

Saurashtra Cement Limited

BOARD OF DIRECTORS

(As on 20-11-2007)

Mr. M. N. Mehta

Mr. D. N. Mehta

Mr. Jay Mehta

Mr. H. D. Mehta

Mr. M. N. Rao

Mr. S. V. S. Raghavan

Mrs. Savita V. Pittie

Mr. K. N. Bhandari

Mr. B. P. Deshmukh

Mr. Denys Firth

Mr. Alexander Shaik

Mr. Anish Modi

Mr. Chetan Jain

Mr. G.J. Prasad

Mr. M. S. Gilotra

Mr. R. K. Poddar

Chairman

Dy. Chairman

Executive Vice Chairman

Nominee - India Debt Management Ltd.

Nominee - IFCI Limited (Nomination since withdrawn)

Managing Director

Dy. Managing Director

Mr. V. R. Mohnot

Director (Finance) & Company Secretary

Bankers

Central Bank of India

Dena Bank

Rajkot Nagarik Sahakari Bank Ltd.

The Saraswat Co-operative Bank Ltd.

Auditors

Messrs Bansi S. Mehta & Co.

Chartered Accountants

Registered Office

Near Railway Station

Ranavav 360 560

(Gujarat)

Corporate Office

2nd Floor, N. K. Mehta International House

178, Backbay Reclamation

Mumbai 400020



SAURASHTRA CEMENT LIMITED

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

NOTICE

Notice is hereby given that the 50th Annual General Meeting of the Members of the Company will be held on **Friday the 21st December, 2007 at 10.30 a.m.** at the Registered Office of the Company, near Railway Station, Ranavav 360 560 (Gujarat), to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Profit & Loss Account for the year ended 30th June, 2007 and Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. D. N. Mehta, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. H. D. Mehta, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K. N. Bhandari, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Anish Modi, who retires by rotation, and being eligible, offers himself for reappointment.
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 reappointed as Auditors of the Company for audit of accounts for the financial year 2007-08 and they shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.5,00,000/- (Rupees five lacs) plus service tax and reimbursement of travelling and out of pocket expenses actually incurred."

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. B. P. Deshmukh who was appointed as an Additional Director of the Company with effect from 31st January, 2007 pursuant to Section 260 of the Companies Act, 1956 and Article 97A of the Articles of Association of the Company and who holds such office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time and subject to approval of the Central Government and such other consents and permission as may be necessary, and subject to such modifications, variations as may be approved and acceptable to the appointee, approval of the Company be and is hereby given for the re-appointment of Mr. Jay M Mehta as 'Executive Vice Chairman' of the Company for the period commencing from 15.10.2007 to 31.12.2008 and payment of remuneration for the aforesaid period on the terms and conditions as specified in the explanatory statement attached to this Notice and the aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure."

"RESOLVED FURTHER THAT pursuant to Article 130(a) of Articles of Association of the Company, he shall not be liable to retire by rotation till he continues as Executive Vice Chairman of the Company."

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

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, and subject to approval of the Central Government and such other consents and permission as may be necessary, and subject to such modifications, variations as may be approved and acceptable to the appointee, approval of the Company be and is hereby given for the re-appointment of Mr. M. S. Gilotra as 'Managing Director' of the Company for the period commencing from 15.10.2007 to 31.12.2008 and payment of remuneration for the aforesaid period on the terms and conditions as specified in the explanatory statement attached to this Notice and the aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure."

"RESOLVED FURTHER THAT pursuant to Article 130(a) of Articles of Association of the Company, he shall not be liable to retire by rotation till he continues as Managing Director of the Company."

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

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, and subject to approval of the Central Government and such other consents and permission as may be necessary, and subject to such modifications, variations as may be approved and acceptable to the appointee, approval of the Company be and is hereby given for the re-appointment of Mr. R. K. Poddar as 'Deputy Managing Director' of the Company for the period commencing from 15.10.2007 to 31.12.2008 and payment of remuneration for the aforesaid period on the terms and conditions as specified in the explanatory statement attached to this Notice and the aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure."

"RESOLVED FURTHER THAT pursuant to Article 130(a) of Articles of Association of the Company, he shall not be liable to retire by rotation till he continues as Deputy Managing Director of the Company."

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

By Order of the Board of Directors

Place : Mumbai
Dated : November 20, 2007.

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

Registered Office:
Near Railway Station
Ranavav 360 560
Gujarat.

NOTES:

- 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.**
- The Explanatory statement as required under Section 173 of the Companies Act, 1956 setting out material facts in respect of the business under item Nos. 7 to 10 of Special Business is annexed herewith.

3. Re-appointment of Directors.

At the ensuing Annual General meeting, Mr. D.N Mehta, Mr. H.D Mehta, Mr.K.N Bhandari and Mr. Anish Modi shall retire by rotation and being eligible, offer themselves for re-appointment. Mr. Jay Mehta was re- appointed as Executive Vice Chairman, Mr. M.S Gilotra as Managing Director and Mr. R.K Poddar as Deputy Managing Director by the Board subject to the approval of the shareholders. As required under Clause 49 of the Listing Agreement the Profile of these directors is given in Corporate Governance Report annexed to the Directors' Report.

4. The documents referred in the resolutions are available for inspection at the Registered Office of the Company during 10.00 a.m. to 12 noon on any working day till the date of the Annual General meeting.
5. The Share Transfer Books and Register of Members of the Company shall remain closed from Tuesday, 18th December, 2007 to Friday, 21st December, 2007 (both days inclusive) in connection with the annual general meeting.
6. Members who have multiple account in identical names or joint accounts in same order are requested to send all the share certificates to the Registrar and Transfer Agents for consolidation of all such shareholdings into one account to facilitate better service.
7. (a) Members are requested to notify immediately any change of address:
 - i. To their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii. To the Registrar and Transfer Agents at 'M/s. Intime Spectrum Registry Ltd, C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078' in respect of their physical share folios, if any.
 (b) In case the mailing address mentioned on this Annual Report is without the Pin code, Members are requested to kindly inform the Registrars their PINCODE immediately.
8. Non-resident Indian Shareholders are requested to inform the Registrars immediately the change in the residential status.
9. Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
10. **Shares of the company are traded in demat form. If you have not demated your shares, you are requested to get the shares dematted at the earliest.**

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

Item No.7

Mr. B. P. Deshmukh was appointed as an Additional Director by the Board at its meeting held on 31st January 2007 and pursuant to the provisions of Section 260 of the Companies Act, 1956. He holds office as Director up to the date of ensuing Annual General Meeting. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member along with requisite deposit of Rs.500 (Rupees Five hundred) proposing the appointment of Mr. B. P. Deshmukh as a Director of the Company.

The Board commends the resolution for your approval.

Except Mr. B. P. Deshmukh, no other Director is concerned or interested in this resolution.

Item No. 8, 9 & 10:

Mr. Jay Mehta, Mr. M. S. Gilotra and Mr. R. K. Poddar are presently holding the office of Executive Vice Chairman, Managing Director and Deputy Managing Director respectively and their present term ended on 14th October 2007. At the meetings of the Board of Directors of the Company held on 16th August, 2007 and 30th October, 2007, the Board have approved re-appointment of Mr. Jay Mehta, Mr. M. S. Gilotra and Mr. R. K. Poddar as Executive Vice Chairman, Managing Director and Deputy Managing Director respectively for the period 15th October, 2007 to 31st December, 2008.

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

(i) Terms and conditions of appointment and Remuneration to Mr. Jay Mehta, Executive Vice-Chairman.

Mr. Jay Mehta, has done B.S. (Industrial Engineering) from Columbia University, New York, U.S.A and has completed his MBA, IMD from Lausanne, Switzerland in 1991. Mr. Jay Mehta was earlier Vice President (Technical) of Saurashtra

Cement Limited and thereafter from 1987 to 1989, he was Executive Director of associate company, 'Gujarat Sidhee Cement Limited' (GSCL). At present he is also the Executive Vice Chairman of Gujarat Sidhee Cement Limited, and drawing remuneration w.e.f 01.04.2006 upto 31.12.2007 as approved by the shareholders and the Central Government. He shall be paid remuneration from both the Companies. However, the remuneration proposed to be paid from Saurashtra Cement Ltd together with remuneration from Gujarat Sidhee Cement Limited is within the maximum ceiling limit permissible under Schedule XIII of the Companies Act, 1956.

Remuneration

Salary and Perquisites.

Rs.2,40,000/- (Rupees Two lacs, forty thousand) per month inter-alia includes furnished accommodation or house rent allowance thereof, furnishings, re-imbursement for gas, electricity, water (perquisite value will be actual or 6.25% of salary, whichever is less), personal accident insurance and mediclaim insurance for self and family, medical re-imbursement, leave travel concession for self and family, etc) and aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure.

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

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

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

1. Reimbursement of entertainment expenses incurred for Company's work, subject to maximum of Rs 15,000 per month on submission of supporting/ declaration.
2. Reimbursement of actual expenses incurred for Company's business including travel, hotel and other related expenses for himself and spouse, incurred in India and abroad.
3. Payment of sitting fees as applicable to other directors for attending the meeting of the Board and committee thereof.
4. Earned/ Privilege Leave as per rules of the Company. Leave accumulated and not availed during his tenure shall be allowed to be encashed at the end of his tenure.
5. Car with driver and other communication facilities at the residence.
6. Reimbursement of expenses incurred in respect of books and periodicals at actual against submission of supporting/s.
7. Subscription or Reimbursement of Club Fees on actual basis.

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

Mr. M. N. Mehta being related to Mr. Jay Mehta, may be deemed to be concerned or interested in re-appointment of Mr. Jay Mehta as Executive Vice Chairman.

(ii) Terms and conditions of appointment and Remuneration to Mr. M. S. Gilotra, Managing Director

Mr. M.S.Gilotra is B.E. (Hons.) and having over 33 years of experience in cement industry. He is also Managing Director of Gujarat Sidhee Cement Ltd, an associate company and draws remuneration w.e.f 01.04.2006 upto 31.12.2007 as approved by the Shareholders and the Central Government. He shall be paid remuneration from both the Companies. However, the remuneration proposed to be paid from Saurashtra Cement Ltd together with remuneration from Gujarat Sidhee Cement Limited is within the maximum ceiling limit permissible under Schedule XIII of the Companies Act, 1956.

Remuneration

Salary and Perquisites.

Rs.2,50,000/- (Rupees Two lacs fifty thousand) per month inter-alia includes furnished accommodation or house rent allowance thereof, furnishings, re-imbursement for gas, electricity, water (perquisite value will be actual or 6.25% of salary, whichever is less), personal accident insurance and mediclaim insurance for self and family, medical re-imbursement, leave travel concession for self and family, etc) and aforesaid remuneration shall be paid to him as Minimum Remuneration in the event of loss or inadequacy of profits in relevant year during his tenure.

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

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

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

1. Reimbursement of entertainment expenses incurred for Company's work, subject to maximum of Rs 15,000 per month on submission of supporting/ declaration.
2. Reimbursement of actual expenses incurred for Company's business including travel, hotel and other related expenses for himself and spouse, incurred in India and abroad.
3. Payment of sitting fees as applicable to other directors for attending the meeting of the Board and committee thereof.
4. Earned/ Privilege Leave as per rules of the Company. Leave accumulated and not availed during his tenure shall be allowed to be encashed at the end of his tenure.
5. Car with driver and other communication facilities at the residence.
6. Reimbursement of expenses incurred in respect of books and periodicals at actual against submission of supporting/s".
7. Subscription or Reimbursement of Club Fees on actual basis.

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

(iii) Terms and conditions of appointment and Remuneration to Mr. R. K. Poddar, Deputy Managing Director

Mr. R.K.Poddar is an experienced Chartered Accountant. He has worked with reputed business houses for over 30 years and has good and varied exposure in Finance and Commercial function. He has also held various positions at the Senior Management level. He is also Deputy Managing Director of Gujarat Sidhee Cement Ltd, an associate company and draws remuneration w.e.f 01.04.2006 upto 31.12.2007 as approved by the Shareholders and Central Government. He shall be paid remuneration from both the Companies. However, the remuneration proposed to be paid from Saurashtra Cement Ltd together with remuneration from Gujarat Sidhee Cement Limited is within the maximum ceiling limit permissible under Schedule XIII of the Companies Act, 1956.

Remuneration

Salary and Perquisites.

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

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

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

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

1. Reimbursement of actual expenses incurred for Company's business including travel, hotel and other related expenses for himself and spouse, incurred in India and abroad.
2. Payment of sitting fees as applicable to other directors for attending the meeting of the Board and committee thereof.
3. Earned/ Privilege Leave as per rules of the Company. Leave accumulated and not availed during his tenure shall be allowed to be encashed at the end of his tenure.
4. Car with driver and other communication facilities at the residence.
5. Reimbursement of expenses incurred in respect of books and periodicals at actual against submission of supporting/s.
6. Subscription or Reimbursement of Club Fees on actual basis.

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

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

Your Directors recommend the resolution for the approval of the Members.

I. General Information :

1. Nature of Industry :
Manufacturers of Ordinary Portland Cement, Portland Pozzalona Cement and Cement Clinker.
2. Date of commencement of commercial production: October 1960.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable.
4. Financial performance based on given indicators :

	2003-04 Rs/Lacs	2004-05 Rs/Lacs	2005-06 Rs/Lacs
Turnover (Net of Excise)	17251.30	19854.49	26012.38
Profit /Loss before tax	(7100.43)	(4987.80)	2611.87
Profit /Loss after tax	(5092.40)	(5151.70)	1397.40
Net worth	(396.99)	(4810.70)	(2354.17)

5. Export performance and net foreign exchange collaborations :

	2003-04 Rs/Lacs	2004-05 Rs/Lacs	2005-06 Rs/Lacs
Export of Goods (FOB basis)	5225.67	13503.32	12855.80

6. Foreign investments or collaborators, if any.

No. of Equity Shares.	Nil
Equity shareholding (%)	Nil

II. Information about the appointee :

1. Background details :

Mr. Jay Mehta, EVC

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

Mr. M.S. Gilotra, MD

Mr. M.S. Gilotra, is B.E. (Hons) in Mech. Engineering. A technocrat having over 33 years experience in Cement Industry, held senior management positions, a large part of which (17 years) was with ACC Ltd. He is also Managing Director of Gujarat Sidhee Cement Limited.

Mr. R.K. Poddar, DMD

Mr. R.K. Poddar is a Chartered Accountant and has worked in various positions at Senior Management level with reputed business houses for over 32 years. He is also Dy. Managing Director of Gujarat Sidhee Cement Limited.

2. Past remuneration from this Company: (2006-07)

Remuneration - Rs. 33.25 lacs
Director sitting fees - Rs. 0.40 lacs

Remuneration - Rs. 26.32 lacs
Director sitting fees - Rs. 0.60 lacs

Remuneration - NIL
Director sitting fees - Rs. 0.60 lacs

3. Recognition or award:

Nil

Nil

Nil

4. Job profile & his suitability:

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

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

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

5. Remuneration proposed :

Rs.2,40,000/- per month inter-alia consisting of salary & perquisites plus Retirement benefits consisting of PF, Superannuation/Annuity, and Gratuity as applicable as per Company's Rules and other benefits in discharge of day-to-day duties.

Tenure: 15th October, 2007 to 31st December, 2008.

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

Rs.2,50,000/- per month inter-alia consisting of salary & perquisites plus Retirement benefits consisting of PF, Superannuation, and Gratuity as applicable as per Company's Rules and other benefits in discharge of day-to-day duties.

Tenure: 15th October, 2007 to 31st December, 2008.

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

Rs 1,80,000/- per month plus Retirement benefits consisting of PF, Superannuation, and Gratuity as applicable as per Company's Rules and other benefits in discharge of day-to-day duties.

Tenure: 15th October, 2007 to 31st December, 2008.

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

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

Comparative remuneration profile with respect to industry:

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

Name of the Company	Turnover Rs. in Crores	Salary (Excluding Commission) Rs. in lacs per annum
i) Madras Cements Limited	1530	31.95
ii) J.K. Cement Limited	843	258.98 (3 ED)
iii) Mysore Cement Limited	414	49.06

The appointees are all residents of India.

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

Mr. Jay Mehta - Promoter Director Mr. M.S. Gilotra - Nil Mr. R.K. Poddar -Nil.
and is related to Mr. M.N. Mehta,
Chairman.

III Other information.

1. Reasons of loss or inadequate profits.

Due to past losses the Company has inadequacy of profits pursuant to the Section 198 of the Companies Act, 1956. Further, the Company does not fulfill all the conditions specified in Part C of Section II of Schedule XIII, hence the permission of Central Government is sought.

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

- The Company has plans to augment its cement capacity.
- In order to improve realization from products, the company has concentrated in making more sales in domestic market.
- To augment overall capacity, the Company has produced and sold more pozzolana cement.
- In order to achieve better power and fuel efficiency, the Company has improved the raw mix design and productivity.
- The Company is setting up of Captive Thermal Power Plant of 25MW at its plant to reduce cost of power which is major component of cost of manufacturing.
- The Company has restructured its debts under CDR scheme.

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

Long-term prospects of the cement industry in India as well as in Gujarat continue to remain bright. The growth in infrastructure sector especially roads and irrigation, is expected to result in demand growing up over 8% per annum. The Company has made a turn around and turn over of the Company for 2005-06 was Rs.26,012.38 lacs as compared to previous year of Rs.21,355.30 lacs and Profit after Tax for 2005-06 was Rs.1,397.40 lacs as compared to Loss of Rs.5,151.70 lacs in previous year.

By Order of the Board of Directors

V.R. Mohnot

Director (Finance) & Co. Secretary

Mumbai: 20th November 2007

Registered Office:

Near Railway Station

Ranavav 360 560

Gujarat.

DIRECTORS' REPORT

Dear Members,

The Directors present the 50th Annual Report, Audited Accounts and Auditors Report for the year ended 30th June 2007.

FINANCIAL RESULTS

Particulars	(In Million Rupees)	
	Current Year 2006-2007	Previous Year 2005-2006
Sales & Other Receipts	4157.92	2651.30
Profit before interest, depreciation and extraordinary item	750.61	192.26
Interest	222.69	221.68
Profit/(Loss) before depreciation	527.92	(29.42)
Depreciation, misc. expenses written off and losses of subsidiaries	177.60	166.98
Profit/(Loss) before extraordinary items and deferred tax assets	350.32	(196.40)
Extra Ordinary Item	(103.00)	457.45
Deferred Tax Assets/Provision of Income Tax Written Back/Provision for Wealth Tax	24.41	121.31
Profit/(Loss) after tax	222.91	139.74
Brought forward Profit/(Loss) from earlier years	(2182.24)	(2321.98)
Balance of Profit/(Loss) carried forward	(1959.33)	(2182.24)

DIVIDEND

In view of the carry forward losses, the Directors have decided not to recommend any dividend for the year.

INDUSTRY OVERVIEW

During the year under review, cement consumption on All India basis has increased by about 10 percent from 138.66 million tonnes to 152.73 million tonnes whereas installed capacity has increased by 4.2 per cent from 165.21 million tonnes in the year ended June, 2006 to 172.08 million tonnes in June, 2007.

Cement consumption in Gujarat increased to 10.51 million tonnes for the year ended June, 2007 as against 9.49 million tonnes in the previous year. Exports of cement are lower at 4.64 million tonnes during the year under review as against 5.18 million tonnes in the previous year. (Source: CMA reports)

PERFORMANCE REVIEW

Production and Despatches

The production of Clinker for the year under review (July-June) was 1.33 million tonnes as against 1.15 million tonnes in the previous year and production of Cement was 1.38 million tonnes as compared to 1.18 million tonnes in the previous year. The sale of cement and clinker during the year 2006-07 was 1.45 million tonnes as compared to 1.21 million tonnes in the previous year.

Exports and Marketing

The Company exported 0.54 million tonnes of cement and clinker during the year 2006-07 as compared to 0.83 million tonnes in the previous year. In view of the improved realization and enhanced consumption in the domestic market, exports of cement and clinker were restricted.

Future Outlook

During the year 2006-2007, the Indian economy achieved an impressive GDP growth of around 9 percent with Industrial Production growing at 9.8 percent. With the growth in the economy as well as the emphasis on housing, improved infrastructure such as Roads, SEZs, Ports etc., the growth in demand of cement is expected to remain high in the domestic market.



However the present capacity of cement has been almost fully utilized and new cement production capacity is expected to come up in the next 2-3 years and may result in a demand / supply imbalance for a short period in the future.

PROJECTS

Captive Power Plant

As the cost of power constitutes a major component of the cost of production of cement, the Company is setting up a Captive Power Plant of 25 MW at Ranavav. The project is scheduled to be completed by May 2008. The power plant will reduce the cost of energy substantially.

CORPORATE DEBT RESTRUCTURING

The Company has restructured its debts under the Corporate Debt Restructuring mechanism (CDR) of Reserve Bank of India. The approved CDR scheme offered two options to the secured lenders, i) one time settlement of loans and ii) restructuring of loans at revised interest rate and tenure and a option to convert upto 10% of the outstanding amount to equity shares at price determined as per SEBI guidelines.

As per the option exercised by the secured lenders who had opted to restructure the loans, the Company has allotted 15,17,518 fully paid equity shares of Rs.10 each at a conversion price of Rs. 73 per share, on conversion of 10% of the loan amount (including debenture amount) to equity to Banks, Financial Institutions, Insurance Companies and Corporate Bodies.

The Company has filed an application under Section 391-394 of the Companies Act, 1956 with Honourable High Court of Gujarat to approve a Scheme of Arrangement & Compromise between Company and Scheme Lenders in terms of approved CDR Scheme. The meeting of the Secured Scheme Lenders was held on 20th September, 2007 at the Registered Office of the Company wherein the resolution to approve the Scheme of Arrangement & Compromise was passed with majority of more than three fourth of the Lenders in value and number. The Scheme of Arrangement and Compromise is subject to the sanction of the

Honourable High Court of Gujarat.

