

Saurashtra Cement Limited
51st Annual Report 2007-08





Saurashtra Cement Limited

Board of Directors

As on 29.01.2009

Mr. M. N. Mehta
Mr. Jay Mehta
Mr. H.D. Mehta
Mr. M.N. Rao
Mr. S.V.S Raghavan
Mrs. Savita V. Pittie
Mr. K.N. Bhandari
Mr. B.P. Deshmukh
Mr. Jayant N. Godbole
Mr. Hemnabh Khatau
Mr. Devang Gandhi
Mr. Denys Firth
Mr. Alexander Shaik
Mr. Anish Modi
Mr. M.S. Gilotra
Mr. R.K. Poddar

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Mr. V.R. Mohnot
Director (Finance) & Company Secretary

Chairman
Executive Vice-Chairman

Alternate Director to Mr. H.D. Mehta

Nominee - India Debt Management Pvt. Ltd.

Managing Director
Dy. Managing Director

BANKERS

Dena Bank
Central Bank of India
Rajkot Nagarik Sahakari Bank Ltd.

AUDITORS

Messrs Bansi S. Mehta & Co.
Chartered Accountants

REGISTERED OFFICE

Near Railway Station
Ranavav 360 560
Gujarat.

CORPORATE OFFICE:

N.K. Mehta International House, 2nd Floor
178, Backbay Reclamation
Mumbai 400 020.

SAURASHTRA CEMENT LIMITED

Registered Office:
Near Railway Station, Ranavav 360 560 (Gujarat)

NOTICE

Notice is hereby given that the 51st Annual General Meeting of the Members of the Company will be held on Thursday, the **19th March, 2009** at **10.30 a.m.** at the Registered Office of the Company, Near Railway Station, Ranavav 360 560 (Gujarat), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st December, 2008, the Profit & Loss Account for the period ended 31st December, 2008 and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. S. V. S. Raghavan, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. N. Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Savita Pittie, who retires by rotation, and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. Denys Firth, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Bansi S. Mehta & Co., Chartered Accountants be and are hereby re-appointed as Statutory Auditors of the Company for audit of accounts for the financial year 2009 and they shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.5,00,000/- (Rupees Five Lacs only) plus service tax and reimbursement of travelling and out of pocket expenses actually incurred."

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Bansi S. Mehta & Co. Chartered Accountants, the Statutory Auditors of the Company be paid pro rata increased remuneration of Rs. 2,50,000/- (Rupees two lacs, fifty thousand only) plus service tax and reimbursement of out of pocket expenses for the audit of the accounts of the Company for the extended 6 months period of the financial year 2007-08."
8. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Jayant N. Godbole who was appointed as an Additional Director of the Company with effect from 28th April, 2008 pursuant to Section 260 of the Companies Act, 1956 and Article 97A of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."
9. To consider and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, and subject to approval of the Central Government and such other consents and permission as may be necessary, and subject to such modifications, variations as may be approved and acceptable to the appointee, approval of the Company be and is hereby given for the re-appointment of Mr. Jay M. Mehta as Executive Vice Chairman of the Company for the period from 1.1.2009 to 31.12.2009 and payment of remuneration for the aforesaid period on the terms and conditions as specified in the Explanatory Statement attached to this Notice and the aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure."

“RESOLVED FURTHER THAT the Board of Directors of the Company/Committee of the Board be and is hereby authorized to alter, amend or vary the terms and conditions of appointment and remuneration as may be agreed to between the Board of Directors and Mr. Jay M. Mehta and within such guidelines or amendments as may be made to the Companies Act, 1956 or subject to approval of the Central Government or such other authority and do all such acts, deeds and things as may be necessary or expedient.”

10. To consider and if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, as amended from time to time, and subject to approval of the Central Government and such other consents and permission as may be necessary, and subject to such modifications, variations as may be approved and acceptable to the appointee, approval of the Company be and is hereby given for the re-appointment of Mr. M. S. Gilotra as Managing Director of the Company for the period from 1.1.2009 to 31.12.2009 and payment of remuneration for the aforesaid period on the terms and conditions as specified in the Explanatory Statement attached to this Notice and the aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure.”

“RESOLVED FURTHER THAT the Board of Directors of the Company/Committee of the Board be and is hereby authorized to alter, amend or vary the terms and conditions of appointment and remuneration as may be agreed to between the Board of Directors and Mr. M. S. Gilotra and within such guidelines or amendments as may be made to the Companies Act, 1956 or subject to approval of the Central Government or such other authority and do all such acts, deeds and things as may be necessary or expedient.”

11. To consider and if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution.
“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, as amended from time to time, and subject to approval of the Central Government and such other consents and permission as may be necessary, and subject to such modifications, variations as may be approved and acceptable to the appointee, approval of the Company be and is hereby given for the re-appointment of Mr. R. K. Poddar as Deputy Managing Director of the Company for the period from 1.1.2009 to 31.12.2009 and payment of remuneration for the aforesaid period on the terms and conditions as specified in the Explanatory Statement attached to this Notice and the aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure.”

“RESOLVED FURTHER THAT the Board of Directors of the Company/Committee of the Board be and is hereby authorized to alter, amend or vary the terms and conditions of appointment and remuneration as may be agreed to between the Board of Directors and Mr. R. K. Poddar and within such guidelines or amendments as may be made to the Companies Act, 1956 or subject to approval of the Central Government or such other authority and do all such acts, deeds and things as may be necessary or expedient.”

By Order of the Board of Directors

Place : Mumbai,
Dated: 12th February, 2009.
Registered Office:
Near Railway Station
Ranavav 360 560
Gujarat.

V.R. MOHNOT

Director (Fin.) & Co. Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Explanatory statement as required under Section 173 of the Companies Act, 1956 setting out material facts in respect of the business under Item Nos. 7 to 11 of Special Business is annexed herewith.
3. Re-appointment of Directors.

Pursuant to Clause 49 of the Listing Agreement relating to code of Corporate Governance, the profile of directors proposed to be appointed/ re-appointed at the ensuing Annual General Meeting is given in the Corporate Governance Report annexed to the Directors Report.

4. The documents referred in the resolutions and explanatory statement are available for inspection by the members at the Registered Office of the Company during 10.00 a.m. to 12 noon on any working day till the date of the ensuing Annual General meeting.
5. The Share Transfer Books and Register of Members of the Company shall remain closed from Friday the 13th March, 2009 to Thursday the 19th March, 2009 (both days inclusive) in connection with the Annual General Meeting.
6. Members who have multiple account in identical names or joint accounts in same order are requested to send their share certificates to the Registrar and Transfer Agents for consolidation of all such shareholdings into one account to facilitate better service.
7. (a) Members are requested to notify immediately any change of address:
 - i. To their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii. To the Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd. (formerly 'M/s. Intime Spectrum Registry Ltd.),' C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078' in respect of their physical share folios, if any.
 (b) In case the mailing address mentioned on this Annual Report is without the pin code, members are requested to kindly inform the Registrars their PIN CODE immediately.
8. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
9. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Annual General meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
10. Shares of the Company are compulsorily required to be traded in demat form. If you have not demated your shares, you are requested to get the shares dematted at the earliest.

By Order of the Board of Directors

Place : Mumbai,
Dated : 12th February, 2009

Registered Office:
Near Railway Station
Ranavav 360 560
Gujarat.

V.R. MOHNOT
Director (Fin.) & Co. Secretary

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

Item No. 7

M/s. Bansi S. Mehta & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the audit of the accounts for the financial year 2007-2008 and hold office from the conclusion of last Annual General Meeting till the conclusion of ensuing Annual General Meeting at a remuneration of Rs. 5,00,000/- (Rupees five lacs only) plus service tax and reimbursement of travelling and out of pocket expenses.

The Company had changed its financial year ending June to December and accordingly had extended current financial year from 30th June, 2008 to 31st December, 2008 (18 months). In view of the above, the Statutory Auditors have requested for pro rata increase in their remuneration by Rs. 2,50,000/- (Rupees two lacs, fifty thousand only) plus service tax and reimbursement of travelling and out of pocket expenses. The payment of increased remuneration is recommended by the Audit Committee and approved by the Board. The Board recommends the resolution for your approval.

Item No.8

Mr. Jayant N. Godbole was appointed as an Additional Director (Independent) by the Board at its meeting held on 28th April, 2008 and pursuant to the provisions of Section 260 of the Companies Act, 1956 he holds office as Director upto the date of ensuing Annual General Meeting and eligible for re-appointment. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member alongwith requisite deposit of Rs.500 (Rupees Five hundred) proposing the appointment of Mr. Jayant N. Godbole as a Director of the Company.

The Board commends the resolution for your approval.

Except Mr. Jayant N. Godbole, no other Director is concerned or interested in this resolution.

Item Nos. 9, 10 & 11

Mr. Jay Mehta, Mr. M. S. Gilotra and Mr. R. K. Poddar holds the office of Executive Vice Chairman, Managing Director and Deputy Managing Director respectively upto 31st December, 2008. At the meeting of the Board of Directors of the Company held on 25th October, 2008, the Board subject to the approval of the Shareholders and the Central Government have approved re-appointment of Mr. Jay Mehta, Mr. M. S. Gilotra and Mr. R. K. Poddar as Executive Vice Chairman, Managing Director and Deputy Managing Director respectively for a further period of 1 (one) year i.e. from 1st January, 2009 to 31st December, 2009 and their remuneration.

The Remuneration Committee & the Board of Directors have resolved that subject to such approvals as may be necessary pay remuneration to Mr. Jay Mehta, Mr. M. S. Gilotra and Mr. R. K. Poddar as detailed hereunder.

Terms and conditions of appointment and remuneration to Mr. Jay Mehta, Executive Vice Chairman.

Mr. Jay Mehta, aged, 48 years, has done B.S. (Industrial Engineering) from Columbia University, New York, U.S.A and has completed his MBA, IMD from Lausanne, Switzerland in 1991. Mr. Jay Mehta was earlier Vice President (Technical) of Saurashtra Cement Limited. At present, he is also the Executive Vice Chairman of Gujarat Sidhee Cement Limited (GSCL), an associate company and part of Mehta Group and held such office upto 31st December, 2008. He was re-appointed by the Board of GSCL on existing remuneration of Rs.1,60,000/- per month plus retirement and other benefits for a further period of 1 (one) year w.e.f. 1.1.2009 to 31.12.2009, subject to the approval of the shareholders of GSCL and the Central Government.

As per the provisions of the Companies Act, 1956, a person is eligible to act as Managing Director of two companies. However, the remuneration drawn from both the companies should be within the maximum ceiling limit permissible under Schedule XIII of the Companies Act, 1956.

In view of the ceiling limits applicable in view of inadequacy of profits as computed under Section 349 & 350 of the Act, the remuneration proposed to be paid by the Company and approved by the Remuneration Committee and Board of Directors is as follows:

Remuneration

Salary

Rs.2,40,000/- (Rupees Two lacs, forty thousand) per month.

In addition to the above, he shall be entitled to the following perquisites, which will not form part of above limit of salary.

- a) Contribution to Provident fund/Superannuation fund/ Annuity fund @ 27% of salary,
- b) Gratuity not exceeding half month's salary for each year of completed service, computed as per Payment of Gratuity Act, 1972.

Further Mr. Jay Mehta will be entitled to the following benefits in course of discharging the duties and responsibilities.

1. Reimbursement of entertainment expenses incurred for Company's work, subject to maximum of Rs. 15,000 per month on submission of supporting/declaration.
2. Reimbursement of actual expenses incurred for Company's business including travel, hotel and other related expenses for himself and spouse, incurred in India and abroad.
3. Payment of sitting fees as applicable to other directors for attending the meeting of the Board and committee thereof.
4. Encashment of unavailed leave at the end of the tenure.
5. Car with driver and communication facilities at residence.
6. Reimbursement of expenses incurred in respect of books and periodicals at actuals against submission of supporting/s.
7. Subscription or reimbursement of Club Fees on actual basis.

In addition to the above, Mr. Jay Mehta will be entitled to the following benefits / facilities or by way of reimbursement, as per Company's rules.

1. Rent free furnished accommodation or house rent in lieu thereof.
2. Reimbursement for gas, electricity, water charges etc.
3. Personal Accident Insurance and Mediclaim insurance for self and family.
4. Medical reimbursement for self and family.
5. Reimbursement of Leave Travel Expenses for self and family.

The above appointment can be terminated by either side by giving three months' prior notice in writing or paying three month's salary in lieu thereof.

Mr. Jay Mehta is interested in his own re-appointment and remuneration.

Mr. M. N. Mehta being related to Mr. Jay Mehta, is deemed to be concerned or interested in re-appointment of Mr. Jay Mehta as Executive Vice Chairman. Save and except these directors, no other director is deemed to be interested or concerned in this resolution.

Terms and conditions of appointment and remuneration to Mr. M. S. Gilotra, Managing Director

Mr. M.S.Gilotra, aged 58 years, is B.E. (Hons.) and having nearly 34 years of experience in cement industry. He is also Managing Director of Gujarat Sidhee Cement Ltd (GSCL), an associate company and part of Mehta Group and held such office upto 31st December, 2008. He was re-appointed by the Board of GSCL on existing remuneration of Rs.1,50,000/- per month plus retirement and other benefits for a further period of 1 (one) year w.e.f. 1.1.2009 to 31.12.2009, subject to the approval of the shareholders of GSCL and the Central Government.

As per the provisions of the Companies Act, 1956, a person is eligible to act as Managing Director of two companies. However, the remuneration drawn from both the Companies should be within the maximum ceiling limit permissible under Schedule XIII of the Companies Act, 1956.

In view of the ceiling limits applicable in view of inadequacy of profits as computed under Section 349 & 350 of the Act, the remuneration proposed to be paid by the Company and approved by the Remuneration Committee and Board of Directors is as follows:-

Remuneration

Salary

Rs.2,50,000/- (Rupees Two lacs, fifty thousand) per month.

In addition to the above, he shall be entitled to the following perquisites, which will not form part of above limit of salary.

- a) Contribution to Provident fund @ 12% of basic salary,
- b) Superannuation fund/Annuity fund @15% of basic salary,
- c) Gratuity not exceeding half month's salary for each year of completed service, computed as per Payment of Gratuity Act, 1972.

Further Mr. M. S. Gilotra will be entitled to the following benefits in course of discharging the duties and responsibilities.

1. Reimbursement of entertainment expenses incurred for Company's work, subject to maximum of Rs. 15,000 per month on submission of supporting/declaration.
2. Reimbursement of actual expenses incurred for Company's business including travel, hotel and other related expenses for himself and spouse, incurred in India and abroad.
3. Payment of sitting fees as applicable to other directors for attending the meeting of the Board and committee thereof.
4. Encashment of unavailed leave at the end of his tenure.
5. Car with driver and communication facilities at the residence.
6. Reimbursement of expenses incurred in respect of books and periodicals at actuals against submission of supporting/s.
7. Subscription or reimbursement of Club Fees on actual basis.

In addition to the above, Mr. Gilotra will be entitled to the following benefits / facilities or by way of reimbursement, as per Company's rules.

1. Rent free furnished accommodation or house rent in lieu thereof.
2. Reimbursement for gas, electricity, water charges etc.
3. Personal Accident Insurance and Mediclaim insurance for self and family.
4. Medical reimbursement for self and family.
5. Reimbursement of Leave Travel Expenses for self and family.

The above appointment can be terminated by either side by giving three months' prior notice in writing or paying three month's salary in lieu thereof.

Except Mr. M. S. Gilotra, no other Director is concerned or interested in this resolution.

Terms and conditions of appointment and remuneration to Mr. R. K. Poddar, Deputy Managing Director

Mr. R.K. Poddar, aged 56 years, is an experienced Chartered Accountant. He has worked with reputed business houses for over 34 years and has good and varied exposure in Finance and Commercial functions. He has also held various positions at the Senior Management level. He is also Deputy Managing Director of Gujarat Sidhee Cement Ltd (GSCL), an associate company and part of Mehta Group and held such office upto 31st December, 2008. He was re-appointed by the Board of GSCL on existing remuneration of Rs.2,20,000/- per month plus retirement, housing and other benefits for a further period of 1 (one) year w.e.f. 1.1.2009 to 31.12.2009 on the same terms and conditions and remuneration, subject to the approval of the shareholders of GSCL and the Central Government.

As per the provisions of the Companies Act, 1956, a person is eligible to act as Managing Director of two companies. However, the remuneration drawn from both the companies should be within the maximum ceiling limit permissible under Schedule XIII of the Companies Act, 1956.

In view of the ceiling limits applicable in view of inadequacy of profits as computed under Section 349 & 350 of the Act, the remuneration proposed to be paid by the Company and approved by the Remuneration Committee and Board of Directors is as follows:-

Remuneration

Salary

Rs.1,80,000/- (Rupees One lac, eighty thousand) per month.

In addition to the above, he shall be entitled to the following perquisites, which will not form part of above limit of salary.

- Contribution to Provident fund @ 12% of basic salary,
- Superannuation fund/Annuity fund @15% of basic salary,
- Gratuity not exceeding half month's salary for each year of completed service, computed as per Payment of Gratuity Act, 1972.

Further Mr. R.K. Poddar will be entitled to the following benefits in course of discharging the duties and responsibilities.

- Reimbursement of actual expenses incurred for Company's business including travel, hotel and other related expenses for himself and spouse, incurred in India and abroad.
- Payment of sitting fees as applicable to other directors for attending the meeting of the Board and committee thereof.
- Encashment of unavailed leave at the end of his tenure.
- Car with driver and communication facilities at the residence.
- Reimbursement of expenses incurred in respect of books and periodicals at actuals against submission of supporting/s.
- Subscription or reimbursement of Club Fees on actual basis.

The above appointment can be terminated by either side by giving three months' prior notice in writing or paying three month's salary in lieu thereof.

Except Mr. R. K. Poddar, no other Director is concerned or interested in this resolution.

The above may be treated as Memorandum of abstract of the terms and conditions of reappointment as required under Section 302 of the Companies Act, 1956 in respect of Mr. Jay Mehta, Mr. M. S. Gilotra and Mr. R. K. Poddar.

Your Directors recommend the aforesaid resolutions for the approval of the Members.

I. General Information:

1. Nature of Industry	Manufacturers of Ordinary Portland Cement, Portland Pozzalona Cement and Cement Clinker.		
2. Date of commencement of commercial production:	June 1956.		
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. Not applicable.			
4. Financial performance based on given indicators:	2005-06 (12 M)	2006-07 (12 M)	2007-08 (18 M)
	Rs./lacs	Rs./lacs	Rs./lacs
Turnover (Net of Excise)	26012.38	40812.47	71133.49
Profit/Loss before tax	2611.87	2470.71	(5442.94)
Profit/Loss after tax	1397.40	2229.08	(4815.29)
5. Export performance and net foreign exchange collaborations:			
Export of Goods (FOB basis)	13503.32	12855.80	19064.89
6. Foreign investments or collaborators, if any:			
No. of Equity Shares	Nil	Nil	Nil
Equity shareholding (%)	Nil	Nil	Nil

II. Information about the appointee:

1. Background details:

Mr. Jay Mehta, EVC

Mr. Jay Mehta, is B.S. in Industrial Engg. USA, MBA from IMD, Lausanne, Switzerland. He is having vast experience in Cement Industry. He is also Executive Vice Chairman of Gujarat Sidhee Cement Limited.

Mr. M.S. Gilotra, MD

Mr. M.S. Gilotra, is B.E. (Hons) in Mech. Engineering. A technocrat having over 34 years experience in Cement Industry, and has held senior management positions, a large part of which (17 years) was with ACC Ltd. He is also Managing Director of Gujarat Sidhee Cement Limited.

Mr. R.K. Poddar, DMD

Mr. R.K. Poddar is a Chartered Accountant and has worked in various positions at Senior Management level with reputed business houses for over 34 years. He is also Dy. Managing Director of Gujarat Sidhee Cement Limited.

2. Past remuneration from this Company:
(2007-08) (18M) Rs.56.16 lacs

Rs. 53.87 lacs

Rs.15.46 lacs

3. Recognition or award: –

–

All India Merit list of The Institute of Chartered Accountants of India

4. Job profile & his suitability:

Mr. Jay Mehta, as Executive Vice Chairman is responsible for overall management of the Company and is a promoter director.

Mr. M.S. Gilotra, is responsible for Production, Marketing and Overall management.

Mr. R.K. Poddar is responsible for general management, finance & commercial management.

5. Remuneration proposed:

Rs. 2,40,000/- per month *interalia* consisting of Salary, Retirement benefits consisting of PF, Superannuation/Annuity and Gratuity and Reimbursements as applicable as per Company's Rules and other benefits in discharge of day-to-day duties.

Rs. 2,50,000/- per month *interalia* consisting of Salary, Retirement benefits consisting of PF, Superannuation and Gratuity, and Reimbursements as applicable as per Company's Rules and other benefits in discharge of day-to-day duties.

Rs. 1,80,000/- per month consisting of Salary, Retirement benefits consisting of PF, Superannuation and Gratuity and other benefits in discharge of day-to-day duties.

Tenure: 1st January, 2009 to 31st December, 2009.

Tenure: 1st January, 2009 to 31st December, 2009.

Tenure: 1st January, 2009 to 31st December, 2009.

The aforesaid remuneration shall be paid as Minimum Remuneration in case of loss or inadequacy of profits in relevant year during his tenure.

The aforesaid remuneration shall be paid as Minimum Remuneration in case of loss or inadequacy of profits in relevant year during his tenure.

The aforesaid remuneration shall be paid as Minimum Remuneration in case of loss or inadequacy of profits in relevant year during his tenure.

6. Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person. (In case of expatriates the relevant details would be with reference to the country of origin.)

Comparative remuneration profile with respect to industry:

Comparative figures of remuneration to Managing Directors/Executive Directors paid by Companies in India of similar size are given below:

Name of the Company	Turnover Rs. in crores	Salary (Excluding Commission) Rs. in lacs per annum
(i) Madras Cements Limited (2007-08)	1925	43.23
(ii) Prism Cement Limited (2007-08)	876	156.00

The appointees are all residents of India.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel if any.

Mr. Jay Mehta – Promoter Director and
is related to Mr. M.N. Mehta, Chairman

Mr. M.S. Gilotra – Nil

Mr. R.K. Poddar – Nil.

III. Other information:

1. Reasons of loss or inadequate profits.

Due to stagnation of cement demand and natural calamities occurring in Gujarat in the past, there was mismatch in the demand supply conditions and situation of over supply. This resulted in losses in the past.

2. Steps taken or proposed to be taken for improvement.

- a) The Company has set up Captive Thermal Power Plant of 25 MW at its plant to reduce cost of power and this would increase productivity.
- b) The Company has restructured its debts under CDR scheme.
- c) The Company is setting up shed cover for raw materials and fuels.

3. Expected increase in productivity and profits in measurable terms.

- 1) Reduction in cost of energy through procurement of coal/petcoke by 10-15%.
- 2) Reduction in cost of electricity by higher production of Captive Power from Thermal Power Plant by 15-20%.

By Order of the Board of Directors

Place : Mumbai,
Dated : 12th February, 2009.

V.R. MOHNOT
Director (Fin.) & Co. Secretary

Registered Office:
Near Railway Station
Ranavav 360 560
Gujarat.

DIRECTORS' REPORT

Dear Members,

The Directors present the 51st Annual Report, Audited Accounts and Auditors Report for the 18 months period ended on the 31st of December, 2008.

CHANGE OF FINANCIAL YEAR

The Company's financial year was extended to end on the 31st of December each year instead of the 30th of June each year. As a result, the current financial year is for a period of 18 months i.e. 01.07.2007 to 31.12.2008. The Ministry of Corporate Affairs vide its letters dated 14.8.2008 has approved extension of current financial year upto 31st of December, 2008 and extension of time for holding the Annual General Meeting.

FINANCIAL RESULTS

The highlights of the financial results for the period which ended on the 31st of December 2008 (18 months) is given below. However, they are not comparable with the previous year ended on the 30th of June, 2007, which were for 12 months.

Particulars	(In Million Rupees)	
	Current Period 2007-2008 (18 Months)	Previous Year 2006-2007 (12 Months)
Sales & Other Receipts	7286.50	4177.97
Profit before interest, depreciation and exceptional items	551.04	750.37
Interest	559.78	222.69
Profit/(Loss) before depreciation	(8.74)	527.68
Depreciation	267.82	177.60
Profit/(Loss) before exceptional items and deferred tax assets	(276.56)	350.07
Exceptional Item	(267.73)	(103.00)
Deferred Tax Assets/ Provision for Fringe Benefit Tax	(62.76)	24.16
Profit/(Loss) after tax	(481.53)	222.91
Brought forward Profit/(Loss) from earlier years	(1959.33)	(2182.24)
Balance of Profit/(Loss) carried forward	(2440.86)	(1959.33)

DIVIDEND

In view of the losses, the Directors have not recommended any dividend for the year.

INDUSTRY OVERVIEW

During the period under review (18 months ended 31st of December, 2008), cement consumption on All India basis grew by 9 percent to 251.86 million tons from 230.86 million tons during the corresponding period (18 months ended 31st of December, 2007) (Previous Year, 12 months ended 30th of June, 2007 – 152.91 million tons). The installed capacity of the Industry has increased by 17 per cent from 175.92 million tons in July 2007 to 206.96 million tons in December 2008.

Cement consumption in Gujarat shown a pro rata growth of 10 percent to 17.24 million tons during the period under review (18 months ended 31st of December, 2008) from 15.65 million tons during the corresponding period (18 months ended 31st of December, 2007) (Previous Year, 12 months ended 30th of June, 2007 – 10.53 million tons). Exports of cement and clinker from Gujarat were lower at 7.33 million tons during the period under review, as against 9.73 million tons during the corresponding period (18 months ended 31st of December, 2007) (Previous Year, 12 months ended 30th of June, 2007 – 7.23 million tons) due to imposing of ban on exports of cement from India effective April, 2008. However, the Government has since lifted the ban on export of Cement and Clinker.

