



Saurashtra Cement Limited

# 54<sup>th</sup> ANNUAL REPORT 2011-2012



## Board of Directors

As on 11.05.2012

Mr. M. N. Mehta

Mr. Jay M. Mehta

Mr. Hemang D. Mehta

Mr. M. N. Rao

Mr. S. V. S. Raghavan

Mr. B. P. Deshmukh

Mr. K. N. Bhandari

Mr. Jayant N. Godbole

Mr. Hemnabh Khatau

Mr. Bimal Thakkar

Mr. Anil Kaul

Mr. Denys Firth

Mr. Alexander Shaik

Mr. Susheel Kak

Mr. M. S. Gilotra

Mr. V. R. Mohnot

*Director (Finance) & Company Secretary*

*Chairman*

*Executive Vice Chairman*

*Special Director - BIFR*

*Nominee - India Debt Management Pvt. Ltd.*

*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 54<sup>th</sup> Annual General Meeting of the Members of the Company will be held on **Wednesday, the 27<sup>th</sup> June, 2012 at 10.00 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 31<sup>st</sup> March 2012, the Statement of Profit & Loss for the financial year ended 31<sup>st</sup> March 2012 and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Bimal Thakkar, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jayant N. Godbole, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B. P. Deshmukh, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Hemang D. Mehta, 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 2012-2013 and they shall hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of ₹ 7,00,000/- (Rupees Seven Lacs only) plus service tax and reimbursement of travelling and out of pocket expenses actually incurred.”

By Order of the Board of Directors

Place : Mumbai,  
Dated : May 11, 2012

**V. R. MOHNOT**  
Director (Fin.) & Company Secretary

Registered Office:  
Near Railway Station  
Ranavav 360 560 Gujarat.

**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. 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.

3. The documents referred in the resolutions 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.
4. The Share Transfer Books and Register of Members of the Company shall remain closed from Thursday the 21<sup>st</sup> June, 2012 to Wednesday the 27<sup>th</sup> June, 2012 (both days inclusive) in connection with the Annual General Meeting.
5. Members who have multiple accounts 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.
6. (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., 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.
7. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
8. 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.
9. **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.**
10. In order to support the Green Initiative of the Government and to save paper and consequently forest, Members are requested to please register **e-mail ID** with your Depositories, with a copy to the Company and to the Registrars & Transfer Agents M/s. Link Intime India Pvt Ltd whose e-mail addresses are given below, to enable the Company to send documents like Notice of Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc., through electronic mode for your convenience.

Company                                      aprao@mehtagroup.com  
    avinash@mehtagroup.com

Registrars & Transfer Agents      sharad.patkar@linkintime.co.in

By Order of the Board of Directors

Place : Mumbai,  
Dated : May 11, 2012

**V. R. MOHNOT**  
Director (Fin.) & Company Secretary

Registered Office:  
Near Railway Station  
Ranavav 360 560  
Gujarat.

## DIRECTORS' REPORT

Dear Members,

The Directors present the 54<sup>th</sup> Annual Report, Audited Accounts and Auditors Report for the financial year ended on the 31<sup>st</sup> of March, 2012.

### FINANCIAL RESULTS

The highlights of the financial results for the Financial year ended 31st of March 2012 are given below.

(In Million Rupees)

	<b>Current Financial Year 2011-2012 (12 months)</b>	Previous Financial Year 2010-2011 (12 months)
Revenue from Operation and Other Income (Net of Excise)	<b>4438.78</b>	3976.14
Profit before interest, depreciation and exceptional items.	<b>475.76</b>	313.96
Finance Cost	<b>(446.99)</b>	(427.82)
Profit/(Loss) before depreciation	<b>28.77</b>	(113.86)
Depreciation & Impairment	<b>219.64</b>	303.96
Profit/(Loss) before exceptional items and Deferred Tax Assets	<b>(190.87)</b>	(417.82)
Exceptional Item	-	(3.12)
Deferred Tax Assets /Provision for Fringe Benefit Tax	-	(149.62)
Profit/(Loss) after tax	<b>(190.87)</b>	(570.56)
Brought forward Profit/(Loss) from earlier years	<b>(2723.05)</b>	(2152.49)
Balance of Profit / (Loss) carried to Balance Sheet	<b>(2913.92)</b>	(2723.05)

### OVERVIEW

The all India cement consumption growth was 7.4 percent from around 208 million tonnes to around 223 million tonnes during the year under review. The total installed capacity at the end of the year under review was around 300 million tonnes; an increase of about 5 percent from the previous year.

During the year under review, the cement consumption in Gujarat was 18.1 million tonnes for the year ended March 2012 compared to 16 million tonnes in the previous year, an increase of 13.4 percent.

In Gujarat, capacity has increased by 2.4 million tonnes in the last two years and in the same period by around 5 million tonnes in Maharashtra and Rajasthan. The total installed capacity in Gujarat at the end of the year under review was around 24.8 million tonnes.

### PERFORMANCE REVIEW

#### Production and Despatches

The production of Clinker and Cement for the year ended March 2012 was 1.14 million tonnes and 1.26 million tonnes as against 1.28 million and 1.16 million tonnes respectively in the previous year. The total sale of Cement and Clinker was 1.26 million tonnes for the year ended March 2012 as compared to 1.37 million tonnes in the previous year.

#### Exports and Marketing

The Company exported 0.27 million tonnes of Cement and Clinker for the year ended March 2012 as compared to 0.18 million tonnes in the previous year.

### DIVIDEND

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

### BIFR

The Company is a Sick Industrial Company, pursuant to section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and is registered with Board for Industrial and Financial Reconstruction (BIFR).



Based on revival scheme submitted by OA and on further information submitted by the Company, BIFR has formulated a Draft Rehabilitation Scheme (DRS) for the revival of the company and circulated to all concerned.

#### **GOVERNMENT OF GUJARAT**

We understand that Company's application pursuant to Government Resolutions dated 15.7.2010 for Reliefs and Concessions and one time settlement has been approved by the High Power Committee of the Government of Gujarat, however, formal sanction is awaited.

#### **PUBLIC DEPOSITS**

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

#### **CASH FLOW STATEMENT**

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

#### **SUBSIDIARY COMPANIES**

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 Ministry of Corporate Affairs, Government of India vide its circular no.2/2011 dated 8.2.2011 has granted a general 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 circular, is disclosed on page no. 85 of this Annual Report. The statements of Company's interest in the subsidiaries as at March 31, 2012, prepared in accordance with the provisions of Section 212 of the said Act, are also attached on page no. 86 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.

#### **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**

During the year under review, Mr. Susheel Kak was appointed as Nominee Director of India Debt Management Private Limited, w.e.f. 8.11.2011 in place of Mr. Anish Modi who ceased to be Nominee Director w.e.f. 15.9.2011.

Mr. Bimal Thakkar, Mr. Jayant N. Godbole, Mr. B. P. Deshmukh and Mr. Hemang D. Mehta retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Brief resume of the directors proposed to be reappointed, 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 re-appointment.

#### **LISTING OF EQUITY SHARES**

The Company's equity shares are listed on the Bombay Stock Exchange Ltd (BSE). Listing fees have been paid upto 31st March 2013.

#### **AUDITORS**

M/s. Bansil 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 reappointment, 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. Bansil S. Mehta & Co., Chartered Accountants have been appointed to carry out the Tax Audit for the Assessment Year 2012-13.

## INTERNAL AUDIT

M/s. BDO Consulting Private Limited, have been appointed to carry out the Internal Audit of the Company for the Financial Year 2012-13.

## COST AUDITORS

In pursuance to Order No. 52/26/CAB-2010 dated 30th June 2011 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 2012-13. 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.

## STAFF RELATIONS

The Company continued to maintain harmonious relations with the staff at all levels.

## 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 1, 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 REPORT

The Management Discussion and Analysis on the Operations of the Company 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. judgments 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 a 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 : May 11, 2012

**Jay M. Mehta**  
Executive Vice Chairman

**M. S. Gilotra**  
Managing Director

## ANNEXURE TO DIRECTOR'S 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 YEAR ENDED 31.03.2012.

### A. CONSERVATION OF ENERGY:

#### a. ENERGY CONSERVATION MEASURES TAKEN

1. Installation of Medium Voltage Variable Frequency Drive (VFD's) at Bag House fan - 1250 kw.
2. Installation of 132 kw VFD at Cooling tower fan of Thermal Power Plant.
3. Replacement of 17 old motors by high efficiency motors.
4. Installation of new generation Burner Pipe ( Duo Flux ) in kiln firing.
5. Interlocking provided to reduce the idle running in loose cement loading.
6. Installation of transformer for dewatering pumps in marl mining to reduce diesel consumption.
7. Re location of Kiln coal firing blowers to reduce the pressure drop.
8. Installation of Screw Conveyor to increase the loading rate at Jetty.
9. Installation of high efficiency cooler fan no.1 and 2.

#### b. ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

1. Reengineering of major fans for improvement in efficiency.
2. Use of Variable Frequency Drives in the plant.
3. Systematic Replacement of old motors by high efficiency motors.

#### 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.

Details are given in form A of the annexure.

### B. TECHNOLOGY ABSORPTION.

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

### C. FOREIGN EXCHANGE EARNING & OUTGO.

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

The Company is exporting its products in Sri Lankan and African markets and looking forward to growth in these markets in the coming years. Our products have already been approved by Sri Lankan standard, South African Business Standards besides BIS. The Company is making efforts to market its products in a new markets like Tanzania, Sudan and other East African countries etc., by offering competitive prices and quality of goods and services.

- (b) Total Foreign Exchange used and earned.

	<b>Current Year</b> <b>2011-12</b> <b>(12 months)</b> <b>(₹ in lacs)</b>	Previous Year 2010-11 (12 months) (₹ in lacs)
Foreign Exchange earned	<b>8059.09</b>	4250.72
Foreign Exchange used	<b>429.93</b>	392.18



## FORM A (See Rule 2)

Form for disclosure of particular with respect to conservation of engerly

	CURRENT YEAR 2011-12	PREVIOUS YEAR 2010-11
<b>A) Power &amp; Fuel Consumption</b>		
<b>1) Electricity</b>		
A Purchased Units (Kwh )Lakhs	9.02	10.79
Total Amount (₹ In Lakhs) Incl. Fixed Charges	179.16	151.48
Variable Cost Per Unit (₹)	7.15	5.68
B Own Generation		
I) Through Diesel Generator		
Net Units (Kwh) Lakhs	2.86	12.59
Units /Ltr Of Furnace Oil	3.39	3.13
Variable Total Cost Per Unit In Rupees	10.88	8.77
II) Through Thermal Power Plant		
Net Units (Kwh) Lakhs	1290.55	1322.48
Total Amount (₹ In Lakhs)	5453.03	5089.10
Rate / Unit (₹) (Under Trial Run)	4.23	3.85
<b>2) Coal And Other Fuels</b>		
Quantity (Million K.Cal)	921599	1027061
Total Cost (₹ In Lakhs)	10530.92	10334.87
Average Rate /Million Kcl (₹)	1142.68	1006.26
<b>3) Furnace Oil</b>		
Quantity (K.Ltrs)	423	682
Total Amount (₹ In Lakhs)	141.01	166.62
₹ Per Litre	33.30	24.44
<b>B) Consumption Per Unit Of Production</b>		
<b>1) Electricity</b>		
(Kwh/Tof Cement)	104.05	102.85
<b>2) Coal /Lignite</b>		
Usage In %	13.09	13.25

## FORM - B

### A. RESEARCH & DEVELOPMENT

#### a. Specific areas in which the company carried out R&D

Usage of flyash in Raw Mix for better burnability of Material

#### b. Benefits derived as a result of above R&D

1. Reduction in free lime of clinker
2. Increase in cement strength
3. Reduction in Specific fuel Consumption.

#### c. Future plan of action

1. Use of VFD in fan applications
2. Improvement in efficiency of fans by reengineering
3. Upgradation of PLC control system of main Plant.

### B. DETAILS OF TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

1. Installation of Medium Voltage VFD's for power savings.
2. Replacement of old DC motors with AC motors.
3. Replacement of control desk of crusher with SCADA.

#### Benefits derived as a result of above efforts.

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

### C. FUTURE PLANT UPGRADATION

1. Automation of Cement Mill no.2 & 4 for quality and energy efficiency
2. Fly ash storage, handling and dosing system.
3. Replacement of existing mechanical packer with the electronic packer.
4. Installation of Variable Frequency drives for energy saving.
5. Installation of solid flow meter for cement mill no.4 fly ash feeding.
6. Installation of Mill inlet water spray system at cement mill no.5
7. Replacement of cement mill's SCADA system.

## CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, the Company's policies on the Corporate Governance and due Compliance report on specific areas wherever applicable for the financial year ended 31<sup>st</sup> March 2012 is given hereunder:

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance aims at achieving high level of efficiency, transparency, accountability, responsibility and fairness in dealings with all stakeholders. 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. Your Company continuously strives for excellence by adopting best governance and disclosure practices. In this context, your 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 31st March 2012)

Your Company's Board comprises of 15 (Fifteen) Directors, which include 8 (eight) Independent Directors. The Executive Vice Chairman and Managing Director looks after the day-to-day business of the Company under the overall supervision and guidance of the Board. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.

#### (ii) Meetings of the Board of Directors

During the financial year under review, 4 Board Meetings were held on the following dates:

Sr.No.	Date of Board Meeting	Board Strength	No. of Directors present
1	21.04.2011	15	11*
2	09.08.2011	15	14
3	08.11.2011	15	11*
4	07.02.2012	15	15*

\*including Alternate Director/s

#### (iii) Attendance and other Directorships

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

The details of Directorship and attendance at Board Meeting & Annual General Meeting are 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)	2	No	6	-
2	Mr. Jay M. Mehta (Exec. Vice Chairman)	ED (P)	4	Yes	7	1
3	Mr. M.S.Gilotra (Managing Director)	ED	4	Yes	1	1
4	Mr. Hemang D.Mehta	NED (P)	3	No	-	-
	Mr. Devang D. Gandhi	Alternate Director to Mr. Hemang D. Mehta	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
5	Mr. S.V.S.Raghavan	NED (I)	1	No	1	1
6	MR. M.N.Rao *	NED (I)	4	No	2	1
7	Mr. B.P. Deshmukh	NED (I)	4	No	1	-
8	Mr. K.N.Bhandari	NED (I)	4	No	11	4
9	Mr. Bimal Thakkar	NED (I)	3	No	3	1
10	Mr. Jayant N. Godbole	NED (I)	4	No	14	10
11	Mr. Hemnabh Khatau	NED (I)	4	No	6	-
12	Mr. Anil Kaul (Special Director – BIFR)	NED (SD)	4	No	1	-
13	Mr. Anish Modi – (Ceased to be Nominee Director w.e.f. 15.9.2011)	NED (NI)	2	No	-	-
14	Mr. Susheel Kak (Appointed as Nominee Director of IDM w.e.f. 8.11.2011 in place of Mr.Anish Modi)	NED (NI)	1	No	2	2
15	Mr. Alexander Shaik (Nominee – IDM)	NED (NI)	1	No	2	-
	Mr. Chetan Jain	Alternate Director to Mr. Alexander Shaik	3	No	-	-
16	Mr. Denys Firth (Nominee – IDM)	NED (NI)	2	No	2	-

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

NED (I) – Non Executive Director – Independent

NED (NI) – Non Executive Director – Non Independent

NED (SD) – Non Executive Director – Special Director – BIFR Nominee

ED (P) – Executive Director (Promoter)

ED – Executive Director

\* Chairman of Audit Committee

**Notes:**

- 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.
- 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 results of operations.
- Financing plans of the Company.
- Minutes of Meetings of Audit Committee, Remuneration Committee, Executive Committee, Finance & Legal Committee, Security Transfer and Shareholders grievance Committee and Subsidiary Companies.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution 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 judgment 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

#### 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. Bimal Thakkar, aged 47 years, has done B.Com and Diploma in Export and has also done a course in International Business and Marketing from Trade Development Institute of Ireland. He has over two decades of experience and is currently spearheading the ADF Group. He has been instrumental in expansion of the business and promoting the company's products in international markets, development of Brands and creating new markets for the products in U.K., USA, Gulf, Australia, Europe etc. He is Director of the following companies.
  - ADF Foods Limited.
  - Gujarat Sidhee Cement Limited.
  - ADF Foods (India) Limited.

He is not holding any shares of the Company.
2. Mr. Jayant N. Godbole, aged 67 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.
  - EMBIO Ltd
  - J. K. Cements Ltd.
  - Gilander Arbhutnot Ltd.
  - I M P Powers Ltd.
  - Emami Papers Mills Ltd.
  - Kesar Terminals & Infrastructures Ltd.
  - The Oudh Sugar Mills Ltd.
  - Madhya Bharat Papers Ltd.
  - Zuari Industries Ltd.
  - Zuari Holdings Ltd.
  - IDBI Asset Management Ltd.
  - Kesar Multimodal Logistics Ltd.
  - Gujarat Alkalies and Chemicals Ltd.

He is not holding any shares in the company.

3. Mr. B. P. Deshmukh, aged 68 years is having varied experience in Finance. He is Director on the following company.
  - EMI Transmissions Ltd.
 He is not holding any shares in the company.
4. Mr. Hemang D. Mehta, aged 57 years is an Industrialist having two decades of wide experience in the Industry. He is not Director in Public Limited companies.
 

He is holding 51,534 shares of 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, Mr. Anil Kaul and Mr. Susheel Kak. Mr. M.N.Rao is the Chairman of the Audit Committee. The Executive Vice Chairman and Managing Director are permanent invitees. Mr. V. R. Mohnot, CFO designated as Director (Finance) & Company Secretary acts as Secretary to the Audit Committee. Mr. M. N. Rao, Chairman of the Audit Committee was not 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 and 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 21.04.2011, 09.08.2011, 08.11.2011 and 07.02.2012. Partners/ Representative from M/s. BDO Consulting Private Ltd –Internal Auditors, 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 meetings held	No. of meetings attended.
1.	Mr. M.N.Rao (Chairman)	4	4
2.	Mr. S.V.S.Raghavan (Member)	4	1
3.	Mr. Anil Kaul (Member)	4	4
4.	Mr. Anish Modi (Ceased to be Member w.e.f. 15.9.2011)	4	2
5.	Mr. Susheel Kak (Appointed as Member w.e.f. 08.11.2011)	4	1

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**

Remuneration Committee comprises of three independent directors viz. Mr. S. V. S. Raghavan, Mr. M. N. Rao and Mr. Anil Kaul. Mr. Susheel Kak was appointed as member of Remuneration Committee w.e.f. 7.2.2012. 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 year under review, one meeting of Remuneration Committee was held on 08.11.2011.

(ii) **Details of Remuneration of Directors paid for the period 2011-2012:**

**Executive Directors:**

Name	Salary & Allowances (Rs)	Perquisite (Rs)	Contribution to PF/ Superannuation	Total (Rs)
Mr Jay M Mehta, Executive Vice Chairman	28,80,000	-	7,77,760	36,57,600
Mr M.S.Gilotra, Managing Director	53,51,455	1,87,921	12,38,400	67,77,776

**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)	2	-	2	40,000
2.	Mr. Hemang D.Mehta	3	-	3	60,000
3.	Mr. S.V.S.Raghavan	1	2	3	60,000
4.	Mr. M.N.Rao	4	5	9	1,80,000
5.	Mr. B.P. Deshmukh	4	-	4	80,000
6.	Mr. K.N.Bhandari	4	-	4	80,000
7.	Mr. Bimal Thakkar	3	-	3	60,000
8.	Mr. Anil Kaul	4	9	13	2,60,000
9.	Mr. Anish Modi (Ceased to be Nominee Director of IDM w.e.f. 15.9.2011)	2	2	4	80,000
10.	Mr. Alexander Shaik	1	-	1	20,000
11.	Mr. Denys Firth	2	-	2	40,000
12.	Mr. Chetan Jain (Alternate Director to Mr. Denys Firth & Mr. Alexander Shaik)	3	-	3	60,000
13.	Mr.Susheel Kak (Appointed as Nominee Director of IDM w.e.f. 08.11.2011)	1	1	2	40,000
14.	Mr. Jayant N. Godbole	4	-	4	80,000
15.	Mr. Hemnabh Khatau	4	-	4	80,000
16.	Mr. Devang D. Gandhi (Alternate Director to Mr. Hemang D. Mehta)	1	-	1	20,000

The Company has not issued any Stock Options to the Directors and Employees during the financial year ended 31<sup>st</sup> March, 2012 or 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, Mr. M.S.Gilotra – Managing Director, Mr. Anil Kaul – Special Director, BIFR. Mr. V. R. Mohnot, Director (Finance) & Company Secretary is the Compliance Officer.

During the year, the Committee had 4 meetings on 21.04.2011, 09.08.2011, 08.11.2011 and 7.2.2012. 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.	Mr. Jay Mehta (Member)	4	4
2.	Mr. M.S.Gilotra (Member)	4	4
3.	Mr. Anil Kaul (Member)	4	4

The Details of complaints attended by the Company's Registrars during the year was as under:

No. of complaints received	No. of Complaints redressed	No. of complaints pending.
14	14	Nil

The minutes of the Security Transfer and Shareholders Grievance Committee is circulated and 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
2010-11	28.7.2011	10.00 a.m.	Registered Office of the Company	Nil
2009-10	16.9.2010	10.00 a.m.	-do-	Nil
2007-08	19.3.2009	10.30 a.m.	-do-	Nil

**(ii) Extraordinary General Meetings:**

No Extraordinary General Meeting was held during the year.