CONVERSION OF EQUITY WARRANTS

The Company had made a Preferential Issue in 2006 and had allotted 29,70,000 Equity Warrants having a tenure of not exceeding 18 months from the date of allotment viz. 21st February, 2006. Each equity warrant provides the holder an option to convert each warrant into one fully paid up equity share of Rs.10/- each at an exercise price of Rs.35/- per share inclusive of Rs.25/- as share premium. 5,00,000 warrants were converted into fully paid equity shares of Rs.10/- each during the year ended 30th June 2007 and 24,70,000 equity warrants were converted in to fully paid equity shares of Rs.10/- each on 16th August, 2007.

CONVERSION OF PART A OF CONVERTIBLE DEBENTURES INTO EQUITY SHARES

The Company had allotted 7,45,000 Convertible Debentures (CD) of Rs.1,250/- each aggregating to Rs.93.125 crores as part of the Preferential Issue made in 2006. Part A of the Convertible Debentures of face value of Rs.350/- per convertible debenture was compulsorily and automatically to be converted within 18 months from date of allotment viz. 21st February, 2006 into 74,50,000 fully paid equity shares of Rs.10/- each at a price of Rs.35/- per equity share. The balance face value of Rs.900/- consisting of Part B of convertible debentures was convertible at the option of the holders within a period of not exceeding 18 months from the date of allotment into 53,64,000 fully paid equity shares at Rs.125/- per share.

As per the terms of the issue, Part A of CD have been converted in to 74,50,000 equity shares of Rs.10/- each at a premium of Rs.25/- per share and accordingly, your Board has allotted 74,50,000 fully paid equity shares of Rs.10/- each in its meeting held on 16th August, 2007.

Part B of the CD of aggregate value of Rs.67.05 crores has been redeemed at the end of 18 months by conversion to secured term loan on the same terms and conditions.

AUDITORS' OBSERVATIONS

In respect of observations of

Auditors, attention of members is invited to Note No. 5 of Schedule K of Notes on Accounts, which are self-explanatory and do not require elucidation. As regards observations in the annexure to the report, the report is self explanatory and gives factual position which does not require further clarifications.

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 required under Section 212 of the Companies Act, 1956, Statement of Subsidiary Companies and Balance Sheet and Profit & Loss Account and the Report of the Board of Directors and Auditors in respect of subsidiary companies are attached.

CONSOLIDATED FINANCIAL STATEMENT

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

DIRECTORS

The Board of Directors at its meeting held on 16th August, 2007 and 30th October, 2007, approved re-appointment and remuneration of Mr. Jay M. Mehta as Executive Vice Chairman, Mr. M. S. Gilotra as Managing Director and Mr. R. K. Poddar as Deputy Managing Director for a further period from 15.10.2007 to 31.12.2008.

During the year under review, Unit Trust of India (UTI) withdrew the nomination of Mr. B. P. Deshmukh from the Board w.e.f. 30.10.2006 since they did not continue to have any financial exposure in the Company. However, in view of his long and enriched experience and

knowledge, the Board requested him to continue as a Director on the Board of Directors of the Company. Mr. B. P. Deshmukh was appointed as an Additional Director of the Company at the Board meeting held on 31st January 2007 and holds office upto the date of the ensuing Annual General Meeting and is eligible for reappointment.

During the year under review, IFCI Ltd, nominated Mr. G. J. Prasad as its nominee Director on the Board of Directors of the Company w.e.f. 31st January, 2007 and shall not retire by rotation.

During the year under review, Ms. Mary Schroeder, Nominee Director-ADM Maculus Fund II L.P. resigned as Director of the Company w.e.f. 30th April 2007 and ipso facto the alternate director, Mr. Chetan Jain also vacated office. The Board places on record its appreciation for the support rendered by them during their tenure as Directors.

Mr. Chetan Jain was appointed as Nominee Director - India Debt Management Ltd on the Board of Directors of the Company w.e.f. 30th April 2007 in casual vacancy caused by the resignation of Ms. Mary Schroeder and is liable to retire by rotation.

Mr. D. N. Mehta, Mr. H. D. Mehta, Mr. K. N. Bhandari and Mr. Anish Modi retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

The directors recommend their re-appointment.

LISTING OF EQUITY SHARES

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

AUDITORS

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

TAX AUDIT

M/s. Bansi S. Mehta & Co., Chartered Accountants have been appointed to carry out the Tax Audit for the assessment year 2007-08.

INTERNAL AUDIT

M/s. Pipalia Singhal & Associates, Chartered Accountants, have been appointed to carry out the Internal Audit for the Financial Year 2007-2008.

COST AUDITORS

In pursuance to Order No. 52/58/CAB-98 dated 30th October, 1998 issued under Section 233-B of the Companies Act, 1956, your Directors have appointed M/s.V.J.Talati & Co., as Cost Auditors of the Company for the financial year 2007-2008.

PARTICULARS OF EMPLOYEES

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

INDUSTRIAL RELATIONS.

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

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

CORPORATE GOVERNANCE

A separate report on the Compliance with Clause 49 of the Listing Agreement with the Stock Exchange 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 Report on the Operations of

the Company are 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 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 others associated for the co-operation extended to the Company.

On behalf of the Board of Directors.

JAY MEHTA

Executive Vice Chairman

M. S. GILOTRA

Managing Director

Place : Mumbai,
Dated : 20th November, 2007.

ANNEXURE TO DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30.06.2007.

A. CONSERVATION OF ENERGY:

a. ENERGY CONSERVATION MEASURES TAKEN.

1. Replacement of conventional drives with variable frequency drives in kiln no.1 cooler & Lepol circuit.
2. Replacement of old motors (15 nos) by high efficiency motors.
3. Use of energy efficient lamps by replacing General Lighting Services (GLS) clear lamps with Compact Fluorescent Lamp (CLS) in colony.
4. Installation of expert system for cooler.

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

1. Construction of shed over limestone stock pile.
2. Use of variable frequency drives in fans in a phased manner.
3. Replacement of old motors by high efficiency motors in a phased manner.
4. Installation of dynamic separator in place of existing turbo separator in Raw Mill-1.

c. IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND SUBSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

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

d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM "A" OF THE ANNEXURE.

B. TECHNOLOGY ABSORPTION.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:
Out of our initiatives taken, we could develop new markets, for example, Ethiopia, Somalia, Yemen, South Africa etc., and have exported our cement to these countries.
- (b) Total Foreign Exchange used and earned:

	Current Year	(Rs. in Lacs) Previous Year
Foreign Exchange earned	12,855.80	13,503.32
Foreign Exchange used	2,827.53	903.82

Form-A (See Rule 2)

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

(A) Power and Fuel Consumption

	Current Year 2006-2007	Previous Year 2005-2006
1. Electricity		
a) Purchased		
Unit (KWH) – Lacs	882.64	862.92
Total Amount (Rs.in lacs)	5040.89	4865.68
Rate/Unit (Rs.)	5.71	5.64
b) Own Generation		
i) Through Diesel Generator		
Net Units (KWH) Lakhs	589.75	434.14
Units/Ltr. of Furnace Oil	3.94	3.85
Variable total cost per unit in Rupees	4.67	5.47
ii) Through Steam Turbine/Generator	N.A	N.A

		Current Year 2006-2007	Previous Year 2005-2006
2. Coal and other fuels			
Quantity (Million K.Cal)		1076337	900168
Total cost (Rs.lacs)		5894.86	4465.92
Average Rate/Million KCL (Rs.)		547.68	496.12
3. Furnace Oil			
Quantity (K.Ltrs)		15316	11999
Total Amount (Rs.lacs)		2432.21	2009.46
Rupees per litre		15.88	16.75
(B) Consumption per unit of production			
	Industry norms	Current year	Previous year
Electricity (KWH/T of Cement)	110-115	104.37	105.75
Coal/Lignite (Usage in percentage)	17-18	13.43	13.42

FORM - B

A. RESEARCH & DEVELOPMENT

Specific areas in which the company carried out R&D

1. Use of mineralizers in the raw mix.
2. Transformer rationalization LC-4 under Phase-II for the reduction of electrical distribution and line losses.

Benefits derived as a result of above R&D

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

Future plan of action

1. Use of alternative / waste derived fuels.
2. Improving efficiency of electrical energy usage.

Expenditure on R & D

	Current Year Rs.in lacs	Previous Year Rs. in lacs
A. Capital Expenditure	Not Significant	Not Significant
B. Recurring Expenditure	Not Significant	Not Significant
C. Total Expenditure	N.A	N.A
D. Total R & D expenditure as a Percentage of total turnover.	N.A	N.A

B. DETAILS OF TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

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

1. Introduction of Surface Miner for extracting limestone.
2. Replacement of old motors (15 nos) by high efficiency motors.
3. Use of energy efficient lamps by replacing GLS clear lamps with CFL in colony.
4. Installation of expert system for cooler.

2. Benefits derived as a result of above efforts.

1. Reduction of fuel cost.
2. Reduction in power cost.

3. Information regarding technology imported during last 5 years

Company has not imported any technology during last 5 years.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

India's 70 year old cement industry is the second largest cement producer in the world. The Indian economy grew by around 9 percent in the year 2006-07 which was the highest in the last 18 years. The construction industry registered a growth of 10.7 percent during the year as investments continue to flow into infrastructure projects like roads, bridges, ports and housing. With the Special Economic Zones the growth will increase in the years to come. This growth has generated an increased demand for cement. India has around 130 large cement plants and 365 mini cement plants and total installed capacity is 165 million tonnes per annum. Of these, large plants account for over 94 percent of the total installed capacity.

Despite the growth, the per capita consumption of cement in India is 115 kg per year and is way behind the world average of 250 kgs and China's 450 kgs. If the demand projections are sustained, the cement industry will play a large role in India's growth. The Union Budget for the year has envisaged the need for enhancement of infrastructure and has allotted an outlay of around Rs 3,20,000 millions for National Highways Development Programme, rural roads, new rail link. Moreover, the Government expects to build over six million houses under Bharat Nirman Programme. All these are major drivers of cement demand.

2. Opportunities and Threats

The growth in consumption of cement is expected to be broad-based and sustained for a long term. This gives opportunities to the Company to increase capacities and volumes. The region of the Middle East as well as the Indian Ocean coastal countries also gives opportunities for expansion of the cement market for the Company. The improved profitability of the Cement Industry and the improved cash flow of the cement producers would result in rapid increase of capacities. This may cause regional imbalance between demand and supply. The excess supply in the same region may result in pressure on prices for a short period, till the growth in consumption matches the supply.

3. Segment Review and Analysis

The Company has a single segment which is cement. However the Company produces a variety of cement products, which include Ordinary Portland cement, (OPC), Portland Pozzolana Cement (PPC) and Sulphate Resistant Cement (SRC).

4. Outlook

The outlook of the Cement Industry is favourable due to steady growth in demand and consumption of cement. With the economy expected to continue to grow at a healthy rate, this growth in demand is likely to be sustained over a longer period. The capacity utilization during the last few months has been close to 100 per cent.

Large increase in capacities has been planned by the cement producers. Since the installations of new plants have a long gestation period, there can be a short-term imbalances in a few regions in the country. The addition of new capacities is concentrated in few areas where there are raw materials. Such areas may see an excess of cement supply towards the end of 2008. However, long-term prospects of the industry continue to be good.

5. Risks and Concerns

The restricted availability and high cost of thermal and electrical energy is one of the main concerns of the industry. Therefore, the need for improving energy efficiencies as well as exploring alternate sources of fuels would be one of the priorities for the Industry. The transport infrastructure and efficiencies of the road and rail network would also need to be substantially increased to meet the growing need of the Construction Industry. Cement continues to remain one of the most highly taxed commodities. Levies of excise duty, value added tax, octroi, royalty etc is as high as 60 percent of the cost of production. The exports of cement and the profitability of this segment have also been adversely affected due to the strengthening of the Indian Rupee. The policy of the Government, which taxes the domestic industry more than the importers of cement, can hurt the industry in the long run.

6. Internal Control systems and their adequacy

The Company has adequate system of internal control which is commensurate with the size of its operation and nature of its business and reviews the adequacy and effectiveness of internal control systems on an ongoing basis. The internal auditors closely interact with the operating heads for implementation of the recommendations and suggestions and remove the inconsistencies. The existing systems are reviewed to have improvements, cost control and policy adherence. The recommendations made by the internal auditors in respect of operational and financial management is used to formulate management policies and risk management procedures. The Audit Committee reviews the quarterly and annual financial statements and adequacy of disclosures, assessment of various items involving accounting principles.

7. Company's Financial Performance and Analysis

The Company's financial performance has improved considerably over the previous year on account of following factors:

- a. Improved realization in domestic market.

- b. Higher volume of cement production and despatches.
- c. Settlement with lenders resulting in write back of provision for interest by Rs. 2020.78 lacs

During the year, the Company has reduced its dispatches in the export market due to higher demand in domestic market of Gujarat and Maharashtra.

The increase in excise duty in Union Budget-2007 has further increased the cost to consumers. The Company is at present implementing setting up Captive Thermal Power Plant of 25 MW, which shall enable the Company to reduce its power cost significantly and consequently result in better profitability.

8. Human Resource Development / Industrial Relations

The Company recognises that human resources are key to achieving the organisational values, goals and objectives.

The Company believes in having an employee friendly organisational culture and empower the employee, give adequate resources and have overall progressive human resources policy. The Company is in the process of benchmarking its policies with the best standards in the industry.

The Company believes that training is an important tool to enhance the capabilities of its people and the performance of the organisation. Training needs are identified and each employee is assigned to undergo training to meet the specifics of him or her job requirements.

Overall Industrial relations at the plant are cordial.

The Management places on record the contribution of employees at all levels during the year and their wholehearted cooperation which has resulted in improved results.

The Company had 544 permanent employees as on 30.6.2007.

9. Corporate Sustainability

Health Care

SCL plant has a health care center working round the clock and providing medical aid to the Company's employees and the family members, workers as well as patients from the nearby areas.

Immunization programmes, family welfare education, health care, safety as well as various periodical health check up and first aid training programs for employees are organized regularly.

Free consultation, medical disbursement and ambulance services are provided to the patients.

Education:

The Company's plant has a full-fledged primary school for the children of the employees and villagers in nearby areas. A School Bus facility is provided to transport the children studying in English Medium Schools or Colleges in Porbandar.

Afforestation:

SCL plant has developed a green belt in the Plant, Mines and nearby areas. The Company has planted further 2535 saplings and 935 shrubs at various places in plant and Mines area during the year.

Social Accountability:

The Company provides free medical facility at 'SCL Health Care Centre' and educational facility at 'Saurashtra Vidhya Vihar School' to the children of nearby villages. The Company provides drinking water facilities to villages during summer when there is scarcity of water. The plant also maintains roads connecting to nearby villages by supplying Raw Mill rejects from the plant free of cost and supports community projects of nearby villages for their overall development.

10. Cautionary Statement

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

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

On behalf of the Board of Directors.

JAY MEHTA

Executive Vice Chairman

M. S. GILOTRA

Managing Director

Mumbai, dated 20th November, 2007.

ANNEXURE TO DIRECTORS' REPORT (CONTD.)

Corporate Governance

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement executed with the Stock Exchange, the Company's policies on the Corporate Governance and due Compliance report on specific areas wherever applicable for the year ended 30th June 2007 is given hereunder:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS:

(i) Composition (as on 30.6.2007)

The Board of Directors comprises of a combination of Executive and Non-Executive Members who are professionals in their respective fields and bring in a wide range of skills and experience. The Board consists of 16 (sixteen) directors out of which 6 (six) directors are Independent Directors.

(ii) Meetings of the Board of Directors

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

Sr.No.	Date of Board Meeting	Board Strength	No. of Directors present
1.	28.07.2006	15	10
2.	31.10.2006	15	13
3.	31.01.2007	16	11
4.	30.04.2007	16	13

(iii) Attendance and other Directorships

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

The details of Directorship and attendance at Board Meeting & Annual General Meeting 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 which Member/ Chairman
1	Mr. M.N.Mehta (Chairman)	NED (P)	1	No	10	-
2	Mr. D.N.Mehta (Dy. Chairman)	NED (P)	4	No	5	-
3	Mr. Jay M Mehta (Exec. Vice Chairman)	ED (P)	3	Yes	14	1
4	Mr. M.S.Gilotra (Managing Director)	ED	4	Yes	2	1
5	Mr. Raj K Poddar (Dy. Managing Director)	ED	4	Yes	2	1

6	Mr. H.D.Mehta	NED (P)	2	No	5	-
7	Mr. S.V.S.Raghavan	NED (I)	3	No	2	-
8	MR. M.N.Rao	NED (I)	4	Yes	6	3
9	Mrs. Savita V Pittie	NED (I)	4	No	5	-
10	Mr. B.P.Deshmukh	NED (I)	4	Yes	2	-
11	Mr. K.N.Bhandari	NED (I)	4	No	5	-
12	Mr. G.J.Prasad* (IFCI Nominee)	NED (I)	2	No	3	-
13	Mr. Denys Firth (IDM Nominee)	NED	1	No	4	1
14	Mr. Alexander Shaik (IDM Nominee)	NED	1	No	3	2
15	Mr. Anish Modi (IDM Nominee)	NED	4	Yes	6	3
16	Ms. Mary Schroeder (Ceased to be Director w.e.f. 30.4.2007)	NED	Nil	No	-	-
17	Mr. Chetan Jain (IDM Nominee)	NED	3	Yes	3	-

* Nomination since withdrawn

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

NED (I) - Non Executive Director - Independent

ED (P) - Executive Director (Promoter)

ED - Executive Director

Notes:

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

Information to the Board of Directors

The Board of Directors has complete access to the information with the Company, which includes,

- ❖ Annual Revenue Budget and Capital Expenditure plans.
- ❖ Quarterly results and results of operations.
- ❖ Financing plans of the Company.
- ❖ Minutes of Meetings of Audit Committee, Remuneration Committee, Executive Committee, Finance Committee, Security Transfer and Shareholders grievance Committee and Subsidiary Companies.
- ❖ Fatal or serious accidents or dangerous occurrences, any material effluent or pollutions problems.
- ❖ Any material or default, if any 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 / Reappointment of Directors

Appointment

Mr. B.P. Deshmukh, aged 63 years is having varied experience in finance. He is the Director of the following Companies.

1. EMI Transmission Ltd.
2. Dalmia Securities Pvt. Ltd.

He does not hold any shares in the Company.

Re-appointment of Directors

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

1. Mr. D. N. Mehta, aged 83 years is an Industrialist having more than four decades of wide experience in Cement Industry. Presently he is a Director of following Companies.

- ❖ Mehta Private Limited.
- ❖ Sonoco Investment & Trading Co. Pvt. Ltd.
- ❖ Foliage Trading Co. Pvt. Ltd.
- ❖ Omna Exports Pvt Ltd.
- ❖ Villa Trading Co. Pvt. Ltd.

He does not hold any shares in the Company.

2. Mr. Hemang D. Mehta, aged 52 years is an Industrialist having two decades of wide experience in Cement Industry. Presently, he is a Director of following companies.

- ❖ Mehta Private Limited.
- ❖ Sonoco Investment & Trading Co. Pvt. Ltd.
- ❖ Foliage Trading Co. Pvt. Ltd.
- ❖ Villa Trading Co. Pvt. Ltd.
- ❖ Arphi Electronics Pvt Ltd.

He holds 51,534 shares in the company.

3. Mr. K. N. Bhandari was the Ex-Chairman-cum-Managing Director of The New India Assurance Company Limited and United India Insurance Company Limited. Mr. K. N. Bhandari is having rich experience in the Insurance Industry. He is serving on the Board of following renowned Corporates.

- ❖ Andhra Cements Ltd.
- ❖ Agriculture Insurance Company of India Limited
- ❖ Bank of Rajasthan Ltd
- ❖ Su-Raj Diamonds and Jewellery Ltd
- ❖ Hindalco Industries Limited

He does not hold any shares in the Company.

4. Mr. Anish Modi is Director and Head of India at ADM Capital and has over 18 years of experience in corporate finance. He has successfully concluded a large number of capital raising assignments and a number of M&A / restructuring transactions. He qualified as a Masters in Finance from London Business School and a Masters in Economics from the Delhi School of Economics. He is Director of the following companies.

- ❖ Tarang Advisory Pvt Ltd.
- ❖ Mauritius Debt Management Ltd
- ❖ India Debt Management Ltd
- ❖ Uniflex Cables Ltd
- ❖ Global Boards Ltd
- ❖ Bakelife Hylam Ltd.
- ❖ S. Kumar Nationwide Ltd
- ❖ Meta Copper and Alloys Ltd.
- ❖ Meta Holdings Services Pvt. Ltd.
- ❖ Brandhouse Retails Ltd.

He does not hold any shares in the company.

(v) Re-appointment of Whole-time Directors

1. Mr. Jay Mehta is B.S. (Industrial Engineering) from Columbia University, New York, U.S.A and has completed his MBA, IMD from Lausanne, Switzerland in 1991. Mr. Jay Mehta was earlier Vice President (Technical) of Saurashtra Cement Limited. He is Director of the following companies.

- ❖ Gujarat Sidhee Cement Limited

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

He holds 12,030 equity shares in the Company.

2. Mr. M.S.Gilotra is B.E. (Hons.) and is having over 33 years of experience in cement industry. He is Director of the following companies.
 - ❖ Gujarat Sidhee Cement Limited.
 - ❖ Concorde Cement (Pvt.) Ltd.

He does not hold any shares in the Company.
3. Mr. R.K.Podddar is an experienced Chartered Accountant. He has worked with reputed business houses for over 32 years and has good and varied exposure in Finance and Commercial function. He has also held various positions at the Senior Management level. He is Director of the following companies.
 - ❖ Gujarat Sidhee Cement Limited.
 - ❖ Concorde Cement (Pvt.) Ltd.

He does not hold any shares in the Company.

3. AUDIT COMMITTEE

The Audit Committee of the Board comprises of four members viz. Mr. M.N.Rao, Mr. S.V.S.Raghavan, Mrs. Savita Pittie and Mr. Anish Modi. Mr. M.N.Rao is the Chairman of the Audit Committee. The Company Secretary acts as Secretary to the Audit Committee. Mr. M. N. Rao, Chairman of the Audit Committee was present at the last AGM.