PERFORMANCE REVIEW

Production and Despatches

The production of Clinker for the period under review was 1.98 million tons as against 1.94 million tons in the corresponding period of 18 months ended 31st of December, 2007. (Previous Year, 12 months ended 30th of June, 2007 – 1.33 million tons). Production of Cement during the period under review was 1.96 million tons as compared to 1.98 million tons in the

corresponding period of 18 months ended 31st of December, 2007. (Previous Year, 12 months ended 30th of June, 2007 – 1.38 million tons). The sale of cement and clinker during the period under review was 2.13 million tons as compared to 2.07 million tons in the corresponding period of 18 months ended 31st of December, 2007). (Previous Year, 12 months ended 30th of June, 2007 – 1.45 million tons).

Exports and Marketing

The Company exported 0.52 million tons of cement and clinker during the period under review as compared to 0.67 million tons in the corresponding period of 18 months ended 31st of December, 2007). (Previous Year, 12 months ended 30th of June, 2007 – 0.54 million tons). In view of the better realization and higher consumption in the domestic market, export of cement and clinker was performed selectively.

PROJECTS

Captive Power Plant

The Company has set up a Captive Thermal Power Plant of 25 MW at its works at Ranavav (Gujarat). The power plant is presently undergoing trial runs. Your Company is expected to save on power cost as planned in the current year.

CORPORATE DEBT RESTRUCTURING

The Company had restructured its debts under the aegis of Corporate Debt Restructuring mechanism (CDR) of Reserve Bank of India. A Scheme of Compromise and Arrangement under Section 391-394 of the Companies Act, 1956 on the lines of the sanctioned CDR scheme has been approved by the Honourable High Court of Gujarat vide its Order dated 24th of December, 2007.

BIFR

The Company was declared as a sick company by the Honourable Board for Industrial & Financial Reconstruction (BIFR) under the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985. The Honourable BIFR vide its Order dated 29th of January, 2008 discharged the company from the purview of the BIFR on the grounds that the company did not fit in the definition of a sick industrial company, since its net worth has become positive as per its audited accounts for the financial year ended on 30th of June, 2007. The Honourable Appellate Authority for Industrial & Financial Reconstruction (AAIFR) vide its subsequent order dated 22nd of May, 2008 remanded the matter to BIFR to reconsider the discharge from the provisions of SICA based on the information submitted by the Company, which is still pending with BIFR.

PUBLIC DEPOSITS

The Company has not invited and/or accepted any deposits, during the period.

CASH FLOW STATEMENT

Cash flow statement pursuant to Clause 32 of the listing agreement is attached herewith.

SUBSIDIARY COMPANIES

Subsidiary companies have closed its financial year to end on 31st of December instead of 31st of March hitherto to comply with the requirement of the provisions of Section 212 (c) & (d) of the Companies Act, 1956. Accordingly, the Balance Sheet, Profit & Loss Account and the Report of the Board of Directors and Auditors as required under Section 212 of the Companies Act, 1956 in respect of subsidiary companies are attached to this Balance Sheet.

CONSOLIDATED FINANCIAL STATEMENT

As required under Clause 32 of the Listing Agreement with the Stock Exchange, the Consolidated Financial Statement has been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by 'The Institute of Chartered Accountants of India'. The Audited Consolidated Financial Statements together with Auditors' Report thereon form part of the Annual Report.

DIRECTORS

The Board of Directors at its meeting held on 25th October, 2008, have approved re-appointment and remuneration of Mr. Jay M. Mehta as Executive Vice Chairman, Mr. M. S. Gilotra as Managing Director and Mr. R. K. Poddar as Deputy Managing Director for a further period of (1) one year from 1st January, 2009 to 31st December, 2009, subject to the approval of members and the Central Government.

During the period under review, IFCL Ltd withdrew their nominee Director, Mr. G. J. Prasad from the Board of Directors of the Company as they had assigned the loan and there was no outstanding.

Mr. Jayant N. Godbole was appointed as Additional Director on the Board w.e.f. 28th April, 2008 and holds office upto the date of ensuing Annual General Meeting and is eligible for re-appointment.

Mr. D. N. Mehta, Dy. Chairman and Mr. Chetan Jain- Nominee Director of India Debt Management Pvt. Ltd. resigned as Director of the Company w.e.f. 25th October, 2008. The Board appreciates the immense contribution made by Mr. D. N. Mehta during his long tenure of 50 years as a member of the Board. Your Company has benefited by his advice, support and guidance as he has taken avid interest on all matters of the Company. The Board places on record its appreciation for their guidance and support rendered by them during their tenure as Directors.

Pursuant to recent amendments made by SEBI to Corporate Governance norms which stipulates that in case of company where Non-Executive Chairman is a promoter or related to promoter group, 50 percent of the Board should consist of independent directors, the Company has appointed (independent) director viz. Mr. Hemnabh Khatau in the casual vacancy caused by resignation of a Director.

Brief resume of the directors proposed to be appointed / re-appointed, nature of their expertise in function of areas and names of directorships/ membership held in other companies, shareholding and trusteeship is provided in Corporate Governance Report attached to this report.

The directors recommend their appointment / re-appointment.

The Board at its Meeting held on 29th January, 2009, has appointed Mr. Devang Gandhi as alternate director to Mr. Hemang D. Mehta.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Bombay Stock Exchange Ltd. (BSE).

AUDITORS

M/s. Bansi S. Mehta & Co., Chartered Accountants, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letter from them that the re-appointment, if made, would be within the prescribed limits under Section 224(1)(B) of the Companies Act, 1956.

AUDITORS' OBSERVATIONS

As regards observations in the annexure to the report, the report is self explanatory and gives factual position which does not require further clarifications.

TAX AUDIT

M/s. Bansi S. Mehta & Co., Chartered Accountants have been appointed to carry out the Tax Audit for the Assessment year 2009-10.

INTERNAL AUDIT

M/s. Pipalia Singhal & Associates, Chartered Accountants, have been appointed to carry out the Internal Audit of the Company for the financial year 2009.

COST AUDITORS

In pursuance to Order No. 52/58/CAB-98 dated 30th October, 1998 issued under Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. V.J. Talati & Co., as Cost Auditors of the Company for the financial year 2009. Certificate of eligibility under Section 224 (1B) has been received.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

INDUSTRIAL RELATIONS

The Company continues to maintain harmonious and cordial relations with the workers.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors') Rules, 1988 the relevant particulars are enclosed in Annexure, forming part of the Report.

CORPORATE GOVERNANCE

A separate report on the Compliance with Clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance and the Auditors' Certificate on its compliance forms part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis is provided in a separate section and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- The financial statements have been prepared in conformity with generally accepted accounting principles and appropriate accounting standards, judgements and estimates that are reasonable and prudent.
- The accounting policies selected and applied consistently to give a true and fair view of the financial statements.
- The Company has implemented internal controls to provide reasonable assurances of the reliability of its financial records, proper safeguarding and use of its assets and detection of frauds and irregularities. Such controls are based on established policies and procedures and are implemented by trained, skilled and qualified personnel with an appropriate segregation of duties. The Company's internal auditors conduct regular internal audits, which complement the internal controls.
- The Directors have prepared the annual accounts on going concern basis.

ACKNOWLEDGEMENT

The Directors wish to thank the Honourable Board of Industrial & Financial Reconstruction (BIFR), the Honourable Appellate Authority for Industrial & Financial Reconstruction (AAIFR), Central Government, Government of Gujarat, Financial Institutions, Bankers, Shareholders, Employees, Stockists, Dealers and all other stakeholders associated with its operations for the co-operation and encouragement extended to the Company.

On behalf of the Board of Directors

Place : Mumbai
Dated : 29th January, 2009

M.N. MEHTA
Chairman

ADDENDUM TO DIRECTORS' REPORT

As per Section 212 of the Companies Act, 1956, the Company is required to attach the directors' report, balance sheet, and profit and loss accounts of the subsidiary companies. The Company had applied to the Government of India seeking an exemption from such an attachment as we present the audited consolidated financial statements in the Annual Report. The Government of India vide its order no. 47/82/2009-CL-III dated 6th February, 2009 has granted exemption from complying with Section 212 (1) of the said Act.

Accordingly, the Annual Report does not contain the financial statements of the subsidiary companies. The financial information of the subsidiary companies as required by the said order, is disclosed on page no. 93 of this Annual Report. The statements of Company's interest in the subsidiaries as at March 31, 2008 and December 31, 2008, prepared in accordance with the provisions of Section 212 of the said Act, are also attached on page nos. 91 & 92 of this Annual Report.

The Company will make available the Annual Accounts of the subsidiary companies to any member on their request and shall also be kept open for inspection by any member at the Registered office of the Company.

On behalf of the Board of Directors

Place : Mumbai
Dated : 12th February, 2009

M.N. MEHTA
Chairman

Annexure to Directors' Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE 18 MONTHS PERIOD ENDED 31.12.2008.

A. CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken

1. Replacement of old separator of Cement Mill No. 4 by new dynamic separator.
2. One VVF drive 300 KW for Cement Mill No. 4 I.D. Fan.
3. One VVF drive 160 KW for VRM classifier.
4. Replacement of old motors (15 nos.) by high efficiency motors.
5. Use of energy efficient lamps by replacing GLS clear lamps with CFL in the plant colony.
6. Installation of CCTV for kiln burning zone.

b. Additional Investment and Proposals, if any, being Implemented for Reduction of Consumption of Energy.

1. Construction of shed for limestone stock pile at Stacker Reclaimer area.
2. Use of variable frequency drive in the fan application in a phased manner.
3. Replacement of old motors by high efficiency motors in a phased manner.

c. Impact of measures at (a) and (b) above for reduction of energy consumption and subsequent impact on the cost of production of goods

1. Reduction in fuel consumption.
2. Reduction in power consumption.

d. Total Energy Consumption and Energy Consumption per unit of production

As per Form "A" annexed.

B. TECHNOLOGY ABSORPTION

Efforts made in Technology are given in prescribed Form B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans:

Quality upgradation and exploring new markets and improving handling and packaging.

- (b) Total Foreign Exchange used and earned:

	Current Period 2007-08 (18 Months) (Rs. in Lacs)	Previous Year 2006-07 (12 Months) (Rs. in Lacs)
Foreign Exchange earned	19,064.89	12,855.80
Foreign Exchange used	3,644.71	3,152.53

On behalf of the Board of Directors

Place : Mumbai
Dated : 29th January, 2009

M.N. MEHTA
Chairman

FORM - A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy.

(A) Power and Fuel Consumption

	Current Period 2007-2008 (18 Months)	Previous Year 2006-2007 (12 Months)
1. Electricity		
a) Purchased		
Unit (KWH) – Lacs	1468.61	882.64
Total Amount (Rs. in lacs) including Fixed Charges	8850.00	5040.89
Variable Cost Per Unit in Rupees	5.36	5.03
b) Own Generation		
i) Through Diesel Generator		
Net Units (KWH) Lacs	448.37	589.75
Units/Ltr. of Furnace Oil	3.79	3.94
Variable total cost per unit in Rupees	6.37	4.67
ii) Through Thermal Power Plant [under trial run]		
Net Units (KWH) Lacs	279.88	–
Rate/Unit (Rs.)	5.18	–
2. Coal, Petcoke		
Quantity (Million K. Cal)	1616726	1076337
Total cost (Rs. lacs)	14191.84	5894.86
Average Rate/Million KCL (Rs.)	877.81	547.68
3. Furnace Oil		
Quantity (K. Ltrs)	12237	15316
Total Amount (Rs. lacs)	2503.90	2432.21
Rupees per litre	20.46	15.88

(B) Consumption per unit of production

	Industry norms		
Electricity (KWH/T of Cement)	110-115	104.84	104.37
Coal/Lignite (Usage in percentage)	17-18	13.63	13.43

FORM - B

A. RESEARCH & DEVELOPMENT

1. Specific areas in which the Company carried out R & D

NIL

2. Benefits derived as a result of above R & D

N.A.

3. Future plan of action

1. Use of alternative/waste derived fuels.
2. Optimization of raw mix design to improve grindability.
3. To identify and reduce transformer and distribution losses.

4. Expenditure on R & D

	Current Period 2007-2008 (18 Months) Rs. in lacs	Previous Year 2006-2007 (12 Months) Rs. in lacs
A. Capital Expenditure	Not Significant	Not Significant
B. Recurring Expenditure	Not Significant	Not Significant
C. Total Expenditure	N.A.	N.A.
D. Total R & D expenditure as a percentage of total turnover.	N.A.	N.A.

B. DETAILS OF TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

1. Replacement of old motors (15 nos.) by high efficiency motors.
2. Use of energy efficient lamps by replacing GLS clear lamps with CFL in colony.
3. Installation of CCTV for kiln burning zone.
4. Installation of shell scanner for on-line kiln shell temperature.
5. Installation of radio communication system at limestone stacker for control signals.

2. Benefits derived as a result of above efforts

1. Optimization of Kiln process.
2. Reduction in fuel consumption.
3. Reduction in power consumption.

3. Information regarding technology imported during last 5 years

Company has not imported any technology during last 5 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

Cement is a core commodity without any substitute. The Indian Cement Industry with an installed capacity of 207 million tons as on 31st December, 2008 ranks second in the world, manufacturing cement conforming to global standards. The demand for cement has grown at compounded average growth rate of nearly 10 percent over the last three years. The Industry has been operating at around 90 percent capacity utilization despite capacity additions of about 31 million tons during the last 18 months. The Government is placing thrust on low cost housing and infrastructure in terms of dedicated rail corridors, roads, highways, power and port projects etc., which will ensure sustained demand for cement. This coupled with the proposed expenditure under the Eleventh Five Year plan is expected to give a fillip to the Cement Industry and absorb the expected capacity additions. Thus, the outlook for the Cement Industry continues to remain stable in the long run.

The Company's primary market, Gujarat, is witnessing significant investments in infrastructure, industrial projects, ports, roads, etc. Intention of investment of over Rs.12,000 billion has been announced under the Vibrant Gujarat initiative of the Government assuming a reasonable demand growth in Gujarat.

Future Outlook

Given the overall economic growth, thrust on infrastructure development and Government's thrust on housing construction, the long-term outlook of Cement Industry looks stable and expected to grow in line with the GDP growth. It is expected that new capacity will be installed in line with the growth in demand. However, the short-term imbalance of demand and supply of cement is inevitable when the new capacities come on stream.

Opportunities and Threats

The Eleventh Five Year plan estimates growth in domestic cement consumption between 10 percent to 11.5 percent per annum. Historically the growth rate for cement consumption in Gujarat is about 20-25 percent higher than that for All India cement consumption. The Government has recently imposed Countervailing Duty (CVD) and Special Additional Duty (SAD) on import of cement and on the other hand, Government has not only withdrawn the ban on export of cement but also announced more incentives on export of cement. The Government has already announced two stimuli packages with special thrust on housing and infrastructure. Further, Reserve Bank of India has directed the Banks to reduce the lending rate on the housing loans which is expected to boost construction and thereby cement demand. All these are expected to provide opportunities to the Company to improve its market distribution and realisations.

The substantial increase in the cost of inputs such as coal, fuel, transportation etc., witnessed in the last year have proved to be temporary aberrations and the industry is now witnessing corrections in these areas. The Government has also reduced excise duty on cement.

The Company has installed a 25 MW Captive Thermal Power Plant to reduce the cost of power. The commercial production from the power plant is expected shortly, which will substantially improve the Company's profit margins.

Global Economic Situation

In view of the recessionary trends around the globe and specially some of the countries where your company exports its products, there is a down turn. Your Company has chalked out its strategy to find an alternate market and efforts to reduce the cost of manufacture, transportation and other overheads. These efforts are expected to help your company to partly off set the tight economic conditions in the recessionary environment.

Segment Review and Analysis

The Company has a single segment, which is cement. However the company produces a variety of cement products, which include Ordinary Portland cement, (OPC), and Portland Pozzolana Cement (PPC) and Sulphate Resistant Cement (SRC), which are well accepted in the domestic as well as export markets.

Risks and Concerns

The real estate sector is going through a challenging phase. Export of cement may be affected in short term considering global economic meltdown. New production capacities as and when materialise may cause temporary aberration in the price realization. However, the planned infrastructure development including housing is expected to mitigate the impact. Further, Government policies have direct impact on over 50 percent of the cost of sales. Thus the Government policies would continue to have bearing on the Company's performance.

Internal Control systems and their adequacy

The Company has an adequate system of internal controls. The internal auditor reviews the effectiveness and efficiency of the systems. The management periodically reviews the reports of the internal audit highlighting suggested improvements, cost control measures and need of policy modification and assuring its adherence. The audit committee reviews the financial results, adequacy of disclosures and adherence of accounting principles. The corrective steps and suggestions of the audit committee are implemented and the internal auditor reviews the same and reports of any deviations and other recommendations to formulate management policies and risk management procedures.

Human Resource Development / Industrial Relations

The Company recognises that employees form the backbone of the organization for attaining the strategic goals, enhancing stakeholders value and achieving growth hinges on the ability of the Company to attract, retain and develop skills. The Company believes that learning is a never ending process and thus provides training to acquire new skills, upgradation of knowledge and expertise and increase one's performance. It is also a great motivational tool as it recognises the employee can deliver better performance.

The Company has adopted the Code of Conduct for inclusiveness of socially and economically backward SC and ST communities in employment and has communicated to the Associated Chambers of Commerce & Industry of India (ASSOCHAM). The same is also incorporated in the HR policy and communicated to all its senior executives.

The industrial relations at the plant were cordial.

The Company had 536 permanent employees as on 31.12.2008.

Corporate Social Responsibility**Social Accountability:**

The Company believes that in providing basic Health care facilities and Education would bring about general upliftment in the lives of the people.

Health Care

SCL plant has a health care center providing medical aid to the Company's employees and the family members, workers as well as patients from the nearby areas. The Plant conduct various Immunization programmes, family welfare education, health care, safety as well as various periodical health check-up and first aid training programmes for employees and workers.

Education:

The Company's plant has a full-fledged primary school for the children of the employees and local people staying in nearby areas. In order to enable the children studying in English medium schools or colleges in Porbander, the Company provides school bus facility.

Afforestation:

The Company is committed to the protection of environment and maintenance of biodiversity. A green belt has been developed in the plant and nearby areas. During the period over 10000 saplings were planted at various places in the plant and mines area. The plant has also carried out rain water harvesting and this has increased ground water resources besides providing greenery.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. The Statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply position, raw material cost and availability, changes in Government regulations and tax structure, economic development in India.

The Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information or events.

On behalf of the Board of Directors

CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement executed with the Stock Exchange, the Company's policies on the Corporate Governance and due Compliance report on specific areas wherever applicable for the 18 months period ended 31st December, 2008 is given hereunder:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

A good corporate governance process means strengthening internal control systems and building relationship with all stakeholders, including employees and shareholders. The Company's governance philosophy rests on protection of rights and interests of stakeholders, equality in their treatment, disclosure of timely and accurate information, strategic guidance and effective monitoring by the Board and the Board accountability to Company and its shareholders. In this context, the Company has been making significant disclosures on the Board composition and functioning, management thoughts on the performance and outlook from time to time.

2. BOARD OF DIRECTORS:

(i) Composition (as on 31.12.2008)

The Board of Directors consists of professionals drawn from diverse fields with a combination of Executive and Non-Executive Members. The Board consists of 15 (fifteen) Directors out of which 7 (seven) directors are Independent Directors.

(ii) Meetings of the Board of Directors

During the financial period under review, 8 Board Meetings were held on the following dates:

Sr. No.	Date of Board Meeting	Board Strength	No. of Directors present
1.	30.07.2007	16	12
2.	16.08.2007	16	11
3.	30.10.2007	16	11
4.	20.11.2007	16	11
5.	29.01.2008	15	12
6.	28.04.2008	16	14
7.	29.07.2008	16	10
8.	25.10.2008	15	13

(iii) Attendance and other Directorships

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various companies.

The details of Directorship and attendance at Board Meeting & Annual General Meeting is given below.

Sr. No.	Directors	Category of Directorship @	Board Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Board committees in which Member/Chairman
1.	Mr. M.N. Mehta (Chairman)	NED (P)	4	No	10	-
2.	Mr. D.N. Mehta (Dy. Chairman) (resigned on 25.10.2008)	NED (P)	4	No	5	-
3.	Mr. Jay M. Mehta (Exec. Vice Chairman)	ED (P)	8	No	14	1
4.	Mr. M.S. Gilotra (Managing Director)	ED	7	No	2	1
5.	Mr. Raj K. Poddar (Dy. Managing Director)	ED	8	No	2	1

Sr. No.	Directors	Category of Directorship @	Board Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Board committees in which Member/Chairman
6.	Mr. H.D. Mehta	NED (P)	3	No	6	-
7.	Mr. S.V.S. Raghavan	NED (I)	7	No	2	-
8.	MR. M.N. Rao**	NED (I)	8	Yes	5	3
9.	Mrs. Savita V. Pittie	NED (I)	8	No	5	-
10.	Mr. B.P. Deshmukh	NED (I)	7	Yes	2	-
11.	Mr. K.N. Bhandari	NED (I)	7	No	6	-
12.	Mr. G.J. Prasad*	NED	3	No	3	-
13.	Mr. Anish Modi (Nominee – IDM)	NED (NI)	8	No	8	3
14.	Mr. Alexander Shaik (Nominee – IDM)	NED (NI)	2	No	3	2
15.	Mr. Denys Firth (Nominee – IDM)	NED (NI)	1	No	7	2
16.	Mr. Chetan Jain (Nominee – IDM) (resigned on 25.10.2008)	NED (NI)	7	No	2	2
17.	Mr. Jayant. N. Godbole	NED (I)	2	No	11	-
18.	Mr. Hemnabh R. Khatau (appointed in casual vacancy caused on resignation of Director)	NED (I)	1	No	3	-

@NED (P) – Non-Executive Director – Promoter Group

NED (I) – Non-Executive Director – Independent

NED (NI) – Non-Executive Director – Non-Independent

ED (P) – Executive Director (Promoter)

ED – Executive Director

*Nomination as Nominee Director withdrawn by IFCI.

** Chairman of Audit Committee

Notes:

1. Number of directorships/memberships held in other companies excludes directorships in companies under Section 25 of the Companies Act, 1956, membership of managing committees of various chambers/bodies and alternate directorships.
2. An Independent Director is a Director who apart from receiving directors sitting fees does not have any material pecuniary relationship or transactions with the Company, its promoters, or its management or its subsidiaries, which may affect his/her independence.

Information to the Board of Directors

The following information is placed before the Board:

- Annual Revenue Budget and Capital Expenditure plans.
- Quarterly and annual financial results and operational performance.
- Financing plans of the Company.
- Minutes of Meetings of Audit, Remuneration Committee, Executive Committee, Finance & Legal Committee, Security Transfer and Shareholders Grievance Committee and of Subsidiary Companies.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollutions problems.
- Any material or default, in meeting any financial obligation to and by the Company or substantial non-payment of goods sold, services rendered, if any.

- Any issue, which includes possible public or liability claims of substantial nature, including any judgement or order, if any which may have passed strictures on the Company.
- Developments in respect of Human Resources.
- Compliance or Non-compliance of any Regulatory, Statutory or Listing requirement and Investor services such as non payment of dividend, delay in share transfer etc.

(iv) Appointment / Re-appointment of Directors

Appointment

Mr. Jayant N. Godbole, aged 63 years, is a B.Tech (Hons), IIT (Powai) and holds Certificate of Financial Management from Jamnalal Bajaj Institute of Management Studies and had retired as Chairman & Managing Director of IDBI. He has vast knowledge and enriched experience in his field. He is Director on the following companies.

- Emmelen Biotech Pharmaceuticals Ltd.
- Technocraft Industries (I) Ltd.
- J. K. Cements Ltd.
- Gilander Arbhutnot Ltd.
- I M P Powers Ltd.
- Emami Papers Mills Ltd.
- Unitex Designs Ltd.
- The Oudh Sugar Mills Ltd.
- Madhya Bharat Papers Ltd.
- Zuari Industries Ltd.
- Jay Kay Cem Ltd.

He is not holding any shares in the Company.

Re-appointment of Directors

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under:-

1. Mr. S. V. S. Raghavan, IAS (Retd) aged 78 years, has been conferred Padmashri by Government of India for his excellent services. He retired as Chairman of MMTC and was Director on BHEL and STC, reputed Government of India undertakings and was Ex-Chairman of Competition Commission of India. He is Director of the following companies.

- Gujarat Sidhee Cement Limited
- Fullerton India Credit Co. Ltd

He is not holding any shares in the Company.

2. Mr. M. N. Rao, aged 72 years, is Science Graduate and Mechanical Engineer. He has worked with IDBI and has wide experience in cement industry. He is Director on the following companies.

- Jaya Diagnostic & Research Centre Ltd.
- VBC Ferroalloys Ltd.
- Saishakti Projects Pvt. Ltd.
- Saishakti Infrastructure Pvt. Ltd.

He is not holding any shares in the Company.

3. Mrs. Savita V. Pittie, aged 79 years, is Post Graduate in Economics and has got wide and varied experience in Trade and Industry. She is Director on the following companies.

- Pranay Holdings Limited
- Prachit Holdings Limited

- Ria Holdings Limited
- Reeti Investments Limited
- Agrima Consultants International Ltd.

She is not holding any shares in the Company.

4. Mr. Denys Calder Firth, aged 57 years, holds a BA in Physics of Oxford University, England. He is Chief Operating Officer and a member of ADM Capital's Investment Committee. He was Managing Director of Morgan Stanley responsible for International New Issues, Derivatives and Structured Finance in London. He is Director on the following companies.

- India Debt Management Pvt. Ltd.
- Tarang Advisory P. Ltd.
- Brandhouse Retails Ltd.
- Meta Copper & Alloys Ltd.
- Meta Holdings Service Pvt. Ltd.
- S. Kumar Nationwide Ltd.
- Kitply Industries Limited.

He is not holding any shares in the Company

(v) Re-appointment of Whole-time Directors

1. Mr. Jay Mehta, aged 48 years, has done B.S. (Industrial Engineering) from Columbia University, New York, U.S.A and has completed his MBA, IMD from Lausanne, Switzerland in 1991. Mr. Jay Mehta was earlier Vice President (Technical) of the Company. He is also Executive Vice Chairman of Gujarat Sidhee Cement Limited. He is Director on the following companies.