**(iii) Special Resolutions:**

Nil

**7. DISCLOSURES:**

**a) Transactions with Related Party / Material Nature**

During the year 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. 38 of Notes forming Part of Financial Statements.

**b) Penalties & Strictures**

- (i) There were no instances of non-compliance on any matter related to the capital markets, during the last three years.
- (ii) 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 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 are placed before the Board.

**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 Financial Express, Ahmedabad & Mumbai. The Company has not sent the half yearly report to each household of the 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 on the website of Bombay Stock Exchange Limited (BSE).

**9. GENERAL SHAREHOLDERS INFORMATION:**

Board Meeting for consideration of

i)	Audited results for the current Financial year ended on 31 <sup>st</sup> March 2012	11 <sup>th</sup> May, 2012
ii)	Unaudited /Audited results for quarter ending 30.6.2011, 30.09.2011, 31.12.2011 and 31.03.2012.	Within the period as stipulated under the Listing Agreement with the Stock Exchange from time to time.
iii)	Annual General Meeting is proposed to be held	Wednesday, the 27 <sup>th</sup> June, 2012
iv)	Date of Book closure	Thursday, the 21 <sup>st</sup> June, 2012 to Wednesday, the 27 <sup>th</sup> June, 2012 (both days inclusive)

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

S.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 2012-2013 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 (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts as on March 31, 2012.



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

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

No complaint as on 31.3.2012 is pending from the security holders / investors relating to transfer of security.

viii) **Share Transfer System**

The share transfer in physical form are processed by the Registrars and Transfer Agents and the share certificates returned 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 March 2012 :**

No. of equity shares held	No. of shareholders	%	No. of shares held	%
1 – 500	7289	89.73	797517	1.56
501 – 1000	347	4.27	285389	0.56
1001 – 2000	192	2.36	290068	0.57
2001 – 3000	60	0.74	155212	0.30
3001 – 4000	47	0.58	166151	0.32
4001 - 5000	34	0.42	159216	0.31
5001 - 10000	51	0.63	359733	0.70
10001 - above	103	1.27	4897779	95.68
<b>TOTAL</b>	<b>8123</b>	<b>100.00</b>	<b>51191065</b>	<b>100.00</b>

x) **Shareholders Profile as on 31st March 2012:**

Category	No. of shareholders	%	No. of shares held	%
Promoter Group Companies	9	0.11	32759183	63.99
Bodies Corporate	169	2.08	1970214	3.85
NRIs	419	5.16	346118	0.68
FIIIs	4	0.05	1810	-
Financial Institutions	12	0.15	1255840	2.45
Banks	7	0.09	550937	1.08
Mutual Fund	1	0.01	100	-
Foreign Companies	2	0.02	9920000	19.38
Overseas Corporate Bodies	1	0.01	109100	0.21
Indian Public	7499	92.32	4277763	8.36
<b>Total</b>	<b>8123</b>	<b>100.00</b>	<b>51191065</b>	<b>100.00</b>

xi) **Dematerialization of shares:**

As on 31st March 2012, 4,87,29,412 equity shares constituting 95.19% of the company's total share capital were held in dematerialized form with NSDL and CDSL.

xii) **Stock Market price data for the period 2011–2012:**

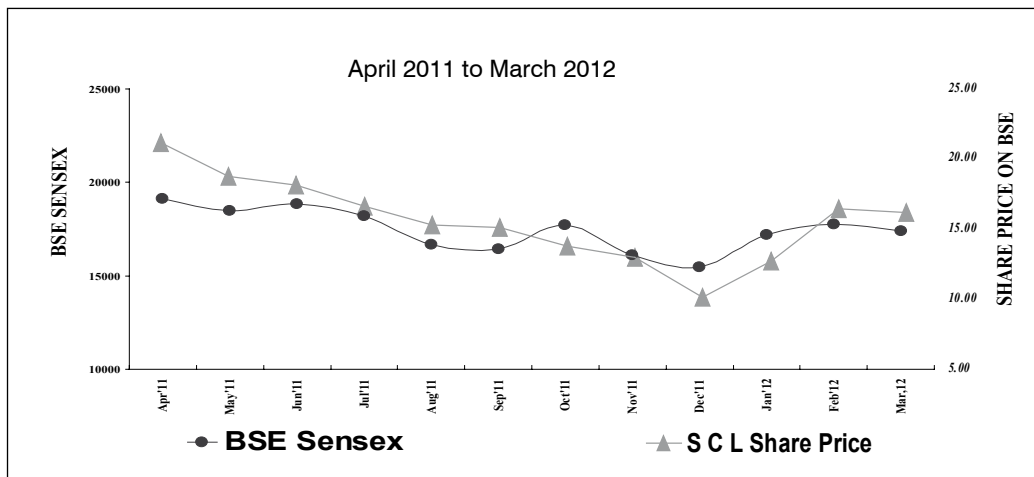
The High, Low and Closing prices of the Company's share of the face value of Rs.10/- each on Bombay Stock Exchange, Mumbai from April 2011 to March 2012 are as under :-

In rupees

Month	High	Low	Closing
April 2011	23.50	17.05	21.00
May 2011	21.00	17.50	18.60
June 2011	20.00	17.15	18.00
July 2011	18.10	16.00	16.50
August 2011	16.55	13.75	15.15
September 2011	17.50	14.50	15.00
October 2011	15.95	13.10	13.66
November 2011	15.00	11.40	12.83
December 2011	13.90	8.40	10.00
January 2012	14.50	9.56	12.55
February 2012	18.95	12.20	16.25
March 2012	17.70	14.60	16.00

xiv) **Stock Performance (Indexed)**

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



**Plant Location:**

Near Railway Station, Ranavav, Gujarat 360 560.

xv) **Address for correspondence :**

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

Shareholder correspondence should be addressed to Registrars & Transfer Agent:

M/s. Link Intime India Pvt Ltd  
(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 email 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, change of Bank Account / Bank nomination 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 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 of 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 global economy and various legislations. They attend seminars / orientation courses to keep themselves updated with the changes in business environment.

**(d) Mechanism for evaluating 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, Company Secretary is the "Compliance Officer". The Code of Conduct is applicable to all Directors and designated employees.

On behalf of the Board of Directors

Place : Mumbai  
Dated : May 11, 2012

**Jay M. Mehta**  
**Executive Vice Chairman**

**M.S. Gilotra**  
**Managing Director**

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**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 year ended 31st March 2012.

On behalf of the Board of Directors

Place : Mumbai  
Dated : May 11, 2012

**Jay M. Mehta**  
**Executive Vice Chairman**

**M.S. Gilotra**  
**Managing Director**



**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 year ended on March 31, 2012 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 grievance is 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, Allotment and Security holders 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  
Firm Registration No. 100991W

Mumbai  
Dated: May 11, 2012

**PARESH H CLERK**  
Partner  
Membership No. 36148

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Development**

The all India cement consumption grew by 7.4 percent from around 208 million tonnes to 223 million tonnes during the year under review. At the same time, around 15 million tonnes additional capacity has been added during the year. In the State of Gujarat, there has been an increase in the capacity in the last two years by 2.4 million tonnes as well as there is an increase in the capacity by 1.39 million tonnes in the State of Rajasthan. This increase in capacity coupled with lower exports has resulted in a surplus of supply over demand putting pressure on the profitability of the cement companies in Gujarat.

### **Future Outlook**

The continued economic growth, the emphasis on infrastructure building and the housing needs of the population will continue to fuel cement consumption in the country. The long-term future of the cement industry continues to be positive. However, due to additional of new plants with large capacities, the capacity utilization would continue to be low in the short term. Particularly in Gujarat, there is likely to be a large surplus of capacity over demand for the near future.

### **Opportunities & Threats**

With high economic growth in Maharashtra and Gujarat, the cement consumption in these states is likely to continue at a healthy rate and would therefore give opportunities for growth in the cement industry.

Substantial increase in the prices of fuel mainly coal and petcoke has affected the profitability of the cement companies and the uncertain global situation for energy supplies would continue to pose a threat to the profitability of the industry. The infrastructural constraints in the form of congestion in the rail network, availability of wagons and high cost of handling of cement at public ports continue to pose threats to a long term stability in the industry in Gujarat.

Although, Gujarat state is likely to continue to be surplus in cement production, the company can access coastal markets economically being close to the sea.

### **Segment Review and Analysis**

During the year, the company has produced and sold mainly cement of different varieties like Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC). The company also sold clinker, which is intermediate product for the manufacture of cement. The bulk of the revenue and profitability comes from the sale of cement.

### **Risks and Concerns**

Over capacity of cement versus the demand coupled with the continued fragmentation of the industry results in the cyclical highs and lows in the profitability of cement business. The major inputs mainly fuels as well as high rates of taxation (excise, VAT, octroi and other miscellaneous levies) continue to be a major concern for our company. A draft scheme of rehabilitation of the sick company has been circulated for comments and suggestions in the last quarter. The scheme provides for restructuring of debts and reliefs and concessions from the Government of Gujarat in respect of waiver of interests and penal interests. Till the sanction of the rehabilitation scheme, the short tenure of a large part of debt and the company's operations in these conditions expose the company to a default in servicing of its debts.

### **Internal Control systems and their adequacy**

The company has adequate systems of internal controls commensurate with the size and nature of its operations. The internal audit team continuously monitors the effectiveness of internal control 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, risk management procedures.

## **Human Resource Development / Industrial Relations**

Company believes that it Human Resource is the most important resource and continues to work for its development. The Company continues to invest in upgrading the knowledge and skills of the employees. The Company is providing growth opportunities to internal talent by assigning them with higher responsibilities along with suitable exposure.

The Industrial relations at the plant were cordial.

The Company has subscribed to the code of affirmative action for SC / ST as the Company believes that equal opportunity for all sections of the society is component for growth and competitiveness.

For providing opportunities for open interaction, communication and feedback, we initiated 'Talk to Me' intervention at all locations. The feedback from the employees has helped us to improve human resource processes.

The Company endeavors to create an environment where employees can use their capabilities effectively to support the business. Hence we encourage our employees to balance their work and personal life.

The Company had 482 permanent employees as on 31.3.2012.

## **Corporate Social Responsibility.**

### **Health Care**

Our factory has a health care centre providing medical aid to the Company's employees and the family members, workers as well as patients from the nearby areas. The Company conducts 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 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 bio diversity. A green belt has been developed in the plant and nearby areas. Many 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, fuel, transport 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

Place : Mumbai  
Dated : May 11, 2012

**Jay M. Mehta**  
**Executive Vice Chairman**

**M.S. Gilotra**  
**Managing Director**

## **AUDITORS' REPORT TO THE MEMBERS**

- 1 We have audited the attached Balance Sheet of SAURASHTRA CEMENT LIMITED ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Statement of Cash Flow of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in an Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 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 those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Statement of Cash Flow dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the said Balance Sheet, Statement of Profit and Loss and Statement of Cash Flow dealt with by this report read with Note 13 forming part of the financial statements, adverting to accounting for Deferred Tax Asset of ₹ 4636.27 lacs, based on the position set out therein, comply with the applicable Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable;
  - e. On the basis of written representations received from the Directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is, prima facie, disqualified as on March 31, 2012 from being appointed as a Director in terms of the provisions under clause (g) of sub-section (1) of Section 274 of the Act.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with Significant Accounting Policies and Notes forming part thereof, including Note 13, adverting to accounting for deferred tax asset of ₹ 4636.27 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.
    - i. In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
    - ii. In the case of the statement of profit and loss, of the loss for the year ended on that date; and
    - iii. In the case of the statement of cash flow, of the cash flows for the year on that date.

For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

Mumbai  
Dated: May 11, 2012

**PARESH H CLERK**  
Partner  
Membership No. 36148

## 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 the most of fixed assets.
- b. During the year, most of the fixed assets of the Company have been physically verified by the management, the frequency of which, in our opinion, is reasonable, and no material discrepancy is stated to have been noticed on such verification.
- c. During the year, the Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- ii) a. Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In case of stocks-in-transit and inventories lying with third parties, confirmations have been obtained in most cases at the year end.
- b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate, in relation to the size of the Company and the nature of its business.
- c. In our opinion, the Company is maintaining proper records of its inventories and 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. As per the information furnished, in earlier years, the Company had granted interest-free unsecured deposit to one of its subsidiary companies; the maximum amount outstanding during the year and year-end balance from the said subsidiary company is ₹ 34.40 lacs. The Company has not granted any other loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b. As regards interest-free deposit to the subsidiary company, no other terms and conditions, including repayment thereof have been stipulated and hence, the question of making any comment for the regularity of the receipt of the principal or the recovery of overdue amounts does not arise. Considering the amount involved and that it is given to a subsidiary, the same is not, prima facie, prejudicial to the interest of the Company.

As the Company has not granted any other loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clause (iii)(b) of the Order relating to the rate of interest and other terms and conditions, whether prima facie, prejudicial to the interest of the Company, Clause (iii) (c) relating to regularity of the receipt of principal amount and interest and Clause (iii)(d) relating to steps for recovery of overdue amount of more than rupees one lac, are not applicable.

- c. As the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clause (iii) (f) of the Order requiring to comment upon whether the rate of interest and other terms and conditions of loans taken being prima facie prejudicial to the interest of the Company and Clause (iii) (g) requiring to comment upon the regularity of payment of the principal amount and interest, are not applicable.



- 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 fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control.
- v) a.** According to the information and explanations given to us and the records examined by us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under Section 301 of the Act have been so entered.
- b.** In our opinion and according to the information and explanations given to us, there have been no transaction made in pursuance of such contracts or arrangements entered into the register made under Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of any party during the year, other than interest – free deposit referred to in Paragraphs (iii) a to (iii) b above.
- vi)** 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, as the Company has not accepted any deposit from the public, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under, does not arise. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii)** In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii)** We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products to which the said rules are applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine 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 has been regular in depositing undisputed statutory dues including Income-tax, Provident Fund, Investor Education and Protection Fund, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues with the appropriate authorities, except some delays in respect of Value Added Tax. 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 year, for a period of more than six months from the date they become payable. As informed to us, the provisions of the Employees' State Insurance Act are not applicable to the Company.
- b** According to the information and explanations given to us and on the basis of the books and records examined by us, no amounts of the Income-tax, Wealth-tax and Cess are under dispute. In respect of Sales Tax, Customs Duty, Excise Duty and Service Tax, which have not been deposited as on March 31, 2012 on account of disputes and the forum where the dispute is pending, are given below:

Nature of Dues	Amount (₹ lacs)	Period to which amount relates	Forum where dispute is pending
<b>Sales Tax</b>			
Interest on Deferred Sales Tax	1942.28*	1989-1999	Government of Gujarat
Sales Tax	800.10*	1999-2006	Government of Gujarat
Interest on Sales Tax	4243.43*	1999-2006	
Sales Tax Penalties	3050.78*	2004-2005	Joint Commissioner of Sales Tax
Value Added Tax, Interest and Penalty thereon	1410.02	2006-2009	Sales Tax Tribunal
<b>Custom Duty</b>	670.94	1993-2011	Customs Excise & Service Tax Appellate Tribunal (CESTAT)
<b>Excise Duty</b>	176.19	2007-2008	CESTAT
<b>Service Tax</b>	58.50	1997-1998	CESTAT
	3.56	2006-2007	CESTAT
	44.11	2006-2012	Commissioner Appeals

\* Against these dues (as also other dues in respect of Electricity Duty and Royalty dues aggregating to ₹ 7045.70 lacs), the Company has unconditionally deposited a sum of ₹ 7000 lacs, with Gujarat State Financial Services Limited in respect of the proposed One Time Settlement with the Government of Gujarat. (Refer Note 9 forming part of the financial statements)

- x) The accumulated losses of the Company as on March 31, 2012 are more than fifty per cent of its net worth. The Company has not incurred cash losses in the current financial year but had 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, during the year, there have been delays in repayment of dues (including interest) to financial institutions and banks; however, as at the balance sheet date, no amount of such delays is outstanding. In respect of the debenture holders, the Company has defaulted in repayment of dues (including interest) during the year, and at the balance sheet date, principal amounting to ₹ 172.77 lacs (₹ 86.39 lacs due on October 14, 2011 and ₹ 86.38 lacs due on January 14, 2012) and interest payable amounting to ₹ 102.03 lacs (₹ 55.06 lacs due on October 14, 2011 and ₹ 46.97 lacs due on January 14, 2012) have remained unpaid till the year end and as informed, these amounts have since been paid.**
- xii) 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 granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- xiii)** As the Company is not a chit fund or nidhi / mutual benefit fund / society, 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, as the Company is not dealing or trading in shares, securities, debentures and other investments, the requirements of Clause 4(xiv) of the Order relating to the maintenance of proper records of the transactions and contracts and making of timely entries therein are not applicable. All the investments are 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, as the Company has not given any guarantee for loans taken by others from banks or financial institutions, the requirement of Clause 4 (xv) of the Order to comment on whether the terms and conditions, whereof are prejudicial to the interest of the Company, is not applicable.
- xvi)** 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, on an overall basis, the new term loans obtained during the year 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, and also on an overall examination of the Balance Sheet of the Company, short-term funds due to increase in net current liabilities (including arising due to increase of ₹ 3488.43 lacs on account of current maturities and unpaid amounts of long-term debts as also interest accrued and due thereon but excluding a sum of ₹ 987.16 lacs for provision for interest payable on dues payable to the Government of Gujarat under One Time Settlement, both reflected in Note 9 forming part of the financial statements) aggregating to ₹ 1042.91 lacs have been used for repayment of long term secured loans and interest thereon.
- xviii)** As 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 year, Clause 4 (xviii) is not applicable.
- 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 in respect of debentures issued during an earlier year has been created.
- xx)** As the Company has not raised any money by public issues during the year, Clause 4 (xx) of the Order requiring to disclose the end use of money raised and verifying the same is not applicable.
- xxi)** Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud (i.e. intentional material misstatements resultant from fraudulent financial reporting and misappropriation of assets) on or by the Company has been noticed or reported during the course of our audit.