Terms of reference

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

- i) To recommend appointment of Statutory Auditors, Internal Auditors and Cost Auditors and fixation of their fees.
- ii) To review internal audit reports and decide about the scope of work.
- iii) To meet statutory and internal auditors periodically and discuss 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 28th July, 2006, 31st October, 2006, 31st January, 2007 and 30th April, 2007. Partners/representative from M/s. Pipalia Singhal & Associates - Internal Auditor and M/s Bansi S. Mehta & Co, Statutory Auditors and M/s. V.J.Talati & Co. Cost Auditor also attended some of the meetings.

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

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

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

4. REMUNERATION COMMITTEE

(i) Composition

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.

Remuneration Committee Comprises of three independent directors.

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

There was no Remuneration Committee Meeting held during the year 2006-07.

(ii) Details of Remuneration of Directors Paid for the Year 2006-2007:

Executive Directors:

Name	Salary & Allowances (Rs)	Perquisite (Rs)	Contribution to PF / Superannuation	Others (Sitting Fees)	Total (Rs)
Mr Jay M Mehta, Executive Vice Chairman	29,20,000	-	4,05,000	40,000	33,65,000
Mr M.S.Gilotra, Managing Director	23,08,684	-	3,24,000	60,000	26,92,684
Mr Raj K Poddar, Deputy Managing Director	Nil	Nil	Nil	60,000	60,000

Mr. Jay Mehta, Mr. M.S.Gilotra and Mr. R. K. Poddar were reappointed as Executive Vice Chairman, Managing Director and Deputy Managing Director of the Company respectively from 15.10.2007 to 31.12.2008 by the Board at its meeting held on 16.8.2007 and 30.10.2007. Mr. Jay Mehta, Mr. M.S.Gilotra and Mr. R. K. Poddar are also Executive Vice Chairman, Managing Director and Deputy Managing Director respectively of Gujarat Sidhee Cement Limited and also draw remuneration from that Company.

The notice period is three months from either side or salary thereof.

Non Executive Directors

Sr. No.	Name of the Directors	No. of shares held	No. of Board meeting attended	No. of Committee meetings attended	Total	Amount of Sitting fees paid
1.	Mr.M.N.Mehta (Chairman)	26480	1	1	2	20,000
2.	Mr.D.N.Mehta (Dy. Chairman)	Nil	4	1	5	70,000

<i>Sr. No.</i>	<i>Name of the Directors</i>	<i>No. of shares held</i>	<i>No. of Board meeting attended</i>	<i>No. of Committee meetings attended</i>	<i>Total</i>	<i>Amount of Sitting fees paid</i>
3.	Mr. H.D.Mehta	51,534	2	-	2	30,000
4.	Mr. S.V.S.Raghavan	Nil	3	5	8	1,10,000
5.	Mr. M.N.Rao	Nil	4	8	12	1,50,000
6.	Mrs. Savita V Pittie	Nil	4	10	14	1,80,000
7.	Mr. B.P.Deshmukh	Nil	4	-	4	60,000
8.	Mr. K.N.Bhandari	Nil	4	1	5	70,000
9.	Mr. G.J.Prasad	Nil	2	-	2	40,000
10.	Mr. Anish Modi	Nil	4	6	10	1,30,000
11.	Mr. Alexander Shaik	Nil	1	-	1	10,000
12.	Mr. Denys Firth	Nil	-	-	-	-
13.	Mr. Chetan Jain	Nil	3	-	3	50,000

The Directors were paid sitting fees of Rs.10,000/- per meeting for attending the meeting of Board and Committee. Sitting fees has been revised to Rs.20,000/- w.e.f. 31st January, 2007.

The Company has not issued any Stock Options to the Directors and Employees during the year.

5. SECURITY TRANSFER AND SHAREHOLDERS GRIEVANCE COMMITTEE

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

The Committee comprises of Mr. Jay M.Mehta - Executive Vice Chairman, Mrs. Savita Pittie - Director, Mr. M.S.Gilotra - Managing Director, Mr. R.K.Podddar - Dy. Managing Director. Mr. A.S.Khandwala - V.P. (Legal) & Co. Secretary was the Compliance Officer upto 24th September 2007 and thereafter, Mr. V. R. Mohnot is appointed as Company Secretary and Compliance Officer. During the year, the Committee had five meetings on 28th July, 2006, 28th September, 2006, 31st October, 2006, 31st January, 2007 and 30th April, 2007.

<i>Sr. No.</i>	<i>Members of Security Transfer and Shareholders Grievance Committee</i>	<i>No. of meetings held</i>	<i>No. of meetings attended</i>
1.	Mrs. Savita Pittie (Chairperson)	5	5
2.	Mr. Jay Mehta	5	4
3.	Mr. M.S.Gilotra	5	5
4.	Mr. R.K.Podddar	5	4

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

<i>No. of complaints received</i>	<i>No. of Complaints redressed</i>	<i>No. of complaints pending.</i>
76	76	NIL

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

6. GENERAL BODY MEETINGS:

(i) Annual General Meetings

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

<i>Financial Year</i>	<i>Date</i>	<i>Time</i>	<i>Venue</i>	<i>Dividend declared</i>
2005-2006	11.12.2006	10.30 A.M.	Registered Office of the Company	Nil
2004-2005	19.12.2005	10.00 A.M.	-do-	Nil
2003-2004	31.03.2005	3.30 P.M.	-do-	Nil

(ii) Extra-ordinary General Meetings

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

<i>Financial Year</i>	<i>Date</i>	<i>Time</i>	<i>Venue</i>
2005-2006	07.02.2006	10.30 A.M.	Registered Office of the Company
2003-2004	30.03.2004	10.00 A.M.	-do-
2003-2004	19.12.2003	9.30 A.M.	-do-

(iii) Special Resolutions:

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

<i>S.No.</i>	<i>Date of the meeting</i>	<i>Subject matter of Special Resolution</i>
1.	AGM held on 11.12.2006	Resolution u/s 81 (1A) of the Companies Act, 1956 for allotment of Equity shares to the lenders / debentures holders (acceding lenders) upto 10% of the principal amount due to the lenders, on exercise of option of conversion under Series B of the approved CDR scheme.
2.	EGM held on 07.02.2006	Resolution u/s 81(1A) of the Companies Act, 1956 for issue of Convertible Debentures (CDs) and Equity Warrants.
3.	EGM held on 30.03.2004	(a) Revision of remuneration payable to Mr. Jay Mehta, Executive Vice Chairman w.e.f. 1.12.2003 to 30.9.2005. (b) Revision of remuneration payable to Mr. M. S. Gilotra, Managing Director w.e.f. 1.12.2003 to 31.5.2005.

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. 19 of Schedule K of Notes on Accounts.

b) Penalties & Strictures

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

c) Related Party Transactions

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

d) Disclosure of Accounting Treatment:

In the preparation of financial statements, the Company has followed the Accounting Standards issued by The Institute of Chartered Accountants of India.

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

g) CEO/CFO Certification

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

h) Group:

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

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

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

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

8. MEANS OF COMMUNICATION:

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

9. GENERAL SHAREHOLDERS INFORMATION:

i)	Audited results for the current Financial year ending June 30, 2007.	20th November, 2007
ii)	Board Meeting for consideration of unaudited results	Within one month from the end of the quarter as stipulated under the Listing Agreement with the Stock Exchange
iii)	Annual General Meeting is proposed to be held	Friday the 21st December, 2007
iv)	Date of Book closure	18th December, 2007 to 21st December, 2007 (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 ISIN No. INE 626A01014

vi) Listing Fees:

The Company has paid Listing Fees for the financial year 2007-2008 to the Bombay Stock Exchange Ltd., (BSE) where the company's shares are listed. The Company has paid Annual Custody fees to National Securities Depository Limited and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts as on March 31, 2007.

vii) Registrar & Share Transfer Agent:

The Company has appointed "M/s.Intime Spectrum Registry Limited" as Registrar and Transfer Agent for transfer of physical shares and provides connectivity for demat of shares. The Registrar also accepts and attends to complaints of shareholders. Shareholder complaints are given top priority by them and are replied promptly.

No complaint is pending from the shareholders/investors relating to transfer of shares as on 30th June, 2007.

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 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 30th June 2007 :

<i>No. of equity shares held</i>	<i>No. of shareholders</i>	<i>%</i>	<i>No. of shares held</i>	<i>%</i>
1 - 500	7776	91.89	7,84,299	1.90
501 - 1000	298	3.52	2,46,264	0.60
1001 - 2000	144	1.70	2,14,794	0.52
2001 - 3000	43	0.51	1,09,631	0.27
3001 - 4000	35	0.41	1,23,817	0.30
4001 - 5000	28	0.33	1,30,537	0.31
5001 - 10000	52	0.62	3,81,409	0.92
10001 - above	86	1.02	3,92,80,314	95.18
TOTAL	8462	100.00	4,12,71,065	100.00

x) Shareholders Profile as on 30th June, 2007:

<i>Category</i>	<i>No. of shareholders</i>	<i>%</i>	<i>No. of shares held</i>	<i>%</i>
Resident Indian & Bodies Corporate	7896	93.31	61,68,292	14.94
NRIs	532	6.29	3,47,606	0.84
FIs	5	0.06	2,31,159	0.56
Financial Institutions	14	0.17	14,22,655	3.45
Banks	8	0.09	5,52,087	1.34
Overseas Corporate Bodies	7	0.08	3,25,49,266	78.87
Total	8462	100.00	4,12,71,065	100.00

xi) Dematerialization of shares:

As on 30th June 2007, 3,28,11,166 equity shares constituting 79.50% of the company's total share capital were held in dematerialized form with NSDL and CDSL.

xii) Outstanding GDR or Warrants or any Convertible Instruments, Convertible Debentures etc.

The Company has issued 7,45,000 Convertible Debentures (CD) of Face Value (FV) of Rs.1,250/- each and 29,70,000 Equity Warrants in Preferential Issue made on 21.2.2006.

<i>Convertible Debentures</i>	<i>CD Amount (Rs)</i>	<i>Conversion Price (Rs)</i>	<i>Equity Shares (Nos)</i>	<i>Period</i>
*F.V. 350 of CD	26,07,50,000	35	74,50,000	Within 18 months (compulsorily)
**F. V. 900 of CD	67,05,00,000	125	53,64,000	Within 18 months (at option of the holder)

<i>Equity Warrants</i>	<i>Warrants</i>	<i>Conversion Price (Rs)</i>	<i>Equity Shares (Nos)</i>	<i>Period</i>
*F.V. 35 of Equity Warrants	24,70,000	35	24,70,000	Within 18 months (at option of the holder)

* Since converted into Equity Shares

** Option lapsed and debentures redeemed.

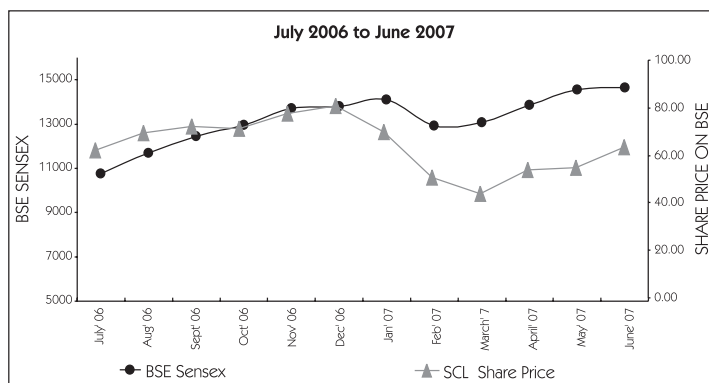
xiii) Stock Market price data for the year 2006-2007:

The High and low prices of the Company's share of the face value of Rs.10/- each on Bombay Stock Exchange, Mumbai from July 2006 to June 2007 are as under:-

(In rupees)			
<i>Month</i>	<i>High</i>	<i>Low</i>	<i>Closing price</i>
July 2006	62.85	45.55	61.95
August 2006	75.30	58.00	69.55
September 2006	75.95	63.50	72.00
October 2006	87.80	67.55	71.40
November 2006	84.95	70.00	77.40
December 2006	85.00	63.00	80.65
January 2007	83.00	65.00	69.95
February 2007	73.00	49.00	50.80
March 2007	51.35	39.30	43.65
April 2007	54.90	40.95	54.00
May 2007	58.85	51.00	55.00
June 2007	65.50	47.95	63.45

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 :**

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

3. **Shareholder correspondence should be addressed to Registrars & Transfer Agent:**

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

A separate 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 various workshops and seminars 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 such employees of the Company who are expected to have access to unpublished price sensitive information relating to the company as well as all the Directors.

On behalf of the Board of Directors

JAY MEHTA

Executive Vice Chairman

Place : Mumbai

Dated : November 20, 2007.

M. S. GILOTRA

Managing Director

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 30th June 2007.

On behalf of the Board of Directors

JAY MEHTA

Executive Vice Chairman

Place : Mumbai

Dated : November 20, 2007.

M. S. GILOTRA

Managing Director

Auditors' Certificate on compliance of the condition 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 June 30, 2007 as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchange in India.

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

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

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

A. R. Desai
Partner

Membership No. F-8204

Mumbai
Dated: November 20, 2007

Auditors' Report to the Members

We have audited the attached Balance Sheet of **SAURASHTRA CEMENT LIMITED** ("the Company") as at June 30, 2007, the annexed Profit and Loss Account of the Company for the year ended on that date, and also the Cash Flow Statement of the Company for the year ended on that date, all of which we have signed under reference of this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act") and on the basis of such checks as we considered appropriate, we enclose in an Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
- 2 ***Based on legal opinion received, the Company has appropriated the following amounts from revaluation reserve.***
 - (a) ***Substantial and long-term diminution in the value of quoted investments, including long-term quoted investments held by its subsidiaries amounting to Rs.2016.22 lacs, net of Rs.179.32 lacs written back (previous year Rs.2195.53 lacs net of Rs.197.85 lacs written back) pertaining to the year.***
 - (b) ***Doubtful inter corporate deposit (including interest thereon) amounting to Rs.244.76 lacs (previous year Rs.244.76 lacs).***

The aforesaid practices are contrary to the practices as required by the Institute of Chartered Accountants of India. Had the aforesaid appropriation not been made, the profit for the year would have been higher by Rs.179.32 lacs and the debit balance of loss carried forward to Balance Sheet would have been higher by Rs.2260.98 lacs.

- 3 Further to our comments in the Annexure referred to in paragraph 1, 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of such books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the said Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the applicable Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable.
 - (e) Based on the written representations / information received from Directors and taken on record by the Board of Directors, none of the Directors are prima facie, disqualified from being appointed as a Director in terms of the provisions under clause (g) of sub-section (1) of Section 274 of the Act as on June 30, 2007.
 - (f) ***Subject to our remarks in paragraph 2 above and our comments in the Annexure referred to in paragraph 1 above,*** in our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon, including note 21 of Schedule 'K' of Notes on Accounts, adverting to accounting for Deferred Tax Asset of Rs.7779.10 lacs, based on the position set out therein, give the information required by the Act in the manner so required and give a true and fair view:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2007;
 - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on June 30, 2007; and
 - (c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on June 30, 2007.

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

A. R. Desai
Partner

Membership No. F-8204

Mumbai
Dated: November 20, 2007

Annexure to the Auditors' Report

(Referred to in paragraph 1 of the report)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of most of the fixed assets.
(b) During the year, most of the fixed assets of the Company have been physically verified by the management and no material discrepancies are stated to have been noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial so as to affect the going concern status of the Company.
- (ii) (a) During the year, the management has conducted physical verification in respect of major portion of inventory at reasonable intervals. Stocks in transit and items lying with third parties (for which confirmations have been obtained in most cases) have not been verified.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate, in relation to the type of inventory, the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. In our opinion and according to the information and explanations given to us, the discrepancies noticed on physical verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) Besides the amounts mentioned in paragraph 2 (b) of our report of even date to the members, the Company has advanced interest free loans to its subsidiaries and interest bearing loans to employees **and other parties** in earlier years.
(c) As regards loans / interest free advances to subsidiaries the principal amounts are repaid as stipulated. The employees have been regular in repaying the principal amounts and interest thereon as stipulated. **The other parties to whom such loans are given have not been regular in repaying the principal amounts and interest thereon as stipulated and / or specifically rescheduled.**
(d) Besides the amounts mentioned in paragraph 2 (b) of our report of even date to the members, in respect of overdue amount of more than Rs.1 lac, the Company has sought and obtained balance confirmation from the respective party.
(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(f) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, the question of the rate of interest and other terms and conditions of loans taken being prima facie prejudicial to the interest of the Company does not arise.
(g) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, the question of regularity of payment of principal amount and interest does not arise.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and services. During the course of our audit, no major weaknesses have been noticed in these internal controls. The internal control systems and procedures for purchases of capital items, certain marketing related services and sale of goods are being strengthened.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
(b) In our opinion, and according to the information and explanations given to us, these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) No fresh deposit has been invited from public during the year. As legally advised, the Company considers security deposits received from stockists and transporters as security for proper fulfillment of the contracts and advances received from customers as falling outside the purview of Section 58A of the Act. Subject to the above, in our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any applicable provisions of the Act and the rules framed thereunder with regard to deposits accepted from

public. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of these deposits.

- (vii) An independent firm of Chartered Accountants has carried out the Internal Audit of the Company. In our opinion and according to the information and explanations given to us, the Internal Audit system is commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Except as stated herein, the Company is regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Custom Duty, Provident Fund and other statutory dues with the appropriate authorities. The Company is not regular in depositing undisputed statutory dues in respect of Income-tax, Sales-tax, Excise Duty, Service Tax and Cess with the appropriate authorities. As informed to us, the provisions of the Employees' State Insurance Act are not applicable to the Company. As per the information and explanations given to us, as also on the basis of the books and records examined by us, there are no arrears of undisputed statutory dues outstanding as at the last day of the financial year, for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and on the basis of the books and records examined by us, except as stated herein, no disputed statutory dues in respect of Wealth Tax, Service Tax and Cess are in arrears as at June 30, 2007. The disputed statutory dues in respect of Sales Tax, Custom Duty, Excise Duty, Royalty, Electricity Duty, Income Tax and Road Tax which are not deposited with the appropriate authorities are as under:

<i>Tax (including interest)</i>	<i>Statute</i>	<i>Amount (Rs. Lacs)</i>	<i>Forum where dispute is pending</i>
<i>Interest on Deferred Sales Tax</i>	<i>Gujarat Sales Tax Act</i>	<i>1942.28</i>	<i>Gujarat High Court</i>
<i>Sales Tax</i>		<i>3272.48</i>	<i>Sales Tax Tribunal</i>
<i>Sales Tax</i>	<i>Gujarat Sales Tax Act</i>	<i>665.05</i>	<i>The Department of Industries and Mines, Government of Gujarat</i>
<i>Interest on Sales Tax</i>	<i>Gujarat Sales Tax Act</i>	<i>2525.61</i>	
<i>Royalty & Interest on Royalty</i>	<i>Mines & Minerals (Regulations & Development) Act, 1957</i>	<i>3477.12</i>	
<i>Electricity Duty & Interest on Electricity Duty</i>	<i>Bombay Electricity Duty Act, 1958</i>	<i>2040.73</i>	
<i>Marl Royalty & Interest thereon</i>	<i>Mines & Minerals (Regulation & Development) Act, 1957</i>	<i>468.21</i>	<i>Gujarat High Court</i>
<i>Custom Duty</i>	<i>Custom Act, 1962</i>	<i>664.63</i>	<i>Commissioner of Customs</i>
<i>Excise Duty</i>	<i>Central Excise Act, 1944</i>	<i>468.13</i>	<i>CESTAT</i>
<i>Road Tax</i>	<i>The Motor Vehicles Act, 1988</i>	<i>72.28</i>	<i>Gujarat High Court</i>
<i>Income Tax (FBT)</i>	<i>The Income Tax Act, 1961</i>	<i>40.49</i>	<i>Gujarat High Court</i>

- (x) The accumulated losses of the Company are more than fifty per cent of its net worth as at June 30, 2007. The Company has not incurred cash losses in the current financial year but has incurred cash losses in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not defaulted in repayment of dues (including interest) to financial institutions and debenture holders. Pending the order of the Honourable High Court of Gujarat, as detailed in Note 10 (b) of Schedule 'K' of Notes on Accounts, the period and amount of default (including interest thereon) to Banks are as under:

Lender	Due From	Amount (Rs. Lacs)
Saraswat Co-operative Bank Limited & Rajkot Nagrik Sahakari Bank Limited	For Financial Year 2002-03	89.64
	For Financial Year 2003-04	211.38
	For Financial Year 2004-05	228.56
	For Financial Year 2005-06	127.08
	For Financial Year 2006-07	103.50
	(Generally due on monthly basis)	

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. As detailed in clause (iii) (b) above, the Company has advanced interest free loans to its subsidiaries and interest bearing loans to employees and other parties. No formal security by way of pledge of shares, debentures and other securities are made / maintained. In respect of loans to employees the agreement of loan is entered into.
- (xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company. All the investments made by the Company and outstanding as at the year-end are held in its own name.
- (xv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, as also on the basis of the books and records examined by us, in our opinion, the new term loans obtained during the year by the Company were, prima facie, applied for the purpose for which the loans were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us, as also examination on an overall basis of the books and records, funds raised on short-term basis have, prima facie, not been used for long-term investments as at the Balance Sheet date.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year.
- (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 charges is pending to be created in respect of debentures issued during the previous year. These debentures have been partly converted into equity shares and balance redeemed subsequent to the end of accounting year.
- (xx) No amounts have been raised by public issues during the year. Accordingly, the question of disclosing the end use of money raised and verifying the same does not arise.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, as also on the basis of the books and records examined by us, no material amount of fraud on or by the Company have been noticed or reported during the year.