- Pranay Holdings Limited
- Prachit Holdings Limited
- Ria Holdings Limited
- Reeti Investments Limited
- Agrima Consultants International Limited
- ADF Foods Ltd.
- Mehta Pvt. Ltd.
- Sujata Motors (I) Pvt. Ltd.
- Villa Trading Co. Pvt. Ltd.
- Galaxy Technologies P. Ltd.
- Omna Exports Pvt. Ltd.
- Arlightz & Films Pvt. Ltd.
- Concorde Cement P. Ltd.
- Good Karma Furnishings Pvt Ltd.

He holds 14,630 equity shares of the Company.

2. Mr. M.S. Gilotra, aged 58 years, has done B.E. (Hons.) in Mechanical Engineering & has 34 years of experience in cement industry. He is also Managing Director of Gujarat Sidhee Cement Limited and Director of Concorde Cement P Ltd.

He is not holding any shares in the company.

3. Mr. R.K. Poddar, aged 56 years, is a Chartered Accountant. He has worked with reputed business houses for over 34 years and has good and varied exposure in Finance and Commercial functions. He has also held various positions at the Senior Management level. He is also Deputy Managing Director of Gujarat Sidhee Cement Limited and Director of Concorde Cement P. Ltd.

He is not holding any shares in the company.

3. AUDIT COMMITTEE

The Audit Committee of the Board comprises of four members viz. Mr. M.N. Rao, Mr. S.V.S. Raghavan, Mrs. Savita Pittie and Mr. Anish Modi. Mr. M.N. Rao is the Chairman of the Audit Committee. The Executive Vice Chairman, Managing Director and Dy. Managing Director are permanent invitees. Mr. V. R. Mohnot, Director (Finance) & Company Secretary acts as Secretary to the Audit Committee. Mr. M. N. Rao, Chairman of the Audit Committee was present at the last AGM.

Terms of reference

Keeping in view the provisions of Section 292A of the Companies Act, 1956 and matters specified under Clause 49 of the Listing Agreement with Stock Exchange, terms of reference of the Audit Committee are as under:

- (i) To recommend appointment of statutory auditors, internal auditors, cost auditors and fixation of their remuneration.
- (ii) To review internal audit reports and decide about the scope of work.
- (iii) To review with statutory and internal auditors their findings, suggestions and other related matters.
- (iv) To review financial statements and to seek clarifications etc. from the statutory/internal auditors.
- (v) To review the adequacy of internal control system.
- (vi) To review Company's accounting and risk management policies.
- (vii) To act as a link between the Statutory and Internal auditors and the Board of Directors.
- (viii) To review the financial statements before submission to the Board of Directors.

The Audit Committee meetings were held on 30.07.2007, 30.10.2007, 20.11.2007, 29.01.2008, 28.04.2008, 29.07.2008 & 25.10.2008. Partners/representative from M/s. Pipalia Singhal & Associates – Internal Auditor and M/s. Bansi S. Mehta & Co., Statutory Auditors and M/s. V.J. Talati & Co., Cost Auditor also attended some meetings.

Details of Audit Committee Meetings attended by the Audit Committee Members are given below:

Sr. No.	Members of Audit Committee	No. of meeting held	No. of meeting attended
1.	Mr. M.N. Rao (Chairman)	7	7
2.	Mr. S.V.S. Raghavan (Member)	7	7
3.	Mrs. Savita Pittie (Member)	7	6
4.	Mr. Anish Modi (Member)	7	7

The Minutes of the Audit Committee Meetings are circulated and noted by the Board of Directors at the subsequent Board Meeting.

4. REMUNERATION COMMITTEE

(i) Composition

The Remuneration Committee comprises of three independent directors viz. Mr. S. V. S. Raghavan, Mrs. Savita Pittie and Mr. M. N. Rao. Mr. Raghavan is the Chairman of the Remuneration Committee. The Remuneration Committee's terms of reference is (a) Review and recommend the appointment and remuneration of Executive Directors and (b) to periodically review the remuneration package and recommend suitable revision to the Board of Directors.

During the period under review, two meetings of Remuneration Committee were held on 16.8.2007 and 25.10.2008. Details of Remuneration Committee meetings attended by the members are given below:

Sr. No.	Members of Remuneration Committee	No. of meeting held	No. of meeting attended
1.	Mr. S.V.S. Raghavan (Chairman)	2	1
2.	Mrs. Savita Pittie (Member)	2	2
3.	Mr. M.N. Rao (Member)	2	2

(ii) **Details of Remuneration of Directors paid for the period 2007-2008: (18 Months)**

Executive Directors:

Name	Salary & Allowances (Rs.)	Contribution to PF/Superannuation	Others (Sitting Fees)	Total (Rs.)
Mr. Jay M. Mehta, Executive Vice Chairman	45,56,530	10,59,228	1,20,000	57,35,758
Mr. M.S.Gilotra, Managing Director	43,12,388	10,75,210	1,40,000	55,27,598
Mr. Raj K Poddar, Deputy Managing Director	8,39,055	7,07,052	1,40,000	16,86,107

Mr. Jay Mehta, Mr. M.S.Gilotra and Mr. R. K. Poddar have been re-appointed as Executive Vice Chairman, Managing Director and Deputy Managing Director of the Company respectively w.e.f. 1.1.2009 to 31.12.2009 by the Board at its meeting held on 25.10.2008. Mr. Jay Mehta, Mr. M.S.Gilotra and Mr. R. K. Poddar are also Executive Vice Chairman, Managing Director and Deputy Managing Director respectively of Gujarat Sidhee Cement Limited an associate company and part of Mehta Group and draw remuneration from that Company. However, in view of inadequacy of profits, the total remuneration drawn from both the companies is subject to the ceiling limit of Rs.4,00,000 per month per managerial personnel plus retirement and other benefits as per Schedule XIII of the Act and as approved by the Shareholders and the Central Government.

The respective appointment can be determined by either side giving 3 months' prior notice in writing or paying three months' salary in lieu thereof.

Non-Executive Directors

Sr. No.	Name of the Directors	No. of Board meeting attended	No. of Committee meetings attended	Total	Amount of Sitting fees paid (Rs.)
1.	Mr.M.N. Mehta (Chairman)	4	-	4	80,000
2.	Mr.D.N. Mehta (Dy. Chairman) (resigned on 25.10.2008)	4	-	4	80,000
3.	Mr. H.D. Mehta	3	-	3	60,000
4.	Mr. S.V.S. Raghavan	7	8	15	3,00,000
5.	Mr. M.N. Rao	8	9	17	3,40,000
6.	Mrs. Savita V. Pittie	7	15	22	4,40,000
7.	Mr. B.P. Deshmukh	7	-	7	1,40,000
8.	Mr. K.N. Bhandari	7	-	7	1,40,000
9.	Mr. G.J. Prasad (Nomination withdrawn by IFCI)	3	-	3	60,000
10.	Mr. Anish Modi	8	8	16	3,20,000
11.	Mr. Alexander Shaik	2	-	2	40,000
12.	Mr. Denys Firth	1	-	1	20,000
13.	Mr. Chetan Jain (resigned on 25.10.2008)	7	-	7	1,40,000
14.	Mr. Jayant N. Godbole	2	-	2	40,000
15.	Mr. Hemnabh Khatau (appointed in casual vacancy caused on resignation of Director)	1	-	1	20,000

The Company has not issued any Stock Options to the Directors and Employees during the financial period ended 31st of December, 2008 or any time in the past.

5. SECURITY TRANSFER AND SHAREHOLDERS GRIEVANCE COMMITTEE

The Company has a Security Transfer & Shareholders Grievances Committee of Directors. It looks into the aspect of transfers/ transmissions/demat/ remat of shares issued by the Company, issue of duplicate certificates, issue new certificates after split/ consolidation/ renewal & redressal of investor complaints.

The Committee comprises of Mr. Jay M. Mehta – Executive Vice Chairman, Mrs. Savita Pittie – Director, Mr. M.S. Gilotra – Managing Director, Mr. R.K. Poddar – Dy. Managing Director. Mr. V. R. Mohnot, Director (Finance) & Company Secretary is the Compliance Officer.

During the period, the Committee held 7 meetings on 30.07.2007, 10.08.2007, 30.10.2007, 29.01.2008, 28.04.2008, 29.07.2008 & 25.10.2008. Details of the meetings attended by the members are given below:

Sr. No.	Members of Security Transfer and Shareholders Grievance Committee	No. of meetings held	No. of meetings attended
1.	Mrs. Savita Pittie (Chairperson)	7	6
2.	Mr. Jay Mehta (Member)	7	7
3.	Mr. M.S. Gilotra (Member)	7	6
4.	Mr. R.K. Poddar (Member)	7	7

The details of complaints attended by the Company's Registrars during the period was as under:

No. of complaints received	No. of complaints redressed	No. of complaints pending
163	163	Nil

The minutes of the Security Transfer and Shareholders Grievance Committee is noted by the Board of Directors at the subsequent Board Meeting.

6. GENERAL BODY MEETINGS:

(i) Annual General Meetings

The details of General Meetings of the Company held in last three years.

Financial Year	Date	Time	Venue	Dividend declared
2006-07	21.12.2007	10.30 a.m.	Registered Office of the Company	Nil
2005-06	11.12.2006	10.30 a.m.	-do-	Nil
2004-05	19.12.2005	10.00 a.m.	-do-	Nil

(i) Extra-ordinary General Meetings

The details of Extra-ordinary General Meetings of the Company held in last three years.

Financial Year	Date	Time	Venue
2005-2006	07.02.2006	10.30 a.m.	Registered Office of the Company

(iii) Special Resolutions:

Special Resolutions for the following matters were passed at the above General Meetings.

Sr. No.	Date of the meeting	Subject matter of Special Resolution
1.	AGM held on 11.12.2006	Resolution u/s 81 (1A) of the Companies Act, 1956 approving allotment of Equity shares to the lenders / debentures holders (acceding lenders) upto 10% of the principal amount due to the lenders, on exercise of option of conversion under the approved CDR scheme.
2.	EGM held on 07.02.2006	Resolution u/s 81(1A) of the Companies Act, 1956 for issue of Convertible Debentures (CDs) and Equity Warrants.

7. DISCLOSURES:

a) Transactions with Related Party/Material Nature

During the period there were no transactions of material nature with the Promoters, the Directors, Management or the subsidiaries or relatives of the Directors that had potential conflict with the Company. Transactions with related parties are mentioned in Note No. 19 of Schedule J of Notes on Accounts.

b) Penalties & Strictures

- There were no instances of non-compliance on any matter related to the capital markets, during the last three years.
- No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.

c) Related Party Transactions

The details of all transactions with related parties are placed before the Audit Committee and the Board.

d) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards as notified under Companies (Accounting Standards) Rules 2006, as applicable.

e) Disclosure on Risk Management

The Company has laid down procedure on the risk assessment and minimization procedures, which is periodically reviewed by the Company.

f) Code of Conduct

The Board has formulated a model Code of Conduct for the Board Members and Senior Management of the Company. The Board members and senior management personnel have affirmed their compliance with the code and a declaration signed by them was placed before the Board.

g) CEO/CFO Certification

A CEO/CFO certificate on the financial statements of the Company pursuant to Clause 49 of the listing agreement was placed before the Board.

h) Group

The Company is a part of Mehta Group. The following Companies exercise control over the Company, and they constitute the Group as defined under Section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969.

1. Pranay Holding Limited	13. Fern Trading Co. Pvt. Limited
2. Prachit Holding Limited	14. Willow Trading Co. Pvt. Limited
3. Ria Holdings Limited	15. Tejashree Trading Co. Pvt. Limited
4. Reeti Investments Limited	16. Pallor Trading Co. Pvt. Limited
5. Sameta Exports Pvt. Limited	17. Villa Trading Co. Pvt. Limited
6. Agrima Consultants International Limited	18. The Mehta International Ltd.
7. Concorde Cement P. Ltd.	19. TransAsia Investments and Trading Limited
8. Mehta Private Limited	20. Aber Investments Limited
9. Gujarat Sidhee Cement Limited	21. Clarence Investments Limited
10. Jagmi Investments Limited	22. Glenn Investments Limited
11. Sierra Development Limited	23. Hopgood Investments Limited
12. Fawn Trading Co. Pvt. Limited	

Apart from the above, the following companies being holding companies of one or more of the above companies may be treated as indirectly holding the equity shares of Saurashtra Cement Limited.

1. Romer Ltd.	3. Industrial Constructions Limited
2. Sampson Limited	4. Beverly Investment Inc.

8. MEANS OF COMMUNICATION:

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These results are published in Jaihind, Rajkot Edition in Gujarat and in Indian Express, Ahmedabad & Mumbai. The Company has not sent the half yearly report to each household of shareholders. The Company has not made any presentation to the Institutional Investors or Analysts. These results are simultaneously posted on the website of the Company at <http://www.mehtagroup.com> and Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI.

9. **GENERAL SHAREHOLDERS INFORMATION:**

Board Meeting for consideration of

i)	Audited results for the Financial Year ended 31st December, 2008	Thursday, the 29th January, 2009
ii)	Unaudited results for quarters ending 31.03.2009, 30.06.2009, 30.09.2009, 31.12.2009	Within one month from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchange
iii)	Annual General Meeting is proposed to be held	Thursday, the 19th March, 2009
iv)	Date of Book closure	Friday, the 13th March, 2009 to Thursday, the 19th March, 2009 (both days inclusive)

v) **Listing of equity shares on Stock Exchange at:**

Sr. No.	Name(s) of the Stock Exchange	Stock Code
a)	The Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	502175 Demat ISIN No. INE 626A01014

vi) **Listing Fees:**

The Company has paid Listing Fees for the financial year 2008-2009 to the Bombay Stock Exchange Ltd., (BSE), where the Company's shares are listed. The Company has paid Annual Custody fees to National Securities Depository Limited and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts as on 31st March, 2008.

vii) **Registrar & Share Transfer Agent:**

The Company has appointed M/s. Link Intime India Pvt Ltd (formerly M/s.Intime Spectrum Registry Limited) as Registrar and Transfer Agent for transfer of securities held in physical form. The Registrar also accepts and attends to complaints of investors. Their complaints are given top priority by them and are replied promptly.

No complaint is pending from the share holders / investors relating to transfer of shares as on 31.12.2008.

viii) **Share Transfer System**

The share transfer in physical form are processed by the Registrars and Transfer Agents and the share certificates are returned duly transferred within a period of 15 to 20 days from the date of receipt, provided that the documents are found to be in order.

The shares held in demat form are transferred electronically through the depositories, CDSL & NSDL.

ix) **Distribution of Shareholding as on 31st December, 2008:**

No. of equity shares held	No. of shareholders	%	No. of shares held	%
1 – 500	7785	90.80	833005	1.63
501 – 1000	346	4.04	286491	0.56
1001 – 2000	179	2.09	266587	0.52
2001 – 3000	65	0.76	172082	0.34
3001 – 4000	39	0.45	139213	0.27
4001 – 5000	29	0.34	134731	0.26
5001 – 10000	45	0.52	320244	0.63
10001 – above	86	1.00	49038712	95.79
Total	8574	100.00	51191065	100.00

x) **Shareholders Profile as on 31st December, 2008:**

Category	No. of shareholders	%	No. of shares held	%
Resident Indian & Bodies Corporate	8050	93.89	6100657	11.92
NRIs	490	5.72	350130	0.68
FIs	5	0.06	332010	0.65
Financial Institutions	12	0.14	1386915	2.71
Banks	8	0.09	552087	1.08
Foreign Companies/Overseas Corporate Bodies	9	0.10	42469266	82.96
Total	8574	100.00	51191065	100.00

xi) **Dematerialization of shares:**

As on 31st December, 2008, 4,62,05,916 equity shares constituting 90.26% of the Company's total share capital were held in dematerialized form with the depositories NSDL and CDSL.

xii) **Stock Market price data for the period 2007–2008:**

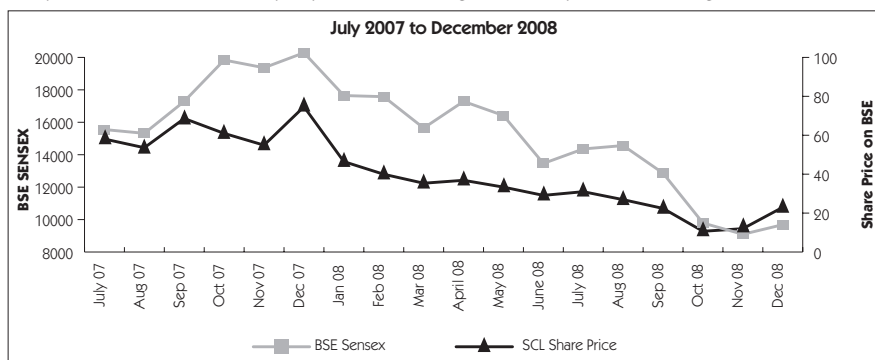
The high and low prices of the Company's share of the face value of Rs.10/- each on Bombay Stock Exchange Ltd. from July 2007 to December 2008 are as under:-

In rupees

Month	High	Low	Closing price
July 2007	65.00	50.00	58.05
August 2007	65.40	48.85	53.60
September 2007	76.00	48.00	68.80
October 2007	71.80	58.00	60.95
November 2007	62.30	52.00	54.90
December 2007	75.90	53.00	74.65
January 2008	79.00	41.25	46.45
February 2008	51.90	37.10	39.95
March 2008	45.00	30.10	35.35
April 2008	40.00	30.00	36.85
May 2008	37.00	32.05	33.35
June 2008	36.00	24.95	29.10
July 2008	39.15	24.00	31.00
August 2008	34.45	26.00	26.90
September 2008	28.00	19.50	22.40
October 2008	23.00	9.95	10.65
November 2008	15.30	9.27	12.00
December 2008	24.32	10.00	21.35

xiv) **Stock Performance (Indexed)**

The performance of the Company's shares relating to Bombay Stock Exchange (BSE) Sensex is given in the chart below:-



Plant Location:

Near Railway Station, Ranavav, Gujarat 360 560.

xv) **Address for correspondence:**

1. Registered Office: Near Railway Station, Ranavav – 360 560, Gujarat.
2. Corporate Office: Share Department, 2nd Floor, N.K. Mehta International House, 178 Backbay Reclamation, Mumbai 400 020. E-mail id: scl-mum@mehtagroup.com

Shareholder correspondence should be addressed to Registrars & Transfer Agent:

M/s. Link Intime India Pvt Ltd
(formerly M/s. Intime Spectrum Registry Limited)
(Unit: Saurashtra Cement Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
Tel.: 022- 25963838, Fax: 022-25946969
Contact Person: Mr. Sharad Patkar

A separate E-mail id: sclinvestorquery@mehtagroup.com has been created specifically for investor query/complaints.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant (DP) regarding change of address, Bank Account, Bank nomination details etc.

10. NON-MANDATORY REQUIREMENTS:

(a) **Chairman's Office:**

The Corporate Office of the Company supports the Chairman in discharging the responsibilities.

(b) **Shareholders Rights**

As the Company's quarterly/annual financial results are published in English Newspaper having circulation all over India and in a Gujarati Newspaper widely circulated in Gujarat, the same are not sent to each shareholder.

(c) **Training to Board Members:**

The Company's Board of Directors comprise of professionals with expertise in their respective fields and industry. They endeavour to keep themselves abreast with changes in economy and various legislations. They attend seminars/orientation courses to keep themselves updated with the changes in business environment.

(d) **Mechanism for evaluating performance of Non-Executive Board Members:**

The Company does not have a mechanism to evaluate the performance of the Non-Executive Directors of the Company.

(e) **Postal Ballot**

The provisions relating to Postal Ballot will be complied with in respect of matters, where applicable.

(f) **Whistle Blower Policy**

The Company, at present, has not adopted any Whistle Blower Policy.

(g) **Code for Prohibition of Insider Trading**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code for Prevention of Insider Trading". Mr. V. R. Mohnot, Director (Finance) & Company Secretary is the "Compliance Officer". The Code is applicable to all Directors and designated employees.

On behalf of the Board of Directors

Place : Mumbai,
Dated : 29th January, 2009.

M.N. MEHTA
Chairman

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management have confirmed compliance with the Code of Conduct and Ethics for the financial period (18 months) ended 31st December, 2008.

On behalf of the Board of Directors

Place : Mumbai,
Dated : 29th January, 2009.

M.N. MEHTA
Chairman

Auditors' Certificate on compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of Saurashtra Cement Limited

We have examined the compliance of the conditions of Corporate Governance of **SAURASHTRA CEMENT LIMITED** ("the Company") for the eighteen month's period ended on December 31, 2008 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and noted by the Board of Directors / Security Transfer and Shareholders Grievances Committee.

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

For **Bansi S. Mehta & Co.**
Chartered Accountants

A. R. Desai
Partner

Membership No. F-8204

Place : Mumbai

Dated : January 29, 2009

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of **SAURASHTRA CEMENT LIMITED** ("the Company") as at December 31, 2008, the annexed Profit and Loss Account of the Company for the eighteen months period ended on that date, and also the Cash Flow Statement of the Company for the eighteen months period ended on that date, all of which we have signed under reference of this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act") and on the basis of such checks as we considered appropriate, we enclose in an Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 such books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable.
 - e) Based on the written representations / information received from Directors and taken on record by the Board of Directors, none of the Directors is prima facie, disqualified from being appointed as a Director in terms of the provisions under Clause (g) of sub-section (1) of Section 274 of the Act as on December 31, 2008.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon, including Note 21 of Schedule 'J' of Notes on Accounts, adverting to accounting for Deferred Tax Asset of Rs. 8097.89 lacs, based on the position set out therein, give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India.
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2008;
 - b) In the case of the Profit and Loss Account, of the loss for the eighteen months period ended on December 31, 2008; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the eighteen months period ended on December 31, 2008.

For **Bansi S. Mehta & Co.**
Chartered Accountants

A. R. Desai
Partner

Membership No. F-8204

Place : Mumbai
Dated : January 29, 2009

Annexure to the Auditors' Report

(Referred to in paragraph 1 of the report)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of most of the fixed assets.
- (b) During the period, most of the fixed assets of the Company have been physically verified by the management and no material discrepancy is stated to have been noticed on such verification.
- (c) Fixed assets disposed off during the period were not substantial.
- (ii) (a) During the period, the management has conducted physical verification in respect of major portion of inventory at reasonable intervals. Stocks in transit and items lying with third parties (for which confirmations have been obtained in most cases) have not been verified.
- (b) In our opinion, 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. In our opinion and according to the information and explanations given to us, the discrepancies noticed on physical verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has advanced interest free loans to its subsidiaries and interest bearing loans to employees **and other parties** in earlier years.
- (c) As regards loans / interest free advances to subsidiaries the principal amounts are repaid as stipulated. The employees have been regular in repaying the principal amounts and interest thereon as stipulated. **The other parties to whom such loans are given have not been regular in repaying the principal amounts and interest thereon as stipulated and / or specifically rescheduled.**
- (d) In respect of overdue amount of more than Rs.1 lac, the Company has sought and obtained balance confirmation from the respective party.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (f) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, the question of the rate of interest and other terms and conditions of loans taken being prima facie prejudicial to the interest of the Company does not arise.
- (g) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, the question of regularity of payment of principal amount and interest does not arise.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and services. During the course of our audit, no major weaknesses have been noticed in these internal controls. The internal control systems and procedures for purchases of capital items and certain marketing related services are being strengthened.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) No fresh deposit has been invited from public during the period. As legally advised, the Company considers security deposits received from stockists and transporters as security for proper fulfillment of the contracts and advances received from customers as falling outside the purview of Section 58A of the Act. Subject to the above, in our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by

the Reserve Bank of India and the provisions of Section 58A and 58AA or any applicable provisions of the Act and the rules framed thereunder with regard to deposits accepted from public. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of these deposits.

- (vii) An independent firm of Chartered Accountants has carried out the Internal Audit of the Company. In our opinion and according to the information and explanations given to us, the Internal Audit system is commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of the books and records examined by us, the Company is regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Customs Duty, Provident Fund and other statutory dues with the appropriate authorities. However, the Company is not regular in depositing undisputed statutory dues in respect of Income Tax, Sales Tax, Excise Duty, Service Tax and Cess with the appropriate authorities. As informed to us, the provisions of the Employees' State Insurance Act are not applicable to the Company. As per the information and explanations given to us, as also on the basis of the books and records examined by us, there are no arrears of undisputed statutory dues outstanding as at the last day of the financial period, for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and on the basis of the books and records examined by us, except as stated herein, no disputed statutory dues in respect of Wealth Tax, Service Tax and Cess are in arrears as at December 31, 2008. The disputed statutory dues in respect of Sales Tax, Customs Duty, Excise Duty, Royalty, Electricity Duty, Income Tax and Road Tax which are not deposited with the appropriate authorities are as under:

Nature of Dues	Name of the Statute	Amount (Rs. Lacs)	Forum where dispute is pending
I. Dues under settlement with Government of Gujarat Refer Note 4 (iii) of Schedule J of Notes on Accounts			
Interest on Deferred Sales Tax	Gujarat Sales Tax Act	1942.28	Sales Tax Tribunal
Sales Tax		3272.48	Joint Commissioner of Sales Tax
Sales Tax	Gujarat Sales Tax Act	631.91	The Department of Industries and Mines, Government of Gujarat
Interest on Sales Tax	Gujarat Sales Tax Act	3102.46	
Royalty & Interest on Royalty	Mines & Minerals (Regulations & Development) Act, 1957	3479.44	
Electricity Duty & Interest on Electricity Duty	Bombay Electricity Duty Act, 1958	2304.12	
Total		14732.69	
Less: Against all the aforesaid dues the Company has paid an unconditional deposit		(7000.00)	
Net Amount		7732.69	
II. Others			
Marl Royalty & Interest thereon	Mines & Minerals (Regulations & Development) Act, 1957	454.01	Gujarat High Court
Customs Duty	Custom Act, 1962	671.99	Commissioner of Customs
Excise Duty	Central Excise Act, 1944	269.87	CESTAT
Road Tax	The Motor Vehicles Act, 1988	72.28	Gujarat High Court
Income Tax (FBT)	The Income Tax Act, 1961	29.33	Gujarat High Court

- (x) The accumulated losses of the Company are more than fifty per cent of its net worth as at December 31, 2008. The Company has incurred cash losses in the current financial period but has not incurred cash losses in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not defaulted in repayment of dues (including interest) to financial institutions, bankers or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. As detailed in Clause (iii) (b) above, the Company has advanced interest free loans to its subsidiaries and interest bearing loans to employees and other parties. No formal security by way of pledge of shares, debentures and other securities are made/ maintained. In respect of loans to employees the agreement of loan is entered into.
- (xiii) The Company is not a chit fund or nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4 (xiii) of the Order, are not applicable to the Company.
- (xiv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4 (xiv) of the Order are not applicable to the Company. All the investments are made and held by the Company in its own name.
- (xv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, as also on the basis of the books and records examined by us, in our opinion, the new term loans obtained during the period by the Company were, prima facie, applied for the purpose for which the loans were obtained, other than temporary deployment pending its application.
- (xvii) According to the information and explanations given to us, as also examination on an overall basis of the Balance Sheet of the Company, funds raised on short-term basis have, prima facie, not been used for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the period.
- (xix) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the security or charge is pending to be created in respect of debentures issued during an earlier year.
- (xx) No amounts have been raised by public issues during the period. Accordingly, the question of disclosing the end use of money raised and verifying the same does not arise.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, as also on the basis of the books and records examined by us, no fraud on or by the Company has been noticed or reported during the period.