For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

Mumbai  
Dated: May 11, 2012

**PARESH H CLERK**  
Partner  
Membership No. 36148

## BALANCE SHEET AS AT MARCH 31, 2012

PARTICULARS	Note No.	₹ in lacs	As at	As at
			March 31, 2012	March 31, 2011
			₹ in lacs	₹ in lacs
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	2	5,807.02		5,807.02
Reserves and surplus	3	(9,146.04)		(7,015.71)
			(3,339.02)	(1,208.69)
<b>Non-current liabilities</b>				
Long-term borrowings	4	10,266.02		12,134.40
Other long-term liabilities	5	633.83		629.44
Long-term provisions	6	725.15		589.48
			11,625.00	13,353.32
<b>Current liabilities</b>				
Short-term borrowings	7	539.78		787.10
Trade payables	8	4,248.31		4,476.40
Other current liabilities	9	32,294.75		29,542.22
Short-term provisions	10	228.40		304.92
			37,311.24	35,110.64
<b>TOTAL</b>			<b>45,597.22</b>	<b>47,255.27</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets				
Tangible assets	11	21,852.84		23,975.71
Intangible assets		42.75		56.34
Capital work-in-progress		7,727.60		7,640.23
		29,623.19		31,672.28
Non-current investments	12	1,880.21		1,880.21
Deferred tax assets (net)	13	3,204.68		3,204.68
Long-term loans and advances	14	1,176.68		1,000.77
Other non-current assets	15	422.90		378.30
			36,307.66	38,136.24
<b>Current assets</b>				
Inventories	16	5,446.29		4,519.55
Trade receivables	17	1,769.28		2,499.45
Cash and bank balances	18	577.17		802.92
Short-term loans and advances	19	1,435.14		1,206.81
Other current assets	20	61.68		90.30
			9,289.56	9,119.03
<b>TOTAL</b>			<b>45,597.22</b>	<b>47,255.27</b>

**Significant Accounting Policies and Notes form an integral part of the financial statements**

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As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau**  
**M. S. Gilotra** Managing Director  
**V. R. Mohnot** Director (Finance) & Company Secretary  
Mumbai, Dated May 11, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

	Note No.	For the Year Ended March 31, 2012 ₹ in lacs	For the Year Ended March 31, 2011 ₹ in lacs
Revenue from operations (gross)	21	48,144.31	43,820.26
Less: Excise duty		<u>(4,282.49)</u>	<u>(4,552.51)</u>
Revenue from operations (net)		43,861.82	39,267.75
Other income	22	<u>525.95</u>	<u>493.69</u>
<b>Total Revenue</b>		<b><u>44,387.77</u></b>	<b><u>39,761.44</u></b>
<b>Expenses</b>			
Cost of materials consumed	23	3,163.13	2,625.01
Purchases of stock-in-trade	24	1,610.34	1,284.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	250.79	(1,115.52)
Employee benefits expense	26	2,491.20	2,412.63
Finance costs	27	4,469.90	4,278.17
Depreciation and amortization expense		2,417.31	2,609.80
Less: Amount withdrawn from revaluation reserve		<u>(220.88)</u>	<u>(226.89)</u>
		2,196.43	2382.91
Impairment loss		-	656.69
Other expenses	28	<u>32,114.72</u>	<u>31,415.43</u>
<b>Total Expenses</b>		<b><u>46,296.51</u></b>	<b><u>43,939.65</u></b>
<b>Loss before exceptional items and tax</b>		<b><u>(1,908.74)</u></b>	<b><u>(4,178.21)</u></b>
Exceptional items - gain / (loss)	29	-	<u>(31.24)</u>
<b>Loss before tax</b>		<b><u>(1,908.74)</u></b>	<b><u>(4,209.45)</u></b>
<b>Tax expense</b>	30		
Current tax		-	-
Deferred tax		-	1,525.32
Excess provision of FBT written back		-	<u>(29.15)</u>
		-	1,496.17
<b>Loss for the year</b>		<b><u>(1,908.74)</u></b>	<b><u>(5,705.62)</u></b>
<b>Earnings per equity share of ₹ 10 par value per share</b>			
Basic and diluted ( ₹ Per share)	40	<b>(3.90)</b>	<b>(11.32)</b>

**Significant Accounting Policies and Notes form an integral part of the financial statements** 1 - 41

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau**  
**M. S. Gilotra** Managing Director  
**V. R. Mohnot** Director (Finance) & Company Secretary  
Mumbai, Dated May 11, 2012

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	For the Year ended March 31, 2012		For the Year ended March 31, 2011
	₹ in lacs	₹ in lacs	₹ in lacs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>LOSS FOR THE YEAR BEFORE TAX</b>		<b>(1,908.74)</b>	<b>(4,209.45)</b>
Adjustments for :			
Add: Finance costs	<b>4,469.90</b>		4,278.17
Hire purchase rentals	<b>3.97</b>		16.10
Loss on sale of assets / assets discarded	<b>98.42</b>		22.14
Exceptional (gain) / loss	<b>-</b>		31.24
Depreciation and impairment	<b>2,196.43</b>		3,039.60
		<b>6,768.72</b>	7,387.25
Less: Profit on sale of assets	<b>57.50</b>		15.15
Interest income	<b>69.42</b>		74.61
Excess provision and sundry creditors written back	<b>249.24</b>		190.68
Doubtful debts written back / (off) / Bad debts recovered	<b>23.24</b>		1.75
Provision for doubtful advances written back	<b>-</b>		110.73
Dividends received	<b>0.25</b>		0.05
		<b>(399.65)</b>	(392.97)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>4,460.33</b>	2,784.83
Adjustments for increase / decrease in:			
Long-term loans and advances and other non current assets	<b>(33.30)</b>		(41.33)
Other long-term liabilities and long term provisions	<b>140.06</b>		86.29
Inventories	<b>(926.74)</b>		(1,288.16)
Trade receivables and current loans and advances	<b>283.67</b>		1,370.89
Other current assets	<b>28.62</b>		60.45
Trade payables and other current liabilities	<b>(1,122.68)</b>		11.65
		<b>(1,630.37)</b>	199.79
<b>CASH GENERATED FROM OPERATIONS</b>		<b>2,829.96</b>	2,984.62
Add: Direct taxes (payments) / refunds		<b>9.07</b>	218.31
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>2,839.03</b>	3,202.93

## CASH FLOW FROM INVESTING ACTIVITIES

Additions to fixed assets / capital work-in-progress	<b>(603.65)</b>	(379.05)
Sale of fixed assets	<b>129.37</b>	58.88
Interest income	<b>64.27</b>	95.85
Dividends received	<b>0.25</b>	0.05
<b>Net cash flow used in investing activities</b>	<b>(409.76)</b>	<b>(224.27)</b>

## CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from long-term borrowings	<b>60.22</b>	59.68
Payment of long-term borrowings	<b>(1,202.33)</b>	(1,134.07)
Dues (from) / to subsidiaries	<b>(122.79)</b>	(12.40)
Short-term borrowings	<b>(247.32)</b>	179.35
Deposits held as margin money	<b>99.22</b>	72.18
Repayment of hire purchase liabilities	<b>(57.04)</b>	(62.97)
Finance costs paid	<b>(1,085.76)</b>	(2,123.10)
Payment of unpaid dividends	<b>-</b>	(77.77)
<b>Net cash flow used in financing activities</b>	<b>(2,555.80)</b>	<b>(3,099.10)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(126.53)</b>	<b>(120.44)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>550.48</b>	<b>923.36</b>
<b>Cash and cash equivalents as at the end of the year (see Note 18)</b>	<b>423.95</b>	<b>550.48</b>
<b>Deposits with banks</b>	<b>153.22</b>	<b>252.44</b>
<b>Cash and bank balances as at the end of the year (see Note 18)</b>	<b>577.17</b>	<b>802.92</b>

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau**  
**M. S. Gilotra** Managing Director  
**V. R. Mohnot** Director (Finance) & Company Secretary  
Mumbai, Dated May 11, 2012

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis Of Preparation :

- i. The financial statements are prepared in accordance with the generally accepted principles under the historical cost convention (except to include revaluation of land, buildings, plant and machinery situated at Ranavav) on accrual basis under the going concern assumption. These financial statements have been prepared to comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 as the Companies (Accounting Standards) Rules, 2006, and in accordance with the other relevant provisions of the Companies Act, 1956.
- ii. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

#### 1.2 Use of Estimates :

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, the reported amounts of assets and liabilities and the disclosures of contingent liabilities as on the date of the financial statements. Examples of such estimates include useful life of Fixed Assets, provision for doubtful debts/ advances, deferred tax, etc. Actual results could differ from those estimates. Such difference is recognised in the year/s in which the results are known / materialised.

#### 1.3 Fixed Assets :

- i. Fixed Assets are stated at cost and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any.
- ii. '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 (Net of recoverable duties, subsidy received on purchase of asset, etc.).
- iii. Pre-operative Expenditure and cost relating to borrowed funds attributable to the construction or acquisition upto the date asset is ready for use is included under Capital Work-in-Progress and the same is allocated to the respective fixed assets on its completion for satisfactory commercial commencement.

#### 1.4 Depreciation/Amortisation :

- i. Depreciation on all assets is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.
- ii. Premium on leasehold land of long lease duration is not amortised, being not material.
- iii. 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.
- iv. The cost of Jetty is amortised over the period of right to use of 15 years. Addition thereto, is amortised over the residual years of its right to use.
- v. The excess depreciation provided on the revalued assets as reduced by that of on the original cost of the assets is transferred to the Statement of Profit and Loss from Revaluation Reserve, to the extent of availability of the Reserve.

#### 1.5 Assets Acquired On Lease / Hire Purchase :

- i. Assets acquired under leases / hire purchase where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease / hire purchase rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii. Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained



by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

**1.6 Impairment of Assets :**

- i. 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, the provision for impairment loss required, if any.
- ii. The impairment loss is recognized when the carrying amount of an asset / cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount is determined as the higher of its net selling price (net of material disposal expenses) and the value in use. 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.
- iii. If there is change in the indication, since the last impairment was recognised, so that the recoverable amount of an asset exceeds its carrying amount, an impairment recognised for an asset in prior accounting period is reversed.

**1.7 Investments :**

- i. 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 its 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 the lower of cost and fair value, 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.

**1.8 Inventories :**

- i. Raw materials, Packing materials and Fuels - 'At cost' derived on moving weighted average basis or net realisable value, whichever is lower.
- ii. 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.
- iii. Finished Goods - 'At cost' or net realisable value, whichever is lower. 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.
- iv. Stores and spares - 'At cost' on moving weighted average basis.

**1.9 Accounting Of Cenvat / VAT Benefits :**

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

**1.10 Revenue Recognition :**

- i. Sales are accounted on dispatch 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.
- ii. Export Sales are accounted on the basis of bills of lading / mates receipt dates.
- iii. Benefits of entitlement to import duty free materials on account of export are recognised in the year of export.
- iv. Claims for Insurance are accounted on certainty of acceptance thereof by the Insurer.
- v. Dividend income is recognised based on establishment of the right to receive such income.

**1.11 Foreign Currency Transactions :**

- i. Transactions in foreign currency (Monetary or Non-monetary items) are recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items (i.e. receivables, payables, loans, etc.), which are denominated in foreign currency are translated and reported using the exchange rates prevailing on the date of the Balance Sheet.

- iii. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- iv. Exchange differences arising on the settlement of monetary items or on reporting at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

#### **1.12 Employee Benefits :**

- i. Defined contribution plan: The Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the year in which the employees renders the related service.
- ii. Defined benefit plan - 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 lump sum 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 Profit and Loss as Income or Expense. The Company has an employees gratuity fund managed by the Life Insurance Corporation of India ("LIC").
- iii. Compensated Absences : As per policy of the Company, it allows for the encashment of absence or absence with pay to its employees. 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 year 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.

#### **1.13 Borrowing Costs :**

- i. Borrowing costs that are attributable to the acquisition / construction of qualifying assets, are capitalised, net of income / income earned on temporary investments from such borrowings. Other borrowing costs are charged to the Statement of Profit and Loss as expense in the year in which the same are incurred.
- ii. Redemption Premium payable on borrowings are included as part of borrowing costs on a periodic cost basis.

#### **1.14 TAXATION :**

- i. Tax on income for the current year is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.
- ii. Deferred tax resulting from 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 assets are reviewed at each Balance sheet date.

#### **1.15 Provisions, Contingent Liabilities And Contingent Assets :**

- i. Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if the Company, has a present obligation as a result of a past event, a probable outflow of resources is expected to settle the obligation and the amount of the obligation can be reliably estimated.
- ii. Reimbursement expected in respect of the expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.
- iii. Contingent liability is stated in the case of 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, a possible obligation, unless the probability of outflow of resources is remote.
- iv. Contingent assets are neither recognized, nor disclosed.
- v. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

#### **1.16 Cash flow statement**

- i. The statement of cash flow has been prepared under the indirect method as set out in Accounting Standard - 3 issued under the Companies (Accounting Standard) Rules, 2006.

	As at March 31, 2012		As at March 31, 2011	
	Numbers	₹ in lacs	Numbers	₹ in lacs
<b>2 Share capital</b>				
<b>Authorised</b>				
Equity shares, of ₹ 10 par value	130,000,000	13,000.00	130,000,000	13,000.00
Preference shares, of ₹ 100 par value	6,000,000	6,000.00	6,000,000	6,000.00
Unclassified shares, of ₹ 10 par value	5,000,000	500.00	5,000,000	500.00
		<u>19,500.00</u>		<u>19,500.00</u>
<b>Issued</b>				
Equity shares, of ₹ 10 par value	59,095,018	5,909.50	59,095,018	5,909.50
13% Optionally Convertible Cumulative preference shares, of ₹ 100 par value	687,595	687.60	687,595	687.60
		<u>6,597.10</u>		<u>6,597.10</u>
<b>Subscribed and paid up</b>				
Equity shares, of ₹ 10 par value	51,191,065	5,119.11	51,191,065	5,119.11
13% Optionally Convertible Cumulative preference shares, of ₹ 100 par value	687,595	687.60	687,595	687.60
		<u>5,806.71</u>		<u>5,806.71</u>
Equity shares - forfeited (₹ 2 per share paid up)	15,269	0.31	15,269	0.31
		<u>5,807.02</u>		<u>5,807.02</u>

### Reconciliation of the number of shares outstanding and amount of share capital

#### a. Equity shares, of ₹ 10 par value

At the beginning	51,191,065	5,119.11	51,191,065	5,119.11
Changes during the year	-	-	-	-
At the end	<u>51,191,065</u>	<u>5,119.11</u>	<u>51,191,065</u>	<u>5,119.11</u>

#### b. Preference shares, of ₹ 100 par value

At the beginning	687,595	687.60	687,595	687.60
Changes during the year	-	-	-	-
At the end	<u>687,595</u>	<u>687.60</u>	<u>687,595</u>	<u>687.60</u>

## RIGHTS, PREFERENCES AND RESTRICTIONS

### a. Equity shares

- i. The Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.
- ii. Dividends, if any, is declared and paid in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. However, in view of the losses, no dividend is / was declared on the equity shares for the year ended March 31, 2012 / March 31, 2011.
- iii. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### b. Preference shares :

- i. The Company has only one class of preference shares referred to as 13% Optionally convertible cumulative preference shares (OCCPS) having a par value of ₹100. The preference shares do not carry any voting right. In terms of Section 87 of the Companies Act, 1956, the holders of cumulative preference shares get entitled to vote on every resolution placed by the Company at any meeting, if the dividend due on such shares or any part thereof has remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting.
- ii. OCCPS carried a fixed cumulative dividend of 13% per annum from the date of issue. The holders of OCCPS carry a right to dividend ahead of equity share holders.
- iii. In the event of liquidation, the OCCPS holders carry preference over equity share holders in respect of repayment of capital.
- iv. OCCPS were redeemable at par on March 31, 2003. Of the total Preference share capital of ₹ 687.60 lacs, the holders of 1,74,557 OCCPS of ₹ 100 par value, aggregating to ₹ 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Company. Based on the advise received, pending the availability of funds / distributable profits for the redemption of capital, the beneficial ownership of these OCCPS has already 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. For the balance of OCCPS, the right of conversion lapsed on August 22, 2003.

## DETAILS OF SHARES HELD BY SHAREHOLDERS HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY

	As at March 31, 2012		As at March 31, 2011	
	Numbers	%	Numbers	%
<b>a. Equity Shares</b>				
Clarence Investments Limited	12,886,599	25.17%	12,886,599	25.17%
Jagmi Investments Limited	5,175,000	10.11%	5,175,000	10.11%
Mauritius Debt Management Limited	7,450,000	14.55%	7,450,000	14.55%
Sampson Limited	4,000,000	7.81%	4,000,000	7.81%
TransAsia Investments And Trading Limited	8,000,000	15.63%	8,000,000	15.63%
<b>b. Preference Shares</b>				
India Debt Management Limited	512,398	74.52%	512,398	74.52%
A.M.Fadia - Trustee	174,557	25.39%	174,557	25.39%

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>3 RESERVES AND SURPLUS</b>		
Capital reserve	2,607.96	2,607.96
Capital redemption reserve	50.00	50.00
Securities premium account	10,566.71	10,566.71
Revaluation reserve		
Opening balance	552.15	779.40
Less: Transferred to the statement of profit and loss for depreciation	(220.88)	(226.89)
Less: For fixed assets sold	(0.71)	(0.36)
Closing balance	330.56	552.15
Debenture redemption reserve	2,060.00	2,060.00
General reserve	4,377.97	4,377.97
Surplus / (Deficit)		
Debit balance in the statement of profit and loss		
Opening Balance	(27,230.50)	(21,524.88)
Add: Transferred from the statement of profit and loss	(1,908.74)	(5,705.62)
Closing balance	(9,146.04)	(27,230.50)
	(29,139.24)	(7,015.71)

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>4 LONG-TERM BORROWINGS</b>		
Secured		
<b>Debentures</b>		
12% non-convertible Debentures - Under Corporate debt restructuring (CDR)		
Face Value ₹ per Debenture		
<b>Numbers</b>	<b>Current</b>	<b>Previous</b>
1,785,286 12% Public	71.25	80.00
980,246 12% Public	63.75	77.50
259,150 12% Public	142.50	160.00
148,905 12% Public	127.50	155.00
900,000 12% Private	63.75	77.50
	2,016.74	2,857.04
<b>Term loans</b>		
From banks		
Under CDR	2,661.54	3,375.58
Other than CDR	55.07	51.88
	2,716.61	3,427.46
From other parties		
Financial institutions - under CDR	1,542.46	1,765.38
Others - Under CDR	3,990.21	4,065.18
Others - Other than CDR	-	1.60
	5,532.67	5,832.16
<b>Hire purchase principal</b>	8,249.28	9,259.62
	10,266.02	12,134.40

**Notes:**

- A. The above reflect non-current portion only of the related borrowings and the current portion (including due to default) thereof refer Note 9 on "Other current liabilities".

	As at March 31, 2012		As at March 31, 2011	
	Due from	₹ in lacs	Due from	₹ in lacs
<b>B. Period and amount of continuing default in repayment of above loans (reflected in Note 9 on "Other current liabilities", being current in nature)</b>				
(Due from dates are given from the first outstanding)				
Principal amounts				
Public debentures - under CDR	14/Oct/11	172.77	14/Jan/11	57.59
Term loans from others - under CDR	14/Jan/11	486.04	15/Jan/11	74.78
Term loans from others - other than CDR	15/Jul/10	10,036.48	15/Jul/10	8,286.48
		<u>10,695.29</u>		<u>8,418.85</u>
Interest amounts				
Public debentures - under CDR	15/Oct/11	102.03	15/Jan/11	50.17
Term loans from others - under CDR	15/Oct/10	424.51	15/Oct/10	65.14
Term loans from others - not under CDR	16/Jul/10	3,971.22	16/Jul/10	1,567.23
		<u>4,497.76</u>		<u>1,682.54</u>
Principal and interest amounts due and remaining unpaid		<u>15,193.05</u>		<u>10,101.39</u>

- i) The default has arisen from the date indicated hereinabove, in respect of quarterly installments date for borrowings under CDR. However, the amount referred to is the aggregate amount of default existed on the Balance Sheet date.
- ii) The right to convert the defaulted amounts into equity shares [as referred to in point C (e) (v) below] has not yet been exercised, by the lenders.

### C REPAYMENT TERMS AND SECURITY :

#### a. Debentures:

- i. Public debentures aggregating to ₹ 2456.07 lacs, together with interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of pari-passu second mortgage in favour of the Trustees on the Company's immovable and movable properties, both, present and future, situated at Ranavav (Gujarat), save and except on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific and first charge holders. It is also secured by personal guarantee of two Directors of the Company.
- ii. Private debentures aggregating to ₹ 573.75 lacs, together with interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of pari-passu first mortgage in favour of the Trustees on the Company's immovable and movable properties, both, present and future, situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.

#### b. Term loans:

##### i. From Banks:

- a. Those under CDR are secured by way of pari-passu first mortgage on the Company's immovable and movable properties, both, present and future, situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company. The term loan from Rajkot Nagarik Sahakari Bank Limited of ₹ 16.24 lacs, is further secured by shares of Gujarat Sidhee Cement Limited held by Company's subsidiary.
- b. Those other than CDR are Vehicle loans which are generally repayable in 36 equated monthly installments carrying varied interest from 10% to 12% p.a. These loans are secured by hypothecation of vehicles financed thereunder and are further secured by personal guarantee by one of the directors of the Company.

##### ii. From Financial Institutions - Under CDR:

These loans with funded interest term loans, are secured by way of pari-passu first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.

### iii. From others - Under CDR:

- a. Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans and accrued interest thereon, are secured by way of pari-passu first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.
- b. Other Funded Interest Term Loans amounting to ₹ 1109.65 lacs, are secured as mentioned above in para C (a) (i) above.

### c. Other Loans - Not under CDR

- i. Vehicle loans from Reliance Capital Financial Services Limited of ₹ 1.61 lacs, carrying interest @ 11% p.a., is repayable in 36 equated monthly installments and is secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Company.
- ii. Hire purchase equipment Loans from SREI Infrastructure Finance Limited are repayable in 60 equated monthly installments carrying interest @ 11% p.a., and are secured by hypothecation of assets financed by them and personal guarantee by one of the directors of the Company.

### iii. Terms of repayment of secured loans taken from India Debt Management Pvt. Ltd. (IDM) - other than CDR

Term Loans from India Debt Management Pvt. Limited, together with redemption premium due and accrued interest thereon, amounting to ₹ 14007.70 lacs, are secured by way of pari-passu first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. These amounts have fully matured as on the balance sheet date. The repayment terms thereof are given hereunder:

- a. Term loan of ₹ 6705 lacs taken vide loan agreement dated August 20, 2007 was repayable in three annual installments of ₹ 2235 lacs, commencing from July 15, 2008. It carries interest @ 12% p.a. till repayment and repayment premium of 10% of the principal value of loan payable alongwith each principal installment.
  - b. Term loan of ₹ 10753.70 lacs (including funded interest) taken vide loan agreement dated November 2, 2006 was payable 20% on July 15, 2008 and 40% each on July 15, 2009 and July 15, 2010. It carries interest @ 10% p.a. from the date of disbursement till January 15, 2007, 11% p.a. till January 15, 2008 and 12% p.a. from thereafter till repayment and redemption premium of 10% of the principal value of loan payable alongwith each principal installment.
  - c. Bridge loan of ₹ 3500 lacs taken vide loan agreement dated September 19, 2008 was payable in 2 equal annual installments commencing from July 15, 2010. It carries interest @ 16% p.a. from the date of disbursement till June 30, 2010 and 18% p.a. from July 1, 2010 till repayment.
  - d. Debentures included in para C(a)(i) and term loan mentioned under para C(b)(iii)(a) and all the term loans mentioned at C(c)(iii) carries interest for the defaulted periods @ 19% p.a. The rate of interest may undergo change on sanction of the Rehabilitation Scheme referred to in Note 33 (i).
- d. All the aforementioned borrowings except vehicle loans from HDFC Bank of ₹ 112.09 lacs, vehicle loans from Reliance Capital Financial Services Limited of ₹ 1.61 lacs and hire purchase creditors, are further secured by hypothecation of 'Hathi' brand on pari-passu first charge basis and pledge of promoter shares in favour of the Trustees.