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

A. R. Desai
Partner

Mumbai
Dated: November 20, 2007

Membership No. F-8204

BALANCE SHEET FOR THE YEAR ENDED JUNE 30, 2007

	Schedules	Rs. In lacs	Rs. In lacs	As on 30-06-07 Rs. In lacs	As on 30-06-06 Rs. In lacs
I. SOURCE OF FUNDS					
SHAREHOLDERS' FUNDS :					
(a) Share Capital	A		4,815.02		4,613.26
(b) Equity Warrants and Advance thereon (See note 8 of Schedule 'K' - Notes on Accounts)			86.94		213.11
(c) Reserves & Surplus	B		12,512.12	17,414.08	10,556.72
					15,383.09
LOAN FUNDS :					
(a) Secured Loans	C		36,869.85		36,171.82
(b) Deferred Payment Credits	D		-		366.50
(c) Unsecured Loans	E		474.76	37,344.61	438.62
					36,976.94
DEFERRED SALES TAX & INTEREST THEREON :					
(See note 15 of Schedule 'K' - Notes on Accounts)				2,163.97	2,163.97
				56,922.66	54,524.00
II. APPLICATIONS OF FUNDS :					
FIXED ASSETS :	F				
(a) Gross Block As Revalued		40,706.31			40,441.51
(b) (Less): Depreciation		(23,173.41)			(21,271.60)
(c) Net Block			17,532.90		19,169.91
(d) Capital Work-in-Progress			9,079.86		5,287.34
				26,612.76	24,457.25
INVESTMENTS :	G			2,025.06	1,845.75
DEFERRED TAX ASSETS :					
As per Last Balance Sheet			5,090.83		6,265.41
Less: (Decrease) During the Year (See note 21 of Schedule 'K' - Notes on Accounts)			(200.92)	4,889.92	(1,174.58)
CURRENT ASSETS, LOANS AND ADVANCES :	H				5,090.83
(a) Inventories		3,687.07			3,262.09
(b) Sundry Debtors		2,603.64			1,459.62
(c) Cash & Bank Balances		13,879.21			10,921.40
(d) Other Current Assets		837.07			464.04
(e) Loans & Advances		6,362.06			4,114.76
			27,369.05		20,221.91
(LESS): CURRENT LIABILITIES AND PROVISIONS :	I				
(a) Liabilities		18,638.55			14,103.60
(b) Provisions		550.99			432.57
			(19,189.54)	8,179.51	(14,536.17)
NET CURRENT ASSETS :					5,685.74
PROFIT & LOSS ACCOUNT			19,593.38		21,822.40
(Less): Credit Balance In General Reserve			(4,377.97)		(4,377.97)
				15,215.41	17,444.43
				56,922.66	54,524.00

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES J
NOTES ON ACCOUNTS K

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

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

D. N. MEHTA
JAY M. MEHTA
M. N. RAO
S. V. S. RAGHAVAN
SAVITA PITTIE
K. N. BHANDARI
B. P. DESHMUKH
ANISH MODI
CHETAN JAIN
M. S. GILOTRA
R. K. PODDAR
V. R. MOHNOT
Mumbai,
Dated : November 20, 2007

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary

Mumbai,
Dated : November 20, 2007

PROFIT & LOSS FOR THE YEAR ENDED JUNE 30, 2007

PARTICULARS	Schedules	Rs. in lacs	For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
INCOME				
Sale of Products (Gross)	1	44,485.90		27,561.99
(Less) : Excise Duty		(3,745.76)		(1,549.61)
Sale of Products (Net)		40,740.14		26,012.38
Other Income	1	839.05		500.61
			41,579.19	26,512.99
EXPENDITURE				
Manufacturing & Other Expenses	2	34,264.87		24,646.11
Net Interest on Borrowings	3	2,226.90		2,216.78
		36,491.77		26,862.89
(Increase) in Stocks of Finished Goods and Stocks-in-Process	4	(191.73)		(55.72)
			36,300.04	26,807.17
Profit / (Loss) Before Depreciation			5,279.15	(294.18)
Depreciation on Revalued Cost		2,007.61		1,920.19
Less: Amount Withdrawn From Revaluation Reserve		(231.58)		(250.40)
			1,776.03	1,669.79
Provision for Losses in Subsidiaries Written Back		(186.06)		(339.57)
Less: Amount transferred to Revaluation Reserve		186.06		339.57
			-	-
(Diminution) in Value of Investments		6.74		141.72
Less : Amount transferred to Revaluation Reserve (See note 5 of Schedule 'K' - Notes on Accounts)		(6.74)		(141.72)
			-	-
Profit / (Loss) Before Extraordinary Item			3,503.12	(1,963.97)
Extraordinary Item			(1,030.01)	4,574.47
Profit Before Tax			2,473.11	2,610.50
PROVISION FOR TAXATION				
(Excess) Provision of Income Tax etc.		(1.50)		(1.37)
Provision for Wealth Tax		2.47		4.00
Deferred Tax Charge for the year		200.91		1,174.58
Fringe Benefit Tax		42.21		35.89
(See note 7 of Schedule 'K' - Notes on Accounts)			244.09	1,213.10
Profit After Tax			2,229.02	1,397.40
Balance of (Loss) Brought Forward			(21,822.40)	(23,219.80)
Balance of (Loss) Carried Forward to Balance Sheet			(19,593.38)	(21,822.40)
Profit / (Loss) Per Share - (See note 20 of Schedule 'K' - Notes on Accounts)				
Basic - Before Extraordinary Item			9.32	(6.10)
Basic - After Extraordinary Item			5.18	3.35
Diluted - Before Extraordinary Item			8.54	(5.40)
Diluted - After Extraordinary Item			5.03	3.36
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	J			
NOTES ON ACCOUNTS	K			

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

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

D. N. MEHTA
JAY M. MEHTA
M. N. RAO
S. V. S. RAGHAVAN
SAVITA PITTIE
K. N. BHANDARI
B. P. DESHMUKH
ANISH MODI
CHETAN JAIN
M. S. GILOTRA
R. K. PODDAR
V. R. MOHNOT
Mumbai,
Dated : November 20, 2007

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary

Mumbai,
Dated : November 20, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

			For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
A CASH FLOW FROM OPERATING ACTIVITIES	Rs. in lacs	Rs. in lacs	2,473.11	2,610.50
Adjustments for :				
Add: Interest	2,226.90			2,216.78
HP / Lease	108.12			106.94
Loss on Sale of Assets / Assets Discarded	3.70			1,217.32
Loss on Sale of Investments	-			3.86
TDS not recoverable Written off	-			9.26
Provision for Doubtful Debtors & Advances	-			57.27
Depreciation	1,776.03			1,669.79
		4,114.75		5,281.22
Less : Profit on Sale of Assets	7.69			0.55
Dividend Received	0.05			-
Extra Ordinary Item	(1,030.01)			4,574.47
		(1,022.27)		4,575.02
			5,137.02	706.20
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			7,610.13	3,316.70
Add: Trade and Other Payable		425.80		(714.86)
Less : Trade and Other Receivable	1,010.39			97.39
Working Capital Facilities from Banks (Net)	995.09			(333.39)
Inventories	424.98			(897.65)
		2,430.46		(1,848.51)
			(2,004.66)	(1,848.51)
CASH GENERATED FROM OPERATIONS			5,605.47	1,468.19
Less : Direct Taxes Payments / Refunds		70.39		51.50
Interest Paid		2,144.07		735.58
			(2,214.46)	(787.08)
NET CASH FLOW FROM OPERATING ACTIVITIES			3,391.00	681.11
B CASH FLOW FROM INVESTING ACTIVITIES				
Add : Sale of Fixed Assets	21.58			459.85
Sale of Investments (net)	-			14.47
Interest Received	371.19			244.05
Due to Subsidiaries	-			5.13
Dividend Received	0.05			-
		392.82		723.50
Less : Purchase of Fixed assets	5,601.74			869.48
Due from Subsidiaries	7.69			-
		5,609.43		869.48
NET CASH FLOW USED IN INVESTING ACTIVITIES			(5,216.61)	(145.98)

	Rs. in lacs	Rs. in lacs	For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
C CASH FLOW FROM FINANCING ACTIVITIES				
Add : Proceeds From Issue of Warrants /				
Calls Realised	48.85			213.11
Increase in Long term Borrowings	6,328.70			9,609.73
		6,377.55		9,822.84
Less : Repayment of Hire Purchase Liabilities	267.15			106.94
Payment of Issue Expenses	46.75			153.25
Payment of Long term Borrowings	1,280.24			973.38
		1,594.14		1,233.57
NET CASH FLOW USED IN FINANCING ACTIVITIES			4,783.41	8,589.27
NET INCREASE IN CASH AND CASH EQUIVALENTS			2,957.81	9,124.40
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR			10,921.40	1,797.00
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			13,879.21	10,921.40

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

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

Mumbai,
Dated : November 20, 2007

D. N. MEHTA
JAY M. MEHTA
M. N. RAO
S. V. S. RAGHAVAN
SAVITA, PITTIE
K. N. BHANDARI
B. P. DESHMUKH
ANISH MODI
CHETAN JAIN
M. S. GILOTRA
R. K. PODDAR
V. R. MOHNOT
Mumbai,
Dated : November 20, 2007

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - A

SHARE CAPITAL

		As at 30-06-07 (Rs. in Lacs)	As at 30-06-06 (Rs. in Lacs)
Authorised :			
13,00,00,000	Equity Shares of Rs. 10/- each	13,000.00	13,000.00
60,00,000	Preference Shares of Rs. 100/- each	6,000.00	6,000.00
50,00,000	Unclassified Shares of Rs. 10/- each	500.00	500.00
		<u>19,500.00</u>	<u>19,500.00</u>
Issued :			
4,71,57,500	Equity Shares of Rs. 10/- each	4,715.75	4,715.75
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
		<u>5,403.35</u>	<u>5,403.35</u>
Subscribed :			
4,12,71,065	(Previous Year 3,92,53,547) Equity Shares of Rs. 10/- each *	4,127.11	3,925.35
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
		<u>4,814.71</u>	<u>4,612.95</u>
Paid up :			
4,12,71,065	(Previous Year 3,92,53,547) Equity Shares of Rs. 10/- each *	4,127.11	3,925.35
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
15,269	Forfeited Shares (Amount paid up Rs. 2/- per Equity Share)	0.31	0.31
		<u>4,815.02</u>	<u>4,613.26</u>

Notes :

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

SCHEDULE - B

SHARE CAPITAL

Capital Reserve :

As per Last Balance Sheet	1,314.59		102.21
Add : Remission of Principal liability of Secured Lenders / Creditors	973.37		1,212.38
(See note 10 of Schedule 'K' - Notes on Accounts)		2,287.96	1,314.59

Capital Redemption Reserve :

As per Last Balance Sheet		50.00	50.00
---------------------------	--	-------	-------

Securities Premium Account :

As per Last Balance Sheet	7,052.42		7,205.67
Add : Issue during the year	125.00		-
Add : Increase on Conversion of Loans to Equity during the year	956.04		-
(Less) : Expenses on Issue of Shares / Debentures	(46.75)		(153.25)
		8,086.71	7,052.42

Debenture Redemption Reserve :

As per Last Balance Sheet		2,060.00	2,060.00
---------------------------	--	----------	----------

Revaluation Reserve :

As per Last Balance Sheet	79.71		297.24
Add : Transfers from Profit & Loss Account	186.06		339.57
(Less) : (Diminution) in Value of Investments	(6.74)		(141.72)
(Less) : Amounts written off on Assets Discarded	-		(164.98)
(Less) : Transfer to Depreciation	(231.58)		(250.40)
(See note 5 of Schedule 'K' - Notes on Accounts)		27.45	79.71

General Reserve :

As per Last Balance Sheet	4,377.97		4,377.97
(Less) : Debit Balance in Profit & Loss account to the extent of General Reserve	(4,377.97)		(4,377.97)

-	-
12,512.12	10,556.72

SCHEDULE - C

SECURED LOANS :

I Debentures - Non - Convertible

	Rate %	Number of Debentures	Amt. per Debenture	Rs. in lacs	As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
(a) Public Debentures				3,581.64		5,805.60
Current Year	2.00	27,65,532	100			
	2.00	4,08,055	200			
Previous Year	14.50	18,85,286	100			
	2.00	10,89,161	100			
	0.00	9,48,000	25			
	2.00	1,65,450	200			
	2.00	2,59,150	200			
Carried forward...				3,581.64		5,805.60

SCHEDULE - C (Contd.)

		As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
SECURED LOANS :	Brought forward...	3,581.64	5,805.60
(b) Privately Placed Debentures			
I 0% Privately Placed Debentures of Rs. 100/- each (Previous Year 2,80,000 outstanding Rs. 25/- per Debenture)		—	70.00
II 9,00,000 (Previous Year 10,00,000) 2% Privately Placed Debentures of Rs. 100/- each		900.00	1,000.00
III 7,45,000 Privately Placed Debentures of Rs. 1250/- each (Part A of Rs. 350/- each & Part B of Rs. 900/- each)		9,312.50	9,312.50
		13,794.14	16,188.10
(i) Part A is mandatorily convertible into 10 Equity shares of Rs. 10/- each, of the Company at a premium of Rs. 25/- per Equity Share at any time at the option of the holder uptill August 20, 2007.			
(ii) Part B is convertible into Equity shares of Rs.10/- each, of the Company at a premium of Rs.115/- per Equity Share at any time at the option of the holder uptill August 20, 2007. In the event the holder does not exercise the conversion, each Part B of the Debenture shall stand redeemed and restructured into one Non Convertible Debenture of Rs.900/- each.			
(iii) These Debentures carry interest coupon payable quarterly@ 10% p.a. upto July 15, 2006, @ 11% p.a. upto July 15, 2007 and 12% p.a. thereafter till conversion / repayment.			
(iv) The Non Convertible Debentures are redeemable at the option of the Company, anytime after August 20, 2007, without any prepayment penalty on any interest rollover or in 3 equal annual installments on July 15, 2008, 2009 and 2010 and carries a redemption premium of 10%.			
II Term Loans:			
(a) From Financial Institutions		6,236.14	6,701.58
(b) From Banks		4,149.18	5,802.53
(c) From Others		7,495.03	335.61
		17,880.35	12,839.72
III Others:			
A. From Banks:			
(a) Cash Credits, Working Capital Demand / Term Loan		5,033.47	6,345.68
(b) Overdraft		-	351.96
(c) Interest Accrued and Due		-	125.44
		5,033.47	6,823.08
B. From Hire Purchase Creditors :		161.89	320.92
		5,195.36	7,144.00
(See note 10 and 15 of Schedule ' K' - Notes on Accounts)		36,869.85	36,171.82

SCHEDULE - C (Contd.)

(I) Debentures:

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

(II) Term loans:

(a) From Financial Institutions:

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

(b) From Banks:

- (i) Term loan from Central Bank of India, Dena Bank and Bank of India together with funded interest term loans, is secured by first pari-passu charge on the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company. It is further to be secured by pledge of shares held by promoters and hypothecation of Hathi brand.
- (ii) Term loans from Saraswat Bank together with funded interest term loans, are secured by first pari-passu charge on the Company's immovable and movable properties situated at Ranavav (Gujarat), both present and future. The said loans are also secured by the personal guarantees of three Directors of the Company. Term loan from Saraswat Bank is further secured by deposit of title deeds and shares in respect of Guest House flat at Mumbai.
- (iii) Vehicle loans from ICICI Bank, HDFC Bank and Indian overseas Bank, are secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Company.

(c) From others:

- (i) Term Loan from India Debt Management Limited is secured by first pari-passu charge by way of mortgage on all immovable assets present and future (except assets which are exclusively charged to specific lenders) and Pari-Passu first charge by way of hypothecation on all the other properties of SCL both present and future, tangible and intangible, except current assets on which first charge is created in favour of the working capital lenders and other movable assets on which exclusive charge is existing. It is further to be secured by pari-passu pledge of promoter shares and hypothecation of Hathi brand.



SCHEDULE - C (Contd.)

- (ii) Vehicle loans & specific equipment loans from GE Countrywide, GMAC Financial Services India Limited, Maruti Countrywide Auto Financial Services Private Limited, Tata Finance Limited and Mahindra & Mahindra Financial Services Limited are secured by hypothecation of assets financed by them and personal guarantee of one of the directors of the Company.

(III) Other Secured Loans:

A From Banks:

- (i) The working capital facilities are secured by first charge on stocks, stores, book debts and movable plant and machinery and other movable assets, both present and future, and by second charge on the Company's immovable properties at Ranavav (Gujarat), both present and future save and except specific charges of other lenders on the equipment / movable assets financed by them and shall rank second to existing charges created / to be created in favour of first charge holders. They are also secured by personal guarantees of two Directors of the Company.
- (ii) Inland, irrevocable, cumulative, not negotiable and automatic reinstating letters of credits issued by Dena Bank for supply of Equipment's for Thermal Power Plant is secured by Fixed Deposits placed with the Bank.

B From Hire Purchase Creditors:

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

SCHEDULE - D

DEFERRED PAYMENT CREDITS:

For Equipment

As at 30-06-07	As at 30-06-06
Rs. in lacs	Rs. in lacs
-	366.50
-	366.50

SCHEDULE - E

UNSECURED LOANS:

Fixed Deposits - Unclaimed

Others

As at 30-06-07	As at 30-06-06
Rs. in lacs	Rs. in lacs
0.15	0.35
474.61	438.27
474.76	438.62

SCHEDULE - F		Rs. in lacs				
FIXED ASSETS : #		BLOCK AS REVALUED			TOTAL DEPRECIATION	
		Gross Block as at 01-07-06	Additions	Deductions/Adjustments	Gross Block as at 30-06-07	NET BLOCK
					As at 30-06-07	As at 30-06-06
Freehold Land *		184.20	54.88	-	239.08	184.20
Buildings \$		1,884.04	21.10	8.05	1,897.09	1,106.93
Leasehold Land *		21.45	-	-	21.45	21.45
Jetty - Civil Works		2,398.63	12.82	-	2,411.45	1,650.46
Railway Siding & Weigh Bridge		247.71	-	-	247.71	51.88
Water Supply Installation		185.08	-	-	185.08	32.10
Electric Installation ^		1,832.46	-	-	1,832.46	685.54
Plant & Machinery ~		31,316.52	-	0.31	31,316.21	14,375.18
Rolling Stock & Locomotives		61.50	-	-	61.50	14.90
Furniture & Office Equipment		1,310.68	150.50	0.94	1,460.24	383.94
Motor Cars, Trucks etc. ~		999.24	149.19	114.39	1,034.04	663.33
Current Year		40,441.51	388.49	123.69	40,706.31	19,169.91
Previous Year		39,647.66	3,834.67	3,040.82	40,441.51	
Capital work in Progress #		5,287.34	3,800.86	8.34	9,079.86	
Previous Year #		9,333.43	541.78	4,587.87	5,287.34	

NOTES :

- * Besides the leasehold and freehold land specified above, the Company holds leasehold land in respect of which only ground rent is paid.
- \$ Excludes cost of shares held in co-operative society included under the Schedule G of investments.
- ^ Includes cost of service line Rs. 33.20 lacs ownership of which is vested with Paschim Gujarat Vij Company Ltd.
- ~ Includes equipment and vehicles financed under hire purchase installment plan.
- # (See note 10 and 13 of Schedule 'K' of Notes on Accounts)

SCHEDULE - G

INVESTMENTS (At Cost)

I. In Government Securities:

7 years National Savings Certificates kept as security with various Government Authorities

**As at
30-06-07
Rs. in lacs**

**As at
30-06-06
Rs. in lacs**

0.08

0.08

II. In Shares:

(a) Quoted:

70,500 Fully paid Equity shares of Rs.10/- each in MTZ Industries Limited

35.25

35.25

30,00,000 Fully paid Equity shares of Rs. 10/- each in MTZ Polyfilms Limited

600.00

600.00

635.25

635.25

(Less): Provision for diminution in value (see note 5 of Schedule 'K' - Notes on Accounts)

(573.05)

(566.30)

62.20

68.95

(b) In Subsidiaries (Unquoted): (Long Term)

1,00,00,000 Equity Shares of Rs.10/- each fully paid up of Pranay Holdings Limited

1,000.00

1,000.00

1,00,00,000 Equity Shares of Rs.10/- each fully paid up of Prachit Holdings Limited

1,000.00

1,000.00

1,00,00,000 Equity Shares of Rs.10/- each fully paid up of Ria Holdings Limited

1,000.00

1,000.00

40,00,000 Equity Shares of Rs.10/- each fully paid up of Reeti Investments Limited

400.00

400.00

4,04,100 Equity Shares of Rs.10/- each fully paid up of Agrima Consultants International Limited

135.68

135.68

1,49,272 Equity shares of Srilankan Rs.10/- each fully paid up of Concorde Cement (Pvt.) Limited

9.19

9.19

3,544.87

3,544.87

(Less): Provision for diminution in value (see note 5 of Schedule 'K' - Notes on Accounts)

(1,582.35)

(1,768.41)

1,962.52

1,776.46

(c) In Others fully paid (Unquoted):

Quantity Particulars of Investment

**Amount
per share**

* 10 IL-Palazzo Co-operative Housing Society Ltd.