For **Bansi S. Mehta & Co.**
Chartered Accountants

A. R. Desai
Partner

Place : Mumbai
Dated : January 29, 2009

Membership No. F-8204

BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedules	Rs. in lacs	Rs. in lacs	As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
I. SOURCES OF FUNDS:					
SHAREHOLDERS' FUNDS :					
(a) Share Capital	A		5,807.02		4,815.02
(b) Reserves and Surplus	B		<u>16,908.93</u>		<u>12,512.12</u>
				22,715.95	<u>17,327.14</u>
LOAN FUNDS :					
(a) Secured Loans	C		33,703.40		36,869.85
(b) Unsecured Loans	D		<u>-</u>		<u>0.15</u>
				33,703.40	<u>36,870.00</u>
				56,419.35	<u>54,197.14</u>
II. APPLICATIONS OF FUNDS:					
FIXED ASSETS:					
(a) Gross Block As Revalued	E	41,618.52			40,706.31
(b) (Less): Depreciation		<u>(25,729.66)</u>			<u>(23,173.42)</u>
(c) Net Block			15,888.86		17,532.89
(d) Capital Work-in-Progress			<u>21,032.23</u>		<u>9,079.86</u>
				36,921.09	<u>26,612.75</u>
INVESTMENTS:					
DEFERRED TAX ASSETS:					
As per Last Balance Sheet	F		4,889.92		5,090.84
Add: Increase/(Decrease) during the period (See note 21 of Schedule 'J' - Notes on Accounts)			<u>700.01</u>		<u>(200.92)</u>
				5,589.92	<u>4,889.92</u>
CURRENT ASSETS, LOANS AND ADVANCES :					
(a) Inventories	G	3,925.50			3,687.19
(b) Sundry Debtors		1,531.90			2,603.64
(c) Cash and Bank Balances		1,701.38			13,879.20
(d) Loans and Advances		<u>3,291.18</u>			<u>7,112.57</u>
			10,449.96		<u>27,282.60</u>
(LESS): CURRENT LIABILITIES AND PROVISIONS:					
(a) Liabilities	H	16,563.20			21,241.57
(b) Provisions		<u>1,249.16</u>			<u>586.96</u>
			<u>(17,812.36)</u>		<u>(21,828.53)</u>
NET CURRENT ASSETS:				(7,362.40)	<u>5,454.07</u>
PROFIT AND LOSS ACCOUNT - As per Account Annexed					
(Less): To the Extent Balance in General Reserve as per Contra			24,408.60		19,593.31
			<u>(4,377.97)</u>		<u>(4,377.97)</u>
				20,030.63	<u>15,215.34</u>
				56,419.35	<u>54,197.14</u>
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	I				
NOTES ON ACCOUNTS	J				

As per our Report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants

A. R. DESAI
Partner
Membership No. F-8204

Mumbai,
Dated : January 29, 2009

For and on Behalf of the Board

M. N. Mehta Chairman
Savita Pittie } Directors
Hemnabh Khatau }
M. S. Gilotra Managing Director
R. K. Poddar Deputy Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai,
Dated : January 29, 2009

PROFIT AND LOSS FOR THE 18 MONTHS PERIOD ENDED DECEMBER 31, 2008

PARTICULARS	Schedules	Rs. in lacs	For the	For the
			period ended 31-12-2008	year ended 30-06-2007
INCOME	1		Rs. in lacs	Rs. in lacs
Sale of Products (Gross)		78,455.52		44,485.87
(Less): Excise Duty		(7,322.03)		(3,673.40)
Sale of Products (Net)		71,133.49		40,812.47
Other Income		1,731.59		967.25
			72,865.08	41,779.72
EXPENDITURE				
Manufacturing and Other Expenses	2	68,122.88		34,467.90
(Increase)/Decrease in Stocks of Finished Goods and Stocks-in-Process	3	(768.20)		(191.85)
			67,354.68	34,276.05
Profit Before Interest			5,510.40	7,503.67
Interest (net)	4		5,597.83	2,226.90
Profit/(Loss) Before Depreciation			(87.43)	5,276.77
Depreciation (including on Revalued Amounts)		3,022.42		2,007.63
Less: Amount withdrawn from Revaluation Reserve to the Extent Available		(344.17)		(231.58)
			2,678.25	1,776.05
Profit/(Loss) Before Exceptional Items			(2,765.68)	3,500.72
Exceptional Items		(2,677.26)		(1,222.81)
Less : Amount transferred to Revaluation Reserve (See Note 11 of Schedule 'J' - Notes on Accounts).		-		192.80
Profit/(Loss) Before Tax			(2,677.26)	(1,030.01)
PROVISION FOR TAXATION			(5,442.94)	2,470.71
(Excess) provision of Income Tax		-		(1.50)
Deferred Tax (Asset)/Charge		(700.01)		200.92
Fringe Benefit Tax		72.36		42.21
(See note 7 of Schedule 'J' - Notes on Accounts)			627.65	241.63
			(4,815.29)	2,229.08
Balance of Profit/(Loss) Brought Forward			(19,593.31)	(21,822.39)
Balance of Profit/(Loss) Carried Forward to Balance Sheet			(24,408.60)	(19,593.31)
Profit/(Loss) Per Share - (See Note 20 of Schedule 'J' - Notes on Accounts)				
Basic			(9.41)	5.18
Diluted			(9.41)	5.03
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	I			
NOTES ON ACCOUNTS	J			

As per our Report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants

A. R. DESAI
Partner
Membership No. F-8204

Mumbai,
Dated : January 29, 2009

For and on Behalf of the Board

M. N. Mehta Chairman
Savita Pittie } Directors
Hemnabh Khatau }
M. S. Gilotra Managing Director
R. K. Poddar Deputy Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai,
Dated : January 29, 2009

CASH FLOW STATEMENT FOR THE 18 MONTHS PERIOD ENDED DECEMBER 31, 2008

	Rs. in lacs	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES			(5,442.94)	2,470.71
Adjustments for:				
Add: Interest	5,597.83			2,226.90
HP/Lease	170.32			108.12
Loss on Sale of Assets/Assets Discarded	83.75			3.70
Doubtful Advances	100.00			-
Provision for Doubtful Debts	96.35			-
Wealth Tax	3.15			2.47
Exceptional Item	2,677.26			1,222.81
Depreciation	2,678.25			1,776.05
		11,406.91		5,340.05
(Less): Profit on Sale of Assets	7.73			7.69
Dividend Received	-			0.05
		(7.73)		(7.74)
			11,399.18	5,332.31
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			5,956.24	7,803.02
Add: Trade and Other Payable		(5,354.96)		3,064.38
(Less): Trade and Other Receivable	(6.21)			980.61
Working Capital Facilities from Banks (Net)	(1,635.48)			995.09
Inventories	(238.31)			425.09
		(1,880.00)		2,400.79
			(7,234.96)	663.59
CASH GENERATED FROM OPERATIONS			(1,278.72)	8,466.61
(Less): Direct Taxes Payments / Refunds			(279.60)	(70.39)
NET CASH FLOW FROM OPERATING ACTIVITIES			(1,558.32)	8,396.22
B. CASH FLOW FROM INVESTING ACTIVITIES				
Add: Sale of Fixed Assets	55.08			21.58
Interest Received (including interest deducted from Capitalisation - Rs. 338.51 lacs)	959.55			353.00
Dividend Received	-			0.05
		1,014.63		374.63
(Less): Purchase of Fixed assets	8,497.71			5,501.73
Due from Subsidiaries	0.95			7.69
		8,498.66		5,509.42
NET CASH FLOW USED IN INVESTING ACTIVITIES			(7,484.03)	(5,134.79)

	Rs. in lacs	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Add: Proceeds From Issue of Warrants/Calls Realised	781.21			48.85
Increase in Long term Borrowings	8,261.15			6,328.70
		9,042.36		6,377.55
(Less): Repayment of Hire Purchase Liabilities	160.68			267.15
Payment of Issue Expenses	-			46.75
Payment of Long term Borrowings	6,889.66			1,279.94
Interest Paid (including interest capitalised Rs. 1980.74 lacs)	5,126.72			2,144.07
Payment of Unpaid Dividends	0.77			-
		12,177.83		3,737.91
NET CASH FLOW USED IN FINANCING ACTIVITIES			(3,135.47)	2,639.64
NET INCREASE IN CASH AND CASH EQUIVALENTS			(12,177.82)	5,901.07
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD			13,879.20	7,978.13
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD			1,701.38	13,879.20

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued under the Companies (Accounting Standard) Rules, 2006.
2. Cash and Cash Equivalents includes Cash and Bank Balances and Fixed Deposits.
3. Addition to Fixed Assets includes movements of capital work in progress between the beginning and the end of the period.

As per our Report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants

A. R. DESAI
Partner
Membership No. F-8204

Mumbai,
Dated : January 29, 2009

For and on Behalf of the Board

M. N. Mehta	Chairman
Savita Pittie	} Directors
Hemnabh Khatau	
M. S. Gilotra	
R. K. Poddar	Deputy Managing Director
V. R. Mohnot	Director (Finance) & Co. Secretary

Mumbai,
Dated : January 29, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - A

		As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
SHARE CAPITAL:			
Authorised:			
13,00,00,000	Equity Shares of Rs. 10/- each	13,000.00	13,000.00
60,00,000	Preference Shares of Rs. 100/- each	6,000.00	6,000.00
50,00,000	Unclassified Shares of Rs. 10/- each	500.00	500.00
		19,500.00	19,500.00
Issued:			
5,90,95,018	Equity Shares of Rs. 10/- each	5,909.50	4,715.75
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
		6,597.10	5,403.35
Subscribed:			
5,11,91,065	(Previous Year 4,12,71,065) Equity Shares of Rs. 10/- each *	5,119.11	4,127.11
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
		5,806.71	4,814.71
Paid up:			
5,11,91,065	(Previous Year 4,12,71,065) Equity Shares of Rs. 10/- each *	5,119.11	4,127.11
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
15,269	Forfeited Shares (Amount paid up Rs. 2/- per Equity Share)	0.31	0.31
		5,807.02	4,815.02

Notes:

- * Includes 30,00,000 Equity Shares of Rs.10/- each allotted as fully paid-up Bonus Shares by capitalisation of free reserves.
- * Includes 30,00,000 right Equity Shares of Rs.10/- each allotted in 1986-87, which allotment is subject to final decision of Gujarat & Delhi High Courts where petitions are pending.
- * Includes 7,99,850 Equity Shares of Rs.10/- each under public issue and 41,92,331 Equity Shares of Rs.10/- each under right issue allotted in 1993-94, which allotment is subject to the final decision of Gujarat High Court where petition is pending.
- ** See Note 9 of Schedule 'J' - Notes on Accounts.
- * See Note 10 (e) & (f) of Schedule 'J' - Notes on Accounts in respect of particulars of options of conversions.

SCHEDULE - B

	Rs. in lacs	As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
RESERVES & SURPLUS:			
Capital Reserve:			
As per Last Balance Sheet		2,287.96	2,287.96
Capital Redemption Reserve:			
As per Last Balance Sheet		50.00	50.00
Securities Premium Account :			
As per Last Balance Sheet	8,086.71		7,052.42
Add : Issued during the period	2,480.00		125.00
Add : Increase on Conversion of Loans to Equity Shares	-		956.04
(Less) : Expenses on Issue of Shares/Debentures	-		(46.75)
		10,566.71	8,086.71
Debenture Redemption Reserve:			
As per Last Balance Sheet		2,060.00	2,060.00
Revaluation Reserve:			
As per Last Balance Sheet	27.45		79.71
Add : Transfers from Profit And Loss Account	2,260.98		186.06
(Less) : Marking Down Investments to Market	-		(6.74)
(Less) : Transfer to Depreciation	(344.17)		(231.58)
(See Note 5 of Schedule 'J' - Notes on Accounts)		1,944.26	27.45
General Reserve:			
As per Last Balance Sheet	4,377.97		4,377.97
(Less) : Debit Balance in Profit and Loss Account as per Contra	(4,377.97)		(4,377.97)
		16,908.93	12,512.12

SCHEDULE - C

SECURED LOANS:

	Rs. in lacs	As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
I. Debentures - Non-Convertible			
(a) Public Debentures		3,447.33	3,581.64
	Rate	Number of	Amount per
	%	Debentures	Debenture
Current Year	12.00	27,65,532	96.25
	12.00	4,08,055	192.50
Previous Year	2.00	27,65,532	100.00
	2.00	4,08,055	200.00
(b) Privately Placed Debentures			
I. 9,00,000 12% Debentures of Rs. 96.25 each (Previous Year Rs. 100/- each)		866.25	900.00
II. 7,45,000 Privately Placed Debentures of Rs. 1250/- each (Part A of Rs. 350/- each & Part B of Rs. 900/- each)		-	9,312.50
		4,313.58	13,794.14
(i) (Part A is has been converted into 10 Equity shares of Rs. 10/- each, of the Company at a premium of Rs. 25/- per Equity Share on August 20, 2007)			
Carried forward.. .		4,313.58	13,794.14

SCHEDULE - C (Contd.)
SECURED LOANS:

	Rs. in lacs	As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
Brought forward.. ..		4,313.58	13,794.14
(ii) (Part B of the Debenture has been redeemed and converted into Term Loan)			
II. Term Loans:			
(a) From Financial Institutions	2,151.77		6,236.14
(b) From Banks	4,737.21		6,828.07
(c) From Others	21,610.23		7,495.03
		28,499.21	20,559.24
III. Others:			
A. From Banks:			
(a) Cash Credits	719.08		1,744.84
(b) Working Capital Demand Loan	-		609.74
	719.08		2,354.58
B. From Hire Purchase Creditors:	171.53		161.89
		890.61	2,516.47
(See Note 10 and 15 of Schedule 'J' - Notes on Accounts)		33,703.40	36,869.85

I. Debentures:

Under part I(a) and I(b) (I) together with funded interest term loans, interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of *pari-passu* second mortgage in English form in favour of the Trustees on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat) for the holders of the said debentures, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital and prior charges of bankers / other lenders on the equipment / movable assets financed by them and shall rank second to existing charges created / to be created in favour of first charge holders.

II. Term loans:

(a) From Financial Institutions:

(i) Term loans from LIC, GIC, NIA, NIC, UIIC, OIC together with funded interest term loans, are secured by *pari-passu* first charge on the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company.

(b) From Banks:

(i) Term loan from Bank of India together with funded interest term loans, is secured by *pari-passu* first mortgage by way of deposit of title deeds of the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company.

(ii) Term loans from Dena Bank for modernisation project together with funded interest term loans, are secured by *pari-passu* first charge on the Company's immovable and movable properties situated at Ranavav (Gujarat), both present and future. The said loans are also secured by the personal guarantees of three Directors of the Company.

(iii) Term loan from Dena Bank for project together with funded interest term loans, is secured by *pari-passu* first mortgage by way of deposit of title deeds of the Company's immovable properties at Ranavav (Gujarat)

and hypothecation of all tangible movable machinery & plant both present and future, save and except charges created/to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company.

(iv) Vehicle loans from ICICI Bank and HDFC Bank are secured by hypothecation of vehicles financed by them and personal guarantees by one of the directors of the Company.

(c) From others:

(i) Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans, are secured by *pari passu* first charge on the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible movable machinery and plant both present and future, save and except charges created/to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantee of two Directors of the Company.

(ii) Term Loans from India Debt Management Pvt. Limited is secured by first *pari passu* charge by way of mortgage on all immovable assets present and *pari passu* first charge by way of hypothecation on all the other properties of the Company both present and future tangible and intangible (except current assets on which first charge is created in favour of the working capital lenders and other movable assets on which exclusive charge is existing). It is also secured by *pari passu* pledge on promoter's shares.

(iii) Term Loan from India Debt Management Pvt. Limited together with all sums are secured by *pari-passu* first charge on the assets of the Company. It is also secured by a mortgage on immovable assets of the Company both present and future and a hypothecation/charge on all other movable assets of the Company. It is also secured by *pari passu* pledge on promoter's shares.

III. Other Secured Loans:

A. From Banks:

(i) The working capital arrangements are secured by first charge on stocks, stores, book debts and movable plant and machinery and other movable assets, both present and future, and by second charge on the Company's immovable properties at Ranavav (Gujarat), both present and future save and except prior charges of other lenders on the equipment/movable assets financed by them and shall rank second to existing charges created/to be created in favour of first charge holders. They are also secured by personal guarantees of three Directors of the Company. The facility from Rajkot Nagarik Sahakari Bank is further secured by shares of Gujarat Sidhee Cement Limited held by subsidiary companies.

B. From Hire Purchase Creditors:

(i) Equipment/Vehicle loans from SREI Infrastructure Finance Limited are secured by hypothecation of assets financed by them and personal guarantees by one of the directors of the Company.

SCHEDULE - D

UNSECURED LOANS:

Fixed Deposits

	As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
	—	0.15
	—	0.15

SCHEDULE - E FIXED ASSETS: #	BLOCK AS REVALUED			TOTAL DEPRECIATION			NET BLOCK	
	Gross Additions Block as at 01-07-07	Deductions for Adjustments/ Sale/ Transfer	Gross Block as at 31-12-08	On Revalued cost up to 30-06-07	For the Period Adjustments	As at 31-12-08	As at 30-06-07	
Freehold Land *	239.08	-	239.08	-	-	239.08	239.08	
Buildings \$	1,897.09	-	1,897.09	825.96	74.88	996.25	1,071.13	
Leasehold Land *	21.45	-	21.45	-	-	21.45	21.45	
Jetty - Civil Works	2,411.45	-	2,411.45	945.79	298.69	1,166.97	1,465.66	
Railway Siding & Weigh Bridge	247.71	-	247.71	204.74	9.34	33.63	42.97	
Water Supply Installation	185.08	-	185.08	157.37	6.59	21.12	27.71	
Electric Installation ^	1,832.46	-	1,832.46	1,233.08	125.89	473.49	599.38	
Plant & Machinery ~	31,316.22	625.27	31,691.95	18,414.17	2,166.38	11,342.07	12,902.05	
Rolling Stock & Locomotives	61.50	-	61.50	48.29	2.53	10.68	13.21	
Furniture & Office Equipment	1,460.23	516.91	1,819.38	994.54	136.70	813.18	465.69	
Motor Cars, Trucks etc. ~	1,034.04	367.31	1,211.37	349.48	201.42	770.94	684.56	
Current Year	40,706.31	1,509.49	41,618.52	23,173.42	3,022.42	15,888.86	17,532.89	
Previous Year	40,441.51	388.49	40,706.31	21,271.59	2,007.63	17,532.89	17,532.89	
Capital work in Progress #	9,079.86	12,055.44	21,032.23					
Previous Year	5,287.35	3,800.86	9,079.86					

NOTES:

- * Besides the leasehold and freehold land specified above, the Company holds leasehold land in respect of which only ground rent is paid.
- \$ Excludes cost of shares held in a co-operative society included under the Schedule F of investments.
- ^ Includes cost of service line Rs. 33.20 lakhs ownership of which is vested with Paschim Gujarat Vij Company Limited.
- ~ Includes equipment and vehicles financed under hire purchase agreements.
- # Includes Rs. 12109.25 lacs in respect of a 25 MW Thermal Power Plant, currently under trial runs.
- # Includes Rs. 8036.81 lacs in respect of Expansion Project Assets, temporarily suspended.
- # (See Note 10 and 13 of Schedule 'J' of Notes on Accounts.)

SCHEDULE - F

		As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
INVESTMENTS (Non-Trade - Long Term)			
I. In Government Securities:			
7 years National Savings Certificates kept as security with various Government Authorities		0.08	0.08
II. In Shares:			
(a) Quoted:			
70,500 Fully paid Equity shares of Rs.10/- each in MTZ Industries Limited		35.25	35.25
30,00,000 Fully paid Equity shares of Rs. 10/- each in MTZ Polyfilms Limited		600.00	600.00
		<u>635.25</u>	<u>635.25</u>
(Less): Provision for diminution in value (see Note 5 and 11 of Schedule 'J' - Notes on Accounts)		<u>(599.25)</u>	<u>(573.05)</u>
		36.00	62.20
(b) In Subsidiaries (Unquoted):			
1,00,00,000 Equity Shares of Rs.10/- each fully paid up of Pranay Holdings Limited		1,000.00	1,000.00
1,00,00,000 Equity Shares of Rs.10/- each fully paid up of Prachit Holdings Limited		1,000.00	1,000.00
1,00,00,000 Equity Shares of Rs.10/- each fully paid up of Ria Holdings Limited		1,000.00	1,000.00
40,00,000 Equity Shares of Rs.10/- each fully paid up of Reeti Investments Limited		400.00	400.00
4,04,100 Equity Shares of Rs.10/- each fully paid up of Agrima Consultants International Limited		135.68	135.68
1,49,272 Equity shares of Srilankan Rs.10/- each fully paid up of Concorde Cement (Pvt.) Limited		9.19	9.19
		<u>3,544.87</u>	<u>3,544.87</u>
(Less): Provision for diminution in value (see Note 5 and 11 of Schedule 'J' - Notes on Accounts)		<u>(2,341.10)</u>	<u>(1,582.35)</u>
		1,203.77	1,962.52
(c) In Others fully paid (Unquoted):			
Quantity	Particulars of Investments	Face Value Rs. per share	
10	IL-Palazzo Co-operative Housing Society Ltd.	50	
1	Rajkot Nagrik Sahakari Bank Limited	50	
2,500	Saraswat Co-op Bank Limited	10	
		0.26	0.26
		<u>1,240.03</u>	<u>2,024.98</u>
		<u>1,240.11</u>	<u>2,025.06</u>
		As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
		Market Value	Cost
a)	Aggregate amount of quoted investments	635.25	635.25
b)	Aggregate amount of unquoted investments	3,545.21	3,545.21

SCHEDULE - G

			As at 31-12-2008	As at 30-06-2007
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
CURRENT ASSETS, LOANS AND ADVANCES				
(A) CURRENT ASSETS:				
Inventories:				
At cost or net realisable value, whichever is lower				
Stores & Spare Parts		1,437.93		1,398.88
Raw Materials & Fuels		405.03		939.37
Packing Materials		126.01		160.61
Stock-in-Trade *		814.95		713.31
Stock in Process *		1,141.58		475.02
* As certified by an Independent Cost Accountant			3,925.50	3,687.19
Sundry Debtors: (Unsecured)				
More than six months - Considered good		422.58		656.91
- Considered doubtful		1,316.59		1,221.73
		1,739.17		1,878.64
(Less): Provision for Doubtful Debts		(1,316.59)		(1,221.73)
		422.58		656.91
Other Debts - Considered good		1,109.32		1,946.73
			1,531.90	2,603.64
Cash and Bank Balances:				
Cash on Hand		0.06		2.12
Balances with Scheduled Banks:				
i) Current Accounts		438.69		1,607.02
ii) Fixed Deposits - Issue Money		755.12		10,547.55
iii) Fixed Deposits - Others		507.51		1,722.51
		1,701.32		13,877.08
			1,701.38	13,879.20
(B) LOANS AND ADVANCES:				
Interest Free Deposits/Other Receivables from Subsidiaries		63.38		62.43
Less: Provision for Doubtful Advances		(18.73)		-
			44.65	62.43
Advances Recoverable in cash or in kind				
Or For Value To Be Received		704.71		579.23
(Less): Provision for Doubtful Advances		(111.85)		(11.85)
		592.86		567.38
Advances against Capital Expenditure and Purchase of Stores		991.28		4,313.20
Other Receivables		418.20		298.92
Deposits		590.03		502.56
Interest Accrued on Inter Corporate Deposit and Others		249.72		855.26
Intercompany Deposits		716.76		716.76
(Less): Considered Doubtful		(554.76)		(244.76)
(see Note 5 and 11 of Schedule 'J' - Notes on accounts)			162.00	472.00
Tax Payments and Refund Receivable (Net of Provisions)		242.44		40.82
			3,291.18	7,112.57
			10,449.96	27,282.60

SCHEDULE - H

			As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
CURRENT LIABILITIES & PROVISIONS:				
(A) CURRENT LIABILITIES:				
Sundry Creditors		3,490.91		2,102.81
Advances Against Orders		545.98		1,195.33
Security Deposits From Customers		543.15		474.61
Excess amounts received on Equity Warrants		3.65		86.94
Debentures - Unencashed		35.19		87.97
Unclaimed / Unpaid Dividend		77.77		78.54
Other Liabilities		11,111.49		16,798.71
Interest Accrued but not due		755.06		416.66
			16,563.20	21,241.57
(B) PROVISIONS:				
For Gratuity/Leave Encashment (see Note 6 of Schedule 'J' - Notes on accounts)		711.29		539.96
For Redemption Premium on Term Loans		503.21		-
For Excise Duty on Closing Stock		34.66		44.53
For Wealth Tax		-		2.47
			1,249.16	586.96
			17,812.36	21,828.53

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - 1

	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
SALE OF PRODUCTS AND OTHER INCOME:			
Sale of Products		78,455.52	44,485.87
Other Income			
(a) Export Incentives	972.45		235.58
(b) Insurance Claim Received	49.70		115.43
(c) Miscellaneous Income (including overheads shared)	475.46		186.90
(d) Profit on Sale of Assets	7.73		7.69
(e) Excess Provision Written Back	159.32		231.66
(f) Sundry Creditors Written Back	7.99		61.74
(g) Exchange Rate Fluctuations	58.94		128.20
(h) Dividend Received	-		0.05
		1,731.59	967.25
		80,187.11	45,453.12

SCHEDULE - 2

	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
MANUFACTURING AND OTHER EXPENSES:			
Cement Purchase for Resale		6,940.01	2,837.77
Clinker/Coal Purchase for Resale		397.69	-
Raw Materials Consumed		5,318.36	3,119.29
Stores And Spare Parts Consumed		4,584.46	2,415.10
Packing Material Consumed		1,855.42	1,063.33
Power and Fuel		27,221.69	13,590.91
Employee Costs (See Note 14 of schedule 'J' - Notes on Accounts)			
(a) Salaries, Wages, Bonus and Gratuity	3,113.83		1,391.74
(b) Contribution to Provident Fund and Other Funds	267.37		138.29
(c) Staff Welfare Expenses	82.17		57.26
		3,463.37	1,587.29
Repairs and Maintenance:			
(a) Buildings, etc.	131.23		75.83
(b) Machinery	874.37		467.93
(c) Others	762.35		571.18
		1,767.95	1,114.94
Rent		157.74	96.97
Rates and Taxes		22.05	2.69
Hire Purchase Rentals		170.32	108.12
Insurance		198.81	190.50
Excise Duty on Closing Stock		34.66	72.36
Directors' Fees		28.60	10.60
Charity and Donations		1.00	0.97
Loss on Sale of Assets		43.45	3.70
Assets Discarded		40.30	-
Doubtful Advances		100.00	-
Travelling and Conveyance		408.08	186.09
Wealth Tax		3.15	2.47
Miscellaneous Expenses		1,524.92	1,325.90
		54,282.03	27,729.00
		Carried forward	

SCHEDULE - 2 (Contd.)