### e. Terms of repayment of Loans - Under CDR [Referred to in C(a), C(b)(i)(a), C(b)(ii) and C(b)(iii)]

- i. In an earlier year, relief and concessions were granted by Banks, Financial Institutions and others, sanctioned under the Corporate Debt Restructuring (CDR) Scheme for debts outstanding as on July 1, 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 December 26, 2005 of the CDR Cell. Subsequently settlement was also entered into with other lenders which was approved by the Hon'ble 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. All these relief and concessions aggregating to ₹ 11501.61 lacs were waived by the respective lenders.
- ii. As per the CDR Scheme, 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. For the current year, such interest is payable and provided at 12% per annum. The first year interest @ 2% has been 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. (i.e. payable from July 14, 2007 till April 14, 2015 on the 14th date after the end of each calendar quarter on ballooning basis ranging from 7.50% to 20% p.a.) 50% of the unpaid simple interest on all the loans was converted into FITL-I. Both, FITL I and II, do not carry interest and are repayable in the 9th and 10th year.
- iii. The Company has an option to prepay all the loans without premium on pro-rata basis to all the lenders.

- iv. All the restructured loans including FITL are subject to recompense clause as may be approved by CDR Cell.
- v. In the event of default in compliance of restructuring package, after the approval of CDR, the lenders have a right to convert 100% of the defaulted amount of the restructured debt into Equity Shares of the Company, at any time during the currency of assistance, at a price to be determined as per SEBI Guidelines.
- vi. The lenders have the right to convert 20% of the loan outstanding (including FITL and WCTL) into Equity Shares of the Company, at a price to be determined 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.
- f. The amount of loans referred to for repayment and security are including those reflected in Short-term borrowings and Other current liabilities.

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Security deposits from customers	633.83	629.44
	<u>633.83</u>	<u>629.44</u>

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>6 LONG-TERM PROVISIONS</b>		
For employee benefits - gratuity and compensated absences (See Note 36)	725.15	589.48
	<u>725.15</u>	<u>589.48</u>

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>7 SHORT-TERM BORROWINGS</b>		
Secured		
Loans repayable on demand		
From banks	98.61	343.72
Cash credits	441.17	443.38
	<u>539.78</u>	<u>787.10</u>

Security:

The working capital facilities from Central Bank of India, Dena Bank and Rajkot Nagarik Sahakari Bank Limited, are secured by first charge by way of hypothecation of the current assets namely, stocks of raw materials, semi finished and finished goods, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. It is also secured by second mortgage and charge on the Company's immovable and movable properties both present and future. They are also secured by personal guarantee of two Directors of the Company. The facility from Rajkot Nagarik Sahakari Bank Limited is further secured by shares of Gujarat Sidhee Cement Limited held by subsidiary companies.

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>8 TRADE PAYABLES</b>		
Amounts payable to a related party	28.05	1,399.61
Others	4,220.26	3,076.79
	<u>4,248.31</u>	<u>4,476.40</u>

"Others" includes dues to small and medium enterprises, which require the following disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :

i) Principal amount remaining unpaid and interest thereon	8.12	3.17
ii) Interest paid in terms of Section 16	-	-
iii) Interest due and payable for the period of delay in payment	0.05	0.05
iv) Interest accrued and remaining unpaid	0.05	0.05
v) Interest due and payable even in succeeding years	1.05	1.00



	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt		
Debentures		
12% non-convertible - under CDR	<b>840.31</b>	616.23
Term loans		
From banks		
Under CDR	<b>745.81</b>	495.08
Other than CDR	<b>57.02</b>	72.29
From other parties		
From financial institutions under CDR	<b>222.92</b>	163.47
Others - other than CDR	<b>76.58</b>	2,163.48
Hire purchase principal	<b>17.74</b>	53.07
	<b>1,960.38</b>	3,563.62
Interest accrued but not due on borrowings	<b>139.49</b>	555.67
Interest accrued and due on borrowings (see Note 4 B)	<b>4,497.77</b>	1,682.54
Long-term debts due and remaining unpaid		
Debentures		
12% non-convertible - under CDR	<b>172.77</b>	57.59
Term loans from other parties - other than CDR	<b>10,036.48</b>	8,286.48
Term loans from other parties - under CDR (see Note 4 B)	<b>486.04</b>	74.78
	<b>10,695.29</b>	8,418.85
Unencashed matured debentures and interest accrued thereon	<b>0.79</b>	0.79
Unclaimed share application money	<b>14.77</b>	14.77
Statutory dues (see Note below)	<b>12,130.24</b>	11,179.66
Advances from customers	<b>967.53</b>	1,205.03
Other payables - includes liabilities for expenses at the year end	<b>1,888.49</b>	2,921.29
	<b>32,294.75</b>	29,542.22

**Note:**

The Company's request for One Time Settlement (OTS) of Dues payable by sick units under BIFR as per the Government of Gujarat (GoG) GR BFR/(HPC)/102003/3537/P dated May 12, 2004 was under consideration. The Scheme, inter-alia, provided for waiver of interest, penalties, etc. on Sales Tax, Royalty and Electricity Duty. Based on the directions of GoG, the Company had unconditionally deposited a sum of ₹ 7000 lacs with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable to GoG of ₹18417.16 lacs (Previous year ₹ 17022.16 lacs) have been shown net of such deposit, in Statutory dues. The GoG has introduced a new Scheme, in place of its earlier schemes, for relief to the Sick Industrial Units registered with the BIFR vide GR BFR/(HPC)/102009/435690/P dated July 15, 2010. The Company has applied for OTS under the said scheme which is under process.

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>10 SHORT-TERM PROVISIONS</b>		
For employee benefits - gratuity and compensated absences (See Note 36)	<b>167.97</b>	243.87
For others	<b>60.43</b>	61.05
	<b>228.40</b>	304.92

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

		Gross Block				Accumulated depreciation / amortisation and impairment			Net Block		
		As at April 1, 2011	Additions	Deductions/ Adjustments	As at March 31, 2012	Up to March 31, 2011	For the year	Deductions/ Adjustments	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
₹ in lacs											
<b>11. FIXED ASSETS</b>											
<b>Tangible assets</b>											
Freehold land	2,650.53	-	-	-	2,650.53	1,692.51	199.12	-	1,891.63	758.90	958.02
Leasehold land	21.45	-	-	-	21.45	-	-	-	-	21.45	21.45
Buildings	3,528.52	64.81	-	3,593.33	3,593.33	1,106.60	101.84	-	1,208.44	2,384.89	2,421.92
Plant and equipments	45,606.75	179.22	358.85	45,427.12	45,427.12	26,425.53	1,925.27	298.95	28,051.85	17,375.27	19,181.22
Furniture and Fixtures	1,167.33	6.08	29.32	1,144.09	1,144.09	590.64	52.09	28.43	614.30	529.79	576.69
Vehicles	1,287.31	140.58	151.31	1,276.58	1,276.58	663.51	92.73	67.42	688.82	587.76	623.80
Office equipments	692.01	61.16	333.11	420.06	420.06	523.21	27.84	308.80	242.25	177.81	168.80
Railway siding, weighbridge, rolling stock and locomotives	281.55	-	-	281.55	281.55	257.74	6.84	-	264.58	16.97	23.81
<b>Current Year</b>	55,235.45	451.85	872.59	54,814.71	54,814.71	31,259.74	2,405.73	703.60	32,961.87	21,852.84	23,975.71
Previous year	54,969.89	446.63	186.64	55,235.45	55,235.45	28,770.36	2,604.44	120.42	31,259.74	23,975.71	
<b>Intangible assets</b>											
Computer softwares	137.07	-	40.25	96.82	96.82	80.73	11.58	38.24	54.07	42.75	56.34
<b>Current Year</b>	137.07	-	40.25	96.82	96.82	80.73	11.58	38.24	54.07	42.75	56.34
Previous year	131.50	5.57	-	137.07	137.07	75.37	5.36	-	80.73	56.34	
<b>Capital work-in-progress</b>											
Current Year	8,296.92	153.64	66.27	8,384.29	8,384.29	656.69	-	-	656.69	7,727.60	7,640.23
Previous year	8,277.34	31.98	12.40	8,296.92	8,296.92	656.69	-	-	656.69	7,640.23	-

## NOTES

- i. Gross Block includes ₹ 4602 lacs, added on revaluation of the Company's land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, on the basis of valuation made by an external valuer, which had resulted in a net increase of ₹ 5722.61 lacs, as at June 30, 1993.
- ii. Besides the land specified above, the Company holds other leasehold land in respect of which only ground rent is paid.
- iii. Buildings excludes cost of shares held in a Co-operative Society included under note 12 of non-current investments
- iv. Plant and equipments include cost of service line of ₹ 33.20 lacs (previous year ₹ 33.20 lacs), ownership of which is vested with Paschim Gujarat Vij Company Limited.
- v. Plant and equipments include cost of assets of ₹ 206.69 lacs (Previous year ₹ 206.69 lacs), acquired under hire purchase agreements.
- vi. Vehicles includes equipment and vehicles financed under hire purchase agreements.
- vii. During the year ended March 31, 2012, certain assets which were old and not in use, having gross book value of ₹ 548.75 lacs (Net book value ₹ 57.99 lacs) and shown as assets discarded, were retired and are included under the head deductions / adjustments above.
- viii. During the year ended March 31, 2012, while adopting the Revised Schedule VI formats, computer softwares having a gross book value of ₹ 137.07 lacs were transferred from plant and equipments, and included under the head deductions / adjustments above and shown as intangible assets.

<b>As at</b>	<b>As at</b>
<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>₹ in lacs</b>	<b>₹ in lacs</b>

**ix. Accounting Of fixed assets and borrowing costs**

Capital work-in-progress includes pre-operative expenses, as under:

a) Technical consultancy	320.40	320.40
b) Employee cost	144.56	144.56
c) Interest and finance cost	3,104.17	3,104.17
d) Traveling and conveyance	227.48	227.48
e) Exchange rate fluctuation	42.43	42.43
f) Transportation charges	19.96	19.96
g) Miscellaneous	59.97	59.97
	<b>3,918.97</b>	<b>3,918.97</b>

**x. Impairment of assets**

The aggregate sum of ₹ 8036.81 lacs spent towards Expansion Project Assets, and reflected under Capital Work-in-progress (CWIP) inter alia, includes cost of an imported plant purchased, civil work carried out and pre-operative expenses (including interest capitalised). However, later on, due to several adversities, the project was suspended in 2005. Since the Project is suspended, based on the assessment of the current value (net selling price) of the said Project and civil works under CWIP by Holtec Consulting Private Limited, an impairment loss of ₹ 656.69 lacs, as required under Accounting Standard 28 on "Impairment of Assets" was recognised upto March 31, 2011, and reflected as a separate line item. However, there is no further impairment to the same.

## 12 NON CURRENT INVESTMENTS

Long-term investments - valued at cost less provision for other than temporary diminution Other than Trade

### In equity instruments of subsidiaries

Unquoted

(Fully paid equity shares of ₹ 10 each)

Quantity	Investee company			
1,00,00,000	Pranay Holdings Ltd.	1,000.00		1,000.00
1,00,00,000	Prachit Holdings Ltd.	1,000.00		1,000.00
1,00,00,000	Ria Holdings Ltd.	1,000.00		1,000.00
40,00,000	Reeti Investments Ltd.	400.00		400.00
4,04,100	Agrima Consultants International Ltd.	135.68		135.68
1,49,272	Concorde Cement (Pvt.) Ltd. (Srilankan Rupee)	9.19		9.19
		<b>3,544.87</b>		<b>3,544.87</b>
		<b>(1,712.50)</b>		<b>(1,712.50)</b>

Less: Provision for diminution in value

	<b>1,832.37</b>	<b>1,832.37</b>
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### In equity instruments of other companies

Quoted

(Fully paid equity shares of ₹ 10 each)

70,500	MTZ Industries Ltd. (under suspension on stock exchange and hence, fully provided for)	35.25		35.25
3,000,000	MTZ Polyfilms Ltd.	600.00		600.00
		<b>635.25</b>		<b>635.25</b>
		<b>(588.75)</b>		<b>(588.75)</b>

Less: Provision for diminution in value

	<b>46.50</b>	<b>46.50</b>
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Unquoted Quantity	Investee company	Face Value ₹ per share		
10	IL-Palazzo CHS Ltd.	50		
2,001	Rajkot Nagrik Sahakari Bank Ltd.	50		
2,500	Saraswat Co-op Bank Ltd.	10	<b>1.26</b>	<b>1.26</b>
			<b>1,880.13</b>	<b>1,880.13</b>

### In Government securities: (At cost)

Unquoted

7 years National savings certificates kept as security with various Government authorities

	<b>0.08</b>	<b>0.08</b>
	<b>1,880.21</b>	<b>1,880.21</b>

	As at March 31, 2012		As at March 31, 2011	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
	Cost	Market Value	Cost	Market Value
Aggregate amount of quoted investments	635.25	46.50	635.25	46.50
Aggregate amount of unquoted investments	3,546.21	-	3,546.21	-
	<b>4,181.46</b>		<b>4,181.46</b>	
Aggregate provision on non current investments	<b>2,301.25</b>		<b>2,301.25</b>	

## 13 ACCOUNTING FOR TAXES ON INCOME

In terms of paragraph 26 of Accounting Standard 22 on "Accounting for Taxes on Income", 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 DTA arising during the year on account of unabsorbed depreciation and carried forward business losses.

Based on the expected waivers on one time settlement scheme with the Government of Gujarat (as referred to in Note to the financial statements), and also considering legal advice from an expert, with regard to the recognition of DTA in terms of AS 22, the Company recognised DTA on the basis of prudence only to the extent it will have sufficient future taxable income (by way of reduction in unabsorbed depreciation and / or carried forward business losses) against which the aggregate DTA recognised as on the Balance Sheet date would be realised. The DTA Company has also been advised that DTA in respect of the unabsorbed depreciation to the extent of deferred tax liability for timing difference for depreciation may be recognised. Accordingly, the Company has not recognised any further DTA than what was recognised upto March 31, 2011. DTA of ₹ 203.49 lacs (Previous year ₹ 765.63 lacs) is reversed due to reduction in DTL for timing difference for depreciation for the like amount. Details of deferred tax is as under:

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>Deferred tax assets</b>		
i) Accrued expenses deductible on cash basis	2,845.51	2,845.51
ii) Accrued expenses deductible on payment of TDS thereon	359.17	359.17
iii) Unabsorbed depreciation	1,431.59	1,635.08
iv) Accumulated business losses	-	-
v) Closing balance	<u>4,636.27</u>	<u>4,839.76</u>
<b>Deferred tax liabilities</b>		
i) Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	1,431.59	1,635.08
ii) Closing balance	<u>1,431.59</u>	<u>1,635.08</u>
<b>Deferred tax assets - net</b>	<u>3,204.68</u>	<u>3,204.68</u>

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>14 LONG-TERM LOANS AND ADVANCES</b>		
Unsecured - considered good		
Capital advances	380.73	316.31
Security deposits	605.53	616.83
Loans and advances to related parties - to subsidiaries		
Interest free deposits	34.40	34.40
Other receivables	156.02	33.23
(See Note 38)	<u>190.42</u>	<u>67.63</u>
Unsecured, considered doubtful		
Intercorporate deposits	554.76	554.76
Less: Provision for bad and doubtful deposits	<u>(554.76)</u>	<u>(554.76)</u>
	<u>-</u>	<u>-</u>
	<u>1,176.68</u>	<u>1,000.77</u>

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>15 OTHER NON-CURRENT ASSETS</b>		
Inventories		
Stores and spare parts - (see Note below)	<b>338.61</b>	338.61
Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered doubtful	<b>202.73</b>	301.53
Less: Provision for bad and doubtful debts	<u><b>(202.73)</b></u>	<u>(301.53)</u>
	-	-
Deposits with banks		
Maturity beyond 12 months from the balance sheet date		
Held as margin money	<b>84.29</b>	39.69
	<u><b>422.90</b></u>	<u>378.30</u>

Note:

Inventories of stores and spare parts are for the plant which is not yet put up and therefore are not expected to be used within a period of 12 months from the balance sheet.

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>16 INVENTORIES</b>		
Raw materials	<b>410.87</b>	335.63
Packing materials	<b>74.26</b>	192.72
Work-in-progress	<b>673.24</b>	643.51
Finished goods	<b>874.41</b>	1,125.16
Stock-in-trade	-	30.89
Fuels	<b>2,016.40</b>	1,050.32
Stores and spare parts	<b>1,397.11</b>	1,141.32
	<u><b>5,446.29</b></u>	<u>4,519.55</u>

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>17 TRADE RECEIVABLES</b>		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	<b>464.89</b>	422.08
Others	<b>1,304.39</b>	2,077.37
	<u><b>1,769.28</b></u>	<u>2,499.45</u>

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>18 CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
Balances with banks		
On current accounts	<b>421.23</b>	240.48
Fixed deposits (maturity of less than 3 months)	-	307.26
Cash on hand	<u>2.72</u>	<u>2.74</u>
	<b>423.95</b>	550.48
Deposits with banks (Maturity below 12 months from the balance sheet date)		
Earmarked balances with banks	<b>0.43</b>	0.43
Held as margin money	<u>152.79</u>	<u>252.01</u>
	<b>153.22</b>	252.44
	<u><b>577.17</b></u>	<u>802.92</u>

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>19 SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	<b>579.43</b>	469.36
Advances against purchase of stores	<b>718.95</b>	591.62
Taxes paid (net of provision of ₹ Nil, Previous year ₹ 24.08 lacs)	<b>136.76</b>	145.83
	<u><b>1,435.14</b></u>	<u>1,206.81</u>

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>20 OTHER CURRENT ASSETS</b>		
Unsecured, considered good		
Export benefits receivable	<b>39.42</b>	73.19
Interest receivable	<b>22.26</b>	17.11
	<u><b>61.68</b></u>	<u>90.30</u>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>21 REVENUE FROM OPERATIONS</b>		
Sale of products		
Manufactured goods	45,859.88	42,236.83
Traded goods	<u>1,598.82</u>	<u>1,227.55</u>
	<b>47,458.70</b>	<b>43,464.38</b>
Other operating revenues		
Sale of power	361.84	-
Sale of other products / scrap	173.82	197.91
Export entitlements	<u>149.95</u>	<u>157.97</u>
	<b>685.61</b>	<b>355.88</b>
	<b>48,144.31</b>	<b>43,820.26</b>
Less: Excise duty	<u>(4,282.49)</u>	<u>(4,552.51)</u>
	<b>43,861.82</b>	<b>39,267.75</b>
<b>Details of products sold</b>		
Sale of manufactured goods		
Cement	45,814.39	38,003.89
Clinker	<u>45.49</u>	<u>4,232.94</u>
	<b>45,859.88</b>	<b>42,236.83</b>
Sale of traded goods		
Cement	1,239.78	1,210.70
Clinker	<u>359.04</u>	<u>16.85</u>
	<b>1,598.82</b>	<b>1,227.55</b>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>22 OTHER INCOME</b>		
Interest income on		
Fixed deposits with banks	52.01	30.56
Others	<u>17.41</u>	<u>44.05</u>
	<b>69.42</b>	<b>74.61</b>
Dividends income from long-term investments - others	0.25	0.05
Miscellaneous income (including overheads shared)	44.88	23.47
Insurance claims	81.42	77.25
Profit on sale of fixed assets	57.50	15.15
Excess provision written back	168.79	61.88
Bad debts recovered	4.53	-
Provision for doubtful debts written back	18.71	1.75
Provision for doubtful advances written back	-	110.73
Trade payables written back	<u>80.45</u>	<u>128.80</u>
	<b>525.95</b>	<b>493.69</b>



	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Raw materials		
Opening stock of raw materials	335.63	598.67
Add: Purchases	1,956.06	986.14
Less: Closing stock of raw materials	<u>(410.87)</u>	<u>(335.63)</u>
	<b>1,880.82</b>	<b>1,249.18</b>
Packing materials		
Opening stock of packing materials	192.72	127.53
Add: Purchases	1,163.85	1,441.02
Less: Closing stock of packing materials	<u>(74.26)</u>	<u>(192.72)</u>
	<b>1,282.31</b>	<b>1,375.83</b>
	<b>3,163.13</b>	<b>2,625.01</b>
Details of raw materials consumed		
Gypsum	621.52	486.20
Fly ash	631.18	496.53
Clinker purchased	210.94	-
Others	<u>417.18</u>	<u>266.45</u>
	<b>1,880.82</b>	<b>1,249.18</b>
<hr/>		
	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>24 PURCHASES OF STOCK-IN-TRADE</b>		
Purchases of traded goods		
Cement	1,239.78	1,215.72
Clinker, coal and pet coke	<u>370.56</u>	<u>68.61</u>
	<b>1,610.34</b>	<b>1,284.33</b>
<hr/>		
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
	<b>₹ in lacs</b>	<b>₹ in lacs</b>
Stocks at the end		
Finished goods - cement	874.41	1,125.16
Work in progress - raw flour and clinker	673.24	643.51
Stock-in-trade - cement	<u>-</u>	<u>30.89</u>
	<b>1,547.65</b>	<b>1,799.56</b>
Less: Stocks at the beginning		
Finished goods - cement	1,125.16	511.20
Work in progress - raw flour and clinker	643.51	144.56
Stock-in-trade - cement	<u>30.89</u>	<u>-</u>
	<b>1,799.56</b>	<b>655.76</b>
	<b>251.91</b>	<b>(1,143.80)</b>
Increase / (Decrease) in excise duty on stocks	<u>(1.12)</u>	<u>28.28</u>
	<b>250.79</b>	<b>(1,115.52)</b>