50

1 Rajkot Nagrik Sahakari Bank Limited

50

2,500 Saraswat Co-op Bank Limited

10

0.26

2,024.98

0.26
1,845.67

* Pledged to Saraswat Bank

2,025.06

1,845.75

**Rs. in lacs
Cost**

**As at
30-06-07
Rs. in lacs
Market
Value**

**Rs. in lacs
Cost**

**As at
30-06-06
Rs. in lacs
Market
Value**

a) Aggregate amount of quoted investments

635.25

62.20

635.25

68.95

b) Aggregate amount of unquoted investments

3,545.21

—

3,545.21

—

SCHEDULE - H

		As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
CURRENT ASSETS, LOANS AND ADVANCES			
(A) CURRENT ASSETS:			
Inventories: (As certified by the Management)			
Stores & Spare Parts (At cost)	1,398.88		940.10
Raw Materials & Fuels (At cost)	939.37		1,232.73
Packing Materials (At cost)	160.61		92.78
Stock-in-Trade (At cost or net realisable value, whichever is lower as certified by an Independent Cost Accountant)	713.19		582.49
Stock in Process (At cost as certified by an Independent Cost Accountant)	475.02		413.99
		3,687.07	3,262.09
Sundry Debtors :			
More than six months - Considered good	656.91		646.13
- Considered doubtful	1,221.73		1,231.59
	1,878.64		1,877.72
(Less) : Provision for Doubtful Debts	(1,221.73)		(1,231.59)
	656.91		646.13
Other Debts	1,946.73		813.49
		2,603.64	1,459.62
Cash & Bank Balances:			
Cash on Hand	2.12		1.57
Balances with Scheduled Banks:			
i) Current Accounts (includes amounts lying in Escrow accounts Nil, Previous year Rs. 1143.97 lacs)	1,578.21		1,666.58
ii) Fixed Deposits - Issue Money	2,593.40		7,827.05
iii) Fixed Deposits - Margin Money etc. *	7,244.46		317.18
iv) Fixed Deposits - Others *	2,461.02		1,109.02
* Partly offered as security against borrowings	13,877.09		10,919.83
		13,879.21	10,921.40
Interest accrued		837.07	464.04
(B) LOANS AND ADVANCES:			
Interest Free Deposits / Other Receivable from Subsidiaries	62.43		61.43
Advances against Capital Expenditure and Purchase of Stores	4,413.20		2,357.27
Other Receivable	317.12		266.89
Deposits	502.56		398.45
Intercompany Deposits	716.76		716.76
(Less): Considered doubtful (including interest thereon)	(244.76)		(244.76)
(see note 5 of Schedule 'K' - Notes on accounts)	472.00		472.00
Tax Payments and Refund Receivable (net of provisions)	127.37		59.49
Advances Recoverable In Cash Or In Kind Or For Value To Be Received	479.23		511.08
(Less): Provision for Doubtful Advances	(11.85)		(11.85)
	467.38		499.23
		6,362.06	4,114.76
		27,369.05	20,221.91

SCHEDULE - I

			As at 30-06-07	As at 30-06-06
CURRENT LIABILITIES & PROVISIONS:	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
(A) CURRENT LIABILITIES:				
Sundry Creditors		2,076.62		2,975.54
Due to SSI Units (see note 11 of Schedule 'K' - Notes on accounts)		12.01		28.38
Due to a Subsidiary		-		6.69
Advances Against Orders		1,195.33		939.50
Debentures - Unclaimed (including interest)		87.97		36.21
Unclaimed / Unpaid Dividend		78.54		78.54
Other Liabilities		14,771.42		9,583.90
Interest Accrued but not due		416.66		454.84
			18,638.55	14,103.60
(B) PROVISIONS:				
For Gratuity (see note 6 of Schedule 'K' - Notes on accounts)		417.44		343.32
For Excise Duty On Closing Stock		44.53		40.90
For Wealth Tax		2.47		4.00
For Fringe Benefit Tax		86.55		44.35
			550.99	432.57
			19,189.54	14,536.17

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - 1

		For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
SALE OF PRODUCTS & OTHER INCOME:	Rs. in lacs	Rs. in lacs	Rs. in lacs
Sale of Products		44,485.90	27,561.99
Other Income			
(a) Miscellaneous Income (including overheads shared)	186.90		231.87
(b) Excess Provisions Written Back	231.66		9.22
(c) Sundry Creditors Written Back	61.74		20.91
(d) Profit on Sale of Assets	7.69		0.55
(e) Insurance Claim Received	115.43		60.62
(f) Export Incentives	235.58		177.44
(g) Dividend Received	0.05		-
		839.05	500.61
		45,324.95	28,062.60

SCHEDULE - 2

		For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
MANUFACTURING & OTHER EXPENSES:	Rs. in lacs	Rs. in lacs	Rs. in lacs
Cement Purchase for Resale		2,837.77	1,010.36
Raw Materials Consumed		3,119.29	2,009.81
Stores & Spare Parts Consumed		2,415.10	2,126.37
Packing Material Consumed		1,063.33	624.87
Power & Fuel		13,590.91	11,530.53
Payment To and Provisions For Employees (See note 14 of schedule 'K' - Notes on Accounts)			
(a) Salaries, Wages, Bonus & Gratuity	1,391.74		1,198.47
(b) Contribution to Provident Fund & Other Funds	138.29		118.97
(c) Staff Welfare Expenses	57.26		38.18
	1,587.29		1,355.62
Repairs & Maintenance:			
(a) Buildings etc	75.83		44.32
(b) Machinery	467.93		381.69
(c) Others	571.18		334.59
		1,114.94	760.60
Rent		96.97	96.29
Rates and Taxes		2.69	1.17
Hire Purchase Rentals		108.12	106.94
Insurance		190.50	178.84
Exchange Rate Fluctuations		(128.20)	41.04
Directors' Fees		10.60	5.10
Loss on sale of Assets		3.70	1,215.58
Assets Discarded		—	1.74
Loss on sale of Investments		—	3.86
Charity & Donations		0.97	—
Travelling & Conveyance		186.09	217.16
Miscellaneous Expenses		1,325.90	986.16
Carried forward		27,525.97	22,272.04

SCHEDULE - 2 (Contd.)

		For the Year ended 30-06-07	For the Year ended 30-06-06
	Rs. in lacs	Rs. in lacs	Rs. in lacs
MANUFACTURING & OTHER EXPENSES:			
Brought Forward		27,525.97	22,272.04
Payment to Auditors:			
(i) Audit Fees	3.50		3.50
(ii) Tax Audit Fees	1.75		1.75
(iii) In Other Capacity	4.90		2.35
(iv) Reimbursement of Expenses	0.51		0.37
		10.66	7.97
Selling & Sales Administration Expenses			
(i) Advertisement, Business Promotional and Service Charges	246.93		305.12
(ii) Freight Charges	3,909.59		702.37
(iii) Commission	1,170.19		364.04
(iv) Provision for Doubtful Debts	—		57.27
(v) Others	1,401.53		937.30
	6,728.24		2,366.10
		34,264.87	24,646.11

SCHEDULE - 3

			For the Year ended 30-06-07	For the Year ended 30-06-06
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
INTEREST : (NET)				
Interest On Borrowings				
On Debentures	798.36			728.72
On Term Loans	232.46			244.25
Others	315.21			481.93
		1,346.03		1,454.90
Other Interest				
On Sales Tax	388.29			382.86
On Royalty	322.73			422.75
On Electricity Duty	148.99			178.04
On Power & Fuel	35.28			89.56
Others	407.34			31.55
		1,302.63		1,104.76
			2,648.66	2,559.66
(Less): Interest Earned (Gross)			(421.76)	(342.88)
(Tax deducted at source Rs.24.87 lacs, Previous year Rs.40.74 lacs)			2,226.90	2,216.78

SCHEDULE - 4

		For the Year ended 30-06-07	For the Year ended 30-06-06
	Rs. in lacs	Rs. in lacs	Rs. in lacs
(INCREASE) IN FINISHED STOCK AND STOCK IN PROCESS			
(a) Stock at the end			
(i) Cement	713.19		582.49
(ii) Raw Flour & Clinker	475.02		413.99
		1,188.21	996.48
(b) Less: Stock at the beginning			
(i) Cement	582.49		416.48
(ii) Raw Flour & Clinker	413.99		524.28
		996.48	940.76
		(191.73)	(55.72)

SCHEDULE - 'J'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 COST CONVENTION:

The financial statements are prepared as under;

- a on the historical cost convention as modified to include revaluation of land, buildings, plant and machinery situated at Ranavav,
- b on a going concern basis,
- c in accordance with the generally accepted accounting principles,
- d in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India,
- e on the accrual system of accounting,
- f in accordance with the relevant presentation requirements of the Companies Act, 1956.

2 VALUATION OF FIXED ASSETS & CAPITAL WORK IN PROGRESS:

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

3 IMPAIRMENT OF ASSETS:

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

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

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

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

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

4 DEPRECIATION:

- a Depreciation on all assets is being provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.
- b Premium on leasehold land of long lease duration is not amortised.
- c Depreciation on assets other than Jetty is calculated on cost / net replacement value ascertained as at June 30, 1993 at the rates provided under Schedule XIV of the Companies Act, 1956.
- d The cost of Jetty is amortised over its useful life of 15 years. Addition thereto is amortised over the residual years of its right of use.

- e The excess depreciation provided on the revalued assets as reduced by that of on the original cost of the assets is transferred from Revaluation Reserve (to the extent of availability of reserve) to Profit and Loss Account.
- f The amounts capitalised on foreign exchange fluctuations are provided prospectively over the residual life of the asset.

5 INVESTMENTS:

Investments are stated at cost of acquisition. Permanent diminution in the value of the investments including held by the Subsidiaries for long-term purposes is provided. Diminution in the value of other investments is provided.

6 CURRENCY TRANSLATIONS :

- a Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.
- b Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each Balance Sheet date.
- c The exchange differences arising on foreign currency borrowings in connection with the fixed assets acquired upto March 31, 2004 and subsequent thereto in case of the fixed assets acquired from a country outside India, are adjusted to the carrying amount of concerned fixed assets.
- d The premium or discount arising at the inception of a forward exchange contract on a monetary item is recognised as income or expense over the life of the contract.
- e All other exchange differences are recognised to the profit & loss account.

7 RETIREMENT BENEFITS:

- a Superannuation liability is provided for the year.
- b Provisions for leave encashment and gratuity liabilities are made based on the certificate of actuarial valuation of an approved actuary.

8 ACCOUNTING OF CENVAT BENEFITS:

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

9 VALUATION OF INVENTORIES:

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

10 REVENUE RECOGNITION:

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

11 BORROWING COSTS:

Borrowing costs, attributable to the acquisition / construction of qualifying assets, are capitalised, net of income / income earned on temporary investments of borrowings. Other borrowing costs are charged to profit and loss account in accordance with the Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India.

12 TAXATION:

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

13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

Contingent liability is stated in the case of;

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

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date in accordance with the Accounting Standard 29 on "Provisions, Contingent Liabilities And Contingent Assets" issued by the Institute of Chartered Accountants of India.

SCHEDULE – 'K'
Notes on Accounts

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
1 Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	7,203.95	1,891.30
2 Contingent liabilities not provided for:		
(i) Claims made and debit notes for rate differences on supplies made in earlier years by its erstwhile jute bags supplier, both of which have not been accepted by the Company. (The Company has filed a counter claim of Rs. 23.50 lacs in the Bombay High Court).	89.15	89.15
(ii) Demand for 8% Excise Duty on duty free cement supplied for earthquake relief for the period upto September 2004, confirmed by the Commissioner, Central Excise disputed by the Company for which provision has now been made. Penalty which is presently not provided for on this demand has been contested at CESTAT.	6.00	211.37
(iii) Demand on show cause-cum-demand notices issued by Excise Department for payment of Rs.200 per MT on intermediate product used for manufacture of duty free cement supplied for earthquake relief for the period from 1st June 2001 to 25th July 2002 dropped by the Commissioner, Central Excise against which department has preferred an appeal with CESTAT.	122.66	170.47
(iv) Demand for penalties in respect of delays in payment of excise duty disputed by the Company. (Against this the Company has paid a deposit of Rs. 3.10 lacs)	128.10	128.10
(v) In respect of order passed by Commissioner of Customs, Ahmedabad for purchase of floating barge which is presently stayed by the CESTAT.	-	322.02
(vi) Disputed demands of differential custom duty (including counter veiling duty) for non inclusion of technical service charges under assessable values, denial for concession granted on assets installed outside the factory premises and denial of concessional rate of duty on project imports made between July 1995 to December 1995 and penalty thereon.	609.99	659.99
(vii) Demands for penalty on import and purchases of coal on high seas basis disputed by the Company. (Against this the Company has paid a deposit of Rs. 2.40 lacs)	12.00	12.00
(viii) In respect of penalty and other demands imposed by Sales Tax Authorities for various assessments since provided.	-	1,828.52
(ix) Claims filed by workmen or their union against the Company.	179.22	176.51
(x) Demand under dispute for increase in rent of certain office premises earlier occupied and now vacated by the Company.	825.35	768.43
(xi) Other claims against the Company not acknowledged as debts	90.14	91.37

- 3 The operation of a show cause notice dated 20th August 2002 issued by the Jute Commissioner, stipulating the Company to fulfill the obligation of packing a minimum of 50% of cement in Jute bags from 15th March 1995 or pay penalty under Section 3 (1) of the Act, (which penalty is presently not ascertainable) is presently stayed by Calcutta High Court.
- 4 (i) The Company is registered as a sick Company with The Board for Industrial & Financial Reconstruction (BIFR) under The Sick Industrial Companies (Special Provisions) Act, 1985. The BIFR has appointed M/s IFCI Ltd as Operating Agency (OA) and directed to prepare a revival scheme for the Company.
- (ii) Considering the overall growth in Cement Industry barring any unforeseen circumstances, the Management is confident that after implementation of the sanctioned CDR package, the Company would be able to generate sufficient returns to make its net worth positive in future. Accordingly, the accounts of the Company are prepared on Going Concern Basis.
- 5 Based on the legal opinion received by the Company in relation to treatment of Revaluation Reserve, following provisions have been appropriated through Profit & Loss account against the Revaluation Reserve up to June 30, 2007.

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
(i) Provision for diminution in the value of long term investment held by subsidiaries	1,443.17	1,629.23
(ii) Provision for diminution in the value of investment in quoted shares	573.05	566.30
(iii) Provision for doubtful loans including interest thereon	244.76	244.76
Total	<u>2,260.98</u>	<u>2,440.29</u>

During the year, a sum of Rs 6.74 lacs has been written off for the mark to market of the value of investment in quoted equity shares. (Previous year Rs.141.72 lacs written back) Further a sum of Rs 186.06 lacs in respect of Provisions for Losses of Subsidiaries have been written back. (Previous year Rs. 354.07 lacs written back).

- 6 The Company covers its liability for gratuity under a policy with Life Insurance Corporation of India. However, uptill the year ended June 30, 2007, the Company has provided for but not funded the amount of Rs.417.44 lacs, to cover the actuarial gratuity liability of Rs. 443.39 lacs.
- 7 (i) In view of the carried forward losses available under the Income Tax Act, 1961, no provision for income tax is made for the year ending on March 31, 2007.
- (ii) No Minimum Alternate Tax liability under Section 115 JB of the Income tax Act, 1961 is determined in view of the deduction available of amount of profits of a sick company under Section 115JB2(viii).
- (iii) Provision for Wealth Tax is made at Rs.2.47 lacs on the basis of computation furnished by the tax consultants of the Company.
- (iv) Provision for Fringe Benefit Tax is made on the basis of computation prepared by the Company and as approved by the tax consultants.
- 8 The Company had issued 24,70,000 (Previous year 29,70,000) Equity Warrants at a price of Rs. 35/- each to certain investors. These Warrants have a currency period of 18 months (last date being August 20, 2007). Each fully paid warrant is convertible into one fully paid up equity share of Rs. 10/- each at a premium of Rs. 25/- per share. The amounts paid up per warrant as at the year end are given below.

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
(i) 24,70,000 (Previous Year 26,25,000) Equity Warrants of Rs. 35/- each (Amount paid up Rs. 3.50/- per Equity Warrant)	86.45	91.88
(ii) 3,45,000 fully paid up Equity Warrants of Rs. 35/- each	-	120.75
(iii) Advance received on 24,70,000 Equity Warrants	<u>0.49</u>	<u>0.49</u>
	<u>86.94</u>	<u>213.12</u>

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

10 Financial Restructuring

- a The reliefs and concessions availed from Banks, Financial Institutions and others under the Corporate Debt Restructuring (CDR) scheme for the debts outstanding as on 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 and subsequent settlement with other lenders are as follows:

No.	Particulars	Account Head reversed to	As at	As at
			30-Jun-07 Rs. In lacs	30-Jun-06 Rs. In lacs
1	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Capital Work in Progress	Capital Work in Progress	1,752.82	1,752.82
2	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Fixed Assets	Fixed Assets	189.86	189.86
3	Outstanding Credit balance in party ledger	Fixed Assets	80.53	80.53
4	Waiver of principal amount by lenders / Creditors	Capital Reserve	2,185.75	1,212.38
5	Interest, cumulative interest, penal interest and liquidated damages which were earlier charged to Profit & Loss account	Extra Ordinary item in Profit & Loss account	6,595.25	4,574.47
			<u>10,804.21</u>	<u>7,810.06</u>

- b The Company has initiated the proceedings of compromises, arrangements and reconstructions under Section 391 to 394 of the Companies Act, 1956. 99.60% of the secured lenders (scheme lenders) who were present, have voted for in favour of the Scheme, in the meeting of the scheme lenders called by the Honourable High Court of Gujarat. Pending the order of the Honourable High court, some of the lenders are yet to agree for participation in the Scheme. The interest liability has been provided in accordance with the existing terms and conditions applicable to their respective debts.
- c As per the restructuring package, the interest is payable by the company on ballooning basis ranging from 2% p.a. to 12% p.a. resulting into an average rate of interest of 8.5% per annum. The first year interest @ 2% is to be funded as FITL-II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 50% of the unpaid simple interest on all the loans has been converted into FITL-I. Both FITL I & II do not carry interest and are repayable in the year 9th and 10th.
- d All the restructured loans including FITL are subject to recompense clause as may be approved by CDR.
- e In the event of default for compliance of restructuring package, the lenders have the right to convert 100% of the defaulted amount of the restructured debt at any time during the currency of assistance into equity shares as per SEBI guidelines after approval of CDR.
- f The Lenders shall have the right to convert 20% of the loan outstanding (including interest bearing FITL & WCTL) into equity shares of the Company as per SEBI guidelines in one or more occasions after 7 years from the date of approval. As regards zero coupon FITL, remaining outstanding beyond 7 years, such conversion right of lenders would be applicable to the entire amount and the conversion shall be as per SEBI guidelines.

- 11 Based on the information available with the Company regarding the status of the suppliers as defined under the "Interest On Delayed Payment to Small Scale & Ancillary Industrial Undertaking Act, 1993", the name of the Small Scale & Ancillary undertakings to whom amount are due for more than 30 days from the due date is given below :

Sr No.	Name of Party	Sr No.	Name of Party
1	Challangers Chemicals & Polymers	2	Continental Chemicals
3	Chemtrols Samil (India) Pvt. Ltd.	4	Earthmovers Enterprises
5	Graphite & Carbon Corporation Ltd.	6	Hydrax International
7	India Rubber Products	8	Oil Seals Mfg.Co.P.Ltd.
9	Peekay Industries	10	Prag Engineering Works
11	Rakesh Chemical Industries	12	Shree R N Metals-India Pvt. Ltd.
13	Shram Shakti Polytex -P .Ltd.	14	Toshniwal Brothers (Delhi) Pvt. Ltd.

- 12 Expenses on maintenance, electricity, etc. incurred during the year relating to the Bombay guesthouse amounting to Rs.2.06 lacs (Previous year Rs.2.19 lacs) have been presently borne by the Company. The guesthouse was under the unauthorised occupation of the relatives of the ex-chairman. The Company had filed a suit for recovery of the possession of guesthouse, which also includes recovery of the expenses incurred. The said suit was decided against the Company, declaring the legal heirs of the ex-chairman as tenants. The Company has preferred an appeal in the Division Bench against this order. The guesthouse is under the symbolic possession of the lender who has provided loan against the security of this flat.
- 13 (i) Additions to Fixed Assets / Capital Work In Progress include the following:

Sr No.	Particulars	Current Year Rs. In lacs	Previous Year Rs. in lacs
1	Interest capitalised on borrowings (Net) to Capital WIP	635.20	-
2	Exchange Fluctuations to Fixed Assets	(4.06)	55.68
3	Other Pre-operative Expenses to Capital WIP	39.47	-

- (ii) Pre-operative expenses in respect of on going project upto June 30, 2007, included under the head capital work-in-progress are as follows:

Sr No.	Particulars	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
1	Technical Consultancy	369.74	334.92
2	Employees Cost	144.56	144.56
3	Interest and Finance cost	3,739.38	3,104.18
4	Travelling and Conveyance	227.48	227.48
5	Exchange rate fluctuation	42.43	46.49
6	Transportation Charges	28.76	28.76
7	Miscellaneous	65.31	60.66
	Total	4,617.66	3,947.05

- 14 Remuneration paid / payable to Managing Directors.

(i) Particulars	Current Year Rs. In lacs	Previous Year Rs. in lacs
1 Salary	48.20	72.92
2 Contribution to PF & other funds	7.29	8.76
3 Other perquisites	4.08	6.38
Total	59.57	88.06

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

15 Certain particulars of Secured / Unsecured Loans:

Particulars	As at 30-Jun-07 Rs. In lacs		As at 30-Jun-06 Rs. in lacs	
	Due within one year	Interest Accrued & Due	Due within one year	Interest Accrued & Due
Secured Loans :				
Debentures				
Public – (Varied rate)	-	-	337.00	1,744.95
Private – 0%	-	-	70.00	-
Private – Others (varied rate)	6,705.00	-	-	-
Term loans :				
Banks	1,561.98	423.54	754.33	129.28
Others	18.45	-	21.49	3.25
Hire Purchase Creditors:	148.02	-	166.60	-
Deferred Payment Credits :				
Others -	-	-	366.50	-
Deferred Sales Tax	221.69	-	221.69	-
Interest on Deferred Sales Tax	1,942.28	-	1,942.28	-

16 Following expenses are debited to Limestone Quarrying

	Current Year Rs. In lacs	Previous Year Rs. in lacs
1 Salaries and Wages	140.73	134.01
2 Royalties and Cess Charges	491.17	498.87
3 Stores Consumption	408.60	402.38
4 Machinery Repairs & Maintenance	17.73	22.80
5 Power & Fuel	-	5.71
6 Excavation & Transportation	378.49	181.20
7 Others	11.31	9.67

17 Quantitative information

(A) (Certified by Management)

	Current Year Tonnes	Previous Year Tonnes
1 Licensed Capacity *		
2 Installed capacity - Cement (OPC)	1,501,000	1,303,000
3 Production during the year – Cement	1,383,735	1,181,130
4 Production during the year – Clinker	1,331,300	1,148,465
* The Company's product is exempt from licensing requirements under New Industrial Policy terms of Notification No. S.O. 477(E) dated 25th July 1991.		