		For the period ended 31-12-2008	For the year ended 30-06-2007
MANUFACTURING AND OTHER EXPENSES:	Rs. in lacs	Rs. in lacs	Rs. in lacs
Brought Forward ...		54,282.03	27,729.00
Payment to Auditors:			
(a) Audit Fees	7.50		3.50
(b) Tax Audit Fees	3.06		1.75
(c) In Other Capacity	3.78		4.90
(d) Reimbursement of Expenses	<u>0.70</u>		<u>0.51</u>
		15.04	10.66
Selling and Sales Administration Expenses			
(a) Advertisement, Business Promotional and Service Charges	1,079.26		246.93
(b) Freight Charges	8,816.04		3,909.59
(c) Commission	1,292.22		1,170.19
(d) Provision for Doubtful Debts	96.35		-
(e) Others	<u>2,541.94</u>		<u>1,401.53</u>
		13,825.81	6,728.24
		68,122.88	34,467.90

SCHEDULE - 3

		For the period ended 31-12-2008	For the year ended 30-06-2007
(INCREASE)/DECREASE IN FINISHED STOCK AND STOCK IN PROCESS	Rs. in lacs	Rs. in lacs	Rs. in lacs
(a) Stock at the end			
(i) Cement	814.95		713.31
(ii) Raw Flour and Clinker	<u>1,141.58</u>		<u>475.02</u>
		1,956.53	1,188.33
(b) Less: Stock at the beginning			
(i) Cement	713.31		582.49
(ii) Raw Flour and Clinker	<u>475.02</u>		<u>413.99</u>
		1,188.33	996.48
		(768.20)	(191.85)

SCHEDULE - 4

			For the period ended 31-12-2008	For the year ended 30-06-2007
INTEREST: (NET)	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Interest on Borrowings				
(a) On Debentures	860.38			798.36
(b) On Term Loans	2,853.57			232.46
(c) Others	<u>522.77</u>			<u>315.21</u>
		4,236.72		1,346.03
Other Interest				
(a) On Sales Tax	578.52			388.29
(b) On Royalty	484.73			322.73
(c) On Electricity Duty	223.50			148.99
(d) On Power and Fuel	8.28			35.28
(e) Interest Receivable Written Off	281.72			-
(f) Others	<u>81.58</u>			<u>407.34</u>
		1,658.33		1,302.63
			5,895.05	2,648.66
(Less): Interest Earned (Gross)			(297.22)	(421.76)
(Tax deducted at source Rs.164.94 lacs, Previous year Rs.24.87 lacs)			5,597.83	2,226.90

SCHEDULE - 'I'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. COST CONVENTION:

The financial statements are prepared as under:

- a) on the historical cost convention as modified to include revaluation of land, buildings, plant and machinery situated at Ranavav,
- b) on a going concern basis,
- c) in accordance with the generally accepted accounting principles,
- d) in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 which have been prescribed by the Companies (Accounting Standards) Rules, 2006.
- e) on the accrual system of accounting,
- f) in accordance with the relevant presentation requirements of the Companies Act, 1956.

2. VALUATION OF FIXED ASSETS AND CAPITAL WORK IN PROGRESS:

- a) As at 30th June, 1993 the Company had revalued its land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, with the help of an external valuer.
- b) 'Cost' for the purpose of valuing fixed assets and capital work in progress comprises of its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- c) Expenditure (including pre installation interest and pre-operative expenditure) during construction period is included under Capital Work-in-Progress and the same is allocated to the respective fixed assets on its completion for satisfactory commercial commencement.

3. IMPAIRMENT OF ASSETS:

As on each Balance Sheet date, if internal/external indicators suggest that an asset may be impaired, the carrying amount of the asset is tested for impairment so as to determine,

- a) The provision for impairment loss, if any, required or
- b) The reversal, if any, required for impairment loss recognized in previous periods.

The impairment loss is recognized when the carrying amount of an asset exceeds the recoverable amount. Recoverable amount is determined as the higher of the net selling price (net of material disposal expenses) and the value in use.

- a) In the case of an individual asset,
- b) In the case of a cash generating unit (CGU) (a group of assets that generates identified independent cash flows)

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset/ CGU as stated above and from its disposal at the end of its useful life.)

4. DEPRECIATION:

- a) Depreciation on all assets is being provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.
- b) Premium on leasehold land of long lease duration is not amortised.
- c) Depreciation on assets other than Jetty is calculated on cost/net replacement value ascertained as at June 30, 1993 at the rates provided under Schedule XIV of the Companies Act, 1956.
- d) The cost of Jetty is amortised over its useful life of 15 years. Addition thereto is amortised over the residual years of its right of use.
- e) The excess depreciation provided on the revalued assets as reduced by that of on the original cost of the assets is transferred from Revaluation Reserve to the extent of availability of reserve to the Profit and Loss Account.

- f) The amounts capitalised on foreign exchange fluctuations are provided prospectively over the residual life of the asset.

5. INVESTMENTS:

- a) Investments that are intended to be held for more than a year, from the date of acquisition are classified as long-term investments and are stated at cost of acquisition. Diminution, other than temporary, in the value of such investments is provided. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis, including held by the Subsidiaries for long-term purposes is provided. Diminution in the value of other investments is provided.
- b) Losses of subsidiary companies mainly arisen due to Provision for Diminution in the value of their investments have been recognised and provided for.

6. CURRENCY TRANSLATIONS:

- a) Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.
- b) Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on the dates of Balance Sheet.
- c) Pursuant to the Companies (Accounting Standard) Rules, 2006 with effect from 1st April, 2007, exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognised in the Profit and Loss account.
- d) The premium or discount arising at the inception of a forward exchange contract on a monetary item is recognised as income or expense over the life of the contract.
- e) All other exchange differences are recognised to the Profit and Loss account.

7. EMPLOYEE BENEFITS:

Defined Contribution Plan:

- a) Superannuation liability is provided for the year.
- b) Contribution as per Employees Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Defined Benefit Plan:

- a) Gratuity: In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date, carried out by an independent Actuary. Actuarial gain or loss is recognised immediately in the statement of the Profit and Loss as Income or Expense. The Company has an employees gratuity fund managed by the Life Insurance Corporation of India ("LIC").
- b) Compensated Absences: The Company provides for the encashment of absence or absence with pay based on policy of the Company in this regard. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Company records an obligation for Compensated absences in the period in which the employees renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent Actuarial valuation.

8. ACCOUNTING OF CENVAT BENEFITS:

Cenvat/VAT credit availed under the relevant scheme in respect of Raw materials, Packing materials, Fuels, Stores and spares, capital goods, etc. is reduced from the relevant cost of purchases.

9. VALUATION OF INVENTORIES:

- a) Raw materials, Packing material and Fuels - 'At cost' derived on moving weighted average basis or net realisable value, whichever is lower.

- b) Work-in-process - 'At cost' as certified by an Independent Cost Accountant, or net realisable value, whichever is lower. Cost for this purpose, includes all direct costs and other related factory overheads.
- c) Finished Goods - 'At cost' or net realisable value, whichever is lower, as certified by an independent Cost Accountant. Cost for this purpose includes all direct cost, other related factory overheads and excise duty. Traded goods are valued at cost or net realisable value, whichever is lower, as certified by an Independent Cost Accountant.
- d) Stores and spares - 'At cost' on moving weighted average basis.

10. REVENUE RECOGNITION:

- a) Sales are accounted on dispatches of goods to customers. Sales figures are inclusive of excise duty, but are net of sales tax, value added tax, sales returns and adjustment in respect of discounts, rate difference etc.
- b) Export Sales are accounted on the basis of the dates of bills of lading.
- c) Benefits of entitlement to import duty free materials on account of export are recognised in the year of export.
- d) Claims for Insurance are accounted on receipt/on acceptance of claim by Insurer.

11. BORROWING COSTS:

- a) Borrowing costs, attributable to the acquisition/construction of qualifying assets, are capitalised, net of income/income earned on temporary investments of borrowings. Other borrowing costs are charged to the Profit and Loss Account as expense in the year in which these are incurred.
- b) Redemption premium payable on borrowings are included as part of finance costs on a periodic cost basis.

12. TAXATION:

- a) Provision for current tax is made with reference to the taxable income computed for the accounting year by applying the rates relevant to the immediately preceding previous year under the Income-tax Act, 1961.
- b) Deferred tax asset or liability on timing difference are recognised using current rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets in respect of Unabsorbed Depreciation and Carry forward Business Losses are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Other deferred tax assets are recognised based on the principles of prudence. Deferred tax effects are reviewed at each Balance Sheet date.
- c) Provision for fringe benefit tax is made in accordance with Chapter XII-H of the Income Tax Act, 1961 on the value of the items as computed for the relevant period by applying the prescribed rates under the Income Tax Act, 1961.

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company, has a present obligation as a result of a past event.
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is stated in the case of:

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

SCHEDULE – 'J'

Notes on Accounts	As at 31-Dec-08 Rs. in lacs	As at 30-Jun-07 Rs. in lacs
1. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for.	1,487.30	7,203.95
2. Contingent liabilities not provided for:		
(i) Claims made and debit notes for rated differences on supplies made in earlier years by its erstwhile jute bags supplier, both of which have not been accepted by the Company (A counter claim of Rs. 23.50 lacs has been filed before the Bombay High Court).	89.15	89.15
(ii) Disputed Demands for service tax on Transport charges issued by Excise Department (including interest and penalties thereon)	58.50	19.64
(iii) Demand for penalties in respect of delays in payment of excise duty disputed by the Company. CESTAT has now passed an order in favour of the Company.	-	128.10
(iv) Disputed demands of differential custom duty (including counter veiling duty) for non inclusion of technical service charges under assessable values, denial for concession granted on assets installed outside the factory premises and denial of concessional rate of duty on project imports made between July 1995 to December 1995 and penalty thereon.	617.35	617.35
(v) Demands for penalty on import and purchases of coal on high seas basis disputed by the Company. (The Company has paid a deposit of Rs. 2.40 lacs against it.)	12.00	12.00
(vi) Claims filed by workmen or their union against the Company.	217.58	179.22
(vii) Demands based on order of Estate Officer under Public Premises (Eviction of unauthorised Occupants) Act, 1971 for increase in rent of certain office premises now vacated by the Company.	1,248.83	825.35
(viii) Other demands and claims against the Company not acknowledged as debts	531.02	94.05
3. The operation of a show cause notice dated 20th August, 2002 issued by the Jute Commissioner, stipulating the Company to fulfill the obligation of packing a minimum of 50% of cement in Jute bags from 15th March, 1995 or pay penalty under Section 3 (1) of the Act, (which penalty is presently not ascertainable) is presently stayed by Calcutta High Court.		
4. (i) The Company is registered as a sick Industrial Company with The Board for Industrial & Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985. Later on the BIFR has passed an order declaring the Company as not a sick Company. The Company appealed against the said order before AAIFR, which has directed the BIFR to reconsider its order.		
(ii) Considering the overall growth in the Cement Industry barring any unforeseen circumstances, the Management is confident that after implementation of the sanctioned CDR package, the Company would be able to generate sufficient returns to make its net worth positive in future. Accordingly, the accounts of the Company are prepared on Going Concern Basis.		
(iii) The Company's request for One Time Settlement of Dues payable by sick units under BIFR as per the Government of Gujarat (GoG) GR BFR/(HPC)/102003/3537/P dated 12th May, 2004 is under consideration. The scheme inter alia provides for waiver of interest, penalties etc. on Sales Tax, Royalty and Electricity Duty. Based on the directions of GoG, the Company has unconditionally deposited a sum of Rs. 70 crores with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable to GOG have been shown in Other Liabilities net of such deposit under Schedule-H.		

5. The diminution in the value of investments including the losses of subsidiary companies arising due to diminution in the value of long term quoted investments held by such subsidiaries (PDI) amounting to Rs.2793.70 lacs (including Rs.2016.22 lacs as on June 30, 2007) and provision for doubtful Inter Corporate Deposits amounting to Rs.524.76 lacs, including interest thereon (PDICD) (including Rs. 244.76 lacs as on June 30, 2007) is charged to Profit and Loss Account and reflected under the Exceptional Item (included under Note 11 below) to fall in conformity with the Guidance Note on Treatment of Reserves created on Revaluation of Fixed Assets issued by the Institute of Chartered Accountants of India and to that extent the Revaluation Reserve adjusted against the provisions made upto June 30, 2007 amounting to Rs.2260.98 lacs is reinstated. As a consequence thereof, the amount of depreciation pertaining to the period, provided in the financial statements on the revalued amounts of Rs.316.72 lacs is adjusted out of the Revaluation Reserve so reinstated.
6. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given hereunder:

The Company's gratuity plan is partly funded. The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and the reconciliation of opening balances of the present value of the defined benefit obligation.

I. Changes in Present Value of Obligations:	As at	As at
Particulars	31-Dec-08	31-Dec-08
	Rs. in lacs	Rs. in lacs
	Gratuity	PL Encashment
Present Value of Obligation as at the beginning of the period	443.39	122.52
Current Service Cost	95.30	131.90
Interest Cost	53.75	15.82
Actuarial (gain) / Loss on obligations	(17.74)	(84.98)
Benefits paid	(48.52)	4.50
Present value of Obligation as at the end of the period	526.18	189.75
II. Changes in Fair Value of Plan Assets:	As at	As at
	31-Dec-08	31-Dec-08
	Rs. in lacs	Rs. in lacs
	Gratuity	PL Encashment
Fair value of Plan Assets as at the beginning of the period	25.94	-
Expected return on Plan Assets	2.88	-
Contributions	25.00	-
Benefits paid	48.52	-
Actuarial Gain (Loss) on Plan Assets	(0.66)	-
Fair value of Plan Assets as at the end of the period	4.64	-
III. The amount recognised in balance sheet:	As at	As at
	31-Dec-08	31-Dec-08
	Rs. in lacs	Rs. in lacs
Present value of Obligation as at the end of the period	526.18	189.75
Fair Value of Plan Assets at the end of the period	4.64	-
Net Asset / (Liability) recognized in Balance sheet	521.54	189.75

IV. Amount recognised in Profit and Loss Account:	As at 31-Dec-08 Rs. in lacs	As at 31-Dec-08 Rs. in lacs
Current Service Cost	95.30	131.90
Interest Cost	53.75	15.82
Expected return on Plan Assets	(2.88)	-
Net Actuarial (gain) / Loss recognised in the period	(17.08)	(84.98)
Expenses Recognised in the statement of the Profit and Loss	129.09	62.74

V. Assumptions:	As at 31-Dec-08 Rs. in lacs	As at 31-Dec-08 Rs. in lacs
Mortality Table	1994-96	1994-96
Discount Rate	7.50%	7.50%
Rate of increase in compensation levels	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

7. (i) In view of the carried forward losses and unabsorbed depreciation available under the Income-tax Act, 1961, no provision for income tax is made.
 - (ii) No Minimum Alternate Tax liability under Section 115 JB of the Income tax Act, 1961 is determined in view of the deduction available of amount of profits of a sick company under Section 115JB2(viii).
 - (iii) Provision for Fringe Benefit Tax is made on the basis of computation prepared by the Company and as approved by the Company's tax consultant.
8. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Sr. No. Particulars	As at 31-Dec-08 Rs. in lacs
(a) Principal amount remaining unpaid and interest thereon	-
(b) Interest paid in terms of Section 16	-
(c) Interest due and payable for the period of delay in payment	-
(d) Interest accrued and remaining unpaid	-
(e) Interest due and payable even in succeeding years	-

9. Of the total Preference Share Capital of Rs. 687.60 lacs, the holders of 1,74,557 OCCPS of Rs. 100 each, aggregating to Rs. 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Company. Based on an advise received, pending the availability of funds / distributable profits for redemption of capital, the beneficial ownership of these OCCPS has been transferred in favour of a trust of which the Company is the beneficiary. The accounting effect of such waiver (only in respect of these OCCPS) shall be made as and when such shares will be redeemed.

10. Financial Restructuring

- a) The reliefs and concessions availed from Banks, Financial Institutions and others under the Corporate Debt Restructuring (CDR) scheme for the debts outstanding as on 1st July, 2005, being the cut off date, including waiver of principal and interest on One Time Settlement under Series A of the CDR Scheme pursuant to the letter no. BY.CDR (AG) /No.1127/2005-06 dated 26th December, 2005 of the CDR Cell and subsequent settlement with other lenders and as approved by the Honourable High Court of Gujarat vide its order dated December 24, 2007, in the proceedings of the company u/s 391 and 394 of the Companies Act, 1956 approving the restructuring scheme sanctioned by CDR, are as under:

No.	Particulars	Account Head reversed to	Upto 31-Dec-08 Rs. in lacs	Upto 30-Jun-07 Rs. in lacs
1.	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Capital Work in Progress	Capital Work in Progress	1,752.82	1,752.82
2.	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Fixed Assets	Fixed Assets	189.86	189.86
3.	Outstanding Credit balance in party ledger	Fixed Assets	80.53	80.53
4.	Waiver of principal amount by lenders/Creditors	Capital Reserve	2,185.75	2,185.75
5.	Interest, cumulative interest, penal interest and liquidated damages which were earlier charged to Profit & Loss account	Exceptional items in the Profit and Loss account	7,292.65	6,595.25
			11,501.61	10,804.21

- b) As per the restructuring package, the interest is payable by the Company on ballooning basis ranging from 2% p.a. to 12% p.a. resulting into an average rate of interest of 8.5% per annum. The first year interest @ 2% is to be funded as Funded Interest Term Loan (FITL) II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 50% of the unpaid simple interest on all the loans has been converted into FITL-I. Both FITL I and II do not carry interest and are repayable in the year 9th and 10th.
- c) The Company has an option to repay all the loans without premium in a pro-rata manner to all the lenders and such prepayment is to be on pro-rata basis towards all outstanding loans irrespective of the interest rates.
- d) All the restructured loans including FITL are subject to recompense clause as may be approved by CDR.
- e) In the event of default in compliance of restructuring package, the lenders have the right to convert 100% of the defaulted amount of the restructured debt at any time during the currency of assistance into Equity Shares as per SEBI guidelines after approval of CDR.
- f) The Lenders shall have the right to convert 20% of the loan outstanding (including FITL and WCTL) into Equity Shares of the Company as per SEBI guidelines in one or more occasions after 7 years from the date of approval. As regards zero coupon FITL, remaining outstanding beyond 7 years, such conversion right of lenders would be applicable to the entire amount and the conversion shall be as per SEBI guidelines.

11. Exceptional Items include:

	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
a) Interest Write Backs as per CDR Scheme	697.40	2,020.78
b) Provision for Doubtful Inter Corporate Deposits	(310.00)	-
c) Diminution of Value of Investments held by the Company	(26.20)	(6.74)
d) Provision of Losses of Subsidiaries	(777.48)	(186.06)
e) Reversal of Amount withdrawn from Revaluation Reserve (see Note 5 above)	(2,260.98)	-
f) Provision of Sales Tax Penalties	-	(3,050.79)
	(2,677.26)	(1,222.81)

12. Expenses on maintenance, electricity, etc. incurred during the period for a guest house at Mumbai amounting to Rs.4.07 lacs (Previous year Rs.2.06 lacs) have been presently borne by the Company. The guesthouse is under the unauthorised occupation of the relatives of an ex-chairman. The Company had filed a suit for recovery of the possession of the guesthouse, which also includes recovery of the expenses incurred. The said suit was decided against the Company by declaring the legal heirs of the ex-chairman as tenants. The Company has preferred an appeal before the Division Bench against the said order.

13. (i) Additions to Fixed Assets / Capital Work In Progress include the following:

Sr. No.	Particulars	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
1.	Interest and Finance Cost capitalised on borrowings (Net)	1,642.23	635.20
2.	Exchange Fluctuations to Fixed Assets	-	(4.06)
3.	Other Pre-operative Expenses to Capital WIP	167.39	39.47

(ii) Pre-operative expenses in respect of on going project included under the head capital work-in-progress are as follows:

Sr. No.	Particulars	Upto 30-Jun-07 Rs. in lacs	Addition during the period Rs. in lacs	Upto 31-Dec-08 Rs. In lacs
1.	Technical Consultancy	369.74	41.92	411.66
2.	Employee Cost	144.56	-	144.56
3.	Interest and Finance cost	3,739.38	1,642.23	5,381.61
4.	Travelling and Conveyance	227.48	-	227.48
5.	Exchange rate fluctuation	42.43	-	42.43
6.	Transportation Charges	28.76	-	28.76
7.	Miscellaneous	65.31	125.47	190.78
	Total	4,617.66	1,809.62	6,427.28

14. Remuneration paid / payable to Managing Directors:

(i)		For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
Sr. No.	Particulars		
1.	Salary	96.10	48.20
2.	Contribution to Provident and other funds	28.41	7.29
3.	Other perquisites	0.98	4.08
Total		125.49	59.57

(ii) In the absence of availability of profits calculated under Section 198 of the Companies Act, 1956, no commission is payable to the directors of the Company and accordingly, the computation under Section 349/350 is not stated.

15. Certain particulars of Secured/Unsecured Loans:

Particulars	As at 31-Dec-08 Rs. in lacs		As at 30-Jun-07 Rs. in lacs	
	Due within one year	Interest Accrued and Due	Due within one year	Interest Accrued and Due
Secured Loans:				
Debentures	336.12	-	6,705.00	-
Term loans:				
Financial Institutions	89.17	-	-	-
Banks	219.81	-	1,561.98	423.54
Others	6,779.26	-	18.45	-
Hire Purchase Creditors	45.79	-	148.02	-

16. Following expenses are debited to Limestone Quarrying

	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
1. Salaries and Wages	234.49	140.73
2. Royalties and Cess Charges	1,024.47	491.17
3. Stores Consumption	756.79	408.60
4. Machinery Repairs and Maintenance	29.84	17.73
5. Excavation & Transportation	427.19	378.49
6. Others	-	11.31

17. Quantitative information

(A) (Certified by Management)

	For the period ended 31-Dec-08 Tonnes	For the year ended 30-Jun-07 Tonnes
--	--	--

1. Licensed Capacity *		
2. Annual Installed capacity – Cement (OPC) as at	1,501,000	1,501,000
3. Production during the period – Cement	1,959,830	1,383,735
4. Production during the period – Clinker	1,982,770	1,331,300

* The Company's product is exempt from licensing requirements under New Industrial Policy terms of Notification No. S.O. 477(E) dated 25th July, 1991.

(B) Raw materials consumed (Certified by Management)	For the period ended 31-Dec-08		For the year ended 30-Jun-07	
	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
1. Limestone/Marl	2,648,607	2,592.38	1,653,148	1,739.63
2. Gypsum	91,941	742.55	73,015	503.50
3. Clay	2	0.01	167,384	95.57
4. Pozzolana and other materials	333,373	1,983.42	163,642	780.59
Total		5,318.36		3,119.29

(C) Value of imported and indigenous Raw materials, Stores, Spare parts and components consumed and their percentage to total consumption.

	For the period ended 31-Dec-08		For the year ended 30-Jun-07	
	Rs. in lacs	(%)	Rs. in lacs	(%)
1. Raw material (Indigenous)	5,318.36	100.00	3,119.29	100.00
2. a) Spare parts and Components (Imported)	590.56	5.35	197.88	4.65
2. b) Spare parts and Components (Indigenous) *	10,455.15	94.65	4,058.11	95.35

* Includes amounts directly debited to various account heads.

