutory Auditors of the Company for a period of 5 (five years) from the date of ensuing Annual General Meeting subject to approval of their appointment by the shareholders in the ensuing Annual General Meeting and ratification of their appointment in Annual General Meetings to be held subsequent to ensuing Annual General Meeting during the tenure of their appointment.

Members are requested to consider and approve their appointment as Statutory Auditors of the Company and are also requested to empower the Board of Directors for fixation of Auditor's Remuneration.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Manoj Kumar Banthia, Practicing Company Secretary of M/s. MKB & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith marked **Annexure-3**. The report is self-explanatory and do not call for any further comments.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

Details of Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTIONS

During the year under review, there were no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

A policy on 'Related Party Transactions' has been devised which may be referred to at the Company's website at the weblink:

<http://www.starferrocement.co.in/admin/docs/related-party-transaction-policy.pdf>.

RESERVES

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

DIVIDEND

During the year, your Company has declared an interim dividend of ₹ 1.00 per equity share. In order to conserve resources for future operations, your Directors do not recommend any final dividend for the year ended March 31, 2016.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

As the Company does not have any direct business operations, there is nothing to report under this segment.

FOREIGN EXCHANGE EARNING AND OUT-GO

During the year under review, there was no Foreign Exchange Earning and Out-go.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR)

Your Company's Corporate Social Responsibility (CSR) Policy is committed towards improving the quality of life of communities by working on four thrust areas - employability, education, health and environment.

Company's Corporate Social Responsibility Committee is headed by Mr. Sajjan Bhajanka, Director of your Company and consists of members as stated below:

Sl. No.	Name	Category	Chairman/ Members
1.	Mr. Sajjan Bhajanka	Non-Independent	Chairman
2.	Mr. Hari Prasad Agarwal	Non-Independent	Member
3.	Mr. Mangilal Jain	Independent	Member

Annual Report on CSR as required to be annexed in terms of requirement of Section 135 of Companies Act, 2013 and rules framed thereunder is annexed herewith and marked **Annexure-4**.

The CSR Policy of the Company is available on the Company's website under the weblink: <http://www.starferrocement.co.in/admin/docs/csr-policy.pdf>

EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013 and as per Listing Obligations and Disclosures Requirements Regulations, 2015 formulated by Securities and Exchange Board of India (SEBI), the Company has adopted a policy for evaluation of performance of the Board of Directors. The Board follows a formal mechanism for the evaluation of the performance of the Board as well as Committee.

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

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

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Sanjay Agarwal will retire by rotation and being eligible offers himself for re-appointment. In view of his considerable experience, your Directors recommend his re-appointment as a Director of the Company.

The shareholders have ratified the appointment of Mr. Manindra Nath Banerjee, Mr. Santanu Ray, Mr. Mangilal Jain and Mrs. Plistina Dkhar as Independent Directors at the Annual General Meeting held on 20th September, 2014 for a period of five years.

The following personnel are the Key Managerial Personnel of the Company:

1. Mr. Sanjay Kumar Gupta - Chief Executive Officer
2. Mr. Dilip Kumar Agarwal - Chief Financial Officer
3. Mr. Debabrata Thakurta - Company Secretary

POLICY ON PREVENTION OF SEXUAL HARASSMENT

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

CONSOLIDATED FINANCIAL STATEMENTS

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

The detailed financial statements and audit reports of each of the subsidiaries of the Company are available for inspection

at the Registered Office of the Company during office hours between 11 A.M. and 1 P.M. As per the provisions of Section 136 of the Companies Act, 2013, separate audited financial statements of its subsidiaries are being placed on its website: www.starferrocement.co.in and the Company will arrange to send the financial statements of the subsidiaries upon written request from the shareholders to their registered address.

DEPOSITS

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

CHANGES IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company maintains comprehensive internal control system, commensurate with the size of its operations and monitoring procedure for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal Audit Department of the Company periodically reviews the effectiveness and efficacy of Internal Control Systems and procedures. Audits are finalized and conducted based on internal risk assessments. Significant deviations from the standard procedures 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, frauds and errors and early remedial measures to be undertaken so that no monetary losses are sustained. Significant audit observations, if any, and corrective actions thereon are presented to the Audit Committee of the Board.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

MANAGERIAL REMUNERATION

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked **Annexure- 5**.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration exceeds the limit prescribed under Section 197 of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CORPORATE GOVERNANCE

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

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

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

GREEN INITIATIVES IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs has permitted Companies to send copies of Annual report, Notices, etc., electronically to the email IDs of shareholders. Your Company has arranged to send the soft copies of these documents to the registered email IDs of the shareholders, wherever applicable. In case, any shareholder would like to receive physical copies of these documents, the same shall be forwarded upon receipt of written request in this respect.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

The Company has always provided a congenial atmosphere for work to all sections of society. It has provided equal opportunities of employment to all irrespective to their caste, religion, color, marital status and sex. The Company believes that human capital of the Company is its most valuable assets and its human resource policies are aligned towards this objective.

The Company focuses on enhancing organizational performance by focusing on quick grievance resolution mechanisms and maintaining cordial relations with employees and workmen across all levels. The relation amongst its employees remained harmonious and the year under review remained free from any labor unrest.

Your Directors are pleased to report that during the year under review, direct subsidiary of your Company M/s. Cement Manufacturing Company Limited (**CMCL**) was awarded with **Certificate of Appreciation in recognition for the valuable contribution towards “Best HR Practices in Employee Engagement” held by National HRD Network (NHRDN)** in Bhubaneswar on 29th January, 2016 followed by **HR & Leadership Award in the area of “Excellence in Employee Engagement”** by ABP News on 16th February, 2016 at Mumbai.

During the year under report, there has not been any material change in Human Resources, Industrial Relations and number of people employed.

AWARDS AND ACCOLADES

Your Directors are pleased to report that during the year under review, your Company was awarded **ET Bengal Corporate Awards 2016 under category “Fastest Growing Company above ₹ 1000 Crs.”** on 23rd January, 2016 at Kolkata. Your power Subsidiary **M/s. Meghalaya Power Limited (MPL)** was awarded with **First Prize in National Energy Conservation Awards, 2015 by Ministry of Power, Government of India under <100 MW Thermal Power Plants category** at a ceremony held at New Delhi on 14th December, 2015.

CAUTIONARY STATEMENT

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep sense of gratitude to the Banks, Central and State Governments and their departments and the Local Authorities, Customers, Vendors, Business partners/associates and Stock Exchanges for their continued guidance and support.

Your Directors would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Company and recognize their contribution towards Company's achievements. Your Directors express their gratitude to the shareholders of the Company for reposing their confidence and trust in the Management of the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 3rd May, 2016

Sajjan Bhajanka
Chairman
(DIN: 00246043)