	For the year ended March 31, 2012 ₹ in lacs	For the year ended March 31, 2011 ₹ in lacs
<b>26 EMPLOYEE BENEFITS EXPENSE</b>		
(see note to Note 28)		
Salaries, wages and bonus	2,140.51	2,055.53
Contribution to provident and other funds	204.01	190.61
Gratuity expense	87.98	110.66
Staff welfare expenses	58.70	55.83
	<u>2,491.20</u>	<u>2,412.63</u>
<b>27 FINANCE COSTS</b>	₹ in lacs	₹ in lacs
Interest expense		
On borrowings	3,309.67	3,320.64
On others	1,139.21	934.41
	4,448.88	4,255.05
Other borrowing costs	21.02	23.12
	<u>4,469.90</u>	<u>4,278.17</u>
<b>28 OTHER EXPENSES</b>	₹ in lacs	₹ in lacs
Stores and spare parts consumed	3,111.62	2,346.18
Power and fuel	15,928.37	15,227.91
Rent	129.96	159.42
Repairs and maintenance:		
Buildings, etc.	67.89	103.71
Machinery	1,341.88	935.08
Others	254.05	249.36
	1,663.82	1,288.15
Insurance	133.48	123.83
Rates and taxes	27.07	14.99
Raw material handling charges [see Note (a) below]	334.98	231.88
Limestone / marl raising charges [see Note (a) below]	752.19	871.34
Royalty and cess [see Note (a) below]	798.53	908.34
Advertisement, business promotional and service charges	511.97	599.08
Freight and handling expenses	6,846.20	8,041.89
Commission	460.55	452.01
Directors' fees	12.20	9.80
Charity and donation	1.00	0.25
Traveling and conveyance	186.44	145.52
Legal and professional charges	220.26	218.55
Net loss on foreign currency transactions and translation (other than considered as finance cost)	87.99	1.19
	C/rd. <u>31,206.63</u>	<u>30,640.33</u>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
	<b>B/fd</b>	
	<b>31,206.63</b>	30,640.33
Auditor's remuneration		
Audit fees	7.00	7.00
Tax audit fees	2.65	2.65
For other services - certification work	2.75	3.80
Reimbursement of expenses	0.47	0.01
	<b>12.87</b>	13.46
Bad debts written off	<b>80.09</b>	4.23
Less: Provision for doubtful debts written back	<b>(80.09)</b>	(4.23)
	-	-
Loss on sale of assets	<b>40.43</b>	22.14
Assets discarded / written off	<b>57.99</b>	-
Miscellaneous expenses	<b>802.97</b>	744.27
Cost of cement self consumed [see Note (b) below]	<b>(6.17)</b>	(4.77)
	<b>32,114.72</b>	31,415.43

## NOTES:

a. Employee benefit expenses (Note 26) and Other expenses (Note 28) include expenses incurred on cost of raising and transporting limestone / marl, which are part of the raw materials, details of which are as under:

Salaries, wages and bonus	54.69	87.39
Stores and spare parts consumed	195.36	223.47
Repairs and maintenance to machinery	20.33	16.68
Raw material handling charges	206.69	165.55
Limestone / marl raising charges	752.19	871.34
Royalty and cess	789.09	899.66
	<b>2,018.35</b>	2,264.09

b. Cost of cement self consumed also includes other non material raw materials costs and depreciation.

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>29 EXCEPTIONAL GAIN / (LOSS)</b>		
Provision of losses of subsidiaries written (off) / back	-	(31.24)
	-	(31.24)

It has been decided not to provide for losses of subsidiaries, which was hitherto provided. Had the same been provided, the exceptional loss in aggregate for the year and the carried forward deficit for the year would have been higher by ₹ 137.44 lacs.

- 30** In view of the carried forward losses and unabsorbed depreciation available the Company is not liable to tax as per the normal provisions of the Income-tax Act, 1961. Further, in view of the book losses for the current year, provision for Minimum Alternate Tax under Section 115 JB of the Income-tax Act, 1961, would also not apply. Therefore, no provision is made for current tax.

	<b>As at March 31, 2012 ₹ in lacs</b>	<b>As at March 31, 2011 ₹ in lacs</b>
<b>31 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
i Contingent liabilities: (to the extent not provided for)		
a) Estimated amount of contracts remaining to be executed on capital account (net of advances of ₹ 481.50 lacs, previous year ₹ 318.31 lacs).	<b>106.06</b>	352.11
b) Matters under disputes / appeals :		
Sales tax liabilities	<b>650.16</b>	329.01
Excise duty	<b>174.05</b>	174.05
Service tax	<b>106.16</b>	62.06
Royalty	<b>66.10</b>	66.10
Customs duty	<b>625.55</b>	625.70
Public Premises (Eviction of unauthorised Occupants) Act, 1971	<b>966.05</b>	919.93
Road tax	<b>26.54</b>	26.54
Claims filed by workmen or their union against the Company	<b>354.52</b>	224.80
On account of power supply	<b>440.99</b>	665.26
Other demands and claims against the Company not acknowledged as debts	<b>46.25</b>	47.25
c) The operation of a show cause notice dated August 20, 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 March 15, 1995 or pay penalty under Section 3 (1) of the Jute Packing Materials (Compulsory use in Packing Commodities) Act, 1987 is presently stayed by Calcutta High Court, the amount of which is not ascertainable.		
d) The amounts stated are including interest and penalty, to the extent demanded.		
ii. Commitments:		

The Company has guaranteed a minimum cargo handling of 500,000 M.T on a yearly basis (from April to March each year) at its jetty at porbander, under the license agreement entered with Gujarat Maritime Board on January 17, 1997 for a period of 15 years from the date Jetty became operational i.e. till 2015. The failure of such commitment shall make the Company liable to pay the wharfage charges for the remaining cargo at the prevailing wharfage rates. During the year (as also in the previous year) the Company has handled cargo in excess of the minimum requirement.

- 32** The accumulated arrears of preference dividend unprovided for, as at the balance sheet date amounted to ₹ 1014.52 lacs (Previous year ₹ 925.13 lacs), including ₹ 89.39 lacs for the year.

- 33** i The Company is registered as a sick Industrial Company with the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR, vide its order dated February 23, 2012 has formulated and circulated a Draft Rehabilitation Scheme (DRS) for revival of the Company, inter-alia envisaging relief and concessions from various agencies including reduction / waivers of interest (including default interest, penal interest and penalties).
- ii Considering the overall growth in the Cement Industry barring any unforeseen circumstances, the management is confident that the continuation of sanctioned Corporate Debt Restructuring (CDR) Scheme and other factors like One Time Settlement proposed with GoG, the Company would be able to generate sufficient returns to make its net worth positive in the future. Accordingly, the accounts of the Company are prepared on a going concern basis.
- 
- 34** Expenses on maintenance, etc. incurred during the year for a guest house at Mumbai amounting to ₹ 5.38 lacs (Previous year ₹ 4.11 lacs) have been presently borne by the Company. The guesthouse was under the unauthorised occupation of relatives of the ex-chairman. The Company had filed a suit for recovery of the possession of the guesthouse, which also includes recovery of expenses incurred. The said suit was decided against the Company by declaring legal heirs of the ex-chairman as tenants. The Company has preferred an appeal before the Division Bench against the said order, which is pending.

	<b>For the year ended March 31, 2012 ₹ in lacs</b>		<b>For the year ended March 31, 2011 ₹ in lacs</b>
<b>35 Additional information to the statement of profit and loss</b>			
i) Value of imports calculated on CIF basis			
Components and spare parts	<b>304.88</b>		231.24
Capital goods	<b>-</b>		14.82
ii) Expenditure in foreign currency			
Traveling expenses	<b>16.15</b>		14.25
Commission on exports	<b>15.76</b>		20.57
Sea freight and demurrage	<b>55.81</b>		103.29
Professional fees	<b>19.52</b>		-
License / registration of trade mark fees	<b>17.23</b>		-
Others	<b>0.58</b>		8.01
	<b>For the year ended</b>		<b>For the year ended</b>
	<b>March 31, 2012</b>	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>₹ in lacs</b>	<b>%</b>	<b>₹ in lacs</b>
			<b>%</b>
iii) Value of imported / indigenous consumption			
Raw materials- Indigenous	<u><b>3,899.17</b></u>	<u><b>100.00%</b></u>	<u>3,513.29</u>
Spare parts and Components			
- Imported	<b>426.65</b>	<b>14.63%</b>	457.10
- Indigenous *	<b>2,489.50</b>	<b>85.37%</b>	3,562.85
	<u><b>2,916.15</b></u>	<u><b>100.00%</b></u>	<u>4,019.95</u>
* Includes amounts directly debited to various account heads			
iv) Earnings in foreign currency			
Exports on FOB basis	<u><b>8,059.09</b></u>		<u>4,250.72</u>

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>36 EMPLOYEE BENEFITS</b>				
<b>i) Changes in Present Value of Obligations:</b>				
Present Value of Obligation at the beginning	208.23	191.88	625.51	564.86
Current Service Cost	25.63	89.40	8.56	132.20
Interest Cost	16.66	15.07	46.91	43.51
Actuarial (Gain) / Loss on obligations	45.29	(88.12)	22.64	(83.19)
Benefits paid	(51.69)	-	(50.70)	(31.87)
Present value of Obligation as at the end	<u>244.12</u>	<u>208.23</u>	<u>652.92</u>	<u>625.51</u>
<b>ii) Changes in Fair Value of Plan Assets :</b>				
Fair value of Plan Assets at the beginning	Not Applicable		0.40	3.71
Expected return on Plan Assets	Not Applicable		0.22	0.13
Contributions	Not Applicable		61.50	30.00
Benefits paid	Not Applicable		(50.70)	(31.87)
Actuarial Gain / (Loss) on Plan Assets	Not Applicable		(7.51)	(1.57)
Fair value of Plan Assets as at the end	Not Applicable		<u>3.91</u>	<u>0.40</u>
<b>iii) The amount recognised in balance sheet</b>				
Present value of Obligation at the end	244.12	208.23	652.92	625.51
Fair Value of Plan Assets at the end	-	-	3.91	0.40
Net (Liability) recognised in Balance sheet	<u>244.12</u>	<u>208.23</u>	<u>649.01</u>	<u>625.11</u>
<b>iv) Amount recognised in the statement of profit and loss</b>				
Current Service Cost	25.63	89.40	3.86	132.20
Interest Cost	16.66	15.07	46.91	43.51
Expected return on Plan Assets	-	-	(0.04)	(0.31)
Net actuarial (gain)/loss recognised in the year	45.29	(88.12)	30.14	(81.62)
Expenses Recognised in the statement of Profit and Loss	<u>87.58</u>	<u>16.35</u>	<u>80.87</u>	<u>93.78</u>
<b>v) Assumptions</b>				
Mortality Table	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96
Discount Rate	8.50%	7.50%	8.50%	7.50%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%
Expected Return on Plan Assets	8.50%	6.00%	8.50%	6.00%
Attrition Rate	2.00%	1.00%	2.00%	1.00%
<b>vi)</b> The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, including supply and demand in the employment market. The above information is certified by an actuary.				

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>37 SEGMENT REPORTING</b>		
The Company has only one business segment 'cement / clinker' as primary segment. The secondary segment is geographical segment which is given below :		
Domestic revenues (net of excise duty)	35,117.12	34,621.80
Exports - International markets	8,059.09	4,290.07
Total	<u>43,176.21</u>	<u>38,911.87</u>

All the assets of the Company are in India only.

## 38 RELATED PARTY DISCLOSURES

List of related parties:

i) Promoters, Promoter Companies, its Subsidiaries and Associate companies together holding more than 20% of equity capital, having control are:

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

ii) 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. Limited |

iii) 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 (upto September 2010)

iv) Relatives of Key Management Personnel with whom 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

v) Name of the company in which policies are controlled by common Key Management Personnel

- a) Gujarat Sidhee Cement Limited

<b>For the year ended March 31, 2012</b>	For the year ended March 31, 2011
₹ in lacs	₹ in lacs

### TRANSACTIONS WITH RELATED PARTIES:

i) Transactions and Balances with subsidiary companies:

- |   |               |       |
|---|---------------|-------|
| a) Amount Receivable from subsidiaries      |               |       |
| a. Agrima Consultants International Limited | <b>132.74</b> | 10.76 |
| b. Pranay Holdings Limited                  | <b>4.31</b>   | 4.21  |
| c. Prachit Holdings Limited                 | <b>8.90</b>   | 8.80  |
| d. Ria Holdings Limited                     | <b>3.55</b>   | 3.04  |
| e. Reeti Investments Limited                | <b>6.52</b>   | 6.42  |
| b) Deposits with Reeti Investments Limited  | <b>34.40</b>  | 34.20 |

ii) Payments to Key Managerial Personnel:		
a. Remuneration to Mr. Jay Mehta	<b>36.58</b>	36.58
b. Remuneration to Mr. M S Gilotra	<b>67.78</b>	38.10
c. Remuneration to Mr. R K Poddar	-	38.32
iii) Payments to relatives of Key Managerial Personnel:		
a. Security Deposit	<b>130.00</b>	130.00
b. Rent paid / payable	<b>1.20</b>	1.20
iv) Transactions with Gujarat Sidhee Cement Limited		
a. Purchase of Goods and materials	<b>1,912.20</b>	1,243.36
b. Sale of Goods and materials	<b>83.90</b>	88.29
c. Expenses / (Recovery) for services (net)	<b>2.05</b>	(5.09)
d. Amount payable as at the end of the year	<b>28.05</b>	1,399.61

<b>As at</b>	As at
<b>March 31, 2012</b>	March 31, 2011
<b>₹ in lacs</b>	₹ in lacs

### 39 OUTSTANDING LEASE DISCLOSURES

Cost of machinery acquired under finance leases	<b>206.69</b>	206.69
Net carrying amount at the Balance Sheet date	<b>121.91</b>	145.29
Lease rent payable obligation:		
not later than one year;	<b>17.74</b>	53.07
later than one year and not later than five years;	-	17.74
later than five years;	-	-

<b>For the</b>	For the
<b>year ended</b>	year ended
<b>March 31, 2012</b>	March 31, 2011
<b>₹ in lacs</b>	₹ in lacs

### 40 EARNINGS PER SHARE

Weighted average number of equity shares of ₹ 10 each	<b>51,191,065</b>	51,191,065
Net loss for the year	<b>(1,908.74)</b>	(5,705.62)
Less: Dividend payable to OCCPS holders (Refer Note 2 b)	<b>(89.39)</b>	(89.39)
Net loss available to equity shareholders	<b>(1,998.13)</b>	(5,795.01)
Basic and diluted earnings per share (in rupees)	<b>(3.90)</b>	(11.32)

### 41 FINANCIAL INSTRUMENTS: DISCLOSURES

Details of foreign currency exposures that are not hedged by any derivative instrument or otherwise are:

	As at		As at	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	US Dollars	₹ in lacs	US Dollars	₹ in lacs
a) Debtors Receivable	<b>559,418</b>	<b>282.62</b>	354,806	157.82
b) Advances from Customers	<b>34,524</b>	<b>17.67</b>	63,855	28.69
	<b>593,942</b>	<b>300.29</b>	418,661	186.51

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

#### PARESH H. CLERK

Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau**  
**M. S. Gilotra** Managing Director  
**V. R. Mohnot** Director (Finance) & Company Secretary  
Mumbai, Dated May 11, 2012



**Auditors' Report to the Board of Directors of Saurashtra Cement Limited on the Consolidated Financial Statements**

- 1 We have audited the attached Consolidated Balance Sheet of SAURASHTRA CEMENT LIMITED ("the Company") and its subsidiaries as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flow of the Company for the year on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the 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 statement 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 net assets of ₹185.91 lacs as at March 31, 2012, total revenues of ₹ 137.54 lacs, and net cash inflows amounting to ₹ 3.18 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and in our opinion, insofar as relates to the amounts included in respect of the aforesaid subsidiaries, is based solely on the report of the other auditors.
- 4 We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements as referred to in Section 211 (3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006.
- 5 We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said Consolidated Financial Statements, read together with the notes forming part thereof, including Note 13, advertising to accounting for Deferred Tax Asset of ₹ 4636.27 lacs, based on the position set out therein, give a true and fair view:
  - i In the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at March 31, 2012;
  - ii In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
  - iii In the case of the Consolidated Statement of Cash Flow, of the cash flows of the Company and its subsidiaries for the year ended on that date.

For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H CLERK**

Partner

Membership No. 36148

Mumbai

Dated: May 11, 2012

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	5,807.02	5,807.02
Reserves and surplus	3	(9,331.95)	(7,061.78)
		<b>(3,524.93)</b>	<b>(1,254.76)</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	10,266.02	12,134.40
Other long-term liabilities	5	633.88	629.49
Long-term provisions	6	725.15	589.48
		<b>11,625.05</b>	<b>13,353.37</b>
<b>Current liabilities</b>			
Short-term borrowings	7	539.78	787.10
Trade payables	8	4,327.40	4,531.29
Other current liabilities	9	32,306.28	29,544.60
Short-term provisions	10	228.40	304.92
		<b>37,401.86</b>	<b>35,167.91</b>
<b>TOTAL</b>		<b>45,501.98</b>	<b>47,266.52</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	21,865.69	23,992.49
Intangible assets		42.75	58.72
Capital work-in-progress		7,727.60	7,640.23
		<b>29,636.04</b>	<b>31,691.44</b>
Non-current investments	12	1,499.54	1,499.51
Deferred tax assets (net)	13	3,204.68	3,204.68
Long-term loans and advances	14	1,354.31	1,350.73
Other non-current assets	15	422.90	378.30
		<b>36,117.47</b>	<b>38,124.66</b>
<b>Current assets</b>			
Inventories	16	5,446.29	4,519.55
Trade receivables	17	1,819.23	2,500.76
Cash and bank balances	18	588.64	811.27
Short-term loans and advances	19	1,468.67	1,219.98
Other current assets	20	61.68	90.30
		<b>9,384.51</b>	<b>9,141.86</b>
<b>TOTAL</b>		<b>45,501.98</b>	<b>47,266.52</b>

**Significant Accounting Policies and Notes form an integral part of the financial statements**

1 - 40

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau**  
**M. S. Gilotra** Managing Director  
**V. R. Mohnot** Director (Finance) & Company Secretary  
Mumbai, Dated May 11, 2012

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
		₹ in lacs	₹ in lacs
Revenue from operations (gross)	21	48,280.22	43,822.58
Less: Excise duty		<u>(4,282.49)</u>	<u>(4,552.51)</u>
Revenue from operations (net)		43,997.73	39,270.07
Other income	22	<u>527.58</u>	<u>494.08</u>
<b>Total Revenue</b>		<b><u>44,525.31</u></b>	<b><u>39,764.15</u></b>
<b>Expenses</b>			
Cost of materials consumed	23	3,163.13	2,625.01
Purchases of stock-in-trade	24	1,610.34	1,284.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	250.79	(1,115.52)
Employee benefits expense	26	2,491.20	2,412.63
Finance costs	27	4,469.90	4,278.17
Depreciation and amortization expense		2,423.63	2,624.51
Less: Amount withdrawn from revaluation reserve		<u>(220.88)</u>	<u>(226.89)</u>
		2,202.75	2,397.62
Impairment loss		-	656.69
Other expenses	28	<u>32,385.79</u>	<u>31,434.72</u>
<b>Total Expenses</b>		<b><u>46,573.90</u></b>	<b><u>43,973.65</u></b>
<b>Loss before exceptional items and tax</b>		<b><u>(2,048.58)</u></b>	<b><u>(4,209.50)</u></b>
Exceptional items - gain / (loss)		-	-
<b>Loss before tax</b>		<b><u>(2,048.58)</u></b>	<b><u>(4,209.50)</u></b>
<b>Tax expense</b>	29		
Current tax		-	(0.04)
Deferred tax		-	1,525.32
Excess provision of FBT written back		-	<u>(29.15)</u>
		-	1,496.13
<b>Loss for the year</b>		<b><u>(2,048.58)</u></b>	<b><u>(5,705.63)</u></b>
<b>Earnings per equity share of ₹ 10 par value per share</b>			
Basic and diluted ( Regular Per share)	39	<b>(4.18)</b>	(11.32)

**Significant Accounting Policies and Notes form an integral part of the financial statements** 1 - 40

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau**  
**M. S. Gilotra** Managing Director  
**V. R. Mohnot** Director (Finance) & Company Secretary  
Mumbai, Dated May 11, 2012

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012

	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>LOSS FOR THE YEAR BEFORE TAX</b>	<b>(2,048.56)</b>	<b>(4,209.50)</b>
Adjustments for :		
Add: Finance costs	4,469.90	4,278.17
Hire purchase rentals	3.97	16.10
Loss on sale of assets / assets discarded	98.42	22.14
Exceptional (gain) / loss	-	-
Depreciation and impairment	2,202.75	3,054.31
	<b>6,775.04</b>	<b>7,370.72</b>
Less: Profit on sale of assets	57.50	15.16
Interest income	69.42	74.61
Excess provision and sundry creditors written back	249.24	190.68
Doubtful debts written back / (off) / Bad debts recovered	23.24	1.75
Provision for doubtful advances written back	-	110.73
Dividends received	0.30	0.10
	<b>(399.70)</b>	<b>(393.03)</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4,326.78</b>	<b>2,768.19</b>
Adjustments for increase / decrease in:		
Long-term loans and advances and other non current assets	16.24	(41.33)
Other long-term liabilities and long term provisions	140.06	86.34
Inventories	(926.74)	(1,288.16)
Trade receivables and current loans and advances	247.85	1,356.41
Other current assets	28.62	60.45
Trade payables and other current liabilities	(1,089.33)	68.92
	<b>(1,583.30)</b>	<b>242.63</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2,743.48</b>	<b>3,010.82</b>
Add: Direct taxes (payments) / refunds	(24.11)	218.31
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,719.37</b>	<b>3,229.13</b>

**CASH FLOW FROM INVESTING ACTIVITIES**

Additions to fixed assets / capital work-in-progress	<b>(603.65)</b>	(379.05)
Sale of fixed assets	<b>129.37</b>	58.88
Interest income	<b>64.27</b>	95.85
Purchase of the investment	-	-
Dividends received	<b>0.30</b>	0.10
<b>Net cash flow used in investing activities</b>	<b>(409.71)</b>	(224.22)

**CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from long-term borrowings	<b>60.22</b>	59.68
Payment of long-term borrowings	<b>(1,202.33)</b>	(1,134.07)
Dues (from) / to subsidiaries	<b>(0.00)</b>	(55.23)
Short-term borrowings	<b>(247.32)</b>	179.35
Deposits held as margin money	<b>99.22</b>	72.18
Repayment of hire purchase liabilities	<b>(57.04)</b>	(62.97)
Finance costs paid	<b>(1,085.76)</b>	(2,123.10)
Payment of unpaid dividends	-	(77.77)
<b>Net cash flow used in financing activities</b>	<b>(2,433.01)</b>	(3,141.93)
<b>Net increase in cash and cash equivalents</b>	<b>(123.35)</b>	(137.02)
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>558.83</b>	948.29
<b>Cash and cash equivalents as at the end of the year (see Note 18)</b>	<b>435.42</b>	558.83
<b>Deposits with banks</b>	<b>153.22</b>	252.44
<b>Cash and bank balances as at the end of the year (see Note 18)</b>	<b>588.64</b>	811.27

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau**  
**M. S. Gilotra** Managing Director  
**V. R. Mohnot** Director (Finance) & Company Secretary  
Mumbai, Dated May 11, 2012

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis Of Preparation :

The financial statements are prepared as under :

- i. on the historical cost convention except to include revaluation of land, buildings, plant and machinery situated at Ranavav,
- ii. on a going concern basis,
- iii. in accordance with the generally accepted accounting principles,
- iv. on an accrual system of accounting,
- v. 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.
- vi. in compliance with the provisions of the Companies Act, 1956.