(D) Value of imports calculated on C.I.F. basis:	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
1. Spare Parts and Components	526.77	214.69
2. Capital goods	3,117.94	2,937.64

(E) Earnings in Foreign Currencies	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
1. Value of Exports calculated on FOB basis:	19,064.89	12,855.80

(F)	Remittance in Foreign Currency			For the period ended 31-Dec-08	For the year ended 30-Jun-07
				Rs. in lacs	Rs. in lacs
1.	Dividend			Nil	Nil
(G)	Expenditure in foreign currencies during the period on account of:			For the period ended 31-Dec-08	For the year ended 30-Jun-07
				Rs. in lacs	Rs. in lacs
1.	Interest			218.07	1,002.29
2.	Travelling Expenses			98.66	12.05
3.	Commission on Exports			333.48	334.15
4.	Demurrage			166.66	110.16
5.	Others			62.84	15.69
(H)	Sales Turnover (excluding traded goods)		For the period ended 31-Dec-08	For the year ended 30-Jun-07	
			Tonnes	Rs. in lacs	Tonnes Rs. in lacs
1.	Cement*		1,965,177	66,771.30	1,384,021 40,059.90
2.	Clinker**		176,621	4,026.90	63,128 1,360.52
3.	Others		996	47.59	23,440 42.90
*	(Net of discounts on sales Rs.255.68 lacs, Previous year Rs.210.28 lacs) (Includes self consumption 953.08 MT Rs.19.51 lacs, Previous year 206 MT Rs.3.84 lacs) (Excludes samples and shortages 714 MT, Previous year 78 MT.)				
**	(Net of discounts on sales Rs.5.40 lacs, Previous year Rs.0.02 lac) (Excludes samples, damages and shortages (1326) MT Previous year 8269 MT.)				
(I)	Traded Goods		For the period ended 31-Dec-08	For the year ended 30-Jun-07	
			Tonnes	Rs. in lacs	Tonnes Rs. in lacs
1.	Clinker				
	Opening Stock		-	-	- -
	Purchases		13,386	350.31	- -
	Sales		13,386	360.38	- -
	Closing Stock		-	-	- -
2.	Cement				
	Opening Stock		6,125	102.13	244 4.15
	Purchases		301,417	6,940.01	145,337 2,837.77
	Sales		298,207	7,249.35	139,457 3,022.58
	Closing Stock		9,335	191.15	6,125 102.13
(J)	Opening and Closing stocks of Finished goods (As certified by Independent Cost Accountant):		For the period ended 31-Dec-08	For the year ended 30-Jun-07	
			Tonnes	Rs. in lacs	Tonnes Rs. in lacs
	Opening Stock Cement		38,520	713.31	33,639 582.49
	Closing Stock Cement		34,376	814.95	38,520 713.31

18. The Company has only one business segment 'cement/clinker' as primary segment. The secondary segment is geographical segment which is given below:

	For the period ended 31-Dec-08	For the year ended 30-Jun-07
	Rs. in lacs	Rs. in lacs
Revenue – Sales		
(i) Domestic (India)	59,390.63	31,630.10
(ii) Export	19,064.89	12,855.80
Total	78,455.52	44,485.90

All the assets of the Company are in India only.

19. Related Party Disclosers under Accounting Standard - 18 " issued by the Institute of Chartered Accountants of India:

I. List of related parties:

- A. Promoters, Promoter Companies, its Subsidiaries and Associate companies holding more than 20% of equity capital:

- | | |
|---|--------------------------------|
| a) Jagmi Investments Limited | l) Sampson Limited |
| b) Fawn Trading Co. Pvt. Limited | m) Villa Trading Co. Pvt. Ltd. |
| c) Fern Trading Co. Pvt. Limited | n) Aber Investments Limited |
| d) Willow Trading Co. Pvt. Limited | o) Mr. Mahendra N. Mehta |
| e) Tejashree Trading Co. Pvt. Limited | p) Mr. Jay M. Mehta |
| f) Pallor Trading Co. Pvt. Limited | q) Mr. Hemang D Mehta |
| g) The Mehta International Limited | r) Mrs. Medhaviniben D Mehta |
| h) Mehta Private Limited | s) Ms. Uma D. Mehta |
| i) Sameta Exports Pvt. Limited | t) Ms. Kamalakshi D. Mehta |
| j) Clarence Investments Limited | u) Mrs. Juhi Jay Mehta |
| k) Transasia Investment & Trading Limited | v) Ms. Radha M. Mehta |

B. Subsidiary Companies:

- | | |
|---|------------------------------|
| a) Agrima Consultants International Limited | d) Ria Holdings Limited |
| b) Pranay Holdings Limited | e) Reeti Investments Limited |
| c) Prachit Holdings Limited | f) Concorde Cement P. Ltd. |

C. Key Management Personnel:

- a) Mr. Jay M. Mehta – Executive Vice Chairman
- b) Mr. M. S. Gilotra - Managing Director
- c) Mr. R. K. Poddar - Deputy Managing Director

D. Relatives of Key Management Personnel where Transactions have taken place:

- a) Mrs. Narinder Kaur - Wife of Mr. M. S. Gilotra
- b) Mr. Amandeep Singh Gilotra - Son of Mr. M. S. Gilotra

E. Name of a Company in which policies are controlled by common Key Management Personnel:

- a) Gujarat Sidhee Cement Limited

II. During the period, the following transactions were carried out with the related parties in the ordinary course of business.

	For the period ended 31-Dec-08	For the year ended 30-Jun-07
	Rs. in lacs	Rs. in lacs
A. Particulars of transactions with promoter companies:		
a) Outstanding Inter Corporate Deposit with interest thereon to M/s. Sameta Exports Private Limited	391.12	354.50
B. Particulars of transactions and balances with subsidiary companies:		
a) Expenses for services	18.67	76.34
b) Amount Receivable from subsidiaries	26.79	18.93
c) Deposits with subsidiaries	43.50	43.50
C. Particulars of payments to key managerial personnel:		
a) Remuneration to key managerial personnel	125.49	59.57
D. Particulars of payments to relatives of key managerial personnel:		
a) Security Deposit with relatives of key managerial personnel	130.00	130.00
b) Rent paid/payable	2.10	-
E. Particulars of transactions with Gujarat Sidhee Cement Limited are Disclosed in aggregate value as under:		
a) Purchase of Goods and materials	7,322.25	2,860.96
b) Sale of Goods and materials	1,625.84	1,788.32
c) Expenses/(Recovery) for services (net)	291.58	314.40
d) Amount (receivable)/payable as at the period end	673.93	90.60
20. Earning per Share:	For the period ended 31-Dec-08	For the year ended 30-Jun-07
Calculation of weighted average number of Equity Shares		
Number of shares of Rs. 10 each	51,191,065	41,271,065
Dilutive weighted average of number of Equity Shares on Issue of Convertible Warrants	-	247,000
Dilutive weighted average of number of Equity Shares on Issue of Part A of Convertible Debentures of Rs. 350/- each	-	7,450,000
Total	51,191,065	48,968,065
	Rs. in lacs	Rs. in lacs
Net Profit/(Loss) after tax and prior period adjustment	(4,815.29)	2,229.08
(Less): Dividend payable to OCCPS Holders	-	(78.03)
	(4,815.29)	2,151.05
Add: Interest on Convertible Debentures as stated above	-	311.83
Net Profit/(Loss) after considering dividend to OCCPS Holders	(4,815.29)	2,462.88
Basic Profit/(Loss) (in rupees) per Share	(9.41)	5.18
Diluted Profit/(Loss) (in rupees) per Share	(9.41)	5.03

21. (i) In terms of paragraph 26 of Accounting Standard 22 on "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, the Company has reviewed its Deferred Tax Asset (DTA) recognised till last year, and has also, in terms of paragraph 15 to 18 of AS 22, examined the issue of recognising the DTA arising during the year on account of unabsorbed depreciation and carried forward tax losses.
- (ii) Based on the projections, positive outlook for the cement industry including material export orders in hand, expected waivers on one time settlement scheme with Government of Gujarat & expected revenues to be generated out of commissioning of Thermal Power Plant and also considering legal advice, from an eminent counsel, with regard to recognition of DTA in terms of AS 22, the Company is virtually certain that it will have sufficient future taxable income against which the aggregate DTA recognised as on the Balance Sheet date would be realised. Accordingly DTA as detailed herein below has been recognised as at the eighteen months ended December 31, 2008.

	As at 31-Dec-08 Rs. in lacs	As at 30-Jun-07 Rs. in lacs
(a) Deferred Tax Assets:		
a) Accrued Expenses deductible on cash basis	2,121.63	4,030.64
b) Accrued Expenses deductible on payment of TDS thereon	377.34	249.64
c) Provision for Doubtful debts and advances	270.56	237.81
d) Unabsorbed Depreciation	4,074.71	3,261.01
e) Accumulated Business Losses	1,253.65	-
Total	8,097.89	7,779.10
(b) Deferred Tax Liabilities:		
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	2,507.97	2,889.18
(c) Net Deferred Tax Assets (a-b)	5,589.92	4,889.92

22. Previous year's figures have been rearranged, regrouped and/or reclassified wherever necessary.

For and on Behalf of the Board

M. N. Mehta	Chairman
Savita Pittie	} Directors
Hemnabh Khatau	
M. S. Gilotra	
R. K. Poddar	Deputy Managing Director
V. R. Mohnot	Director (Finance) & Co. Secretary

Mumbai,
Dated : January 29, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up Capital Advance Call Money
 Secured Loans Reserves & Surplus
 Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments
 Net current Assets Misc. Expenditure
 Accumulated Losses Deferred Tax Assets

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover Total Expenditure
 Profit before tax Profit after tax
 (Please tick Appropriate box
 "+" for Profit "-" for Loss)

Basic Loss Per Share (Rs.) Dividend rate %

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (as per monetary terms)

Items Code No.
 (ITC Code)
 Product
 Description
 Item Code No.
 (ITC Code)
 Product
 Description

Signatories to Schedules (A to L) & (1 to 4)

As per our Report of even date attached
 For **BANSI S. MEHTA & CO.**
 Chartered Accountants

A. R. DESAI
 Partner
 Membership No. F-8204

Mumbai,
 Dated : January 29, 2009

For and on Behalf of the Board

M. N. Mehta Chairman
Savita Pittie
Hemnabh Khatau } Directors
M. S. Gilotra Managing Director
R. K. Poddar Deputy Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
 Mumbai,
 Dated : January 29, 2009

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

1. We have audited the attached Consolidated Balance Sheet of **SAURASHTRA CEMENT LIMITED** ("the Company") and its subsidiaries as at December 31, 2008 the annexed consolidated Profit and Loss Account of the Company for the eighteen months period ended on that date, and also the Consolidated Cash Flow Statement of the Company for the eighteen months period ended on that date, all of which we have signed under reference of this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any of the Subsidiaries namely Pranay Holdings Limited, Prachit Holdings Limited, Ria Holdings Limited, Reeti Investments Limited and Agrima Consultants International Limited whose financial statements reflect total assets of Rs. 32.18 lacs as at December 31, 2008, and total revenues of Rs. 203.99 lacs for the twenty one months period ended on that date. These financial statements have been audited by other Auditors', whose reports have been made available to us, and our opinion, in so far as relates to the amounts included in respect of the aforesaid subsidiaries, is based solely on the report of those Auditors'.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Saurashtra Cement Limited and its subsidiaries included in the consolidated financial statements.
5. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon, including Note 21 of Schedule 'J' of Notes on Accounts, adverting to accounting for Deferred Tax Asset of Rs. 8097.89 lacs, based on the position set out therein, give the information required by the Act in the manner so required and give a true and fair view:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2008;
 - (b) In the case of the Profit and Loss Account, of the Loss for the eighteen months period ended on December 31, 2008; and
 - (c) In the case of the Cash Flow Statement, of the Cash Flow for the eighteen months period ended on December 31, 2008.

For **Bansi S. Mehta & Co.**
Chartered Accountants

Mumbai
Dated: January 29, 2009

A.R. Desai
Partner
Membership No. F-8204

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008

	Schedules	Rs. in Lacs	Rs. in Lacs	As at 31-12-2008 Rs. in Lacs	As at 30-06-2007 Rs. in Lacs
I. SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS :					
(a) Share Capital	A		5,807.02		4,815.02
(b) Reserves And Surplus	B		16,915.69		12,518.88
				22,722.71	17,333.90
LOAN FUNDS :					
(a) Secured Loans	C		33,728.77		36,916.24
(b) Unsecured Loans	D		0.05		0.20
				33,728.82	36,916.44
				56,451.53	54,250.34
II. APPLICATIONS OF FUNDS :					
FIXED ASSETS :					
(a) Gross Block As Revalued	E		41,847.78		40,933.59
(b) (Less): Depreciation			(25,871.17)		(23,286.28)
(c) Net Block			15,976.61		17,647.31
(d) Capital Work-in-Progress			21,032.23		9,079.86
				37,008.84	26,727.17
INVESTMENTS :					
	F			795.61	1,584.03
DEFERRED TAX ASSETS :					
As per Last Balance Sheet			4,889.92		5,082.72
Add: Increase / (Decrease) During the period (See Note 21 of Schedule 'J' - Notes on Accounts)			700.00		(192.80)
				5,589.92	4,889.92
CURRENT ASSETS, LOANS AND ADVANCES :					
(a) Inventories	G		3,925.50		3,687.07
(b) Sundry Debtors			1,564.08		2,604.85
(c) Cash and Bank Balances			1,707.08		13,882.60
(d) Loans and Advances			3,645.12		7,440.53
				10,841.78	27,615.05
(LESS): CURRENT LIABILITIES AND PROVISIONS:					
(a) Liabilities	H		16,606.99		21,283.05
(b) Provisions			1,249.16		587.17
				(17,856.15)	(21,870.22)
NET CURRENT ASSETS :					
				(7,014.37)	5,744.83
PROFIT AND LOSS ACCOUNT - As per Account Annexed					
(Less): To the Extent Balance in General Reserve as per Contra			24,449.50 (4,377.97)		19,682.36 (4,377.97)
				20,071.53	15,304.39
				56,451.53	54,250.34
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	I				
NOTES ON ACCOUNTS	J				

As per our Report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants

A. R. DESAI
Partner
Membership No. F-8204

Mumbai,
Dated : January 29, 2009

For and on Behalf of the Board

M. N. Mehta Chairman
Savita Pittie } Directors
Hemnabh Khatau }
M. S. Gilotra Managing Director
R. K. Poddar Deputy Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai,
Dated : January 29, 2009

CONSOLIDATED PROFIT AND LOSS FOR THE 18 MONTHS PERIOD ENDED DECEMBER 31, 2008

PARTICULARS	Schedules	Rs. in lacs	For the	For the
			period ended 31-12-2008 Rs. in lacs	year ended 30-06-2007 Rs. in lacs
INCOME	1			
Sale of Products (Gross)		78,638.90		44,563.07
(Less) : Excise Duty		<u>(7,322.03)</u>		<u>(3,673.40)</u>
Sale of Products (Net)		71,316.87		40,889.67
Other Income		<u>1,752.20</u>		<u>967.75</u>
			73,069.07	41,857.42
EXPENDITURE				
Manufacturing and Other Expenses	2	68,214.97		34,520.30
(Increase) / Decrease in Stocks of Finished Goods and Stocks-in-Process	3	<u>(768.20)</u>		<u>(191.73)</u>
			67,446.77	34,328.57
Profit Before Interest			5,622.30	7,528.85
Interest and Financing Cost (net)	4		<u>5,603.73</u>	<u>2,230.82</u>
Profit/(Loss) Before Depreciation			18.57	5,298.03
Depreciation (including on Revalued Amounts)		3,072.02		2,041.84
Less : Amount Withdrawn From Revaluation Reserve to the Extent Available		<u>(344.17)</u>		<u>(231.58)</u>
			2,727.85	1,810.26
Profit/(Loss) Before Exceptional Item			(2,709.28)	3,487.77
Exceptional Item		<u>(2,661.92)</u>		<u>(1,211.59)</u>
Less : Amount transferred to Revaluation Reserve (See Note 11 of Schedule 'J' - Notes on Accounts)		-		181.58
			(2,661.92)	<u>(1,030.01)</u>
Profit/(Loss) Before Tax			(5,371.20)	2,457.76
PROVISION FOR TAXATION				
Income Tax		19.23		1.85
Deferred Tax (Asset) / Charge		<u>(700.01)</u>		<u>192.80</u>
Fringe Benefit Tax		<u>75.97</u>		<u>44.86</u>
(See Note 7 of Schedule 'J' - Notes on Accounts)			604.81	239.51
Profit / (Loss) After Tax			(4,766.39)	2,218.25
Expenses of Previous Years (Net)			<u>0.75</u>	<u>1.01</u>
			(4,767.14)	2,217.24
Balance of (Loss) Brought Forward			<u>(19,682.36)</u>	<u>(21,899.60)</u>
Balance of (Loss) Carried Forward to Balance Sheet			(24,449.50)	<u>(19,682.36)</u>
Profit / (Loss) Per Share - (See Note 20 of Schedule 'J' - Notes on Accounts)				
Basic - Before Exceptional Item			(9.31)	5.15
Diluted - Before Exceptional Item			(9.31)	5.01
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	I			
NOTES ON ACCOUNTS	J			

As per our Report of even date attached

For **BANSI S. MEHTA & CO.**

Chartered Accountants

A. R. DESAI

Partner

Membership No. F-8204

Mumbai,

Dated : January 29, 2009

For and on Behalf of the Board

M. N. Mehta

Chairman

Savita Pittie

Hemnabh Khatau

} Directors

M. S. Gilotra

Managing Director

R. K. Poddar

Deputy Managing Director

V. R. Mohnot

Director (Finance) & Co. Secretary

Mumbai,

Dated : January 29, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE 18 MONTHS PERIOD ENDED DECEMBER 31, 2008

	Rs. in lacs	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs (5,371.95)	For the year ended 30-06-2007 Rs. in lacs 2,459.43
A CASH FLOW FROM OPERATING ACTIVITIES				
Adjustments for:				
Add : Interest	5,603.97			2,230.95
HP/Lease	170.32			108.12
Loss on Sale of Assets/Assets Discarded	83.75			3.70
Doubtful Advances	100.00			-
Provision for Doubtful Debts	96.35			-
Wealth Tax	3.25			-
Exceptional Item	2,661.92			1,030.01
Depreciation	2,727.85			1,810.26
		11,447.41		5,183.04
(Less) : Profit on Sale of Assets	7.75			8.14
Dividend Received	0.10			0.10
		(7.85)		(8.24)
			11,439.56	5,174.80
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			6,067.61	7,634.23
Add : Trade and Other Payable		(5,352.67)		428.12
(Less) : Trade and Other Receivable	(35.52)			1,008.21
Working Capital Facilities from Banks (Net)	(1,635.48)			995.09
Inventories	(238.31)			424.98
		(1,909.31)		2,428.28
			(7,261.98)	(2,000.16)
CASH GENERATED FROM OPERATIONS			(1,194.37)	5,634.07
Less : Direct Taxes Payments / Refunds			(312.62)	(80.88)
NET CASH FLOW FROM OPERATING ACTIVITIES			(1,506.99)	5,553.19
B CASH FLOW FROM INVESTING ACTIVITIES				
Add : Sale of Fixed Assets	68.03			21.58
Interest Received (including interest deducted from Capitalisation - Rs. 338.51 lacs)	959.55			371.19
Dividend Received	0.10			0.10
		1,027.68		392.87
Less : Purchase of Fixed assets	8,533.58			5,604.73
		8,533.58		5,604.73
NET CASH FLOW USED IN INVESTING ACTIVITIES			(7,505.90)	(5,211.86)

	Rs. in lacs	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
C CASH FLOW FROM FINANCING ACTIVITIES				
Add : Proceeds from Issue of Warrants / Calls realised	781.21			48.85
Increase in Long term Borrowings	8,261.15			6,328.70
		9,042.36		6,377.55
Less : Repayment of Hire Purchase Liabilities	160.68			267.15
Payment of Issue Expenses	-			46.75
Payment of Long term Borrowings	6,910.68			1,296.82
Interest Paid (including interest capitalised Rs. 1,980.74 lacs)	5,132.86			2,148.14
Payment of Unpaid Dividends	0.77			-
		12,204.99		3,758.86
NET CASH FLOW USED IN FINANCING ACTIVITIES			(3,162.63)	2,618.69
NET INCREASE IN CASH AND CASH EQUIVALENTS			(12,175.52)	2,960.02
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR			13,882.60	10,922.58
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			1,707.08	13,882.60

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued under the Companies (Accounting Standard) Rules, 2006.
2. Cash and Cash Equivalents includes Cash and Bank Balances and Fixed Deposits.
3. Addition to Fixed Assets includes movements of capital work in progress between the beginning and the end of the period.

As per our Report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants

A. R. DESAI
Partner
Membership No. F-8204

Mumbai,
Dated : January 29, 2009

For and on Behalf of the Board

M. N. Mehta	Chairman
Savita Pittie	} Directors
Hemnabh Khatau	
M. S. Gilotra	Managing Director
R. K. Poddar	Deputy Managing Director
V. R. Mohnot	Director (Finance) & Co. Secretary

Mumbai,
Dated : January 29, 2009

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - A	As at	
	31-12-2008	30-06-2007
	Rs. in lacs	Rs. in lacs
SHARE CAPITAL		
Authorised :		
13,00,00,000 Equity Shares of Rs. 10/- each	13,000.00	13,000.00
60,00,000 Preference Shares of Rs. 100/- each	6,000.00	6,000.00
50,00,000 Unclassified Shares of Rs. 10/- each	500.00	500.00
	19,500.00	19,500.00
Issued :		
5,90,95,018 Equity Shares of Rs. 10/- each	5,909.50	4,715.75
6,87,595 13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
	6,597.10	5,403.35
Subscribed :		
5,11,91,065 (Previous Year 4,12,71,065) Equity Shares of Rs. 10/- each *	5,119.11	4,127.11
6,87,595 13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
	5,806.71	4,814.71
Paid up :		
5,11,91,065 (Previous Year 4,12,71,065) Equity Shares of Rs. 10/- each *	5,119.11	4,127.11
6,87,595 13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
15,269 Forfeited Shares (Amount paid up Rs. 2/- per Equity Share)	0.31	0.31
	5,807.02	4,815.02
Notes :		
* Includes 30,00,000 Equity Shares of Rs.10/- each allotted as fully paid-up Bonus Shares by capitalisation of free reserves.		
* Includes 30,00,000 right Equity Shares of Rs.10/- each allotted in 1986-87, which allotment is subject to final decision of Gujarat & Delhi High Courts where petitions are pending.		
* Includes 7,99,850 Equity Shares of Rs.10/- each under public issue and 41,92,331 Equity Shares of Rs.10/- each under right issue allotted in 1993-94, which allotment is subject to the final decision of Gujarat High Court where petition is pending.		
** See Note 9 of Schedule 'J' - Notes on Accounts.		
* See Note 10 (e) & (f) of Schedule 'J' - Notes on Accounts in respect of particulars of options of conversions of secured loans.		

SCHEDULE - B	As at	
	31-12-2008	30-06-2007
	Rs. in lacs	Rs. in lacs
RESERVES & SURPLUS		
Capital Reserve : As per Last Balance Sheet	2,294.72	2,294.72
Capital Redemption Reserve: As per Last Balance Sheet	50.00	50.00
Securities Premium Account: As per Last Balance Sheet	8,086.71	7,052.42
Add : Issued during the period	2,480.00	125.00
Add : Increase on Conversion of Loans to Equity Shares	-	956.04
(Less) : Expenses on Issue of Shares / Debentures	-	(46.75)
	10,566.71	8,086.71
Debenture Redemption Reserve: As per Last Balance Sheet	2,060.00	2,060.00
Revaluation Reserve: As per Last Balance Sheet	27.45	77.45
Add : Transfer from Profit And Loss Account	2,260.98	181.58
(Less) : Transfer to Depreciation	(344.17)	(231.58)
(See Note 5 of Schedule 'J' - Notes on Accounts)	1,944.26	27.45
General Reserve : As per Last Balance Sheet	4,377.97	4,377.97
(Less) : Debit Balance in Profit and Loss Account as per Contra	(4,377.97)	(4,377.97)
	-	-
	16,915.69	12,518.88

SCHEDULE - C SECURED LOANS:

	Rs. in lacs	As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
I. Debentures – Non-Convertible			
(a) Public Debentures	3,447.33		3,581.64
	Rate	Number of	Amount
	%	Debentures	per
			Debenture
Current Year	12.00	27,65,532	96.25
	12.00	4,08,055	192.50
Previous Year	2.00	27,65,532	100.00
	2.00	4,08,055	200.00
(b) Privately Placed Debentures			
I. 9,00,000 12% Debentures of Rs. 96.25 each (Previous Year Rs. 100/- each)	866.25		900.00
II. 7,45,000 Privately Placed Debentures of Rs. 1,250/- each (Part A of Rs. 350/- each & Part B of Rs. 900/- each)	<u>-</u>		<u>9,312.50</u>
		4,313.58	<u>13,794.14</u>
(i) (Part A has been converted into 10 Equity shares of Rs. 10/- each of the Company at a premium of Rs. 25/- per Equity Share on August 20, 2007)			
(ii) (Part B of the Debenture has been redeemed and converted into Term Loan)			
II. Term Loans :			
(a) From Financial Institutions	2,151.77		6,236.14
(b) From Banks	4,762.58		6,560.51
(c) From Others	<u>21,610.23</u>		<u>7,495.03</u>
		28,524.58	<u>20,291.68</u>
III. Others :			
A. From Banks :			
(a) Cash Credits	719.08		1,744.84
(b) Working Capital Demand Loan	<u>-</u>		<u>923.69</u>
	719.08		2,668.53
B. From Hire Purchase Creditors :	<u>171.53</u>		<u>161.89</u>
		890.61	<u>2,830.42</u>
(See Note 10 and 15 of Schedule 'J' - Notes on Accounts)		<u>33,728.77</u>	<u>36,916.24</u>

I. Debentures:

- (a) Under part I (a) and I (b) (I) together with funded interest term loans, interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of *pari passu* second mortgage in English form in favour of the Trustees on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat) for the holders of the said debentures, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital and prior charges of bankers / other lenders on the equipment / movable assets financed by them and shall rank second to existing charges created / to be created in favour of first charge holders.