(B) Raw materials consumed

(Certified by Management)

	Current Year		Previous Year	
	Tonnes	Rs. In lacs	Tonnes	Rs. in lacs
1 Limestone / Marl	1,653,148	1,739.63	1,487,703	1,241.14
2 Gypsum	73,015	503.50	53,626	293.19
3 Clay	167,384	95.57	78,864	32.96
4 Pozzolana & other materials	163,642	780.59	125,680	442.52
Total		<u>3,119.29</u>		<u>2,009.81</u>

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

		Current Year		Previous Year	
		Rs. In lacs	(%)	Rs. in lacs	(%)
1	Raw material (Indigenous)	3,119.29	100.00	2,009.81	100.00
2	a Spare parts & Components (Imported)	197.88	4.65	346.36	7.85
	b Spare parts & Components (Indigenous) *	4,058.11	95.35	4,066.42	92.15

* Includes amounts directly debited to various account heads.

(D) Value of imports calculated on C.I.F. Basis

		Current Year	Previous Year
		Rs. In lacs	Rs. in lacs
1	Spare Parts & Components	214.69	275.81
2	Capital goods	2,937.64	9.13

(E) Earnings in Foreign Currencies

1	Value of Exports calculated on FOB basis.	12,855.80	13,503.32
---	---	------------------	-----------

(F) Remittance in Foreign Currency

1	Dividend	Nil	Nil
---	----------	------------	-----

(G) Expenditure in foreign currencies during the year on account of :

1	Interest	1,002.29	35.99
2	Travelling Expenses	12.05	44.66
3	Commission on Exports	334.15	175.88
4	Demurrage	110.16	84.61
5	Others	15.69	1.62

(H) Sales Turnover (excluding traded goods)

		Current Year		Previous Year	
		Tonnes	Rs. In lacs	Tonnes	Rs. in lacs
1	Cement*	1,384,021	40,059.90	1,174,450	25,828.46
2	Clinker**	63,128	1,360.52	43,065	579.44
3	Bauxite	23,440	42.90	16,757	30.67

* (Net of discounts on sales Rs.255.68 lacs, Previous year Rs.210.28 lacs) (Includes self consumption 953.08 MT Rs.19.51 lacs, Previous year 206 MT Rs.3.84 lacs) (Excludes samples and shortages 714 MT, Previous year 78 MT)

** (Net of discounts on sales Rs.5.40 lacs, Previous year Rs.0.02 lacs) (Excludes samples, damages and shortages (1326) MT Previous year 8269 MT)

(I) Traded Goods

		Current Year		Previous Year	
		Tonnes	Rs. In lacs	Tonnes	Rs. in lacs
1	a Cement – Opening Stock	244	4.15	157	2.25
	b Cement Purchased	145,337	2,837.77	53,956	1,010.36
	c Cement Sold	139,457	3,022.58	53,869	1,123.42
	d Cement – Closing Stock	6,125	102.13	244	4.15

(J) Breakup of opening and closing stock of finished products (As certified by Independent Cost Accountant).

		Current Year		Previous Year	
		Tonnes	Rs. In lacs	Tonnes	Rs. in lacs
Opening Stock	Cement	33,639	582.49	26,950	416.49
Closing Stock	Cement	38,520	713.19	33,639	582.49

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

	Current Year Rs. In lacs	Previous Year Rs. in lacs
Revenue – Sales		
(i) Domestic (India)	31,630.10	14,058.67
(ii) Export	12,855.80	13,503.32
Total	<u>44,485.90</u>	<u>27,561.99</u>

All the assets of the Company are in India only.

- 19 Information on related party transactions as required by Accounting Standard - 18 :

I List of related parties:

A Promoters together with its subsidiary & associate Companies holding more than 20% of equity capital

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

B Related parties where control exists:

a	Agrima Consultants International Limited	d	Ria Holdings Limited
b	Pranay Holdings Limited	e	Reeti Investments Limited
c	Prachit Holdings Limited	f	Concorde Cement (Private) Limited

C Key Management Personnel

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

D Relatives of Key Management Personnel

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

E Name of Company where policies are controlled by Common Key Management Personnel:

a	Gujarat Sidhee Cement Limited
---	-------------------------------

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

	Current Year Rs. In lacs	Previous Year Rs. in lacs
A Particulars of transactions with promoter companies:		
a Outstanding Inter Corporate Deposit with interest thereon to M/s Sameta Exports Private Limited	354.50	330.20
B Particulars of transactions and balances with subsidiary companies:		
a Expenses for services	76.34	60.63
b Amount Receivable from subsidiaries	18.93	17.93
c Deposits with subsidiaries	43.50	43.50
d Amount Payable to subsidiary	-	6.69
C Particulars of payments to key managerial personnel:		
a Remuneration to key managerial personnel	59.57	88.06
D Particulars of payments to relatives of key managerial personnel:		
a Security Deposit with relatives of key managerial personnel	130.00	-

	Current Year Rs. In lacs	Previous Year Rs. in lacs
E Particulars of transactions with Gujarat Sidhee Cement Limited are Disclosed in aggregate value as under:		
a Purchase of Goods & materials	2,860.96	1,608.97
b Sale of Goods & materials	1,788.32	3,898.78
c Expenses / (Recovery) for services	314.40	(466.17)
d Amount (receivable) / payable as on June 30, 2007	90.60	(23.77)

20 Earning (loss) per share :	Current Year	Previous Year
Calculation of weighted average number of equity shares of Rs. 10 each		
Number of shares of Rs. 10 each	41,271,065	39,253,547
Dilutive weighted average of number of equity shares on Issue of Convertible Warrants	247,000	152,500
Dilutive weighted average of number of equity shares on Issue of Part A of Convertible Debentures of Rs. 350/- each	7,450,000	3,104,167
Total	48,968,065	42,510,214

	Rs. In lacs	Rs. in lacs
Net Profit / (Loss) after tax and prior period adjustment	2,229.02	1,397.40
(Less): Extra Ordinary Item	1,030.01	(4,574.47)
(Add): Deferred Tax Effect on Extra Ordinary Item	686.86	848.08
(Less) : Dividend payable to OCCPS Holders	(78.03)	(76.05)
	3,867.86	(2,405.04)
Add: Interest on Convertible Debentures as stated above	311.83	108.65
Net Profit / (Loss) after considering dividend to OCCPS Holders	4,179.69	(2,296.39)
Basic Profit / (Loss) (in rupees) per share before Extra Ordinary item	9.32	(6.10)
Basic Profit / (Loss) (in rupees) per share after Extra Ordinary item	5.18	3.35
Diluted Profit / (Loss) (in rupees) per share before Extra Ordinary item	8.54	(5.40)
Diluted Profit / (Loss) (in rupees) per share after Extra Ordinary Item	5.03	3.36

- 21 (i) In terms of paragraph 26 of Accounting Standard 22 on "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, the Company has reviewed its Deferred Tax Asset (DTA) recognised till last year, and has also, in terms of paragraph 15 to 18 of AS 22, examined the issue of recognising the DTA arising during the year on account of unabsorbed depreciation and carried forward tax losses.
- (ii) Based on the projections, positive outlook for the cement industry and material export orders in hand, and also considering legal advice, from an eminent counsel, with regard to recognition of DTA in terms of AS 22, the Company is virtually certain that it will have sufficient future taxable income against which the aggregate DTA recognised as on the Balance Sheet date would be realised. Accordingly DTA as detailed herein below has been recognised as at the year ended June 30, 2007.

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
(a) Deferred Tax Assets:		
a Accrued Expenses deductible on cash basis	4,030.64	4,416.74
b Accrued Expenses deductible on payment of TDS thereon	249.64	176.77
c Provision for Doubtful debts & advances	237.81	235.50
d Unabsorbed Depreciation	3,261.01	3,343.30
Total	7,779.10	8,172.31
(b) Deferred Tax Liabilities:		
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	2,889.18	3,081.48
(c) Net Deferred Tax Assets (a-b)	4,889.92	5,090.83

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

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No. 8 4 0 / T A State Code 1 1
 Balance Sheet Date 30 6 2007
 Date Month Year

II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue N i l Bonus Issue N i l
 Right Issue N i l Private Placement 8 6 9 4

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs. In thousands) (AMOUNT RS. IN THOUSANDS)

Total Liabilities 5 6 9 2 2 6 6 Total Assets 5 6 9 2 2 6 6

SOURCES OF FUNDS

Paid up Capital 4 8 1 5 0 2 Advance Call Money N i l
 Reserve and Surplus 1 2 5 1 2 1 2
 Secured Loans 3 6 8 6 9 8 5 Unsecured Loans 2 6 3 8 7 3

APPLICATION OF FUNDS

Net Fixed Assets 2 6 6 1 2 7 6 Investments 2 0 2 5 0 6
 Net Current Assets 8 1 7 9 5 1 Deferred Tax Asset 4 8 8 9 9 2
 Misc. Expenditure N i l Accumulated Losses 1 5 2 1 5 4 1

IV PERFORMANCE OF COMPANY (Amount Rs. In thousands)

Turnover / Income 4 1 5 7 3 1 9 Total Expenditure 3 9 1 0 6 0 8
 + / - ✓ + / - ✓
 Profit before Tax 2 4 7 3 1 1 Profit after Tax 2 2 2 9 0 2
 Basic Earning Per Share (Rs.) 5 . 1 8 Dividend Rate (%) N i l

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. 2 5 2 3 2 9 1 0
 (ITC Code) Product C E M E N T
 Description ORDINARY PORTLAND CEMENT
 Item Code No. 2 5 2 3 1 0 0 0
 (ITC Code)
 Product
 Description C L I N K E R

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

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

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

Mumbai,
 Dated : November 20, 2007

D. N. MEHTA
 JAY M. MEHTA
 M. N. RAO
 S. V. S. RAGHAVAN
 SAVITA PITTIE
 K. N. BHANDARI
 B. P. DESHMUKH
 ANISH MODI
 CHETAN JAIN
 M. S. GILOTRA
 R. K. PODDAR
 V. R. MOHNOT
 Mumbai,
 Dated : November 20, 2007

For and on Behalf of the Board
 Deputy Chairman
 Executive Vice Chairman

Directors

Managing Director
 Deputy Managing Director
 Director (Finance) & Co. Secretary

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the attached consolidated Balance Sheet of **SAURASHTRA CEMENT LIMITED** ("the Company") and its subsidiaries as at June 30, 2007, the annexed consolidated Profit and Loss Account of the Company for the year ended on that date, and also the consolidated Cash Flow Statement of the Company for the year ended on that date, all of which we have signed under reference of this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 We did not audit the financial statements of any of the Subsidiaries namely Pranay Holdings Limited, Prachit Holdings Limited, Ria Holdings Limited, Reeti Investments Limited and Agrima Consultants International Limited whose financial statements reflect total assets of Rs. 84.63 lacs as at March 31, 2007, and total revenues of Rs. 77.16 lacs for the year ended on that date. These financial statements have been audited by other Auditors', whose reports have been made available to us, and our opinion, in so far as relates to the amounts included in respect of the aforesaid subsidiaries, is based solely on the report of those Auditors'.
- 2 **Based on legal opinion received, the Company has appropriated the following amounts from revaluation reserve:**
 - (a) **Substantial and long-term diminution in the value of quoted investments, including long-term quoted investments held by its subsidiaries amounting to Rs.2016.22 lacs, net of Rs.179.32 lacs written back (previous year Rs.2195.53 lacs net of Rs.197.85 lacs written back) pertaining to the year.**
 - (b) **Doubtful inter corporate deposit (including interest thereon) amounting to Rs.244.76 lacs (previous year Rs.244.76 lacs).**

The aforesaid practices are contrary to the practices as required by the Institute of Chartered Accountants of India. Had the aforesaid appropriation not been made, the profit for the year would have been higher by Rs.179.32 lacs and the debit balance of loss carried forward to Balance Sheet would have been higher by Rs.2260.98 lacs.
- 3 We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Saurashtra Cement Limited and its subsidiaries included in the consolidated financial statements.
- 4 **Subject to our remarks in paragraph 2 above and our comments in the Annexure referred to in paragraph 1 above**, in our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon, including note 22 of Schedule 'K' of Notes on Accounts, adverting to accounting for Deferred Tax Asset of Rs.7779.10 lacs, based on the position set out therein, give the information required by the Act in the manner so required and give a true and fair view:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2007;
 - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on June 30, 2007; and
 - (c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on June 30, 2007.

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

A.R. Desai
Partner

Membership No. F-8204

Mumbai
Dated: November 20, 2007

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2007

			As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
Schedules	Rs. in lacs	Rs. in lacs		
I. SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS :				
(a) Share Capital	A	4,815.02		4,613.26
(b) Equity Warrants		86.94		213.11
(See note 8 of Schedule 'K' - Notes on Accounts)				
(c) Reserves & Surplus	B	12,550.31	17,452.27	10,592.65
				15,419.02
LOAN FUNDS :				
(a) Secured Loans	C	36,916.24		36,234.78
(b) Deferred Payment Credits	D	-		366.50
(c) Unsecured Loans	E	474.81	37,391.05	438.67
				37,039.95
DEFERRED SALES TAX & INTEREST THEREON :				
(See note 15 of Schedule 'K' - Notes on Accounts)			2,163.97	2,163.97
			57,007.29	54,622.94
II. APPLICATIONS OF FUNDS :				
FIXED ASSETS :	F			
(a) Gross Block As Revalued		40,933.59		40,673.49
(b) (Less): Depreciation		(23,286.28)		(21,358.40)
(c) Net Block			17,647.31	19,315.09
(d) Capital Work-in-Progress			9,079.86	5,287.34
			26,727.17	24,602.43
INVESTMENTS :	G	1,615.46		1,433.89
DEFERRED TAX ASSETS :				
As per Last Balance Sheet		5,082.71		6,257.62
Add: (Decrease) During the Year		(192.80)		(1,174.91)
(See note 21 of Schedule 'K' - Notes on Accounts)			4,889.91	5,082.71
CURRENT ASSETS, LOANS AND ADVANCES :	H			
(a) Inventories		3,687.07		3,262.09
(b) Sundry Debtors		2,604.85		1,461.09
(c) Cash & Bank Balances		13,882.60		10,922.58
(d) Other Current Assets		837.07		464.04
(e) Loans & Advances		6,724.85		4,476.39
			27,736.44	20,586.19
(LESS): CURRENT LIABILITIES AND PROVISIONS :	I			
(a) Liabilities		18,680.05		14,137.09
(b) Provisions		586.04		466.82
			(19,266.09)	(14,603.91)
NET CURRENT ASSETS :			8,470.35	5,982.28
PROFIT & LOSS ACCOUNT		19,682.36		21,899.60
(Less): Credit Balance In General Reserve		(4,377.97)		(4,377.97)
			15,304.39	17,521.63
			57,007.29	54,622.94
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	J			
NOTES ON ACCOUNTS	K			

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

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

Mumbai,
Dated : November 20, 2007

D. N. MEHTA
JAY M. MEHTA
M. N. RAO
S. V. S. RAGHAVAN
SAVITA PITTIE
K. N. BHANDARI
B. P. DESHMUKH
ANISH MODI
CHETAN JAIN
M. S. GILOTRA
R. K. PODDAR
V. R. MOHNOT

Mumbai,
Dated : November 20, 2007

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

PARTICULARS	Schedules	Rs. in lacs	For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
INCOME				
Sale of Products (Gross)	1	44,563.07		27,606.50
(Less): Excise Duty		(3,745.76)		(1,549.61)
Sale of Products (Net)		40,817.31		26,056.89
Other Income		839.55		502.37
			41,656.86	26,559.26
EXPENDITURE				
Manufacturing & Other Expenses	2	34,317.06		24,689.15
Net Interest on Borrowings etc.	3	2,230.82		2,218.61
		36,547.88		26,907.76
(Increase) in Stocks of Finished Goods and Stocks-in-Process	4	(191.73)		(55.72)
			36,356.15	26,852.04
Profit/(Loss) Before Depreciation			5,300.71	(92.78)
Depreciation on Revalued Cost		2,041.84		1,947.78
(Less): Amount Withdrawn From Revaluation Reserve		(231.58)		(250.40)
			1,810.26	1,697.38
(Mark Up) in Value of Investments		(181.58)		(227.02)
Less : Amount transferred to Revaluation Reserve		181.58		227.02
(See note 5 of Schedule ' K' - Notes on Accounts).			-	-
Profit/(Loss) Before Extraordinary Item			3,490.45	(1,990.16)
Extraordinary Item			(1,030.01)	4,574.47
Profit Before Tax			2,460.44	2,584.31
Provision for Taxation:				
Provision of Income Tax etc.		1.85		9.60
Provision for Wealth Tax		2.68		2.67
Deferred Tax Charge for the year		192.80		1,174.91
Fringe Benefit Tax		44.86		38.06
(See note 7 of Schedule ' K' - Notes on Accounts).			242.19	1,225.24
Profit After Tax			2,218.25	1,359.07
Expenses of Previous Years (Net)			1.01	0.40
			2,217.24	1,358.67
Balance of (Loss) Brought Forward			(21,899.60)	(23,258.27)
Balance of (Loss) Carried Forward to Balance Sheet			(19,682.36)	(21,899.60)
Profit/(Loss) Per Share - (See note 20 of Schedule ' K' - Notes on Accounts)				
Basic - Before Extraordinary Item			9.29	(6.26)
Basic - After Extraordinary Item			5.15	3.19
Diluted - Before Extraordinary Item			8.51	(5.55)
Diluted - After Extraordinary Item			5.01	3.21

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS

J
K

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

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

D. N. MEHTA
JAY M. MEHTA
M. N. RAO
S. V. S. RAGHAVAN
SAVITA PITTIE
K. N. BHANDARI
B. P. DESHMUKH
ANISH MODI
CHETAN JAIN
M. S. GILOTRA
R. K. PODDAR
V. R. MOHNOT
Mumbai,
Dated : November 20, 2007

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary

Mumbai,
Dated : November 20, 2007

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

	Rs. in lacs	Rs. in lacs	For the Year ended 30-06-07 Rs. in lacs 2,460.44	For the Year ended 30-06-06 Rs. in lacs 2,585.67
A CASH FLOW FROM OPERATING ACTIVITIES				
Adjustments for :				
Add: Interest	2,230.95			2,218.62
HP/Lease	108.12			37.43
Loss on Sale of Assets / Assets Discarded	3.70			1,221.24
Loss on Sale of Investment	-			3.86
TDS not recoverable Written off	-			9.26
Provision for Doubtful Debtors & Advances	-			57.27
Depreciation	1,810.26			1,697.38
		4,153.03		5,245.06
Less: Profit on Sale of Assets	8.14			0.55
Extra Ordinary Item	(1,030.01)			4,574.47
Dividend Received	0.10			0.05
		(1,021.77)		4,575.07
			5,174.80	669.99
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			7,635.24	3,255.66
Add: Trade and Other Receivable	(1,008.21)			115.67
Trade and Other Payable	428.12			(719.14)
Working Capital Facilities from Banks (Net)	(995.09)			(333.39)
Inventories	(424.98)			(897.64)
		(2,000.16)		(1,834.50)
			(2,000.16)	(1,834.50)
CASH GENERATED FROM OPERATIONS			5,635.08	1,421.16
Less: Direct Taxes Payments / Refunds	80.88			60.49
Less: Prior Period Items	1.01			0.40
Interest Paid	2,148.14			738.08
		2,230.03		798.97
			(2,230.03)	(798.97)
NET CASH FLOW FROM OPERATING ACTIVITIES			3,405.05	622.19
B CASH FLOW FROM INVESTING ACTIVITIES				
Add: Sale of Fixed Assets	21.58			459.85
Sale of Investments (Net)	-			14.48
Interest Received	371.19			244.05
Dividend Received	0.10			0.05
		392.87		718.43
Less: Due from Subsidiaries	-			-
Less: Purchase of Fixed assets	5,604.73			916.21
		5,604.73		916.21
NET CASH FLOW USED IN INVESTING ACTIVITIES			(5,211.86)	(197.78)
C CASH FLOW FROM FINANCING ACTIVITIES				
Add: Proceeds From Issue of Warrants / Calls Realised	48.85			213.11
Increase in Long term Borrowings	6,328.70			9,609.73
		6,377.55		9,822.84
Less: Repayment of Hire Purchase Liabilities	267.15			37.09
Payment of Issue Expenses	46.75			153.25
Payment of Long term Borrowings	1,296.82			932.06
		1,610.72		1,122.40
NET CASH FLOW USED IN FINANCING ACTIVITIES			4,766.83	8,700.44
NET INCREASE IN CASH AND CASH EQUIVALENTS			2,960.02	9,124.85
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR			10,922.58	1,797.73
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			13,882.60	10,922.58

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

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

D. N. MEHTA
JAY M. MEHTA
M. N. RAO
S. V. S. RAGHAVAN
SAVITA PITTIE
K. N. BHANDARI
B. P. DESHMUKH
ANISH MODI
CHETAN JAIN
M. S. GILOTRA
R. K. PODDAR
V. R. MOHNOT

Mumbai,
Dated : November 20, 2007

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - A

		As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
SHARE CAPITAL			
Authorised :			
13,00,00,000	Equity Shares of Rs. 10/- each	13,000.00	13,000.00
60,00,000	Preference Shares of Rs. 100/- each	6,000.00	6,000.00
50,00,000	Unclassified Shares of Rs. 10/- each	500.00	500.00
		19,500.00	19,500.00
Issued :			
4,71,57,500	Equity Shares of Rs. 10/- each	4,715.75	4,715.75
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
		5,403.35	5,403.35
Subscribed :			
4,12,71,065	(Previous Year 3,92,53,547) Equity Shares of Rs. 10/- each *	4,127.11	3,925.35
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
		4,814.71	4,612.95
Paid up :			
4,12,71,065	(Previous Year 3,92,53,547) Equity Shares of Rs. 10/- each *	4,127.11	3,925.35
6,87,595	13% Cumulative Preference Shares of Rs. 100/- each**	687.60	687.60
15,269	Forfeited Shares (Amount paid up Rs. 2/- per Equity Share)	0.31	0.31
		4,815.02	4,613.26

Notes :

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

SCHEDULE - B

		As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
RESERVES & SURPLUS			
Capital Reserve :			
	As per Last Balance Sheet	1,321.35	108.97
	Add: Remission of Principal liability of Secured Lenders / Creditors	973.37	1,212.38
	(See note 10 of Schedule ' K' - Notes on Accounts)	2,294.72	1,321.35
Capital Redemption Reserve :			
	As per Last Balance Sheet	50.00	50.00
Securities Premium Account :			
	As per Last Balance Sheet	7,052.42	7,205.67
	Add : Issue during the year	125.00	-
	Add : Increase on Conversion of Loans to Equity during the year	956.04	-
	(Less) : Expenses on Issue of Shares / Debentures	(46.75)	(153.25)
		8,086.71	7,052.42
Debenture Redemption Reserve :			
	As per Last Balance Sheet	2,060.00	2,060.00
Revaluation Reserve :			
	As per Last Balance Sheet	108.88	297.24
	Add: Transfers from Profit & Loss Account	181.58	368.74
	(Less): (Diminution) in the value of Investments	-	(141.72)
	(Less): Amounts written off on Assets Discarded	-	(164.98)
	(Less): Transfer to Depreciation	(231.58)	(250.40)
	(See note 5 of Schedule ' K' - Notes on Accounts)	58.88	108.88
General Reserve :			
	As per Last Balance Sheet	4,377.97	4,377.97
	(Less): Debit Balance in Profit & Loss account to the extent of General Reserve	(4,377.97)	(4,377.97)
		12,550.31	10,592.65

SCHEDULE - C

SECURED LOANS:

I Debentures - Non - Convertible

(a) Public Debentures

	Rate %	Number of Debentures	Amt. per Debenture
Current Year	2.00	27,65,532	100
	2.00	4,08,055	200
Previous Year	14.50	18,85,286	100
	2.00	10,89,161	100
	0.00	9,48,000	25
	2.00	1,65,450	200
	2.00	2,59,150	200

3,581.64

5,805.60

(b) Privately Placed Debentures

- I 0% Privately Placed Debentures of Rs. 100/- each (Previous Year 2,80,000 outstanding Rs. 25/- per Debenture)
- II 9,00,000 (Previous Year 10,00,000) 2% Privately Placed Debentures of Rs. 100/- each
- III 7,45,000 Privately Placed Debentures of Rs. 1250/- each (Part A of Rs. 350/- each & Part B of Rs. 900/- each)

900.00

1,000.00

9,312.50

9,312.50

13,794.14

16,188.10

(i) Part A is mandatorily convertible into 10 Equity shares of Rs. 10/- each, of the Company at a premium of Rs. 25/- per Equity Share at any time at the option of the holder uptill August 20, 2007.