#### 1.2 Principles of Consolidation :

- i. 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, and same is fully provided for.
- ii. The financial statements of the Holding 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.
- iii. 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 Holding Company's separate financial statements.
- iv. The excess of cost to the Holding Company of its investment in the subsidiary Holding 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.

#### 1.3 Subsidiary Companies considered in the Consolidated Financial Statement are:

No.	Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31.03.2012	Financial Year ends
i.	Pranay Holdings Limited	India	100%	Year ended March 31, 2012.
ii.	Prachit Holdings Limited	India	100%	
iii.	Ria Holdings Limited	India	100%	
iv.	Reeti Investments Limited	India	100%	
v.	Agrima Consultants International Limited	India	100%	

#### 1.4 Basis Of Preparation :

The Consolidated financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

#### 1.5 Use of Estimates :

The preparation of the Consolidated financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, the reported amounts of assets and liabilities and the disclosures of contingent liabilities as on the date of the financial statements. Examples of such estimates include useful life of Fixed Assets, provision for doubtful debts/ advances, deferred tax, etc. Actual results could differ from those estimates. Such difference is recognised in the year/s in which the results are known / materialised.

#### 1.6 Fixed Assets :

- i. Fixed Assets are stated at cost and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any.
- ii. '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 (Net of recoverable duties, subsidy received on purchase of asset, etc.).
- iii. Pre-operative Expenditure and cost relating to borrowed funds attributable to the construction or acquisition upto the date asset is ready for use is included under Capital Work-in-Progress and the same is allocated to the respective fixed assets on its completion for satisfactory commercial commencement.

## 1.7 Depreciation/Amortisation :

- i. Depreciation on all assets is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.
- ii. Premium on leasehold land of long lease duration is not amortised, being not material.
- iii. 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.
- iv. The cost of Jetty is amortised over the period of right to use of 15 years. Addition thereto, is amortised over the residual years of its right to use.
- v. The excess depreciation provided on the revalued assets as reduced by that of on the original cost of the assets is transferred to the Statement of Profit and Loss from Revaluation Reserve, to the extent of availability of the Reserve.

## 1.8 Assets Acquired On Lease / Hire Purchase :

- i. Assets acquired under leases / hire purchase where the Holding Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease / hire purchase rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii. Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

## 1.9 Impairment of Assets :

- i. 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, the provision for impairment loss required, if any.
- ii. The impairment loss is recognized when the carrying amount of an asset / cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount is determined as the higher of its net selling price (net of material disposal expenses) and the value in use. 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.
- iii. If there is change in the indication, since the last impairment was recognised, so that the recoverable amount of an asset exceeds its carrying amount, an impairment recognised for an asset in prior accounting period is reversed.

## 1.10 Investments :

- i. 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 its 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 the lower of cost and fair value, 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.

## 1.11 Inventories :

- i. Raw materials, Packing materials and Fuels - 'At cost' derived on moving weighted average basis or net realisable value, whichever is lower.
- ii. 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.
- iii. Finished Goods - 'At cost' or net realisable value, whichever is lower. 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.
- iv. Stores and spares - 'At cost' on moving weighted average basis.

## 1.12 Accounting Of Cenvat / VAT Benefits :

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

## 1.13 Revenue Recognition :

- i. Sales are accounted on dispatch 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.
- ii. Export Sales are accounted on the basis of bills of lading / mates receipt dates.
- iii. Benefits of entitlement to import duty free materials on account of export are recognised in the year of export.
- iv. Claims for Insurance are accounted on certainty of acceptance thereof by the Insurer.
- v. Dividend income is recognised based on establishment of the right to receive such income.

#### **1.14 Foreign Currency Transactions :**

- i. Transactions in foreign currency (Monetary or Non-monetary items) are recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items (i.e. receivables, payables, loans, etc.), which are denominated in foreign currency are translated and reported using the exchange rates prevailing on the date of the Balance Sheet.
- iii. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- iv. Exchange differences arising on the settlement of monetary items or on reporting at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

#### **1.15 Employee Benefits :**

- i. Defined contribution plan: The Holding Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the year in which the employees renders the related service.
- ii. Defined benefit plan - Gratuity : In accordance with applicable Indian Laws, the Holding Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum 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 Holding 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").
- iii. Compensated Absences : As per policy of the Holding Company, it allows for the encashment of absence or absence with pay to its employees. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Holding Company records an obligation for Compensated absences in the year in which the employees renders the services that increases this entitlement. The Holding Company measures the expected cost of compensated absences as the additional amount that the Holding 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.

#### **1.16 Borrowing Costs :**

- i. Borrowing costs that are attributable to the acquisition / construction of qualifying assets, are capitalised, net of income / income earned on temporary investments from such borrowings. Other borrowing costs are charged to the Statement of Profit and Loss as expense in the year in which the same are incurred.
- ii. Redemption Premium payable on borrowings are included as part of borrowing costs on a periodic cost basis.

#### **1.17 Taxation :**

- i. Tax on income for the current year is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.
- ii. Deferred tax resulting from 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 assets are reviewed at each Balance sheet date.

#### **1.18 Provisions, Contingent Liabilities And Contingent Assets**

- i. Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if the Holding Company, has a present obligation as a result of a past event, a probable outflow of resources is expected to settle the obligation and the amount of the obligation can be reliably estimated.
- ii. Reimbursement expected in respect of the expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.
- iii. Contingent liability is stated in the case of 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, a possible obligation, unless the probability of outflow of resources is remote.
- iv. Contingent assets are neither recognized, nor disclosed.
- v. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

#### **1.19 Cash flow statement**

- i. The statement of cash flow has been prepared under the indirect method as set out in Accounting Standard - 3 issued under the Companies (Accounting Standard) Rules, 2006.



	As at March 31, 2012		As at March 31, 2011	
	Numbers	₹ in lacs	Numbers	₹ in lacs
<b>2. SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity shares, of ₹ 10 par value	130,000,000	13,000.00	130,000,000	13,000.00
Preference shares, of ₹ 100 par value	6,000,000	6,000.00	6,000,000	6,000.00
Unclassified shares, of ₹ 10 par value	5,000,000	500.00	5,000,000	500.00
		<u>19,500.00</u>		<u>19,500.00</u>
<b>Issued</b>				
Equity shares, of ₹ 10 par value	59,095,018	5,909.50	59,095,018	5,909.50
13% Optionally Convertible Cumulative preference shares, of ₹ 100 par value	687,595	687.60	687,595	687.60
		<u>6,597.10</u>		<u>6,597.10</u>
<b>Subscribed and paid up</b>				
Equity shares, of ₹ 10 par value	51,191,065	5,119.11	51,191,065	5,119.11
13% Optionally Convertible Cumulative preference shares, of ₹ 100 par value	687,595	687.60	687,595	687.60
		<u>5,806.71</u>		<u>5,806.71</u>
Equity shares - forfeited (₹ 2 per share paid up)	15,269	0.31	15,269	0.31
		<u>5,807.02</u>		<u>5,807.02</u>

Reconciliation of the number of shares outstanding and amount of share capital

	As at March 31, 2012		As at March 31, 2011	
	Numbers	₹ in lacs	Numbers	₹ in lacs
<b>A) EQUITY SHARES, OF ₹ 10 PAR VALUE</b>				
At the beginning	51,191,065	5,119.11	51,191,065	5,119.11
Changes during the year	-	-	-	-
At the end	<u>51,191,065</u>	<u>5,119.11</u>	<u>51,191,065</u>	<u>5,119.11</u>
<b>b) Preference shares, of ₹ 100 par value</b>				
At the beginning	687,595	687.60	687,595	687.60
Changes during the year	-	-	-	-
At the end	<u>687,595</u>	<u>687.60</u>	<u>687,595</u>	<u>687.60</u>

## RIGHTS, PREFERENCES AND RESTRICTIONS

### a) Equity shares

- i) The Holding Company has only one class of equity shares referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.
- ii) Dividends, if any, is declared and paid in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. However, in view of the losses, no dividend is / was declared on the equity shares for the year ended March 31, 2012 / March 31, 2011
- iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

**b) Preference shares :**

- i) The Holding Company has only one class of preference shares referred to as 13% Optionally convertible cumulative preference shares (OCCPS) having a par value of ₹100. The preference shares do not carry any voting right. In terms of Section 87 of the Companies Act, 1956, the holders of cumulative preference shares get entitled to vote on every resolution placed by the Holding Company at any meeting, if the dividend due on such shares or any part thereof has remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting
- ii) OCCPS carried a fixed cumulative dividend of 13% per annum from the date of issue. The holders of OCCPS carry a right to dividend ahead of equity share holders
- iii) In the event of liquidation, the OCCPS holders carry preference over equity share holders in respect of repayment of capital
- iv) OCCPS were redeemable at par on March 31, 2003. Of the total Preference share capital of ₹ 687.60 lacs, the holders of 1,74,557 OCCPS of ₹ 100 par value, aggregating to ₹ 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Holding Company. Based on the advise received, pending the availability of funds / distributable profits for the redemption of capital, the beneficial ownership of these OCCPS has already 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. For the balance of OCCPS, the right of conversion lapsed on August 22, 2003.

**DETAILS OF SHARES HELD BY SHAREHOLDERS HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY**

	As at March 31, 2012		As at March 31, 2011	
	Numbers	%	Numbers	%
<b>a. Equity Shares</b>				
Clarence Investments Limited	12,886,599	25.17%	12,886,599	25.17%
Jagmi Investments Limited	5,175,000	10.11%	5,175,000	10.11%
Mauritius Debt Management Limited	7,450,000	14.55%	7,450,000	14.55%
Sampson Limited	4,000,000	7.81%	4,000,000	7.81%
TransAsia Investments And Trading Limited	8,000,000	15.63%	8,000,000	15.63%
<b>b. Preference Shares</b>				
India Debt Management Limited	512,398	74.52%	512,398	74.52%
A.M.Fadia - Trustee	174,557	25.39%	174,557	25.39%
<b>3 RESERVES AND SURPLUS</b>			<b>As at</b>	<b>As at</b>
			<b>March 31, 2012</b>	<b>March 31, 2011</b>
			<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>Capital reserve</b>			2,614.72	2,614.72
<b>Capital redemption reserve</b>			50.00	50.00
<b>Securities premium account</b>			10,566.71	10,566.71
<b>Revaluation reserve</b>				
Opening balance		552.15		779.40
Less: Transferred to the statement of profit and loss for depreciation		(220.88)		(226.89)
Less: For fixed assets sold		(0.71)		(0.36)
Closing balance			330.56	552.15
<b>Debenture redemption reserve</b>			2,060.00	2,060.00
<b>General reserve</b>			4,377.97	4,377.97
<b>Surplus / (Deficit)</b>				
<b>Debit balance in the statement of profit and loss</b>				
Opening Balance		(27,283.33)		(21,577.70)
Add: Transferred from the statement of profit and loss		(2,048.58)		(5,705.63)
Closing balance			<u>(29,331.91)</u>	<u>(27,283.33)</u>
			<u>(9,331.95)</u>	<u>(7,061.78)</u>

		As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>4 LONG-TERM BORROWINGS</b>			
Secured			
<b>Debentures</b>			
12% non-convertible Debentures - Under Corporate debt restructuring (CDR)			
	Face Value ₹ per Debenture		
<b>Numbers</b>	<b>Particulars</b>	<b>Current</b>	<b>Previous</b>
1,785,286	12% Public	71.25	80.00
980,246	12% Public	63.75	77.50
259,150	12% Public	142.50	160.00
148,905	12% Public	127.50	155.00
900,000	12% Private	63.75	77.50
		<b>2,016.74</b>	<b>2,857.04</b>
<b>Term loans</b>			
From banks			
	Others - Under CDR	2,661.54	3,375.58
	Others - Other than CDR	<u>55.07</u>	<u>51.88</u>
		<b>2,716.61</b>	<b>3,427.46</b>
From other parties			
	Financial institutions - under CDR	1,542.46	1,765.38
	Others - Under CDR	3,990.21	4,065.18
	Others - Other than CDR	<u>-</u>	<u>1.60</u>
		<b>5,532.67</b>	<b>5,832.16</b>
		<b>8,249.28</b>	<b>9,259.62</b>
<b>Hire purchase principal</b>			
		<u>-</u>	<u>17.74</u>
		<b>10,266.02</b>	<b>12,134.40</b>

**Notes:**

- A. The above reflect non-current portion only of the related borrowings and the current portion (including due to default) thereof refer Note 9 on "Other current liabilities".

		As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>B. Period and amount of continuing default in repayment of above loans (reflected in Note 9 on "Other current liabilities", being current in nature)</b>			
(Due from dates are given from the first outstanding)			
<b>Principal amounts</b>			
	Public debentures - under CDR	14/Oct/11      172.77	14/Jan/11      57.59
	Term loans from others - under CDR	14/Jan/11      486.04	15/Jan/11      74.78
	Term loans from others - other than CDR	15/Jul/10      10,036.48	15/Jul/10      8,286.48
		<u>10,695.29</u>	<u>8,418.85</u>
<b>Interest amounts</b>			
	Public debentures - under CDR	15/Oct/11      102.03	15/Jan/11      50.17
	Term loans from others - under CDR	15/Oct/10      424.51	15/Oct/10      65.14
	Term loans from others - not under CDR	16/Jul/10      3,971.22	16/Jul/10      1,567.23
		<u>4,497.76</u>	<u>1,682.54</u>
	<b>Principal and interest amounts due and remaining unpaid</b>	<b>15,193.05</b>	<b>10,101.39</b>

- i) The default has arisen from the date indicated hereinabove, in respect of quarterly installments date for borrowings under CDR. However, the amount referred to is the aggregate amount of default existed on the Balance Sheet date.
- ii) The right to convert the defaulted amounts into equity shares [as referred to in point C (e) (v) below] has not yet been exercised, by the lenders.

## C REPAYMENT TERMS AND SECURITY :

### a. Debentures:

- i. Public debentures aggregating to ₹ 2456.07 lacs, together with interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of pari-passu second mortgage in favour of the Trustees on the Holding Company's immovable and movable properties, both, present and future, situated at Ranavav (Gujarat), save and except on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific and first charge holders. It is also secured by personal guarantee of two Directors of the Holding Company.
- ii. Private debentures aggregating to ₹ 573.75 lacs, together with interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of pari-passu first mortgage in favour of the Trustees on the Holding Company's immovable and movable properties, both, present and future, situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Holding Company.

### b. Term loans:

#### i) From Banks:

- a) Those under CDR are secured by way of pari-passu first mortgage on the Holding Company's immovable and movable properties, both, present and future, situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company. The term loan from Rajkot Nagarik Sahakari Bank Limited of ₹ 16.24 lacs, is further secured by shares of Gujarat Sidhee Cement Limited held by Holding Company's subsidiary.
- b) Those other than CDR are Vehicle loans which are generally repayable in 36 equated monthly installments carrying varied interest from 10% to 12% p.a. These loans are secured by hypothecation of vehicles financed thereunder and are further secured by personal guarantee by one of the directors of the Holding Company.

#### ii) From Financial Institutions - Under CDR:

These loans with funded interest term loans, are secured by way of pari-passu first mortgage on the Holding Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Holding Company.

#### iii) From others - Under CDR:

- a) Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans and accrued interest thereon, are secured by way of pari-passu first mortgage on the Holding Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Holding Company.
- b) Other Funded Interest Term Loans amounting to ₹ 1109.65 lacs, are secured as mentioned above in para C (a) (i) above.

### c. Other Loans - Not under CDR

- i. Vehicle loans from Reliance Capital Financial Services Limited of ₹ 1.61 lacs, carrying interest @ 11% p.a., is repayable in 36 equated monthly installments and is secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Holding Company.
- ii. Hire purchase equipment Loans from SREI Infrastructure Finance Limited are repayable in 60 equated monthly installments carrying interest @ 11% p.a., and are secured by hypothecation of assets financed by them and personal guarantee by one of the directors of the Holding Company.

### iii) Terms of repayment of secured loans taken from India Debt Management Pvt. Ltd. (IDM) - other than CDR

Term Loans from India Debt Management Pvt. Limited, together with redemption premium due and accrued interest thereon, amounting to ₹ 14007.70 lacs, are secured by way of pari-passu first mortgage on the Holding Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. These amounts have fully matured as on the balance sheet date. The repayment terms thereof are given hereunder:

- a) Term loan of ₹ 6705 lacs taken vide loan agreement dated August 20, 2007 was repayable in three annual installments of ₹ 2235 lacs, commencing from July 15, 2008. It carries interest @ 12% p.a. till repayment and repayment premium of 10% of the principal value of loan payable alongwith each principal installment.
- b) Term loan of ₹ 10753.70 lacs (including funded interest) taken vide loan agreement dated November 2, 2006 was payable 20% on July 15, 2008 and 40% each on July 15, 2009 and July 15, 2010. It carries interest @ 10% p.a. from the date of disbursement till January 15, 2007, 11% p.a. till January 15, 2008 and 12% p.a. from thereafter till repayment and redemption premium of 10% of the principal value of loan payable alongwith each principal installment.
- c) Bridge loan of ₹ 3500 lacs taken vide loan agreement dated September 19, 2008 was payable in 2 equal annual installments commencing from July 15, 2010. It carries interest @ 16% p.a. from the date of disbursement till June 30, 2010 and 18% p.a. from July 1, 2010 till repayment.
- d) Debentures included in para C(a)(i) and term loan mentioned under para C(b)(iii)(a) and all the term loans mentioned at C(c)(iii) carries interest for the defaulted periods @ 19% p.a. The rate of interest may undergo change on sanction of the Rehabilitation Scheme referred to in Note 32 (i).

d. All the aforementioned borrowings except vehicle loans from HDFC Bank of ₹ 112.09 lacs, vehicle loans from Reliance Capital Financial Services Limited of ₹ 1.61 lacs and hire purchase creditors, are further secured by hypothecation of 'Hathi' brand on pari-passu first charge basis and pledge of promoter shares in favour of the Trustees.