II. Term loans:

- (a) From Financial Institutions:
- (i) Term loans from LIC, GIC, NIA, NIC, UIIC, OIC together with funded interest term loans, are secured by *pari passu* first charge on the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company.

- (b) From Banks:
- (i) Term loan from Bank of India together with funded interest term loans, is secured by *pari passu* first mortgage by way of deposit of title deeds of the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company.
 - (ii) Term loans from Dena Bank for modernisation project together with funded interest term loans, are secured by *pari passu* first charge on the Company's immovable and movable properties situated at Ranavav (Gujarat), both present and future. The said loans are also secured by the personal guarantees of three Directors of the Company.
 - (iii) Term loan from Dena Bank for project together with funded interest term loans, is secured by *pari passu* first mortgage by way of deposit of title deeds of the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company.
 - (iv) Vehicle loans from ICICI Bank and HDFC Bank are secured by hypothecation of vehicles financed by them and personal guarantees by one of the directors of the Company.
- (c) From others:
- (i) Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans, are secured by *pari passu* first charge on the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery and plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantee of two Directors of the Company.
 - (ii) Term Loans from India Debt Management Pvt. Limited is secured by first *pari passu* charge by way of mortgage on all immovable assets present and *pari passu* first charge by way of hypothecation on all the other properties of the Company both present and future tangible and intangible (except current assets on which first charge is created in favour of the working capital lenders and other movable assets on which exclusive charge is existing). It is also secured by *pari passu* pledge on promoter's shares.
 - (iii) Term Loan from India Debt Management Pvt. Limited together with all sums are secured by *pari passu* first charge on the assets of the Company. It is also secured by a mortgage on immovable assets of the Company both present and future and a hypothecation / charge on all other movable assets of the Company. It is also secured by *pari passu* pledge on promoter's shares.

III. Other Secured Loans:

A. From Banks:

- (i) The working capital arrangements are secured by first charge on stocks, stores, book debts and movable plant and machinery and other movable assets, both present and future, and by second charge on the Company's immovable properties at Ranavav (Gujarat), both present and future save and except prior charges of other lenders on the equipment / movable assets financed by them and shall rank second to existing charges created / to be created in favour of first charge holders. They are also secured by personal guarantees of three Directors of the Company. The facility from Rajkot Nagarik Sahakari Bank is further secured by shares of Gujarat Sidhee Cement Limited held by subsidiary companies.

B. From Hire Purchase Creditors:

- (i) Equipment / Vehicle loans from SREI Infrastructure Finance Limited are secured by hypothecation of assets financed by them and personal guarantees by one of the directors of the Company.

SCHEDULE - D

UNSECURED LOANS:

Fixed Deposits
From a Director

	As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
	-	0.15
	0.05	0.05
	0.05	0.20

Rs. in lacs

SCHEDULE - E

FIXED ASSETS : #	BLOCK AS REVALUED			TOTAL DEPRECIATION				NET BLOCK	
	Gross Block as at 01-07-07	Additions	Deductions/ Adjustments	Gross Block as at 31-12-08	On Revalued cost up to 01-07-07	For the Period	Deductions/ Adjustments	As at 31-12-08	As at 30-06-07
Goodwill	95.27	-	-	95.27	57.16	14.29	-	71.45	38.11
Freehold Land *	239.08	-	-	239.08	-	-	-	-	239.08
Buildings \$	1,897.09	-	-	1,897.09	825.96	74.88	-	900.84	1,071.13
Leasehold Land *	21.45	-	-	21.45	-	-	-	-	21.45
Jetty at Porbandar	2,411.45	-	-	2,411.45	945.79	298.69	-	1,244.48	1,465.66
Railway Siding & Weigh Bridge	247.71	-	-	247.71	204.74	9.34	-	214.08	42.97
Water Supply Installation	185.08	-	-	185.08	157.37	6.59	-	163.96	27.71
Electric Installation ^	1,832.46	-	-	1,832.46	1,233.07	125.89	-	1,358.96	599.39
Plant & Machinery ~	31,316.92	625.27	249.54	31,691.95	18,414.17	2,166.38	230.66	20,349.89	12,902.05
Rolling Stock & Locomotives	61.50	-	-	61.50	48.29	2.53	-	50.82	13.21
Furniture & Office Equipment	1,473.04	517.68	157.76	1,832.96	1,001.58	138.52	125.04	1,015.06	471.46
Motor Cars, Trucks etc.~	1,153.24	402.41	223.87	1,331.78	398.15	234.91	131.43	501.63	755.09
Current Year	40,933.59	1,545.36	631.17	41,847.78	23,286.28	3,072.02	487.13	25,871.17	17,647.31
Previous Year	40,673.49	392.99	132.89	40,933.59	21,358.39	2,041.84	113.95	23,286.28	17,647.31
Capital work in Progress #	9,079.86	12,055.44	103.07	21,032.23					
Previous Year #	5,287.35	3,800.86	8.35	9,079.86					

NOTES :

- * Besides the leasehold and freehold land specified above, the Company holds leasehold land in respect of which only ground rent is paid.
- \$ Excludes cost of shares held in co-operative society included under the Schedule F of investments.
- ^ Includes cost of service line Rs. 33.20 lacs ownership of which is vested with Paschim Gujarat Vij Company Limited.
- ~ Includes equipment and vehicles financed under hire purchase agreements.
- # Includes Rs. 12,109.25 lacs in respect of a 25 MW Thermal Power Plant, currently under trial runs.
- # Includes Rs. 8,036.81 lacs in respect of Expansion Project Assets, temporarily suspended.
- # (See Note 10 and 13 of Schedule 'J' of Notes on Accounts)

SCHEDULE - G

			As at 31-12-2008 Rs. in lacs	As at 30-06-2007 Rs. in lacs
CURRENT ASSETS, LOANS AND ADVANCES	Rs. in lacs	Rs. in lacs		
(A) CURRENT ASSETS:				
Inventories:				
At cost or net realisable value, whichever is lower				
Stores & Spare Parts		1,437.93		1,398.88
Raw Materials & Fuels		405.03		939.37
Packing Materials		126.01		160.61
Stock-in-Trade *		814.95		713.19
Stock in Process *		1,141.58		475.02
*As certified by an Independent Cost Accountant			3,925.50	3,687.07
Sundry Debtors : (Unsecured)				
More than six months - Considered good		426.53		656.91
- Considered doubtful		1,316.59		1,221.73
		1,743.12		1,878.64
(Less) : Provision for Doubtful Debts		(1,316.59)		(1,221.73)
		426.53		656.91
Other Debts - Considered good		1,137.55		1,947.94
			1,564.08	2,604.85
Cash and Bank Balances:				
Cash on Hand		0.24		2.21
Balances with Scheduled Banks:				
i) Current Accounts	444.21			1,581.51
ii) Fixed Deposits - Issue Money	755.12			2,593.40
iii) Fixed Deposits - Others	507.51			9,705.48
		1,706.84		13,880.39
			1,707.08	13,882.60
(B) LOANS AND ADVANCES :				
Advances Recoverable in Cash or in Kind Or For Value To Be Received		719.13		495.32
(Less) : Provision for Doubtful Advances		(111.85)		(11.85)
		607.28		483.47
Advances against Capital Expenditure and Purchase of Stores		991.28		4,413.20
Other Receivables		418.20		317.12
Deposits		935.46		847.99
Interest accrued		249.72		837.07
Intercorporate Deposits	716.76			716.76
(Less) : Considered doubtful		(554.76)		(244.76)
(See Note 5 & 11 of Schedule 'J' - Notes on Accounts)		162.00		472.00
Tax Payments and Refund Receivable (Net of Provisions)		281.18		69.68
			3,645.12	7,440.53
			10,841.78	27,615.05

SCHEDULE - H

			As at	As at
			31-12-2008	30-06-2007
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
CURRENT LIABILITIES AND PROVISIONS:				
(A) CURRENT LIABILITIES:				
Sundry Creditors		3,498.99		2,121.64
Advances against Orders		545.98		1,195.33
Security Deposits from Customers		577.11		474.61
Excess amounts received on Equity Warrants		3.65		86.94
Debentures - Unencashed		35.19		87.97
Unclaimed / Unpaid Dividend		77.77		78.54
Other Liabilities		11,113.24		16,821.36
Interest Accrued but not due		755.06		416.66
			16,606.99	21,283.05
(B) PROVISIONS:				
For Gratuity / Leave Encashment (see Note 6 of Schedule 'J' - Notes on accounts)		711.29		539.96
For Redemption Premium on Term Loans		503.21		-
For Excise Duty on Closing Stock		34.66		44.53
For Wealth Tax		-		2.68
			1,249.16	587.17
			17,856.15	21,870.22

SCHEDULE - 1

	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
SALE OF PRODUCTS AND OTHER INCOME:			
SALE OF PRODUCTS & SERVICES		78,638.90	44,563.07
OTHER INCOME			
(a) Export Incentives	972.45		235.58
(b) Insurance Claim Received	49.70		115.43
(c) Miscellaneous Income (including overheads shared)	476.08		186.90
(d) Profit on Sale of Assets	7.75		8.14
(e) Excess Provision Written Back	175.98		231.66
(f) Sundry Creditors Written Back	7.99		61.74
(g) Exchange Rate Fluctuations	62.15		128.20
(h) Dividend Received	0.10		0.10
		1,752.20	967.75
		80,391.10	45,530.82

SCHEDULE - 2

	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
MANUFACTURING AND OTHER EXPENSES:			
Cement Purchase for Resale		6,940.01	2,837.77
Clinker / Coal & Other Purchases for Resale		403.33	-
Raw Materials Consumed		5,318.36	3,119.29
Stores and Spare Parts Consumed		4,584.46	2,415.10
Packing Material Consumed		1,855.42	1,063.33
Power and Fuel		27,221.69	13,590.91
Employee Costs (See Note 14 of schedule 'J' - Notes on Accounts)			
(a) Salaries, Wages, Bonus and Gratuity	3,130.72		1,449.90
(b) Contribution to Provident Fund and Other Funds	269.06		143.03
(c) Staff Welfare Expenses	84.19		62.72
		3,483.97	1,655.65
Repairs and Maintenance:			
(a) Buildings, etc.	131.23		75.83
(b) Machinery	874.37		467.93
(c) Others	769.58		571.36
		1,775.18	1,115.12
Rent		171.06	106.56
Rates and Taxes		32.22	6.76
Hire Purchase Rentals		170.32	108.12
Insurance		201.39	191.15
Excise Duty on Closing Stock		34.66	72.36
Directors' Fees		28.60	10.60
Charity and Donations		1.00	0.97
Loss on Sale of Assets		43.45	3.70
Assets Written Off		40.30	-
Doubtful Advances		100.00	-
Travelling and Conveyance		423.56	204.41
Wealth Tax		3.25	2.68
Miscellaneous Expenses		1,540.53	1,276.43
		54,372.76	27,780.91

Carried forward

SCHEDULE - 2 (Contd.)

	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
<i>Brought Forward ...</i>		54,372.76	27,780.91
Payment to Auditors:			
(a) Audit Fees	8.22		3.84
(b) Tax Audit Fees	3.06		1.75
(c) In Other Capacity	3.89		5.05
(d) Reimbursement of Expenses	0.70		0.51
		15.87	11.15
Selling and Sales Administration Expenses			
(a) Advertisement, Business Promotional and Service Charges	1,079.26		246.93
(b) Freight Charges	8,816.04		3,909.59
(c) Commission	1,292.22		1,170.19
(d) Provision for Doubtful Debts	96.88		-
(e) Others	2,541.94		1,401.53
		13,826.34	6,728.24
		68,214.97	34,520.30

SCHEDULE - 3

	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
(INCREASE)/DECREASE IN FINISHED STOCK AND STOCK IN PROCESS			
(a) Stock at the end			
(i) Cement	814.95		713.19
(ii) Raw Flour and Clinker	1,141.58		475.02
		1,956.53	1,188.21
(b) Less : Stock at the beginning			
(i) Cement	713.31		582.49
(ii) Raw Flour and Clinker	475.02		413.99
		1,188.33	996.48
		(768.20)	(191.73)

SCHEDULE - 4

	Rs. in lacs	Rs. in lacs	For the period ended 31-12-2008 Rs. in lacs	For the year ended 30-06-2007 Rs. in lacs
INTEREST: (NET)				
Interest On Borrowings				
(a) On Debentures	860.38			798.36
(b) On Term Loans	2,859.71			232.46
(c) Others	522.77			319.28
		4,242.86		1,350.10
Other Interest				
(a) On Sales Tax	578.52			388.29
(b) On Royalty	484.73			322.73
(c) On Electricity Duty	223.50			148.99
(d) On Power and Fuel	8.28			35.28
(e) Interest Receivable Written Off	281.72			-
(f) Others	81.58			407.34
		1,658.33		1,302.63
			5,901.19	2,652.73
(Less) : Interest Earned (Gross)			(297.46)	(421.91)
(Tax deducted at source Rs.164.94 lacs, Previous year Rs.24.87 lacs)			5,603.73	2,230.82

SCHEDULE - 'I'

CONSOLIDATED STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. COST CONVENTION:

The financial statements are prepared as under :

- a) on the historical cost convention as modified to include revaluation of land, buildings, plant and machinery situated at Ranavav,
- b) on a going concern basis,
- c) in accordance with the generally accepted accounting principles,
- d) in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 which have been prescribed by the Companies (Accounting Standards) Rules, 2006,
- e) on the accrual system of accounting,
- f) in accordance with the relevant presentation requirements of the Companies Act, 1956.

2. PRINCIPLES OF CONSOLIDATION:

- a) The financial statements of Concorde Cement Private Limited are excluded from consolidation as control is intended only to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future and same is fully provided for.
- b) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- c) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to, in the same manner as the Company's separate financial statements.
- d) The excess of cost to the Company of its investment in the subsidiary Company is recognised in the financial statements as goodwill and the goodwill is amortised over a period of 10 years commencing from the date from which it arises as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

3. THE SUBSIDIARY COMPANIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENT ARE:

No.	Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31.12.2008	Financial Year ends
a)	Pranay Holdings Limited	India	100%	12 Months ended
b)	Prachit Holdings Limited	India	100%	March 31, 2008 &
c)	Ria Holdings Limited	India	100%	9 Months ended
d)	Reeti Investments Limited	India	100%	December 31, 2008
e)	Agrima Consultants International Limited	India	100%	

4. VALUATION OF FIXED ASSETS AND CAPITAL WORK IN PROGRESS:

- a) As at June 30, 1993 the Company had revalued its land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, with the help of an external valuer.
- b) 'Cost' for the purpose of valuing fixed assets and capital work in progress comprises of its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- c) Expenditure (including pre-installation interest and pre-operative expenditure) during construction period is included under Capital Work-in-Progress and the same is allocated to the respective fixed assets on its completion for satisfactory commercial commencement.

5. IMPAIRMENT OF ASSETS:

As on each Balance Sheet date, if internal / external indicators suggest that an asset may be impaired, the carrying amount of the asset is tested for impairment so as to determine,

- a) The provision for impairment loss, if any, required or
- b) The reversal, if any, required for impairment loss recognized in previous periods.

The impairment loss is recognised when the carrying amount of an asset exceeds the recoverable amount. Recoverable amount is determined as the higher of the net selling price (net of material disposal expenses) and the value in use.

- a) In the case of an individual asset,
 - b) In the case of a cash generating unit (CGU) (a group of assets that generates identified independent cash flows)
- (Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset / CGU as stated above and from its disposal at the end of its useful life.)

6. DEPRECIATION:

- a) Depreciation on all assets is being provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 & in case of Agrima Consultants International Limited has provided depreciation on the written down value method with the provisions of Section 205(2)(a) of the Companies Act, 1956.
- b) Premium on leasehold land of long lease duration is not amortised.
- c) Depreciation on assets other than Jetty is calculated on cost / net replacement value ascertained as at June 30, 1993 at the rates provided under Schedule XIV of the Companies Act, 1956.
- d) The cost of Jetty is amortised over its useful life of 15 years. Addition thereto is amortised over the residual years of its right of use.
- e) The excess depreciation provided on the revalued assets as reduced by that of on the original cost of the assets is transferred from Revaluation Reserve to the extent of availability of reserve to the Profit and Loss Account.
- f) The amounts capitalised on foreign exchange fluctuations are provided prospectively over the residual life of the asset.

7. INVESTMENTS:

- a) Investments that are intended to be held for more than a year, from the date of acquisition are classified as long-term investments and are stated at cost of acquisition. Diminution, other than temporary, in the value of such investments is provided. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis. Including held by the Subsidiaries for long-term purposes is provided. Diminution in the value of other investments is provided.
- b) Losses of subsidiary companies mainly arisen due to Provision for Diminution in the value of their investments have been recognised and provided for.

8. CURRENCY TRANSLATIONS :

- a) Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.
- b) Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on the dates of Balance Sheet.
- c) Pursuant to the Companies (Accounting Standard) Rules, 2006 with effect from April 1, 2007, exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognised in the Profit and Loss account.
- d) The premium or discount arising at the inception of a forward exchange contract on a monetary item is recognised as income or expense over the life of the contract.
- e) All other exchange differences are recognised to the Profit and Loss account.

9. EMPLOYEE BENEFITS:

Defined Contribution Plan:

- a) Superannuation liability is provided for the year.
- b) Contribution as per Employees Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Defined Benefit Plan:

- a) **Gratuity:** In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date, carried out by an independent Actuary. Actuarial gain or loss is recognised immediately in the statement of the Profit and Loss as Income or Expense. The Company has an employees gratuity fund managed by the Life Insurance Corporation of India ("LIC").
- b) **Compensated Absences:** The Company provides for the encashment of absence or absence with pay based on policy of the Company in this regard. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Company records an obligation for Compensated absences in the period in which the employees renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent Actuarial valuation.

10. ACCOUNTING OF CENVAT BENEFITS:

Cenvat / VAT credit availed under the relevant scheme in respect of Raw materials, Packing materials, Fuels, Stores and spares, capital goods, etc. is reduced from the relevant cost of purchases.

11. VALUATION OF INVENTORIES:

- a) Raw materials, Packing material and Fuels - 'At cost' derived on moving weighted average basis or net realisable value, whichever is lower.
- b) Work-in-process - 'At cost' as certified by an independent Cost Accountant, or net realisable value, whichever is lower. Cost for this purpose, includes all direct costs and other related factory overheads.
- c) Finished Goods - 'At cost' or net realisable value, whichever is lower, as certified by an independent Cost Accountant. Cost for this purpose includes all direct cost, other related factory overheads and excise duty. Traded goods are valued at cost or net realisable value, whichever is lower, as certified by an independent Cost Accountant.
- d) Stores and spares - 'At cost' on moving weighted average basis.

12. REVENUE RECOGNITION:

- a) Sales are accounted on dispatches of goods to customers. Sales figures are inclusive of excise duty, but are net of sales tax, value added tax, sales returns and adjustment in respect of discounts, rate difference etc.
- b) Export Sales are accounted on the basis of the dates of bills of lading.
- c) Benefits of entitlement to import duty free materials on account of export are recognised in the year of export.
- d) Claims for Insurance are accounted on receipt / on acceptance of claim by Insurer.

13. BORROWING COSTS:

- a) Borrowing costs, attributable to the acquisition / construction of qualifying assets, are capitalised, net of income / income earned on temporary investments of borrowings. Other borrowing costs are charged to the Profit and Loss Account as expense in the year in which these are incurred.
- b) Redemption Premium payable on borrowings are included as part of finance costs on a periodic cost basis.

14. TAXATION:

- a) Provision for current tax is made with reference to the taxable income computed for the accounting year by applying the rates relevant to the immediately preceding previous year under the Income tax Act, 1961.
- b) Deferred tax asset or liability on timing difference are recognised using current rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets in respect of Unabsorbed Depreciation and Carry forward Business Losses are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Other deferred tax assets are recognised based on the principles of prudence. Deferred tax effects are reviewed at each Balance Sheet date.

- c) Provision for fringe benefit tax is made in accordance with Chapter XII-H of the Income Tax Act, 1961 on the value of the items as computed for the relevant period by applying the prescribed rates under the Income Tax Act, 1961.

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company, has a present obligation as a result of a past event.
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is stated in the case of:

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE – 'J'

Notes on Accounts

	As at 31-Dec-08 Rs. in lacs	As at 30-Jun-07 Rs. in lacs
1. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for.	1,487.30	7,203.95
2. Contingent liabilities not provided for:		
(i) Claims made and debit notes for rate differences on supplies made in earlier years by its erstwhile jute bags supplier, both of which have not been accepted by the Holding Company (A counter claim of Rs. 23.50 lacs has been filed before the Bombay High Court).	89.15	89.15
(ii) Disputed Demands for service tax on Transport charges issued by Excise Department (including interest and penalties thereon)	58.50	19.64
(iii) Demand for penalties in respect of delays in payment of excise duty disputed by the Holding Company. CESTAT has now passed an order in favour of the Holding Company.	-	128.10
(iv) Disputed demands of differential customs duty (including counter veiling duty) for non inclusion of technical service charges under assessable values, denial for concession granted on assets installed outside the factory premises and denial of concessional rate of duty on project imports made between July 1995 to December 1995 and penalty thereon.	617.35	617.35
(v) Demands for penalty on import and purchases of coal on high seas basis disputed by the Holding Company. (The Holding Company has paid a deposit of Rs. 2.40 lacs against it.)	12.00	12.00
(vi) Claims filed by workmen or their union against the Holding Company.	217.58	179.92
(vii) Demands based on order of Estate Officer under Public Premises (Eviction of unauthorised Occupants) Act, 1971 for increase in rent of certain office premises now vacated by the Holding Company.	1,248.83	825.35
(viii) Other demands and claims against the Holding Company not acknowledged as debts	531.02	94.05
3. The operation of a show cause notice dated 20th August, 2002 issued by the Jute Commissioner, stipulating the Holding Company to fulfill the obligation of packing a minimum of 50% of cement in Jute bags from 15th March, 1995 or pay penalty under Section 3 (1) of the Act, (which penalty is presently not ascertainable) is presently stayed by Calcutta High Court.		
4. (i) The Holding Company is registered as a sick Industrial Holding Company with The Board for Industrial & Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985. Later on the BIFR has passed an order declaring the Holding Company as not a sick Holding Company. The Holding Company applied against the said order before AAIFR, which has directed the BIFR to reconsider its order.		
(ii) Considering the overall growth in the Cement Industry barring any unforeseen circumstances, the Management is confident that after implementation of the sanctioned CDR package, the Holding Company would be able to generate sufficient returns to make its net worth positive in future. Accordingly, the accounts of the Holding Company are prepared on Going Concern Basis.		
(iii) The Holding Company's request for One Time Settlement of Dues payable by sick units under BIFR as per the Government of Gujarat (GoG) GR BFR/(HPC)/102003/3537/P dated 12th May, 2004 is under consideration. The scheme <i>inter alia</i> provides for waiver of interest, penalties etc. on Sales Tax, Royalty and Electricity Duty. Based on the directions of GoG, the Holding Company has unconditionally deposited a sum of Rs. 70 Crores with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable to GOG have been shown in Other Liabilities net of such deposit under Schedule-H.		

5. The diminution in the value of investments including the losses of subsidiary companies arising due to diminution in the value of long term quoted investments held by such subsidiaries (PDI) amounting to Rs.2793.70 lacs (including Rs.2016.22 lacs as on June 30, 2007) and provision for doubtful Inter Corporate Deposits amounting to Rs.524.76 lacs, including interest thereon (PDICD) (including Rs.244.76 lacs as on 30th June, 2007) is charged to Profit and Loss Account and reflected under the Exceptional Item (included under Note 11 below) to fall in conformity with the Guidance Note on Treatment of Reserves created on Revaluation of Fixed Assets issued by the Institute of Chartered Accountants of India and to that extent the Revaluation Reserve adjusted against the provisions made upto 30th June, 2007 amounting to Rs.2260.98 lacs is reinstated. As a consequence thereof, the amount of depreciation pertaining to the period, provided in the financial statements on the revalued amounts of Rs.316.72 lacs is adjusted out of the Revaluation Reserve so reinstated.
6. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given hereunder:

The Holding Company's gratuity plan is partly funded. The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and the reconciliation of opening balances of the present value of the defined benefit obligation.

I. Changes in Present Value of Obligations:	As at	As at
Particulars	31-Dec-08	31-Dec-08
	Rs. in lacs	Rs. in lacs
	Gratuity	PL Encashment
Present Value of Obligation as at the beginning of the period	443.39	122.52
Current Service Cost	95.30	131.90
Interest Cost	53.75	15.82
Actuarial (gain) / Loss on obligations	(17.74)	(84.98)
Benefits paid	(48.52)	4.50
Present value of Obligation as at the end of the period	526.18	189.75
II. Changes in Fair Value of Plan Assets :	As at	As at
Particulars	31-Dec-08	31-Dec-08
	Rs. in lacs	Rs. in lacs
	Gratuity	PL Encashment
Fair value of Plan Assets as at the beginning of the period	25.94	-
Expected return on Plan Assets	2.88	-
Contributions	25.00	-
Benefits paid	48.52	-
Actuarial Gain (Loss) on Plan Assets	(0.66)	-
Fair value of Plan Assets as at the end of the period	4.64	-
III. The amount recognised in balance sheet:	As at	As at
Particulars	31-Dec-08	31-Dec-08
	Rs. in lacs	Rs. in lacs
Present value of Obligation as at the end of the period	526.18	189.75
Fair Value of Plan Assets at the end of the period	4.64	-
Net Asset / (Liability) recognised in Balance sheet	521.54	189.75
IV. Amount recognised in Profit and Loss Account:	As at	As at
Particulars	31-Dec-08	31-Dec-08
	Rs. in lacs	Rs. in lacs
Current Service Cost	95.30	131.90
Interest Cost	53.75	15.82
Expected return on Plan Assets	(2.88)	-
Net Actuarial (gain) / Loss recognised in the period	(17.08)	(84.98)
Expenses Recognised in the statement of the Profit and Loss	129.09	62.74

V. Assumptions: Particulars	As at 31-Dec-08 Rs. in lacs	As at 31-Dec-08 Rs. in lacs
Mortality Table	1994-96	1994-96
Discount Rate	7.50%	7.50%
Rate of increase in compensation levels	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by actuary.