(ii) Part B is convertible into Equity shares of Rs. 10/- each, of the Company at a premium of Rs. 115/- per Equity Share at any time at the option of the holder uptill August 20, 2007. In the event the holder does not exercise the conversion, each Part B of the Debenture shall stand redeemed and restructured into one Non Convertible Debenture of Rs. 900/- each.

(iii) These Debentures carry interest coupon payable quarterly @ 10% p.a. upto July 15, 2006, @ 11% p.a. upto July 15, 2007 and 12% p.a. thereafter till conversion / repayment.

(iv) The Non Convertible Debentures are redeemable at the option of the Company, anytime after August 20, 2007, without any prepayment penalty on any interest rollover or in 3 equal annual installments on July 15, 2008, 2009 and 2010 and carries a redemption premium of 10%.

II Term Loans:

- (a) From Financial Institutions
- (b) From Banks
- (c) From Others

6,236.14

6,701.58

4,195.57

5,864.86

7495.03

335.61

17,926.74

12,902.05

III Others:

A From Banks:

- (a) Cash Credits, Working Capital Demand/ Term Loan
- (b) Overdraft
- (c) Interest Accrued and Due

5,033.47

6,345.68

-

351.96

-

125.44

5,033.47

6,823.08

161.89

321.55

B From Hire Purchase Creditors :

5,195.36

7,144.63

36,916.24

36,234.78

(See note 10 and 15 of Schedule 'K' - Notes on Accounts)

(I) Debentures:

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

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

(II) Term loans:

- (a) From Financial Institutions
- (i) Term loans from IFCI, LIC, GIC, NIA, NIC, UIC, OIC together with funded interest term loans, are secured by first pari-passu charge created or to be created on the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company. It is further secured by pledge of shares held by promoters and hypothecation of Hathi brand.
- (b) From Banks
- (i) Term loan from Central Bank of India, Dena Bank and Bank of India together with funded interest term loans, is secured by first pari-passu charge on the Company's immovable properties at Ranavav (Gujarat) and hypothecation of all tangible moveable machinery & plant both present and future, save and except charges created / to be created in favour of Company's bankers on stocks, spares and book debts for securing borrowings for working capital. It is also secured by personal guarantees of two Directors of the Company. It is further to be secured by pledge of shares held by promoters and hypothecation of Hathi brand.
- (ii) Term loans from Saraswat Bank together with funded interest term loans, are secured by first pari-passu charge on the Company's immovable and movable properties situated at Ranavav (Gujarat), both present and future. The said loans are also secured by the personal guarantees of three Directors of the Company. Term loan from Saraswat Bank is further secured by deposit of title deeds and shares in respect of Guest House flat at Mumbai.
- (iii) Vehicle loans from ICICI Bank, HDFC Bank and Indian Overseas Bank, are secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Company.
- (c) From others
- (i) Term Loan from India Debt Management Limited is secured by first pari-passu charge by way of mortgage on all immovable assets present and future (except assets which are exclusively charged to specific lenders) and Pari-Passu first charge by way of hypothecation on all the other properties of SCL both present and future, tangible and intangible, except current assets on which first charge is created in favour of the working capital lenders and other movable assets on which exclusive charge is existing. It is further to be secured by pari-passu pledge of promoter shares and hypothecation of Hathi brand.
- (ii) Vehicle loans & specific equipment loans from GE Countrywide, GMAC Financial Services India Limited, Maruti Countrywide Auto Financial Services private Limited, Tata Finance Limited and Mahindra & Mahindra Financial Services Limited are secured by hypothecation of assets financed by them and personal guarantee of one of the directors of the Company.

(III) Other Secured Loans:

A From Banks:

- (i) The working capital facilities are secured by first charge on stocks, stores, book debts and movable plant and machinery and other movable assets, both present and future, and by second charge on the Company's immovable properties at Ranavav (Gujarat), both present and future save and except specific charges of other lenders on the equipment / movable assets financed by them and shall rank second to existing charges created / to be created in favour of first charge holders. They are also secured by personal guarantees of two Directors of the Company.
- (ii) Inland, irrevocable, cumulative, not negotiable and automatic reinstating letters of credits issued by Dena Bank for supply of Equipment's for Thermal Power Plant is secured by Fixed Deposits placed with the Bank.

B From Hire Purchase Creditors:

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

SCHEDULE - D

	As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
DEFERRED PAYMENT CREDITS:		
For Equipment	-	366.50
	-	366.50

SCHEDULE - E

	As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
UNSECURED LOANS:		
Fixed Deposits - Unclaimed	0.15	0.35
Others	474.66	438.32
	<u>474.81</u>	<u>438.67</u>

Schedules forming part of the Consolidated Balance Sheet

SCHEDULE - F

Rs. in lacs

FIXED ASSETS : #	BLOCK AS REVALUED				TOTAL DEPRECIATION			NET BLOCK	
	Gross Block as at 01-07-06	Additions	Deductions/Adjustments	Gross Block as at 30-06-07	On Revalued cost up to 01-07-06	For the year	Deductions/Adjustments	As at 30-06-07	As at 30-06-06
Goodwill Freehold Land * Buildings \$ Leasehold Land * Jetty - Civil Works Railway Siding & Weigh Bridge Water Supply Installation Electric Installation ^ Plant & Machinery ~ Rolling Stock & Locomotives Furniture & Office Equipment Motor Cars, Trucks etc. ~	95.27	—	—	95.27	47.63	9.53	—	38.11	47.64
	184.20	54.88	—	239.08	—	—	—	239.08	184.20
	1,884.04	21.10	8.05	1,897.09	777.11	50.41	1.56	1,071.13	1,106.93
	21.45	—	—	21.45	—	—	—	21.45	21.45
	2,398.63	12.82	—	2,411.45	748.17	197.62	—	1,465.66	1,650.46
	247.71	—	—	247.71	195.83	8.91	—	42.97	51.88
	185.08	—	—	185.08	152.98	4.39	—	27.71	32.10
	1,832.46	—	—	1,832.46	1,146.92	86.15	—	599.39	685.54
	31,316.52	—	0.31	31,316.21	16,941.34	1,472.83	—	12,902.04	14,375.18
	61.50	—	—	61.50	46.60	1.69	—	13.21	14.90
Current Year Previous Year	1,323.49	150.50	0.94	1,473.05	932.78	68.97	0.17	471.47	390.71
	1,123.14	153.69	123.59	1,153.24	369.04	141.34	112.22	755.09	754.10
	40,673.49	392.99	132.89	40,933.59	21,358.40	2,041.84	113.95	17,647.31	19,315.09
Capital work in Progress # Previous Year #	39,869.05	3,917.25	3,112.81	40,673.49	20,371.49	1,947.78	960.87	19,315.09	
	5,287.35	3,800.86	8.35	9,079.86					

NOTES :

* Besides the leasehold and freehold land specified above, the Company holds leasehold land in respect of which only ground rent is paid.

\$ Excludes cost of shares held in co-operative society included under the Schedule G of investments.

^ Includes cost of service line Rs. 33.20 lacs ownership of which is vested with Paschim Gujarat Viji Company Ltd.

~ Includes equipment and vehicles financed under hire purchase installment plan.

(See note 10 and 13 of Schedule 'K' of Notes on Accounts)

SCHEDULE - H (Contd.)

	Rs. in lacs	Rs. in lacs	As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
<i>Brought Forward..</i>			3687.07	3262.09
Sundry Debtors :				
More than six months - Considered good		656.91		646.13
- Considered doubtful		1,221.73		1,231.59
		1,878.64		1,877.72
(Less) : Provision for Doubtful Debts		(1,221.73)		(1,231.59)
		656.91		646.13
Other Debts		1,947.94		814.96
			2,604.85	1,461.09
Cash & Bank Balances:				
Cash on Hand		2.21		1.60
Balances with Scheduled Banks:				
i) Current Accounts (includes amounts lying in Escrow accounts Nil, Previous year Rs. 1143.97 lacs)	1,581.51			1,696.55
ii) Fixed Deposits - Issue Money	2,593.40			9,134.25
iii) Fixed Deposits - Margin Money etc. *	7,244.46			90.18
iv) Fixed Deposits - Others *	2,461.02			-
* Partly offered as security against borrowings		13,880.39		10,920.98
			13,882.60	10,922.58
Interest accrued			837.07	464.04
(B) LOANS AND ADVANCES:				
Advances against Capital Expenditure and Purchase of Stores		4,413.20		2,357.27
Other Receivable		317.12		266.89
Deposits		847.99		743.88
Intercompany Deposits	716.76			716.76
(Less): Considered doubtful (including interest thereon) (see note 5 of Schedule ' K' - Notes on accounts)	(244.76)			(244.76)
		472.00		472.00
Tax Payments and Refund Receivable (net of provisions)		191.07		118.10
Advances Recoverable In Cash Or In Kind Or For Value To Be Received	495.32			530.10
(Less): Provision for Doubtful Advances	(11.85)			(11.85)
		483.47		518.25
			6,724.85	4,476.39
			27,736.44	20,586.19

SCHEDULE - I

	Rs. in lacs	As at 30-06-07 Rs. in lacs	As at 30-06-06 Rs. in lacs
CURRENT LIABILITIES & PROVISIONS:			
(A) CURRENT LIABILITIES:			
Sundry Creditors	2,095.45		2,986.66
Due to SSI Units (see note 11 of Schedule ' K' - Notes on accounts)	12.01		28.38
Advances Against Orders	1,195.33		939.50
Debentures - Unclaimed (including interest)	87.97		36.21
Unclaimed / Unpaid Dividend	78.54		78.54
Other Liabilities	14,794.09		9,612.96
Interest Accrued but not due	416.66		454.84
		18,680.05	14,137.09
(B) PROVISIONS:			
For Gratuity (see note 6 of Schedule ' K' - Notes on accounts)	417.44		343.32
For Excise Duty On Closing Stock	44.53		40.90
For Income Tax	28.97		32.04
For Wealth Tax	2.68		4.04
For Fringe Benefit Tax	92.42		46.52
		586.04	466.82
		19,266.09	14,603.91

Schedules forming part of the Consolidated Profit and Loss Account

SCHEDULE - 1

	Rs. in lacs	For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
SALE OF PRODUCTS & OTHER INCOME:			
SALE OF PRODUCTS & SERVICES		44,563.07	27,606.50
OTHER INCOME			
(a) Miscellaneous Income (including overheads shared)	186.90		228.84
(b) Excess Provisions Written Back	231.66		10.66
(c) Sundry Creditors Written Back	61.74		20.91
(d) Profit on Sale of Assets	8.14		0.55
(e) Insurance Claim Received	115.43		60.62
(f) Export Incentives	235.58		177.44
(g) Dividend Received	0.10		0.05
		839.55	502.37
		45,402.62	28,108.87

SCHEDULE - 2

	Rs. in lacs	For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
MANUFACTURING & OTHER EXPENSES:			
Cement Purchase for Resale		2,837.77	1,010.36
Raw Materials Consumed		3,119.29	2,009.81
Stores & Spare Parts Consumed		2,415.10	2,210.20
Packing Material Consumed		1,063.33	624.87
Power & Fuel		13,590.91	11,530.53
Payment To and Provisions For Employees (See note 14 of schedule 'K' - Notes on Accounts)			
(a) Salaries, Wages, Bonus & Gratuity	1,449.90		1,245.46
(b) Contribution to Provident Fund & Other Funds	143.03		123.24
(c) Staff Welfare Expenses	62.72		42.08
		1,655.65	1,410.78
Repairs & Maintenance:			
(a) Buildings etc.	75.83		44.32
(b) Machinery	467.93		381.69
(c) Others	571.36		250.95
		1,115.12	676.96
Rent		106.56	97.10
Rates and Taxes		6.76	7.81
Hire Purchase Rentals		108.12	37.43
Insurance		191.15	178.84
Exchange Rate Fluctuations		(128.20)	41.04
Directors' Fees		10.60	5.10
Loss on sale of Assets		3.70	1,219.50
Assets Discarded		-	1.74
Loss on sale of Investments		-	3.86
Charity & Donations		0.97	-
Travelling & Conveyance		204.41	232.66
Miscellaneous Expenses		1,276.43	919.01
		27,577.67	22,217.60

Carried forward

SCHEDULE - 2 (Contd.)

		For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
MANUFACTURING & OTHER EXPENSES:	Brought Forward ...	27,577.67	22,217.60
Payment to Auditors:			
(i) Audit Fees	3.84		3.75
(ii) Tax Audit Fees	1.75		1.75
(iii) In Other Capacity	5.05		2.59
(iv) Reimbursement of Expenses	0.51		0.37
		11.15	8.46
Selling & Sales Administration Expenses			
(i) Advertisement, Business Promotional and Service Charges	246.93		305.12
(ii) Freight Charges	3,909.59		702.37
(iii) Commission	1,170.19		364.04
(iv) Provision for Doubtful Debts	-		57.27
(v) Others	1,401.53		1,034.29
		6,728.24	2,463.09
		34,317.06	24,689.15

SCHEDULE - 3

	Rs. in lacs	Rs. in lacs	For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
INTEREST : (NET)				
Interest On Borrowings				
On Debentures	798.36			728.72
On Term Loans	232.46			244.29
Others	319.28			484.15
		1,350.10		1,457.16
Other Interest				
On Sales Tax	388.29			382.86
On Royalty	322.73			422.75
On Electricity Duty	148.99			178.04
On Power & Fuel	35.28			89.56
Others	407.34			31.55
		1,302.63		1,104.76
			2,652.73	2,561.92
(Less): Interest Earned (Gross)			(421.91)	(343.31)
(Tax deducted at source Rs.24.87 lacs, Previous year Rs.40.74 lacs)			2,230.82	2,218.61

SCHEDULE - 4

		For the Year ended 30-06-07 Rs. in lacs	For the Year ended 30-06-06 Rs. in lacs
(INCREASE) IN FINISHED STOCK AND STOCK IN PROCESS			
(a) Stock at the end			
(i) Cement	713.19		582.49
(ii) Raw Flour & Clinker	475.02		413.99
		1,188.21	996.48
(b) Less: Stock at the beginning			
(i) Cement	582.49		416.48
(ii) Raw Flour & Clinker	413.99		524.28
		996.48	940.76
		(191.73)	(55.72)

SCHEDULE - 'J'

CONSOLIDATED STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 COST CONVENTION:

The financial statements are prepared as under;

- a on the historical cost convention as modified to include revaluation of land, buildings, plant and machinery situated at Ranavav,
- b on a going concern basis,
- c in accordance with the generally accepted accounting principles,
- d in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India,
- e on the accrual system of accounting,
- f in accordance with the relevant presentation requirements of the Companies Act, 1956.

2 PRINCIPLES OF CONSOLIDATION:

- a The financial statements of Concorde Cement (Private) Limited are excluded from consolidation as control is intended only to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future.
- b The financial statements in respect of all subsidiary companies are drawn for the year / period ended March 31, 2007, whereas the financial statements for Saurashtra Cement Limited are drawn for the year ended June 30, 2007. The effects of significant transactions or other events that occur between March 31, 2007 and June 30, 2007 are not material for which any adjustments are needed to be made.
- c The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- d As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to, in the same manner as the Company's separate financial statements.
- e The excess of cost to the Company of its investment in the subsidiary Company is recognised in the financial statements as goodwill and the goodwill is amortised over a period of 10 years commencing from the date from which it arises as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

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

Name of the Company	Country of Incorporation	Parent's ultimate holding as on 30.6.2007	Financial Year ends on
Pranay Holdings Limited	India	100%	March 31, 2007
Prachit Holdings Limited	India	100%	March 31, 2007
Ria Holdings Limited	India	100%	March 31, 2007
Reeti Investments Limited	India	100%	March 31, 2007
Agrima Consultants International Limited	India	100%	March 31, 2007

4 VALUATION OF FIXED ASSETS & CAPITAL WORK IN PROGRESS:

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

5 IMPAIRMENT OF ASSETS:

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

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

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

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

6 DEPRECIATION:

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

- 7 **INVESTMENTS:**
Investments are stated at cost of acquisition. Permanent diminution in the value of the investments including held by the Subsidiaries for long-term purposes is provided. Diminution in the value of other investments is provided.
- 8 **CURRENCY TRANSLATIONS :**
- Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.
 - Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each Balance Sheet date.
 - The exchange differences arising on foreign currency borrowings in connection with the fixed assets acquired upto March 31, 2004 and subsequent thereto in case of the fixed assets acquired from a country outside India, are adjusted to the carrying amount of concerned fixed assets.
 - The premium or discount arising at the inception of a forward exchange contract on a monetary item is recognised as income or expense over the life of the contract.
 - All other exchange differences are recognised to the profit & loss account.
- 9 **RETIREMENT BENEFITS:**
- Superannuation liability is provided for the year.
 - Provisions for leave encashment and gratuity liabilities are made based on the certificate of actuarial valuation of an approved actuary.
- 10 **ACCOUNTING OF CENVAT BENEFITS:**
Cenvat credit availed under the relevant scheme in respect of Raw materials, Packing materials, Fuels, Stores and spares, capital goods etc. is reduced from the relevant cost of purchases.
- 11 **VALUATION OF INVENTORIES:**
- Raw materials, packing & fuels - 'At cost' derived on moving weighted average basis, as certified by an independent Cost Accountant.
 - Work-in-process - 'At cost' as certified by an independent Cost Accountant. Cost for this purpose includes all direct costs & other related factory overheads.
 - Finished goods - 'At cost' or net realisable value whichever is lower as certified by an independent Cost Accountant. Cost for this purpose includes all direct cost, other related factory overheads and excise duty. Traded goods are valued at cost or net realisable value whichever is lower as certified by an independent Cost Accountant.
 - Stores & spares - 'At cost' on moving weighted average basis.
- 12 **REVENUE RECOGNITION:**
- Sales are accounted on despatches 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.
 - Export Sales are accounted on the basis of the dates of bills of lading.
 - Benefits on account of entitlement to import duty free materials are recognised in the year of export.
 - Claims for Insurance are accounted on receipt / on acceptance of claim by Insurer.
- 13 **BORROWING COSTS:**
Borrowing costs, attributable to the acquisition / construction of qualifying assets, are capitalised, net of income / income earned on temporary investments of borrowings. Other borrowing costs are charged to profit and loss account in accordance with the Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India.
- 14 **TAXATION:**
- Provision for current tax is made with reference to the taxable income computed for the accounting year by applying the rates relevant to the immediately preceding previous year under the Income Tax Act, 1961.
 - Deferred tax asset or liability on timing difference are recognised using current rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Net deferred tax asset is recognised based on the principles of prudence. Deferred tax effects are reviewed at each Balance Sheet date.
 - Provision for fringe benefit tax is made in accordance with Chapter XII-H of the Income Tax Act, 1961 on the value of the items as computed for the relevant period by applying the prescribed rates under the Income Tax Act, 1961.
- 15 **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**
Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if
- 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.
- Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.
Contingent liability is stated in the case of;
- a 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.
- Contingent Assets are neither recognized, nor disclosed.
Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date in accordance with the Accounting Standard 29 on "Provisions, Contingent Liabilities And Contingent Assets" issued by the Institute of Chartered Accountants of India.