### e. Terms of repayment of Loans - Under CDR [Referred to in C(a), C(b)(i)(a), C(b)(ii) and C(b)(iii)]

- i. In an earlier year, relief and concessions were granted by Banks, Financial Institutions and others, sanctioned under the Corporate Debt Restructuring (CDR) Scheme for debts outstanding as on July 1, 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 December 26, 2005 of the CDR Cell. Subsequently settlement was also entered into with other lenders which was approved by the Hon'ble 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. All these relief and concessions aggregating to ₹ 11501.61 lacs were waived by the respective lenders.
  - ii. As per the CDR Scheme, 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. For the current year, such interest is payable and provided at 12% per annum. The first year interest @ 2% has been 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. (i.e. payable from July 14, 2007 till April 14, 2015 on the 14th date after the end of each calendar quarter on ballooning basis ranging from 7.50% to 20% p.a.) 50% of the unpaid simple interest on all the loans was converted into FITL-I. Both, FITL I and II, do not carry interest and are repayable in the 9th and 10th year.
  - iii. The Holding Company has an option to prepay all the loans without premium on pro-rata basis to all the lenders
  - iv. All the restructured loans including FITL are subject to recompense clause as may be approved by CDR Cell.
  - v. In the event of default in compliance of restructuring package, after the approval of CDR, the lenders have a right to convert 100% of the defaulted amount of the restructured debt into Equity Shares of the Holding Company, at any time during the currency of assistance, at a price to be determined as per SEBI Guidelines.
  - vi. The lenders have the right to convert 20% of the loan outstanding (including FITL and WCTL) into Equity Shares of the Holding Company, at a price to be determined 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.
- f. The amount of loans referred to for repayment and security are including those reflected in Short-term borrowings and Other current liabilities.

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Security deposits from customers	<b>633.83</b>	629.44
Loan from a Director - Unsecured	<b>0.05</b>	0.05
	<b><u>633.88</u></b>	<u>629.49</u>

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>6 LONG-TERM PROVISIONS</b>		
For employee benefits - gratuity and compensated absences (See Note 35)	<b>725.15</b>	589.48
	<b><u>725.15</u></b>	<u>589.48</u>

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>7 SHORT-TERM BORROWINGS</b>		
Secured		
Loans repayable on demand		
From banks	<b>98.61</b>	343.72
Cash credits	<b>441.17</b>	443.38
	<b><u>539.78</u></b>	<u>787.10</u>

**Security:**

The working capital facilities from Central Bank of India, Dena Bank and Rajkot Nagarik Sahakari Bank Limited, are secured by first charge by way of hypothecation of the current assets namely, stocks of raw materials, semi finished and finished goods, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. It is also secured by second mortgage and charge on the Company's immovable and movable properties both present and future. They are also secured by personal guarantee of two Directors of the Company. The facility from Rajkot Nagarik Sahakari Bank Limited is further secured by shares of Gujarat Sidhee Cement Limited held by subsidiary companies.

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>8 TRADE PAYABLES</b>		
Amounts payable to a related party	<b>28.05</b>	1,399.61
Others	<b>4,299.35</b>	3,131.68
	<b><u>4,327.40</u></b>	<u>4,531.29</u>

"Others" includes dues to small and medium enterprises, which require the following disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :

i) Principal amount remaining unpaid and interest thereon	<b>8.12</b>	3.17
ii) Interest paid in terms of Section 16		-
iii) Interest due and payable for the period of delay in payment	<b>0.05</b>	0.05
iv) Interest accrued and remaining unpaid	<b>0.05</b>	0.05
v) Interest due and payable even in succeeding years	<b>1.05</b>	1.00

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>9. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt		
Debentures		
12% non-convertible - under CDR	840.31	616.23
Term loans		
From banks		
Under CDR	745.81	495.08
Other than CDR	57.02	72.29
From other parties		
From financial institutions under CDR	222.92	163.47
Others - other than CDR	76.58	2,163.48
Hire purchase principal	17.74	53.07
	1,960.38	3,563.62
Interest accrued but not due on borrowings	139.49	555.67
Interest accrued and due on borrowings (see Note 4 B)	4,497.77	1,682.54
Long-term debts due and remaining unpaid		
Debentures		
12% non-convertible - under CDR	172.77	57.59
Term loans from other parties - other than CDR	10,036.48	8,286.48
Term loans from other parties - under CDR	486.04	74.78
(see Note 4 B)	10,695.29	8,418.85
Unencashed matured debentures and interest accrued thereon	0.79	0.79
Unclaimed share application money	14.77	14.77
Statutory dues (see Note below)	12,130.24	11,179.66
Advances from customers	967.53	1,205.03
Other Payables includes liabilities for expenses at the year end	1,900.02	2,923.67
	32,306.28	29,544.60

Note:

The Holding Company's request for One Time Settlement (OTS) of Dues payable by sick units under BIFR as per the Government of Gujarat (GoG) GR BFR/(HPC)/102003/3537/P dated May 12, 2004 was under consideration. The Scheme, inter-alia, provided for waiver of interest, penalties, etc. on Sales Tax, Royalty and Electricity Duty. Based on the directions of GoG, the Holding Company had unconditionally deposited a sum of ₹ 7000 lacs with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable to GoG of ₹ 18417.16 lacs (Previous year ₹ 17022.16 lacs) have been shown net of such deposit, in Statutory dues. The GoG has introduced a new Scheme, in place of its earlier schemes, for relief to the Sick Industrial Units registered with the BIFR vide GR BFR/(HPC)/102009/435690/P dated July 15, 2010. The Holding Company has applied for OTS under the said scheme which is under process.

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>10 SHORT TERM PROVISIONS</b>		
For employee benefits - gratuity and compensated absences (See Note 35)	167.97	243.87
For others	60.43	61.05
	228.40	304.92

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

		Gross Block		Accumulated depreciation / amortisation and impairment			Net Block			
	As at April 1, 2011	Additions	Deductions Adjustments/	As at March 31, 2012	Up to March 31, 2011	For the year	Deductions/ Adjustments	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>11 FIXED ASSETS</b>										
<b>Tangible assets</b>										
Freehold land	2,650.53	-	-	2,650.53	1,692.51	199.12	-	1,891.63	758.90	958.02
Leasehold land	21.45	-	-	21.45	-	-	-	-	21.45	21.45
Buildings	3,528.52	64.81	-	3,593.33	1,106.60	101.84	-	1,208.44	2,384.89	2,421.92
Plant and equipments	45,606.75	179.22	358.85	45,427.12	26,425.53	1,925.27	298.95	28,051.85	17,375.27	19,181.22
Furniture and Fixtures	1,168.37	6.08	29.32	1,145.13	591.18	52.18	28.43	614.93	530.20	577.19
Vehicles	1,322.41	140.58	151.31	1,311.68	685.96	96.01	67.42	714.54	597.14	636.45
Office equipments	705.88	61.16	333.11	433.93	533.45	28.41	308.80	253.06	180.87	172.43
Railway siding, weighbridge, rolling stock and locomotives	281.55	-	-	281.55	257.74	6.84	-	264.58	16.97	23.81
<b>Current Year</b>	55285.46	451.85	872.59	54864.72	31,292.97	2409.67	703.60	32,999.03	21,865.69	23,992.49
Previous year	55019.90	446.63	186.64	55,285.46	28,783.70	2,624.32	120.42	31,292.97	23,992.49	21.96
<b>Intangible assets</b>										
Goodwill	95.27	-	-	95.28	92.89	2.38	-	95.27	-	2.38
Computer softwares	137.07	-	40.25	96.82	80.73	11.58	38.24	54.07	42.75	56.34
<b>Current Year</b>	232.34	-	40.25	192.09	173.62	13.96	38.24	149.34	42.75	58.72
Previous year	131.50	5.57	-	137.07	75.37	14.89	-	80.73	56.34	-
<b>Capital work-in-progress</b>										
<b>Current Year</b>	8,296.92	153.64	66.27	8,384.29	656.69	-	-	656.69	7,727.60	7,640.23
Previous year	8,277.34	31.98	12.40	8,296.92	656.69	-	-	656.69	7,640.23	-



## NOTES

- i. Gross Block includes ₹ 4602 lacs, added on revaluation of the Holding Company's land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, on the basis of valuation made by an external valuer, which had resulted in a net increase of ₹ 5722.61 lacs, as at June 30, 1993.
- ii. Besides the land specified above, the Holding Company holds other leasehold land in respect of which only ground rent is paid.
- iii. Buildings excludes cost of shares held in a Co-operative Society included under note 12 of non-current investments
- iv. Plant and equipments include cost of service line of ₹ 33.20 lacs (previous year ₹ 33.20 lacs), ownership of which is vested with Paschim Gujarat Vij Holding Company Limited.
- v. Plant and equipments include cost of assets of ₹ 206.69 lacs (Previous year ₹ 206.69 lacs), acquired under hire purchase agreements.
- vi. Vehicles includes equipment and vehicles financed under hire purchase agreements.
- vii. During the year ended March 31, 2012, certain assets which were old and not in use, having gross book value of ₹ 548.75 lacs (Net book value ₹ 57.99 lacs) and shown as assets discarded, were retired and are included under the head deductions / adjustments above.
- viii. During the year ended March 31, 2012, while adopting the Revised Schedule VI formats, computer softwares having a gross book value of ₹ 137.07 lacs were transferred from plant and equipments, and included under the head deductions / adjustments above and shown as intangible assets.

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs

### ix. Accounting Of fixed assets and borrowing costs

Capital work-in-progress includes pre-operative expenses, as under:

a) Technical consultancy	320.40	320.40
b) Employee cost	144.56	144.56
c) Interest and finance cost	3,104.17	3,104.17
d) Traveling and conveyance	227.48	227.48
e) Exchange rate fluctuation	42.43	42.43
f) Transportation charges	19.96	19.96
g) Miscellaneous	59.97	59.97
	<b>3,918.97</b>	<b>3,918.97</b>

### x. Impairment of assets

The aggregate sum of ₹ 8036.81 lacs spent towards Expansion Project Assets, and reflected under Capital Work-in-progress (CWIP) inter alia, includes cost of an imported plant purchased, civil work carried out and pre-operative expenses (including interest capitalised). However, later on, due to several adversities, the project was suspended in 2005. Since the Project is suspended, based on the assessment of the current value (net selling price) of the said Project and civil works under CWIP by Holtec Consulting Private Limited, an impairment loss of ₹ 656.69 lacs, as required under Accounting Standard 28 on "Impairment of Assets" was recognised upto March 31, 2011, and reflected as a separate line item. However, there is no further impairment to the same.

	₹ in lacs	₹ in lacs	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>12 NON-CURRENT INVESTMENTS</b>				
Long-term investments - valued at cost less provision for other than temporary diminution Other than Trade				
<b>In equity instruments of subsidiaries</b> [excluded from consolidation - Refer note 1.2 (i)]				
Unquoted (Fully paid equity shares of ₹ 10 each)				
1,49,272 Concorde Cement (Pvt.) Ltd. (Srilankan Rupee)	9.19			9.19
	<u>9.19</u>			<u>9.19</u>
Less: Provision for diminution in value	<u>(9.19)</u>	-		<u>(9.19)</u>
<b>In equity instruments of other Companies</b>				
Quoted (Fully paid equity shares of ₹ 10 each)				
3,000,000 MTZ Polyfilms Ltd.	600.00			600.00
9,143,650 Fully Paid up Shares of ₹ 10/- each in Gujarat Sidhee Cement Limited	2,666.32			2,666.32
870,500 Equity share of MTZ Industries Ltd. Of ₹ 10/- each fully paid	435.25			435.25
1 Equity share of ACC Ltd. Of ₹ 10/- each fully paid	0.01			-
1 Equity share of Ambuja Cements Ltd. Of ₹ 10/- each fully paid *	-			-
1 Equity share of India Cements Ltd. Of ₹ 10/- each fully paid *	-			-
1 Equity share of JK Lakshmi Cements Ltd. Of ₹ 10/- each fully paid *	-			-
1 Equity share of Mangalam Cements Ltd. Of ₹ 10/- each fully paid *	-			-
1 Equity share of Prism Cements Of ₹ 10/- each fully paid *	-			-
1 Equity share of Shree Digvijay Cements of ₹ 10/- each fully paid *	-			-
1 Equity share of Ultratech Cements Ltd. Of ₹ 10/- each fully paid	0.01			-
1 Equity share of Zuari Industries Ltd. Of ₹ 10/- each fully paid	0.01			-
	<u>3,701.60</u>			<u>3,701.57</u>
<b>Less: Provision for diminution in value</b>	<u>(2,203.65)</u>			<u>(2,203.65)</u>
		1,497.95		1,497.92
* Each Investment is less than ₹ 0.01 lac				
Unquoted				
<b>Quantity</b>	<b>Investee company</b>	<b>Face Value</b>		
		<b>₹ per share</b>		
10	IL-Palazzo CHS Ltd.	50		
2,001	Rajkot Nagrik Sahakari Bank Ltd.	50		
5,000	Saraswat Co-op Bank Ltd.	10		
			<u>1.51</u>	<u>1.51</u>
			1,499.46	1,499.43
<b>In Government securities: (At cost)</b>				
Unquoted				
7 years National savings certificates kept as security with various Government authorities			0.08	0.08
			<u>1,499.54</u>	<u>1,499.51</u>

	As at March 31, 2012		As at March 31, 2011	
	₹ in lacs		₹ in lacs	
	Cost	Market Value	Cost	Market Value
Aggregate amount of quoted investments	3,701.60	1,497.95	3,701.57	1,497.92
Aggregate amount of unquoted investments	<u>10.78</u>	-	<u>10.78</u>	-
	<b>3,712.38</b>		<b>3,712.35</b>	
Aggregate provision on non current investments	<u>2,212.84</u>		<u>2,212.84</u>	

### 13 ACCOUNTING FOR TAXES ON INCOME

In terms of paragraph 26 of Accounting Standard 22 on "Accounting for Taxes on Income", 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 DTA arising during the year on account of unabsorbed depreciation and carried forward business losses.

Based on the expected waivers on one time settlement scheme with the Government of Gujarat (as referred to in Note to the financial statements), and also considering legal advice from an expert, with regard to the recognition of DTA in terms of AS 22, the Holding Company recognised DTA on the basis of prudence only to the extent it will have sufficient future taxable income (by way of reduction in unabsorbed depreciation and / or carried forward business losses) against which the aggregate DTA recognised as on the Balance Sheet date would be realised. The Company has also been advised that DTA in respect of the unabsorbed depreciation to the extent of deferred tax liability (DTL) for timing difference for depreciation may be recognised. Accordingly, the Company has not recognised any further DTA than what was recognised upto March 31, 2011. DTA of Rs. 203.49 lacs (Previous year Rs. 765.63 lacs) is reversed due to reduction in DTL for timing difference for depreciation for the like amount. Details of deferred tax is as under

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
<b>Deferred tax assets</b>		
i) Accrued expenses deductible on cash basis	2,845.51	2,845.51
ii) Accrued expenses deductible on payment of TDS thereon	359.17	359.17
iii) Unabsorbed depreciation	1,431.59	1,635.08
iv) Accumulated business losses	-	-
v) Closing balance	<u>4,636.27</u>	<u>4,839.76</u>
<b>Deferred tax liabilities</b>		
i) Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	<u>1,431.59</u>	<u>1,635.08</u>
ii) Closing balance	<u>1,431.59</u>	-
<b>Deferred tax assets - net</b>	<u><b>3,204.68</b></u>	<u><b>3,204.68</b></u>

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>14 LONG-TERM LOANS AND ADVANCES</b>		
Unsecured - considered good		
Capital advances	380.73	316.31
Security deposits	605.53	616.83
Deposits with a Company	355.46	384.99
Advance recoverable in cash or kind or for value to be received	12.59	
Unsecured, considered doubtful		
Intercorporate deposits	554.76	554.76
Less: Provision for bad and doubtful deposits	<u>(554.76)</u>	<u>(554.76)</u>
	-	-
Advance Payment of Taxes (Net of Provision)	-	32.60
	<u><u>1,354.31</u></u>	<u><u>1,350.73</u></u>

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>15 OTHER NON-CURRENT ASSETS</b>		
Inventories		
Stores and spare parts - (see Note below)	338.61	338.61
Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered doubtful	202.73	301.53
Less: Provision for bad and doubtful debts	<u>(202.73)</u>	<u>(301.53)</u>
	-	-
Deposits with banks		
Maturity beyond 12 months from the balance sheet date		
Held as margin money	84.29	39.69
	<u><u>422.90</u></u>	<u><u>378.30</u></u>

**Note:**

Inventories of stores and spare parts are for the plant which is not yet put up and therefore are not expected to be used within a period of 12 months from the balance sheet.

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>16 INVENTORIES</b>		
Raw materials	410.87	335.63
Packing materials	74.26	192.72
Work-in-progress	673.24	643.51
Finished goods	874.41	1,125.16
Stock-in-trade	-	30.89
Fuels	2,016.40	1,050.32
Stores and spare parts	1,397.11	1,141.32
	<u><u>5,446.29</u></u>	<u><u>4,519.55</u></u>

	<b>As at March 31, 2012 ₹ in lacs</b>	<b>As at March 31, 2011 ₹ in lacs</b>
<b>17 TRADE RECEIVABLES</b>		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	464.89	422.08
Others	<u>1,354.34</u>	<u>2,078.68</u>
	<u><b>1,819.23</b></u>	<u><b>2,500.76</b></u>
<hr/>		
<b>18 CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
Balances with banks	432.61	248.71
On current accounts	-	307.26
Fixed deposits (maturity of less than 3 months)	<u>2.81</u>	<u>2.86</u>
Cash on hand	<b>435.42</b>	<b>558.83</b>
Deposits with banks (Maturity below 12 months from the balance sheet date)		
Earmarked balances with banks	0.43	0.43
Held as margin money	<u>152.79</u>	<u>252.01</u>
	<u><b>153.22</b></u>	<u><b>252.44</b></u>
	<u><b>588.64</b></u>	<u><b>811.27</b></u>
<hr/>		
<b>19 SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	579.78	482.53
Advances against purchase of stores	718.95	591.62
Taxes paid (net of provision)	<u>169.94</u>	<u>145.83</u>
	<u><b>1,468.67</b></u>	<u><b>1,219.98</b></u>
<hr/>		
<b>20 OTHER CURRENT ASSETS</b>		
Unsecured, considered good		
Export benefits receivable	39.42	73.19
Interest receivable	<u>22.26</u>	<u>17.11</u>
	<u><b>61.68</b></u>	<u><b>90.30</b></u>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>21 REVENUE FROM OPERATIONS</b>		
Sale of products		
Manufactured goods	45,859.86	42,236.84
Traded goods	<u>1,598.82</u>	<u>1,227.55</u>
	<b>47,458.68</b>	<b>43,464.39</b>
Sale of Services		2.31
Other operating revenues		
Sale of power	361.84	-
Sale of other products / scrap	173.82	197.91
Export entitlements	<u>149.95</u>	<u>157.97</u>
	<b>685.61</b>	<b>355.88</b>
	<b>48,280.22</b>	<b>43,822.58</b>
Less: Excise duty	<u>(4,282.49)</u>	<u>(4,552.51)</u>
	<b>43,997.73</b>	<b>39,270.07</b>
<b>Details of products sold</b>		
Sale of manufactured goods		
Cement	45,814.37	38,003.90
Clinker	<u>45.49</u>	<u>4,232.94</u>
	<b>45,859.86</b>	<b>42,236.84</b>
Sale of traded goods		
Cement	1,239.78	1,210.70
Clinker	<u>359.04</u>	<u>16.85</u>
	<b>1,598.82</b>	<b>1,227.55</b>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>22 OTHER INCOME</b>		
Interest income on		
Fixed deposits with banks	52.01	30.56
Others	<u>17.41</u>	<u>44.05</u>
	<b>69.42</b>	<b>74.61</b>
Dividends income from long-term investments - others	0.30	0.10
Miscellaneous income (including overheads shared)	46.46	23.80
Insurance claims	81.42	77.25
Profit on sale of fixed assets	57.50	15.16
Excess provision written back	168.79	61.88
Bad debts recovered	4.53	-
Provision for doubtful debts written back	18.71	1.75
Provision for doubtful advances written back	-	110.73
Trade payables written back	<u>80.45</u>	<u>128.80</u>
	<b>527.58</b>	<b>494.08</b>

	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
	₹ in lacs	₹ in lacs
<b>23 COST OF MATERIALS CONSUMED</b>		
Raw materials		
Opening stock of raw materials	335.63	598.67
Add: Purchases	1,956.06	986.14
Less: Closing stock of raw materials	<u>(410.87)</u>	<u>(335.63)</u>
	<b>1,880.82</b>	1,249.18
Packing materials		
Opening stock of packing materials	192.72	127.53
Add: Purchases	1,163.85	1,441.02
Less: Closing stock of packing materials	<u>(74.26)</u>	<u>(192.72)</u>
	<b>1,282.31</b>	1,375.83
	<b><u>3,163.13</u></b>	<b><u>2,625.01</u></b>
Details of raw materials consumed		
Gypsum	621.52	486.20
Fly ash	631.18	496.53
Clinker purchased	210.94	-
Others	417.18	266.45
	<b><u>1,880.82</u></b>	<b><u>1,249.18</u></b>