7. (i) In view of the carried forward losses and unabsorbed depreciation available under the Income tax Act, 1961, no provision for income tax is made in the books of Holding & Subsidiary Companies except Agrima Consultants International Limited where tax is provided as per current rates & laws.
- (ii) No Minimum Alternate Tax liability under Section 115 JB of the Income Tax Act, 1961 is determined in view of the deduction available of amount of profits of a sick Holding Company under Section 115JB2(viii).
- (iii) Provision for Fringe Benefit Tax is made on the basis of computation prepared by the Companies and as approved by the Companies tax consultant.

8. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

Sr. Particulars No.	As at 31-Dec-08 Rs. in lacs
(a) Principal amount remaining unpaid and interest thereon	-
(b) Interest paid in terms of Section 16	-
(c) Interest due and payable for the period of delay in payment	-
(d) Interest accrued and remaining unpaid	-
(e) Interest due and payable even in succeeding years	-

9. Of the total Preference Share Capital of Rs. 687.60 lacs, the holders of 1,74,557 OCCPS of Rs. 100 each, aggregating to Rs. 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Holding Company. Based on an advise received, pending the availability of funds / distributable profits for redemption of capital, the beneficial ownership of these OCCPS has been transferred in favour of a trust of which the Holding Company is the beneficiary. The accounting effect of such waiver (only in respect of these OCCPS) shall be made as and when such shares will be redeemed.

10. Financial Restructuring

- a) The reliefs and concessions availed from Banks, Financial Institutions and others under the Corporate Debt Restructuring (CDR) scheme for the debts outstanding as on 1st July, 2005, being the cut off date, including waiver of principal and interest on One Time Settlement under Series A of the CDR Scheme pursuant to the Letter No. BY.CDR (AG) /No.1127/2005-06 dated 26th December, 2005 of the CDR Cell and subsequent settlement with other lenders and as approved by the Honourable High Court of Gujarat vide its order dated December 24, 2007, in the proceedings of the Holding Company u/s 391 and 394 of the Companies Act, 1956 approving the restructuring scheme sanctioned by CDR, are as under :

No. Particulars	Account Head reversed to	Upto 31-Dec-08 Rs. in lacs	Upto 30-Jun-07 Rs. in lacs
1. Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Capital Work in Progress	Capital Work in Progress	1,752.82	1,752.82
2. Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Fixed Assets	Fixed Assets	189.86	189.86
3. Outstanding Credit balance in party ledger	Fixed Assets	80.53	80.53

No.	Particulars	Account Head reversed to	Upto 31-Dec-08 Rs. in lacs	Upto 30-Jun-07 Rs. in lacs
4.	Waiver of principal amount by lenders / Creditors	Capital Reserve	2,185.75	2,185.75
5.	Interest, cumulative interest, penal interest and liquidated damages which were earlier charged to Profit & Loss account	Exceptional items in the Profit and Loss account	7,292.65	6,595.25
			11,501.61	10,804.21
b)	As per the restructuring package, the interest is payable by the Holding Company on ballooning basis ranging from 2% p.a. to 12% p.a. resulting into an average rate of interest of 8.5% per annum. The first year interest @ 2% is to be funded as Funded Interest Term Loan (FITL) II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 50% of the unpaid simple interest on all the loans has been converted into FITL-I. Both FITL-I and II do not carry interest and are repayable in the 9th and 10th year			
c)	The Holding Company has an option to repay all the loans without premium in a pro-rata manner to all the lenders and such pre-payment is to be on pro-rata basis towards all outstanding loans irrespective of the interest rates.			
d)	All the restructured loans including FITL are subject to recompense clause as may be approved by CDR.			
e)	In the event of default in compliance of restructuring package, the lenders have the right to convert 100% of the defaulted amount of the restructured debt at any time during the currency of assistance into Equity Shares as per SEBI guidelines after approval of CDR.			
f)	The Lenders shall have the right to convert 20% of the loan outstanding (including FITL and WCTL) into Equity Shares of the Holding Company as per SEBI guidelines in one or more occasions after 7 years from the date of approval. As regards zero coupon FITL, remaining outstanding beyond 7 years, such conversion right of lenders would be applicable to the entire amount and the conversion shall be at a price as per SEBI guidelines.			
11.	Exceptional Items include:		For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
(a)	Interest Write Backs as per CDR Scheme		697.41	2,020.78
(b)	Provision for Doubtful Inter Corporate Deposits		(310.00)	-
(c)	Diminution of Value of Investments		(788.35)	(181.58)
(d)	Reversal of Amount withdrawn from Revaluation Reserve (see Note 5 above)		(2,260.98)	-
(e)	Provision of Sales Tax Penalties		-	(3,050.79)
			(2,661.92)	(1,211.59)
12.	Expenses on maintenance, etc. incurred during the period for a guest house at Mumbai amounting to Rs.4.07 lacs (Previous year Rs.2.06 lacs) have been presently borne by the Holding Company. The guesthouse was under the unauthorised occupation of the relatives of an ex-chairman. The Holding Company had filed a suit for recovery of the possession of the guesthouse, which also includes recovery of the expenses incurred. The said suit was decided against the Holding Company by declaring the legal heirs of the ex-chairman as tenants. The Holding Company has preferred an appeal before the Division Bench against the said order.			

13. (i) Additions to Fixed Assets / Capital Work in Progress include the following:

Sr. No.	Particulars	For the period ended 31-Dec-08 Rs. In lacs	For the year ended 30-Jun-07 Rs. in lacs
1.	Interest and Finance Cost capitalised on borrowings (Net)	1,642.23	635.20
2.	Exchange Fluctuations to Fixed Assets	-	(4.06)
3.	Other Pre-operative Expenses to Capital WIP	167.39	39.47

- (ii) Pre-operative expenses in respect of on going project included under the head capital work-in-progress are as follows:

Sr. No.	Particulars	Upto 30-Jun-07 Rs. in lacs	Addition during the period Rs. in lacs	Upto 31-Dec-08 Rs. In lacs
1.	Technical Consultancy	369.74	41.92	411.66
2.	Employee Cost	144.56	-	144.56
3.	Interest and Finance cost	3,739.38	1,642.23	5,381.61
4.	Travelling and Conveyance	227.48	-	227.48
5.	Exchange rate fluctuation	42.43	-	42.43
6.	Transportation Charges	28.76	-	28.76
7.	Miscellaneous	65.31	125.47	190.78
	Total	4,617.66	1,809.62	6,427.28

14. **Remuneration paid / payable to Managing Directors:**

(i) Sr. No.	Particulars	For the period ended 31-Dec-08 Rs. In lacs	For the year ended 30-Jun-07 Rs. in lacs
1.	Salary	96.10	48.20
2.	Contribution to Provident and other funds	28.41	7.29
3.	Other perquisites	0.98	4.08
	Total	125.49	59.57

- (ii) In the absence of availability of profits calculated under Section 198 of the Companies Act, 1956, no commission is payable to the directors of the Holding Company and accordingly, the computation under Section 349/350 is not stated.

15. **Certain particulars of Secured / Unsecured Loans:**

Particulars	As at 31-Dec-08 Rs. in lacs		As at 30-Jun-07 Rs. in lacs	
	Due within one year	Interest Accrued and Due	Due within one year	Interest Accrued and Due
Secured Loans:				
Debentures	336.12	-	6,705.00	-
Term loans:				
Financial Institutions	89.17	-	-	-
Banks	219.81	-	1,561.98	423.54
Others	6,779.26	-	18.45	-
Hire Purchase Creditors	45.79	-	148.02	-

16. Following expenses are debited to Limestone Quarrying

Sr No.	Particulars	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
1.	Salaries and Wages	234.49	140.73
2.	Royalties and Cess Charges	1,024.47	491.17
3.	Stores Consumption	756.79	408.60
4.	Machinery Repairs and Maintenance	29.84	17.73
5.	Excavation & Transportation	427.19	378.49
6.	Others	-	11.31

17. Quantitative information:

(A) (Certified by Management)	For the period ended 31-Dec-08 Tonnes	For the year ended 30-Jun-07 Tonnes
1. Licensed Capacity *		
2. Annual Installed capacity – Cement (OPC) as at	1,501,000	1,501,000
3. Production during the period – Cement	1,959,830	1,383,735
4. Production during the period – Clinker	1,982,770	1,331,300

* The Holding Company's product is exempt from licensing requirements under New Industrial Policy terms of Notification No. S.O. 477(E) dated 25th July 1991.

(B) Raw materials consumed (Certified by Management)	For the period ended 31-Dec-08		For the year ended 30-Jun-07	
	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
1. Limestone / Marl	2,648,607	2,592.38	1,653,148	1,739.63
2. Gypsum	91,941	742.55	73,015	503.50
3. Clay	2	0.01	167,384	95.57
4. Pozzolana and other materials	333,373	1,983.42	163,642	780.59
Total		5,318.36		3,119.29

(C) Value of imported and indigenous Raw materials, Stores, Spare parts and components consumed and their percentage to total consumption.

	For the period ended 31-Dec-08		For the year ended 30-Jun-07	
	Rs. in lacs	(%)	Rs. in lacs	(%)
1) Raw material (Indigenous)	5,318.36	100.00	3,119.29	100.00
2) a) Spare parts and Components (Imported)	590.56	5.35	197.88	4.65
b) Spare parts and Components (Indigenous)	10,455.15	94.65	4,058.11	95.35

* Includes amounts directly debited to various account heads.

(D) Value of imports calculated on C.I.F. basis:	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
1. Spare Parts and Components	526.77	214.69
2. Capital goods	3,117.94	2,937.64

(E) Earnings in Foreign Currencies		For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs	
1. Value of Exports calculated on FOB basis:		19,074.39	12,855.80	
2. Value of Service Charges		15.21	-	
(F) Remittance in Foreign Currency		For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs	
1. Dividend		Nil	Nil	
(G) Expenditure in foreign currencies during the period on account of :		For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs	
1. Interest		218.07	1,002.29	
2. Travelling Expenses		98.66	12.05	
3. Commission on Exports		333.48	334.15	
4. Demurrage		166.66	110.16	
5. Others		62.84	15.69	
(H) Sales Turnover (excluding traded goods)	For the period ended 31-Dec-08	For the year ended 30-Jun-07		
	Tonnes	Rs. in lacs	Tonnes	
			Rs. in lacs	
1. Cement*	1,965,177	66,771.30	1,384,021	
2. Clinker**	176,621	4,026.90	63,128	
3. Others	996	47.59	23,440	
			42.90	
* (Net of discounts on sales Rs.255.68 lacs, Previous year Rs.210.28 lacs) (Includes self consumption 953.08 MT Rs.19.51 lacs, Previous year 206 MT Rs.3.84 lacs) (Excludes samples and shortages 714 MT, Previous year 78 MT).				
** (Net of discounts on sales Rs.5.40 lacs, Previous year Rs.0.02 lacs) (Excludes samples, damages and shortages (1326) MT Previous year 8269 MT).				
(I) Traded Goods	For the period ended 31-Dec-08		For the year ended 30-Jun-07	
	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
1. Clinker				
Opening Stock	-	-	-	-
Purchases	13,386	350.31	-	-
Sales	13,386	360.38	-	-
Closing Stock	-	-	-	-
2. Cement				
Opening Stock	6,125	102.13	244	4.15
Purchases	301,417	6,940.01	145,337	2,837.77
Sales	298,207	7,249.35	139,457	3,022.58
Closing Stock	9,335	191.15	6,125	102.13

(J) Opening and Closing stocks of Finished goods (As certified by Independent Cost Accountant):

	For the period ended 31-Dec-08		For the year ended 30-Jun-07	
	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
Opening Stock Cement	38,520	713.19	33,639	582.49
Closing Stock Cement	34,376	814.95	38,520	713.19

18. The Holding Company has only one business segment 'cement / clinker' as primary segment. The secondary segment is geographical segment which is given below:

	For the period ended 31-Dec-08	For the year ended 30-Jun-07
	Rs. in lacs	Rs. in lacs
Revenue – Sales		
(i) Domestic (India)	59,549.31	31,707.27
(ii) Export	19,089.60	12,855.80
Total	78,638.91	44,563.07

All the assets of the Holding Company are in India only.

19. Related Party Disclosures under Accounting Standard - 18 " issued by the Insitiute of Chartered Accountants of India :

I. List of related parties :

A) Promoters, Promoter Companies, its Subsidiaries and Associate companies holding more than 20% of equity capital :

- | | |
|---|--------------------------------|
| a) Jagmi Investments Limited | l) Sampson Limited |
| b) Fawn Trading Co. Pvt. Limited | m) Villa Trading Co. Pvt. Ltd. |
| c) Fern Trading Co. Pvt. Limited | n) Aber Investments Limited |
| d) Willow Trading Co. Pvt. Limited | o) Mr. Mahendra N. Mehta |
| e) Tejashree Trading Co. Pvt. Limited | p) Mr. Jay M. Mehta |
| f) Pallor Trading Co. Pvt. Limited | q) Mr. Hemang D. Mehta |
| g) The Mehta International Limited | r) Mrs. Medhaviniben D Mehta |
| h) Mehta Private Limited | s) Ms. Uma D. Mehta |
| i) Sameta Exports Pvt. Limited | t) Ms. Kamalakshi D. Mehta |
| j) Clarence Investments Limited | u) Mrs. Juhi Jay Mehta |
| k) Transasia Investment & Trading Limited | v) Ms. Radha M. Mehta |

B) Key Management Personnel :

- Mr. Jay M. Mehta – Executive Vice Chairman
- Mr. M. S. Gilotra – Managing Director
- Mr. R. K. Poddar – Deputy Managing Director

C) Relatives of Key Management Personnel where transactions have taken palce:

- Mrs. Narinder Kaur - Wife of Mr. M. S. Gilotra
- Mr. Amandeep Singh Gilotra - Son of Mr. M. S. Gilotra

D) Name of a Company in which policies are controlled by common Key Management Personnel :

- Gujarat Sidhee Cement Limited

II. During the period, the following transactions were carried out with the related parties in the ordinary course of business.

	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
A) Particulars of transactions with promoter companies :		
a) Outstanding Inter Corporate Deposit with interest thereon to M/s. Sameta Exports Private Limited	391.12	354.50
B) Particulars of payments to key managerial personnel :		
a) Remuneration to key managerial personnel	125.49	59.57
C) Particulars of payments to relatives of key managerial personnel:		
a) Security Deposit with relatives of key managerial personnel	130.00	130.00
b) Rent paid / payable	2.10	-
	For the period ended 31-Dec-08 Rs. in lacs	For the year ended 30-Jun-07 Rs. in lacs
D) Particulars of transactions with Gujarat Sidhee Cement Limited are Disclosed in aggregate value as under:		
a) Purchase of Goods and materials	7,322.25	2,860.96
b) Sale of Goods and materials	1,625.84	1,788.32
c) Expenses / (Recovery) for services (net)	291.58	314.40
d) Amount (receivable) / payable as at the period end	673.93	90.60

20. **Earning per Share :**

	For the period ended 31-Dec-08	For the year ended 30-Jun-07
Calculation of weighted average number of Equity Shares		
Number of shares of Rs. 10/- each	51,191,065	41,271,065
Dilutive weighted average of number of Equity Shares on Issue of Convertible Warrants	-	247,000
Dilutive weighted average of number of Equity Shares on Issue of Part A of Convertible Debentures of Rs. 350/- each	-	7,450,000
Total	51,191,065	48,968,065
	Rs. in lacs	Rs. In lacs
Net Profit / (Loss) after tax and prior period adjustment	(4,767.14)	2,217.24
(Less) : Dividend payable to OCCPS Holders	-	(78.03)
	(4,767.14)	2,139.21
Add : Interest on Convertible Debentures as stated above	-	311.83
Net Profit / (Loss) after considering dividend to OCCPS Holders	(4,767.14)	2,451.04
Basic Profit / (Loss) (in rupees) per Share	(9.31)	5.15
Diluted Profit / (Loss) (in rupees) per Share	(9.31)	5.01

21. (i) In terms of paragraph 26 of Accounting Standard 22 on "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, the Holding Company has reviewed its Deferred Tax Asset (DTA) recognised till last year, and has also, in terms of paragraph 15 to 18 of AS 22, examined the issue of recognising the DTA arising during the year on account of unabsorbed depreciation and carried forward tax losses.
- (ii) Based on the projections, positive outlook for the cement industry and material export orders in hand, and also considering legal advice, from an eminent counsel, with regard to recognition of DTA in terms of AS 22, the Holding Company is virtually certain that it will have sufficient future taxable income against which the aggregate DTA recognised as on the Balance Sheet date would be realised. Accordingly DTA as detailed herein below has been recognised as at the eighteen months ended 31st December, 2008.

	As at 31-Dec-08 Rs. in lacs	As at 30-Jun-07 Rs. in lacs
(a) Deferred Tax Assets :		
a) Accrued Expenses deductible on cash basis	2,121.63	4,030.64
b) Accrued Expenses deductible on payment of TDS thereon	377.34	249.64
c) Provision for Doubtful debts and advances	270.56	237.81
d) Unabsorbed Depreciation	4,074.71	3,261.01
e) Accumulated Business Losses	1,253.65	-
Total	8,097.89	7,779.10
(b) Deferred Tax Liabilities :		
Difference between WDV as per the Income Tax Act, 1961 and the Companies Act, 1956	2,507.97	2,889.18
(c) Net Deferred Tax Assets (a-b)	5,589.92	4,889.92
22. Out of 91,43,650 equity shares held in Gujarat Sidhee Cement Limited, 41,43,650 equity shares have been pledged with Rajkot Nagrik Sahakari Bank for loan taken by Holding Company. Rajkot Nagrik Sahakari Bank has transferred the said shares in its name.		
23. Previous year's figures have been rearranged, regrouped and / or reclassified wherever necessary.		

For and on Behalf of the Board

M. N. Mehta	Chairman
Savita Pittie	} Directors
Hemnabh Khatau	
M. S. Gilotra	Managing Director
R. K. Poddar	Deputy Managing Director
V. R. Mohnot	Director (Finance) & Co. Secretary

Mumbai,
Dated : January 29, 2009

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1. Name of the Subsidiary	Pranay Holdings Limited	31st March, 2008	Prachit Holdings Limited	31st March, 2008	Ria Holdings Limited	31st March, 2008	Reeti Investments Limited	31st March, 2008	Agrima Consultants International Ltd.	31st March, 2008	*Concorde Cement P. Ltd.
2. Financial Year of the Subsidiary	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
3. Company ended on Holding Company's interest	1,00,00,000 Equity shares of Rs. 10/- each	1,00,00,000 Equity shares of Rs. 10/- each	1,00,00,000 Equity shares of Rs. 10/- each	1,00,00,000 Equity shares of Rs. 10/- each	1,00,00,000 Equity shares of Rs. 10/- each	40,00,000 Equity shares of Rs. 10/- each	4,04,100 Equity shares of Rs. 10/- each	4,04,100 Equity shares of Rs. 10/- each	1,49,272 Equity shares of SLR. 10/- each		
4. The net aggregate amount of Subsidiary's (Profit)/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts	(1,15,88,725)	(1,16,28,461)	(1,16,29,970)	(23,48,091)	(12,92,984)	-	-	-	-	-	-
5. Net aggregate amount of Profit/Losses of the subsidiary which has been dealt with in the accounts of the Holding Company	3,86,25,388	3,93,53,641	3,84,56,344	3,88,81,910	19,08,450	-	-	-	-	-	-
6. Material changes between the end of the financial year of the subsidiaries and that of Saurashtra Cement Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Fixed Assets	-	-	-	-	-	-	-	-	-	-	-
ii) Investments	-	-	-	-	-	-	-	-	-	-	-
iii) Loans and Advances	-	-	-	-	-	-	-	-	-	-	-
iv) Monies borrowed by the subsidiary company other than for meeting current liability	-	-	-	-	-	-	-	-	-	-	-

Note: * Yet to commence operation

For and on Behalf of the Board

M. N. Mehta Chairman
Savita Pittie Directors
Hemabhbh Khatau Managing Director
M. S. Gilotra Deputy Managing Director
R. K. Poddar Director

V. R. Mohnot Director (Finance) & Co. Secretary

Mumbai,

Dated : January 29, 2009

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1. Name of the Subsidiary	Pranay Holdings Limited	Ria Holdings Limited	Reeti Investments Limited	Agrima Consultants International Ltd.	*Concorde Cement P. Ltd.
2. Financial Year of the Subsidiary Company ended on	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008
3. Holding Company's interest					
i) No. of equity shares	1,00,00,000 Equity shares of Rs. 10/- each	1,00,00,000 Equity shares of Rs. 10/- each	40,00,000 Equity shares of Rs. 10/- each	4,04,100 Equity shares of Rs. 10/- each	1,49,272 Equity shares of SLR. 10/- each
4. The net aggregate amount of Subsidiary's (Profit)/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts					
i) For the Current Financial Year (Rs.)	3,59,75,673	3,60,97,121	53,39,266	(35,92,595)	-
ii) For the previous financial years since it became a subsidiary (Rs.)	2,70,36,663	2,77,25,180	3,65,33,819	6,15,466	-
5. Net aggregate amount of Profit/Losses of the subsidiary which has been dealt with in the accounts of the Holding Company					
i) For the Current Financial Year (Rs.)	Nil	Nil	Nil	Nil	Nil
ii) For the Previous Financial Years since it became a subsidiary (Rs.)	Nil	Nil	Nil	Nil	Nil
6. Material changes between the end of the financial year of the subsidiaries and that of Saurashtra Cement Limited					
i) Fixed Assets	-	-	-	-	-
ii) Investments	-	-	-	-	-
iii) Loans and Advances	-	-	-	-	-
iv) Monies borrowed by the subsidiary company other than for meeting current liability	-	-	-	-	-

Note: * Yet to commence operation

For and on Behalf of the Board

M. N. Mehta Chairman
Savita Pittie Directors
Hemnabh Khatau Managing Director
M. S. Gilotra Deputy Managing Director
R. K. Poddar Director (Finance) & Co. Secretary
V. R. Mohnot Mumbai

Dated : January 29, 2009

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AS REQUIRED VIDE APPROVAL NO. 4/782/2009-CL-III DATED 6/2/2009 FROM MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA FOR THE PERIODS FROM 1ST APRIL, 2007 TO 31ST MARCH, 2008 (12 MONTHS) & 1ST APRIL, 2008 TO 31ST DECEMBER, 2008 (9 MONTHS)

Financial information of the subsidiary companies as required by the above order, is given herein below:

(All figures in Indian Rupees)

Sr. No.	Particulars	Pranay Holdings Limited	Prachit Holdings Limited	Ria Holdings Limited	Reeti Investments Limited	Agrima Consultants International Ltd.	*Concorde Cement P. Ltd.
1	Capital	100,000,000	100,000,000	100,000,000	40,000,000	4,041,000	918,683
2	Reserves and Surplus/ (Debit balance of Profit & Loss A/c)	(63,012,336)	(63,892,301)	(63,018,744)	(41,873,085)	3,583,129	-
3	Total Assets	100,000,000	100,000,000	100,000,000	43,445,000	10,160,763	-
4	Total Liabilities	100,000,000	100,000,000	100,000,000	43,445,000	10,160,763	-
5	Investments (Net)	25,604,000	25,690,500	25,690,500	2,107,574	25,000	-
6	Turnover	-	-	-	-	22,073,540	-
7	Profit / (Loss) Before Tax	(24,386,948)	(24,468,660)	(24,472,400)	(2,991,175)	7,174,977	-
8	Provision for Tax	-	-	-	-	2,284,398	-
9	Profit / (Loss) After Tax	(24,386,948)	(24,468,660)	(24,472,400)	(2,991,175)	4,815,579	-
10	Proposed Dividend	-	-	-	-	-	-

Note: *Yet to commence operation

On behalf of the Board of Directors

M. N. Mehta
Chairman

Place : Mumbai
Dated : 12th February, 2009



Saurashtra Cement Limited

Registered Office: Near Railway Station, Ranavav - 360 560 (Gujarat)

Share Department: N.K. Mehta International House, 178, Backbay Reclamation, Mumbai 400 020.

D.P. Id. *	
Client Id. *	

L.F. No.	
No. of Shares	

ATTENDANCE SLIP

I / We hereby record my / our presence at the 51st Annual General Meeting of the Company held at the Registered Office of the Company, Near Railway Station, Ranavav - 360 560 (Gujarat) at **10.30 a.m.** on **Thursday** the **19th March, 2009** and at any adjournment thereof.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

* Applicable for investors holding shares in Electronic form.

NOTES:

1. You are requested to sign and hand over this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

----- (Tear here) -----



Saurashtra Cement Limited

Registered Office: Near Railway Station, Ranavav - 360 560 (Gujarat)

Share Department: N.K. Mehta International House, 178, Backbay Reclamation, Mumbai 400 020.

D.P. Id. *	
Client Id. *	

L.F. No.	
No. of Shares	

FORM OF PROXY

I/We of
 in the district of being a Member / Members of Saurashtra Cement Limited hereby
 appoint of in
 the district of or failing him of
 in the district of

as my/our proxy to attend and vote for me / us and on my / our behalf at the 51st Annual General Meeting of the Company to be held at **10.30 a.m.** on **Thursday** the **19th March, 2009** and at any adjournment thereof.
 Signed this day of, 2009.

One Rupee Revenue Stamp

Signature

* Applicable for investors holding shares in Electronic form.

(Tear here)

BOOK-POST



If undelivered, please return to:
**Saurashtra Cement Limited, Near Railway Station, Ranavav 360 560.
Gujarat.**