	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
	₹ in lacs	₹ in lacs
<b>24 PURCHASES OF STOCK-IN-TRADE</b>		
Purchases of traded goods		
Cement	1,239.78	1,215.72
Clinker, coal and pet coke	370.56	68.61
	<b><u>1,610.34</u></b>	<b><u>1,284.33</u></b>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
Stocks at the end		
Finished goods - cement	874.41	1,125.16
Work in progress - raw flour and clinker	673.24	643.51
Stock-in-trade - cement	-	30.89
	<u>1,547.65</u>	<u>1,799.56</u>
Less: Stocks at the beginning		
Finished goods - cement	1,125.16	511.20
Work in progress - raw flour and clinker	643.51	144.56
Stock-in-trade - cement	30.89	-
	<u>1,799.56</u>	<u>655.76</u>
	<u>251.91</u>	<u>(1,143.80)</u>
Increase / (Decrease) in excise duty on stocks	<u>(1.12)</u>	<u>28.28</u>
	<u>250.79</u>	<u>(1,115.52)</u>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>26 EMPLOYEE BENEFITS EXPENSE</b>		
(see note to Note 28)		
Salaries, wages and bonus	2,140.51	2,055.53
Contribution to provident and other funds	204.01	190.61
Gratuity expense	87.98	110.66
Staff welfare expenses	58.70	55.83
	<u>2,491.20</u>	<u>2,412.63</u>

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>27 FINANCE COSTS</b>		
Interest expense		
On borrowings	3,309.67	3,320.64
On others	1,139.21	934.41
	<u>4,448.88</u>	<u>4,255.05</u>
Other borrowing costs	21.02	23.12
	<u>4,469.90</u>	<u>4,278.17</u>



	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>28 OTHER EXPENSES</b>		
Stores and spare parts consumed	3,111.62	2,346.18
Power and fuel	15,928.37	15,227.91
Rent	230.49	168.64
Repairs and maintenance:		
Buildings, etc.	67.89	103.71
Machinery	1,341.88	935.08
Others	254.05	249.36
	<u>1,663.82</u>	<u>1,288.15</u>
Insurance	133.65	123.83
Rates and taxes	33.45	20.65
Raw material handling charges [see Note (a) below]	334.98	231.88
Limestone / marl raising charges [see Note (a) below]	752.19	871.34
Royalty and cess [see Note (a) below]	798.53	908.34
Advertisement, business promotional and service charges	511.97	599.08
Freight and handling expenses	7,006.27	8,041.89
Commission	460.55	452.01
Directors' fees	12.20	9.80
Charity and donation	1.00	0.25
Traveling and conveyance	186.44	146.28
Legal and professional charges	221.39	218.55
Net loss on foreign currency transactions and translation (other than considered as finance cost)	87.99	1.19
Auditor's remuneration		
Audit fees	7.36	7.00
Tax audit fees	2.65	2.65
For other services - certification work	2.75	3.80
Others	0.11	-
Reimbursement of expenses	0.47	0.01
	<u>13.34</u>	<u>13.46</u>
Bad debts written off	80.09	4.23
Less: Provision for doubtful debts written back	(80.09)	(4.23)
	-	-
Loss on sale of assets	40.43	22.14
Assets discarded / written off	57.99	-
Miscellaneous expenses	805.30	747.92
Cost of cement self consumed [see Note (b) below]	(6.17)	(4.77)
	<u><u>32,385.79</u></u>	<u><u>31,434.72</u></u>

**NOTES:**

a. Employee benefit expenses (Note 26) and Other expenses (Note 28) include expenses incurred on cost of raising and transporting limestone / marl, which are part of the raw materials, details of which are as under:

Salaries, wages and bonus	54.69	87.39
Stores and spare parts consumed	195.36	223.47
Repairs and maintenance to machinery	20.33	16.68
Raw material handling charges	206.69	165.55
Limestone / marl raising charges	752.19	871.34
Royalty and cess	789.09	899.66
	<u>2,018.35</u>	<u>2,264.09</u>

b. Cost of cement self consumed also includes other non material raw materials costs and depreciation.

- 29 In view of the carried forward losses and unabsorbed depreciation available the Holding Company is not liable to tax as per the normal provisions of the Income-tax Act, 1961. Further, in view of the book losses for the current year, provision for Minimum Alternate Tax under Section 115 JB of the Income-tax Act, 1961, would also not apply. Therefore, no provision is made for current tax.

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>30 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
i Contingent liabilities: (to the extent not provided for)		
a Estimated amount of contracts remaining to be executed on capital account (net of advances of ₹ 481.50 lacs, previous year ₹ 318.31 lacs).	<b>106.06</b>	352.11
b Matters under disputes / appeals :		
Disputed demand of Income Tax	<b>53.94</b>	53.01
Authorities against Subsidiary Companies	<b>650.16</b>	329.01
Sales tax liabilities	<b>174.05</b>	174.05
Excise duty	<b>106.16</b>	62.06
Service tax	<b>66.10</b>	66.10
Royalty	<b>625.55</b>	625.70
Customs duty	<b>966.05</b>	919.93
Public Premises (Eviction of unauthorised Occupants) Act, 1971	<b>26.54</b>	26.54
Road tax	<b>354.52</b>	224.80
Claims filed by workmen or their union against the Holding Company	<b>440.99</b>	665.26
On account of power supply	<b>46.25</b>	47.25
Other demands and claims against the Company not acknowledged as debts		
c The operation of a show cause notice dated August 20, 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 March 15, 1995 or pay penalty under Section 3 (1) of the Jute Packing Materials (Compulsory use in Packing Commodities) Act, 1987 is presently stayed by Calcutta High Court, the amount of which is not ascertainable.		
d The amounts stated are including interest and penalty, to the extent demanded.		
ii. Commitments:		
The Holding Company has guaranteed a minimum cargo handling of 500,000 M.T on a yearly basis (from April to March each year) at its jetty at porbander, under the license agreement entered with Gujarat Maritime Board on January 17, 1997 for a period of 15 years from the date Jetty became operational i.e. till 2015. The failure of such commitment shall make the Holding Company liable to pay the wharfage charges for the remaining cargo at the prevailing wharfage rates. During the year (as also in the previous year) the Holding Company has handled cargo in excess of the minimum requirement.		

- 31 The accumulated arrears of preference dividend unprovided for, as at the balance sheet date amounted to ₹ 1014.52 lacs (Previous year ₹ 925.13 lacs), including ₹ 89.39 lacs for the year.

- 32 i The Holding Company is registered as a sick Industrial Company with the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR, vide its order dated February 23, 2012 has formulated and circulated a Draft Rehabilitation Scheme (DRS) for revival of the Holding Company, inter-alia envisaging relief and concessions from various agencies including reduction / waivers of interest (including default interest, penal interest and penalties).
- ii Considering the overall growth in the Cement Industry barring any unforeseen circumstances, the management is confident that the continuation of sanctioned Corporate Debt Restructuring (CDR) Scheme and other factors like One Time Settlement proposed with GoG, the Holding Company would be able to generate sufficient returns to make its net worth positive in the future. Accordingly, the accounts of the Holding Company are prepared on a going concern basis.

- 33** Expenses on maintenance, etc. incurred during the year for a guest house at Mumbai amounting to ₹ 5.38 lacs (Previous year ₹ 4.11 lacs) have been presently borne by the Holding Company. The guesthouse was under the unauthorised occupation of relatives of the ex-chairman. The Holding Company had filed a suit for recovery of the possession of the guesthouse, which also includes recovery of expenses incurred. The said suit was decided against the Holding Company by declaring legal heirs of the ex-chairman as tenants. The Holding Company has preferred an appeal before the Division Bench against the said order, which is pending.

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>34 Additional information to the statement of profit and loss</b>		
i) Value of imports calculated on CIF basis		
Components and spare parts	<b>304.88</b>	231.24
Capital goods	-	14.82
ii) Expenditure in foreign currency		
Traveling expenses	<b>16.15</b>	14.25
Commission on exports	<b>15.76</b>	20.57
Sea freight and demurrage	<b>55.81</b>	103.29
Professional fees	<b>19.52</b>	-
License / registration of trade mark fees	<b>17.23</b>	-
Others	<b>0.58</b>	8.01

	For the year ended March 31, 2012		For the year ended March 31, 2011	
	₹ in lacs	%	₹ in lacs	%
iii) Value of imported / indigenous consumption				
Raw materials- Indigenous	<u>3,899.17</u>	<u>100.00%</u>	<u>3,513.29</u>	<u>100.00%</u>
Spare parts and Components				
- Imported	426.65	14.63%	457.10	11.37%
- Indigenous *	<u>2,489.50</u>	<u>85.37%</u>	<u>3,562.85</u>	<u>88.63%</u>
	<u>2,916.15</u>	<u>100.00%</u>	<u>4,019.95</u>	<u>100.00%</u>
* Includes amounts directly debited to various account heads				
iv) Earnings in foreign currency				
Exports on FOB basis	<u>8,059.09</u>		<u>4,250.72</u>	

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
	<b>Compensated Absences</b>		<b>Gratuity</b>	
<b>35 EMPLOYEE BENEFITS</b>				
<b>i) Changes in Present Value of Obligations:</b>				
Present Value of Obligation at the beginning	208.23	191.88	625.51	564.86
Current Service Cost	25.63	89.40	8.56	132.20
Interest Cost	16.66	15.07	46.91	43.51
Actuarial (Gain) / Loss on obligations	45.29	(88.12)	22.64	(83.19)
Benefits paid	(51.69)	-	(50.70)	(31.87)
Present value of Obligation as at the end	<u>244.12</u>	<u>208.23</u>	<u>652.92</u>	<u>625.51</u>
<b>ii) Changes in Fair Value of Plan Assets :</b>				
Fair value of Plan Assets at the beginning	<b>Not Applicable</b>		0.40	3.71
Expected return on Plan Assets	<b>Not Applicable</b>		0.22	0.13
Contributions	<b>Not Applicable</b>		61.50	30.00
Benefits paid	<b>Not Applicable</b>		(50.70)	(31.87)
Actuarial Gain / (Loss) on Plan Assets	<b>Not Applicable</b>		(7.51)	(1.57)
Fair value of Plan Assets as at the end	<b>Not Applicable</b>		<u>3.91</u>	<u>0.40</u>
<b>iii) The amount recognised in balance sheet</b>				
Present value of Obligation at the end	244.12	208.23	652.92	625.51
Fair Value of Plan Assets at the end	-	-	3.91	0.40
Net (Liability) recognised in Balance sheet	<u>244.12</u>	<u>208.23</u>	<u>649.01</u>	<u>625.11</u>
<b>iv) Amount recognised in the statement of profit and loss</b>				
Current Service Cost	25.63	89.40	3.86	132.20
Interest Cost	16.66	15.07	46.91	43.51
Expected return on Plan Assets	-	-	(0.04)	(0.31)
Net actuarial (gain)/loss recognised in the year	45.29	(88.12)	30.14	(81.62)
Expenses Recognised in the statement of Profit and Loss	<u>87.58</u>	<u>16.35</u>	<u>80.87</u>	<u>93.78</u>
<b>v) Assumptions</b>				
Mortality Table	<b>LIC 1994-96</b>	LIC 1994-96	<b>LIC 1994-96</b>	LIC 1994-96
Discount Rate	8.50%	7.50%	8.50%	7.50%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%
Expected Return on Plan Assets	8.50%	6.00%	8.50%	6.00%
Attrition Rate	2.00%	1.00%	2.00%	1.00%
<b>vi) The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, including supply and demand in the employment market. The above information is certified by an actuary.</b>				

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>36 SEGMENT REPORTING</b>		
The Holding Company has only one business segment 'cement / clinker' as primary segment. The secondary segment is geographical segment which is given below :		
Domestic revenues (net of excise duty)	35,253.03	34,624.12
Exports - International markets	8,059.09	4,290.07
Total	<u>43,312.12</u>	<u>38,914.19</u>

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

## 37 RELATED PARTY DISCLOSURES

### List of related parties:

- i) Promoters, Promoter Companies, its Subsidiaries and Associate companies together holding more than 20% of equity capital, having control are:
- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>a) Jagmi Investment Limited</li> <li>b) Fawn Trading Co. Pvt. Limited</li> <li>c) Fern Trading Co. Pvt. Limited</li> <li>d) Willow Trading Co. Pvt. Limited</li> <li>e) Tejashree Trading Co. Pvt. Limited</li> <li>f) Pallor Trading Co. Pvt. Limited</li> <li>g) The Mehta International Limited</li> <li>h) Mehta Private Limited</li> <li>i) Sameta Exports Pvt. Limited</li> <li>j) Clarence Investments Limited</li> <li>k) TransAsia Investment &amp; Trading Limited</li> <li>l) Hopgood Investments Limited</li> </ul> | <ul style="list-style-type: none"> <li>m) Sampson Limited</li> <li>n) Villa Trading Co. Pvt. Ltd.</li> <li>o) Aber Investments Limited</li> <li>p) Glenn Investments Limited</li> <li>q) Mr. Mahendra N Mehta</li> <li>r) Mr. Jay M Mehta</li> <li>s) Mr. Hemang D Mehta</li> <li>t) Mrs. Medhaviniben D Mehta</li> <li>u) Ms. Uma D Mehta</li> <li>v) Ms. Kamalakshi D Mehta</li> <li>w) Mrs. Juhi Jay Mehta</li> <li>x) Ms. Radha M. Mehta</li> </ul> |
|--|---|
- ii) Subsidiary Companies :
- a) Concorde Cement P. Limited
- iii) 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 (upto September 2010)
- iv) Relatives of Key Management Personnel with whom 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
- v) Name of the company in which policies are controlled by common Key Management Personnel :
- a) Gujarat Sidhee Cement Limited

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹ in lacs	₹ in lacs
<b>TRANSACTIONS WITH RELATED PARTIES:</b>		
i) Transactions and Balances with subsidiary companies:		
a) Amount Receivable from subsidiaries		
Agrima Consultants International Limited	132.74	10.76
Pranay Holdings Limited	4.31	4.21
Prachit Holdings Limited	8.90	8.80
Ria Holdings Limited	3.55	3.04
Reeti Investments Limited	6.52	6.42
b) Deposits with Reeti Investments Limited	34.40	34.20
ii) Payments to Key Managerial Personnel:		
a. Remuneration to Mr. Jay Mehta	36.58	36.58
b. Remuneration to Mr. M S Gilotra	67.78	38.10
c. Remuneration to Mr. R K Poddar	-	38.32
iii) Payments to relatives of Key Managerial Personnel:		
a. Security Deposit	130.00	130.00
b. Rent paid / payable	1.20	1.20
iv) Transactions with Gujarat Sidhee Cement Limited		
a. Purchase of Goods and materials	1,912.20	1,243.36
b. Sale of Goods and materials	83.90	88.29
c. Expenses / (Recovery) for services (net)	2.05	(5.09)
d. Amount payable as at the end of the year	28.05	1,399.61

	As at March 31, 2012 ₹ in lacs	As at March 31, 2011 ₹ in lacs
<b>38 OUTSTANDING LEASE DISCLOSURES</b>		
Cost of machinery acquired under finance leases	206.69	206.69
Net carrying amount at the Balance Sheet date	121.91	145.29
Lease rent payable obligation:		
not later than one year;	17.74	53.07
later than one year and not later than five years;	-	17.74
later than five years;	-	-

	For the year ended March 31, 2012 ₹ in lacs	For the year ended March 31, 2011 ₹ in lacs
<b>39 EARNINGS PER SHARE</b>		
Weighted average number of equity shares of ₹ 10 each	<u>51,191,065</u>	<u>51,191,065</u>
Net loss for the year	<u>(2,048.58)</u>	<u>(5,705.63)</u>
Less: Dividend payable to OCCPS holders (Refer Note 2 b)	<u>(89.39)</u>	<u>(89.39)</u>
Net loss available to equity shareholders	<u>(2,137.97)</u>	<u>(5,795.02)</u>
Basic and diluted earnings per share (in rupees)	<u>(4.18)</u>	<u>(11.32)</u>

#### 40 FINANCIAL INSTRUMENTS: DISCLOSURES

Details of foreign currency exposures that are not hedged by any derivative instrument or otherwise are:

	As at March 31, 2012		As at March 31, 2011	
	US Dollars	₹ in lacs	US Dollars	₹ in lacs
a) Debtors Receivable	559,418	282.62	354,806	157.82
b) Advances from Customers	34,524	17.67	63,855	28.69
	<u>593,942</u>	<u>300.29</u>	<u>418,661</u>	<u>186.51</u>

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148  
Mumbai, Dated May 11, 2012

For and on behalf of the Board of Directors  
**Jay M. Mehta** Executive Vice Chairman  
**Hemang D. Mehta**  
**M. N. Rao**  
**K. N. Bhandari**  
**Jayant Godbole**  
**Susheel Kak**  
**Hemnabh Khatau** Managing Director  
**M. S. Gilotra** Director (Finance) & Company Secretary  
**V. R. Mohnot**  
Mumbai, Dated May 11, 2012

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

1. Name of the Subsidiary	Pranay Holdings Ltd.	Prachit Holdings Ltd.	Ria Holdings Ltd.	Reeti Investments Ltd.	Agrima Consultants International Ltd.	*Concorde Cement Pvt. Ltd.
2. Financial Year of the Subsidiary Company ended on	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
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	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	1,49,274 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	(32,932)	(30,533)	(40,794)	(21,607)	(13,620,011)	--
(i) For the Current Financial Year (Rs)						
(ii) For the previous financial years since it became a subsidiary (Rs)	(40,992,911)	(41,727,356)	(41,060,017)	(38,965,408)	(388,341)	--
5. Net aggregate amount of Profit/Losses of the subsidiary which has been dealt with in the accounts of the Holding Company	Nil	Nil	Nil	Nil	Nil	Nil
i) For the Current Financial Year (Rs.)						
ii) For the Previous Financial Years since it became a subsidiary (Rs.)	(40,992,911)	(41,727,356)	(41,060,017)	(38,965,408)	(388,341)	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 of Directors  
**Jay M. Mehta**  
**Hemang D. Mehta**  
 M. N. Rao  
 K. N. Bhandari  
**Jayant Godbole**  
 Susheel Kak  
 Hemnabh Khatau  
**M. S. Gilotra**  
**V. R. Mohnot**  
 Mumbai, Dated May 11, 2012

Executive Vice Chairman  
 Managing Director  
 Director (Finance) & Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AS REQUIRED UNDER CIRCULAR NO.2/2011 DATED 8.2.2011 FROM MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA FOR THE YEAR ENDED 31ST MARCH 2012.**

In view of the above, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not being attached to this Balance Sheet of the Holding Company. Financial information of the subsidiary companies as required by the above circular, are given herein below :

Sr. No.	Particulars	Pranay Holdings Ltd.	Prachit Holdings Ltd.	Ria Holdings Ltd.	Reeti Investments Ltd.	Agrima Consultants International Ltd.	*Concorde Cement Pvt. Ltd.
a.	Capital	100,000,000	100,000,000	100,000,000	40,000,000	4,041,000	918,683
b.	Reserves and Surplus / Debit Balance of Profit & Loss A/c	(41,025,843)	(41,757,889)	(41,100,811)	(38,987,015)	(14,008,352)	-
c.	Total Assets	59,498,823	59,139,366	59,271,421	5,116,959	12,919,694	-
d.	Total Liabilities	59,498,823	59,139,366	59,271,421	5,116,959	12,919,694	-
e.	Investments (Net)	47,657,504	47,818,771	47,817,000	5,042,989	25,000	-
f.	Turnover	-	-	-	-	13,592,986	-
g.	Profit/(Loss) before Tax	(31,552)	(30,533)	(40,794)	(21,607)	(13,620,011)	-
h.	Profit for Tax	-	-	-	-	-	-
i.	Profit / (Loss) After Tax	(31,552)	(30,533)	(40,794)	(21,607)	(13,620,011)	-
j.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	-

Note : \*Yet to commence operation

The annual accounts of the subsidiary companies and the related detailed information is available to the Holding companies investors, seeking such information.

For and on behalf of the Board of Directors

**Jay M. Mehta**  
Executive Vice Chairman

**Hemang D. Mehta**

**M. N. Rao**

**K. N. Bhandari**

**Jayant Godbole**

**Susheel Kak**

**Hemnabh Khatau**

**M. S. Gilotra**  
Managing Director

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

Mumbai, Dated May 11, 2012



**FORM OF PROXY**



**SAURASHTRA CEMENT LIMITED**

Registered Office: Near Railway Station, Ranavav 360560 (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 54<sup>th</sup> Annual General Meeting of the Company held at the Registered Office of the Company, Near Railway Station, Ranavav 360560 (Gujarat) at **10.00 a.m.** on **Wednesday**, the **27<sup>th</sup> June, 2012** 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:**

- You are requested to sign and hand over this slip at the entrance to the Meeting Venue.
- 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

Tear Here



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D. P. Id*	
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L.F. No.	
No. of Shares	

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 54<sup>th</sup> Annual General Meeting of the Company to be held at **10.00 a.m.** on **Wednesday**, the **27<sup>th</sup> June, 2012** and at any adjournment thereof.

Signed this ..... day of ....., 2012

One Rupee  
Revenue  
Stamp

Signature .....

\* Applicable for investors holding shares in Electronic form





BOOK-POST

If undelivered please return to:

Saurashtra Cement Limited, Near Railway Station, Ranavav 360 560,  
Tal: Ranavav, District: Porbandar, Gujarat.