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

SCHEDULE – 'K'

Notes on Accounts

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
1 Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances.	7,203.95	1,891.30
2 Contingent liabilities not provided for:		
(i) Claims made and debit notes for rate differences on supplies made in earlier years by its erstwhile jute bags supplier, both of which have not been accepted by the Holding Company. (The Holding Company has filed a counter claim of Rs. 23.50 lacs in the Bombay High Court).	89.15	89.15
(ii) Demand for 8% Excise Duty on duty free cement supplied for earthquake relief for the period upto September 2004, confirmed by the Commissioner, Central Excise disputed by the Holding Company for which provision has now been made. Penalty which is presently not provided for on this demand has been contested at CESTAT.	6.00	211.37
(iii) Demand on show cause-cum-demand notices issued by Excise Department for payment of Rs.200 per MT on intermediate product used for manufacture of duty free cement supplied for earthquake relief for the period from 1st June 2001 to 25th July 2002 dropped by the Commissioner, Central Excise against which department has preferred an appeal with CESTAT.	122.66	170.47
(iv) Demand for penalties in respect of delays in payment of excise duty disputed by the Holding Company. (Against this the Holding Company has paid a deposit of Rs. 3.10 lacs)	128.10	128.10
(v) In respect of order passed by Commissioner of Customs, Ahmedabad for purchase of floating barge which is presently stayed by the CESTAT.	-	322.02
(vi) Disputed demands of differential custom duty (including counter veiling duty) for non inclusion of technical service charges under assessable values, denial for concession granted on assets installed outside the factory premises and denial of concessional rate of duty on project imports made between July 1995 to December 1995 and penalty thereon.	609.99	659.99
(vii) Demands for penalty on import and purchases of coal on high seas basis disputed by the Holding Company. (Against this the Holding Company has paid a deposit of Rs. 2.40 lacs)	12.00	12.00
(viii) In respect of penalty and other demands imposed by Sales Tax Authorities for various assessments since provided.	-	1,828.52
(ix) Claims filed by workmen or their union against the Holding Company.	179.22	176.51
(x) Disputed Demand of Income Tax Authorities	2.47	2.47
(xi) Demand under dispute for increase in rent of certain office premises earlier occupied and now vacated by the Holding Company.	825.35	768.43
(xii) Other claims against the Holding Company not acknowledged as debts	90.14	91.37
3 The operation of a show cause notice dated 20th August 2002 issued by the Jute Commissioner, stipulating the Holding Company to fulfill the obligation of packing a minimum of 50% of cement in Jute bags from 15th March 1995 or pay penalty under Section 3 (1) of the Act, (which penalty is presently not ascertainable) is presently stayed by Calcutta High Court.		
4 (i) The Holding Company is registered as a sick Holding Company with The Board for Industrial & Financial Reconstruction (BIFR) under The Sick Industrial Companies (Special Provisions) Act, 1985. The BIFR has appointed M/s IFCI Ltd as Operating Agency (OA) and directed to prepare a revival scheme for the Holding Company.		
(ii) Considering the overall growth in Cement Industry barring any unforeseen circumstances, the Management is confident that after implementation of the sanctioned CDR package, the Holding Company would be able to generate sufficient returns to make its net worth positive in future. Accordingly, the accounts of the Holding Company are prepared on Going Concern Basis.		
5 Based on the legal opinion received by the Holding Company in relation to treatment of Revaluation Reserve, following provisions have been appropriated through Profit & Loss account against the Revaluation Reserve up to June 30, 2007.		
	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
(i) Provision for diminution in the value of long term investment held by subsidiaries	1,443.17	1,629.23
(ii) Provision for diminution in the value of investment in quoted shares	573.05	566.30
(iii) Provision for doubtful loans including interest thereon	244.76	244.76
Total	2,260.98	2,440.29

During the year, a sum of Rs 6.74 lacs has been written off for the mark to market of the value of investment in quoted equity shares. (Previous year Rs.141.72 lacs written back) Further a sum of Rs 186.06 lacs in respect of Provisions for Losses of Subsidiaries have been written back. (Previous year Rs. 354.07 lacs written back).

- 6 The Holding Company covers its liability for gratuity under a policy with Life Insurance Corporation of India. However, uptill the year ended June 30, 2007, the Holding Company has provided for but not funded the amount of Rs.417.44 lacs, to cover the actuarial gratuity liability of Rs. 443.39 lacs.
- 7 (i) In view of the carried forward losses available under the Income Tax Act, 1961, no provision for income tax is made for the year ending on March 31, 2007.
- (ii) No Minimum Alternate Tax liability under Section 115 JB of the Income tax Act, 1961 is determined in view of the deduction available of amount of profits of a sick Holding Company under Section 115JB2(viii).
- (iii) Provision for Wealth Tax is made at Rs.2.47 lacs on the basis of computation furnished by the tax consultants of the Holding Company.
- (iv) Provision for Fringe Benefit Tax is made on the basis of computation prepared by the Holding Company and as approved by the tax consultants.
- 8 The Holding Company had issued 24,70,000 (Previous year 29,70,000) Equity Warrants at a price of Rs. 35/- each to certain investors. These Warrants have a currency period of 18 months (last date being August 20, 2007). Each fully paid warrant is convertible into one fully paid up equity share of Rs. 10/- each at a premium of Rs. 25/- per share. The amounts paid up per warrant as at the year end are given below.

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
(i) 24,70,000 (Previous Year 26,25,000) Equity Warrants of Rs. 35/- each (Amount paid up Rs. 3.50/- per Equity Warrant)	86.45	91.88
(ii) 3,45,000 fully paid up Equity Warrants of Rs. 35/- each	-	120.75
(iii) Advance received on 24,70,000 Equity Warrants	0.49	0.49
	86.94	213.12

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

10 Financial Restructuring

- a The reliefs and concessions availed from Banks, Financial Institutions and others under the Corporate Debt Restructuring (CDR) scheme for the debts outstanding as on 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 and subsequent settlement with other lenders are as follows:

No.	Particulars	Account Head reversed to	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. In lacs
1	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Capital Work in Progress	Capital Work in Progress	1,752.82	1,752.82
2	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Fixed Assets	Fixed Assets	189.86	189.86
3	Outstanding Credit balance in party ledger	Fixed Assets	80.53	80.53
4	Waiver of principal amount by lenders / Creditors	Capital Reserve	2,185.75	1,212.38
5	Interest, cumulative interest, penal interest and liquidated damages which were earlier charged to Profit & Loss account	Extra Ordinary item in Profit & Loss account	6,595.25	4,574.47
			10,804.21	7,810.06

- b The Company has initiated the proceedings of compromises, arrangements and reconstructions under Section 391 to 394 of the Companies Act, 1956. 99.60% of the secured lenders (scheme lenders) who were present, have voted for in favour of the Scheme, in the meeting of the scheme lenders called by the Honourable High Court of Gujarat. Pending the order of the Honourable High Court, some of the lenders are yet to agree for participation in the Scheme. The interest liability has been provided in accordance with the existing terms and conditions applicable to their respective debts.
- c As per the restructuring package, the interest is payable by the Holding Company on ballooning basis ranging from 2% p.a. to 12% p.a. resulting into an average rate of interest of 8.5% per annum. The first year interest @ 2% is to be funded as FITL-II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 50% of the unpaid simple interest on all the loans has been converted into FITL-I. Both FITL I & II do not carry interest and are repayable in the year 9th and 10th.
- d All the restructured loans including FITL are subject to recompense clause as may be approved by CDR.
- e In the event of default for compliance of restructuring package, the lenders have the right to convert 100% of the defaulted amount of the restructured debt at any time during the currency of assistance into equity shares as per SEBI guidelines after approval of CDR.
- f The Lenders shall have the right to convert 20% of the loan outstanding (including interest bearing FITL & WCTL) into equity shares of the Holding Company as per SEBI guidelines in one or more occasions after 7 years from the date of approval. As regards zero coupon FITL, remaining outstanding beyond 7 years, such conversion right of lenders would be applicable to the entire amount and the conversion shall be as per SEBI guidelines.

- 11 Based on the information available with the Holding Company regarding the status of the suppliers as defined under the "Interest On Delayed Payment to Small Scale & Ancillary Industrial Undertaking Act, 1993", the name of the Small Scale & Ancillary undertakings to whom amount are due for more than 30 days from the due date is given below :

Sr No.	Name of Party	Sr No.	Name of Party
1	Challangers Chemicals & Polymers	8	Oil Seals Mfg.Co.P.Ltd.
2	Continental Chemicals	9	Peekay Industries
3	Chemtrols Samil (India) Pvt. Ltd.	10	Prag Engineering Works
4	Earthmovers Enterprises	11	Rakesh Chemical Industries
5	Graphite & Carbon Corporation Ltd.	12	Shree R N Metals-India Pvt. Ltd.
6	Hydrax International	13	Shram Shakti Polytex -P .Ltd.
7	India Rubber Products	14	Toshniwal Brothers (Delhi) Pvt. Ltd.

- 12 Expenses on maintenance, electricity, etc. incurred during the year relating to the Bombay guesthouse amounting to Rs.2.06 lacs (Previous year Rs.2.19 lacs) have been presently borne by the Holding Company. The guesthouse was under the unauthorised occupation of the relatives of the ex-chairman. The Holding Company had filed a suit for recovery of the possession of guesthouse, which also includes recovery of the expenses incurred. The said suit was decided against the Holding Company, declaring the legal heirs of the ex-chairman as tenants. The Holding Company has preferred an appeal in the Division Bench against this order. The guesthouse is under the symbolic possession of the lender who has provided loan against the security of this flat.

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

Sr. No.	Particulars	Current Year Rs. In lacs	Previous Year Rs. in lacs
1	Interest capitalised on borrowings (Net) to Capital WIP	635.20	-
2	Exchange Fluctuations to Fixed Assets	(4.06)	55.68
3	Other Pre-operative Expenses to Capital WIP	39.47	-

- (ii) Pre-operative expenses in respect of on going project upto June 30, 2007, included under the head capital work-in-progress are as follows:

Sr. No.	Particulars	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
1	Technical Consultancy	369.74	334.92
2	Employees Cost	144.56	144.56
3	Interest and Finance cost	3,739.38	3,104.18
4	Travelling and Conveyance	227.48	227.48
5	Exchange rate fluctuation	42.43	46.49
6	Transportation Charges	28.76	28.76
7	Miscellaneous	65.31	60.66
	Total	4,617.66	3,947.05

- 14 Remuneration paid / payable to Managing Directors.

(i) Particulars	Current Year Rs. In lacs	Previous Year Rs. in lacs
1 Salary	48.20	72.92
2 Contribution to PF & other funds	7.29	8.76
3 Other perquisites	4.08	6.38
Total	59.57	88.06

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

- 15 Certain particulars of Secured / Unsecured Loans:

Particulars	As at 30-Jun-07 Rs. In lacs		As at 30-Jun-06 Rs. in lacs	
	Due within one year	Interest Accrued & Due	Due within one year	Interest Accrued & Due
Secured Loans :				
Debentures				
Public – (Varied rate)	-	-	337.00	1,744.95
Private – 0%	-	-	70.00	-
Private – Others (varied rate)	6,705.00	-	-	-
Term loans :				
Banks	1,561.98	423.54	754.33	129.28
Others	18.45	-	21.49	3.25
Hire Purchase Creditors:	148.02	-	166.60	-
Deferred Payment Credits :				
Others	-	-	366.50	-
Deferred Sales Tax	221.69	-	221.69	-
Interest on Deferred Sales Tax	1,942.28	-	1,942.28	-

16 Following expenses are debited to Limestone Quarrying

	Current Year	Previous Year
	<u>Rs. In lacs</u>	<u>Rs. in lacs</u>
1 Salaries and Wages	140.73	134.01
2 Royalties and Cess Charges	491.17	498.87
3 Stores Consumption	408.60	402.38
4 Machinery Repairs & Maintenance	17.73	22.80
5 Power & Fuel	-	5.71
6 Excavation & Transportation	378.49	181.20
7 Others	11.31	9.67

17 Quantitative information

(A) (Certified by Management)	Current Year	Previous Year
	<u>Tonnes</u>	<u>Tonnes</u>
1 Licensed Capacity *	1,501,000	1,303,000
2 Installed capacity - Cement (OPC)	1,383,735	1,181,130
3 Production during the year - Cement	1,331,300	1,148,465
4 Production during the year - Clinker		
* The Holding Company's product is exempt from licensing requirements under New Industrial Policy terms of Notification No. S.O. 477(E) dated 25th July 1991.		

(B) Raw materials consumed (Certified by Management)

	Current Year		Previous Year	
	<u>Tonnes</u>	<u>Rs. In lacs</u>	<u>Tonnes</u>	<u>Rs. in lacs</u>
1 Limestone / Marl	1,653,148	1,739.63	1,487,703	1,241.14
2 Gypsum	73,015	503.50	53,626	293.19
3 Clay	167,384	95.57	78,864	32.96
4 Pozzolana & other materials	163,642	780.59	125,680	442.52
Total		3,119.29		2,009.81

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

	Current Year		Previous Year	
	<u>Rs. In lacs</u>	<u>(%)</u>	<u>Rs. in lacs</u>	<u>(%)</u>
1 Raw material (Indigenous)	3,119.29	100.00	2,009.81	100.00
2a Spare parts & Components (Imported)	197.88	4.65	346.36	7.85
2b Spare parts & Components (Indigenous)*	4,058.11	95.35	4,066.42	92.15

* Includes amounts directly debited to various account heads.

(D) Value of imports calculated on C.I.F. Basis

	Current Year	Previous Year
	<u>Rs. In lacs</u>	<u>Rs. in lacs</u>
1 Spare Parts & Components	214.69	275.81
2 Capital goods	2,937.64	9.13

(E) Earnings in Foreign Currencies

	Current Year	Previous Year
	<u>Rs. In lacs</u>	<u>Rs. in lacs</u>
1 Value of Exports calculated on FOB basis.	12,855.80	13,503.32

(F) Remittance in Foreign Currency

	Current Year	Previous Year
	<u>Rs. In lacs</u>	<u>Rs. in lacs</u>
1 Dividend	Nil	Nil

(G) Expenditure in foreign currencies during the year on account of :

	Current Year	Previous Year
	<u>Rs. In lacs</u>	<u>Rs. in lacs</u>
1 Interest	1,002.29	35.99
2 Travelling Expenses	12.05	44.66
3 Commission on Exports	334.15	175.88
4 Demurrage	110.16	84.61
5 Others	15.69	1.62

(H) Sales Turnover (excluding traded goods)

	Current Year		Previous Year	
	<u>Tonnes</u>	<u>Rs. In lacs</u>	<u>Tonnes</u>	<u>Rs. in lacs</u>
1 Cement*	1,384,021	40,059.90	1,174,450	25,828.46
2 Clinker**	63,128	1,360.52	43,065	579.44
3 Bauxite	23,440	42.90	16,757	30.67

* (Net of discounts on sales Rs.255.68 lacs, Previous year Rs.210.28 lacs) (Includes self consumption 953.08 MT Rs.19.51 lacs, Previous year 206 MT Rs.3.84 lacs) (Excludes samples and shortages 714 MT, Previous year 78 MT)

** (Net of discounts on sales Rs.5.40 lacs, Previous year Rs.0.02 lacs) (Excludes samples, damages and shortages / (excess) (1326) MT Previous year 8269 MT)

(I) Traded Goods

		Current Year		Previous Year	
		Tonnes	Rs. In lacs	Tonnes	Rs. In lacs
1	a Cement – Opening Stock	244	4.15	157	2.25
	b Cement Purchased	145,337	2,837.77	53,956	1,010.36
	c Cement Sold	139,457	3,022.58	53,869	1,123.42
	d Cement – Closing Stock	6,125	102.13	244	4.15

(J) Breakup of opening and closing stock of finished products (As certified by Independent Cost Accountant).

		Current Year		Previous Year	
		Tonnes	Rs. In lacs	Tonnes	Rs. In lacs
	Opening Stock - Cement	33,639	582.49	26,950	416.49
	Closing Stock - Cement	38,520	713.19	33,639	582.49

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

		Current Year	Previous Year
		Rs. In lacs	Rs. in lacs
	Revenue – Sales		
(i)	Domestic (India)	31,630.10	14,058.67
(ii)	Export	12,855.80	13,503.32
	Total	44,485.90	27,561.99

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

- 19 Information on related party transactions as required by Accounting Standard - 18 :

I List of related parties:

A Promoters together with its subsidiary & associate Companies holding more than 20% of equity capital

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

B 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

C Relatives of Key Management Personnel

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

D Name of Company where policies are controlled by Common Key Management Personnel:

a	Gujarat Sidhee Cement Limited
---	-------------------------------

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

		Current Year	Previous Year
		Rs. In lacs	Rs. in lacs
A	Particulars of transactions with promoter companies:		
a	Outstanding Inter Corporate Deposit with interest thereon to M/s Sameta Exports Private Limited	354.50	330.20
B	Particulars of payments to key managerial personnel:		
a	Remuneration to key managerial personnel	59.57	88.06
C	Particulars of payments to relatives of key managerial personnel:		
a	Security Deposit with relatives of key managerial personnel	130.00	-
D	Particulars of transactions with Gujarat Sidhee Cement Limited are Disclosed in aggregate value as under:		
a	Purchase of Goods & materials	2,860.96	1,608.97
b	Sale of Goods & materials	1,788.32	3,898.78
c	Expenses / (Recovery) for services	314.40	(466.17)
d	Amount (receivable) / payable as on June 30, 2007	90.60	(23.77)

20 Earning (loss) per share :

Calculation of weighted average number of equity shares of Rs. 10 each

Number of shares of Rs. 10 each

Dilutive weighted average of number of equity shares on Issue of Convertible Warrants

Dilutive weighted average of number of equity shares on Issue of Part A of

Convertible Debentures of Rs. 350/- each

Total

Current Year Previous Year

41,271,065 39,253,547

247,000 152,500

7,450,000 3,104,167

48,968,065 42,510,214

Current Year Previous Year

Rs. In lacs Rs. In lacs

2,218.25 1,359.06

1,030.01 (4,574.47)

686.86 848.08

(78.03) (101.43)

3,857.09 (2,468.76)

311.83 108.65

4,168.92 (2,360.11)

9.29 (6.26)

5.15 3.19

8.51 (5.55)

5.01 3.21

Net Profit / (Loss) after tax and prior period adjustment

(Less): Extra Ordinary Item

(Add): Deferred Tax Effect on Extra Ordinary Item

(Less) : Dividend payable to OCCPS Holders

Add: Interest on Convertible Debentures as stated above

Net Profit / (Loss) after considering dividend to OCCPS Holders

Basic Profit / (Loss) (in rupees) per share before Extra Ordinary item

Basic Profit / (Loss) (in rupees) per share after Extra Ordinary item

Diluted Profit / (Loss) (in rupees) per share before Extra Ordinary item

Diluted (Loss) (in rupees) per share after Extra Ordinary Item

21 (i) In terms of paragraph 26 of Accounting Standard 22 on "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, the Holding Company has reviewed its Deferred Tax Asset (DTA) recognised till last year, and has also, in terms of paragraph 15 to 18 of AS 22, examined the issue of recognising the DTA arising during the year on account of unabsorbed depreciation and carried forward tax losses.

(ii) Based on the projections, positive outlook for the cement industry and material export orders in hand, and also considering legal advice, from an eminent counsel, with regard to recognition of DTA in terms of AS 22, the Holding Company is virtually certain that it will have sufficient future taxable income against which the aggregate DTA recognised as on the Balance Sheet date would be realised. Accordingly DTA as detailed herein below has been recognised as at the year ended June 30, 2007.

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
(a) Deferred Tax Assets:		
a Accrued Expenses deductible on cash basis	4,030.64	4,416.74
b Accrued Expenses deductible on payment of TDS thereon	249.64	176.77
c Provision for Doubtful debts & advances	237.81	235.50
d Unabsorbed Depreciation	3,261.01	3,343.30
Total	7,779.10	8,172.31
(b) Deferred Tax Liabilities:		
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	2,889.18	3,081.48
(c) Net Deferred Tax Assets (a-b)	4,889.92	5,090.83

(iii) In respect of a subsidiary, Agrima Consultants International Limited, the deferred Tax Assets/Liabilities is provided for as follows :

	As at 30-Jun-07 Rs. In lacs	As at 30-Jun-06 Rs. in lacs
(a) Deferred Tax Assets:		
Accrued Expenses deductible on cash basis	-	-
(b) Deferred Tax Liabilities:		
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	-	8.12
(c) Net Deferred Tax Assets/Liabilities (a-b)	-	(8.12)

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

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

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

D. N. MEHTA
JAY M. MEHTA
M. N. RAO
S. V. S. RAGHAVAN
SAVITA PITTIE
K. N. BHANDARI
B. P. DESHMUKH
ANISH MODI
CHETAN JAIN
M. S. GILOTRA
R. K. PODDAR
V. R. MOHNOT

Mumbai,
Dated : November 20, 2007

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary

Mumbai,
Dated : November 20, 2007

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, 2007	31st March, 2007	31st March, 2007	31st March, 2007	31st March, 2007	31st March, 2007
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	(6,440,288)	(6,462,274)	(6,461,862)	579,645	77,649	-
	(i) For the Current Financial Year (Rs.)						
	(ii) For the previous financial years since it became a subsidiary (Rs.)	45,065,676	45,815,915	45,008,206	38,287,030	1,744,805	-
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.)	Nil	Nil	Nil	Nil	Nil	Nil
6.	Material changes between the end of the financial year of the subsidiaries and that of Saurashtra Cement Limited	-	-	-	-	-	-
	(i) Fixed Assets	-	-	-	-	-	-
	(ii) Investments	-	-	-	-	-	-
	(iii) Loans and Advances	-	-	-	-	-	-
	(iv) Monies borrowed by the subsidiary company other than for meeting current liability	-	-	-	-	-	-
	Note: * Yet to commence operation						

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

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

For and on Behalf of the Board
Deputy Chairman
Executive Vice Chairman

Directors

Managing Director
Deputy Managing Director
Director (Finance) & Co. Secretary
Mumbai,
Dated : November 20, 2007

Pranay Holdings Limited

Report of the Directors for the Period ended 31st March 2007

To The Members,

Your Directors present the 15th Annual Report together with the Audited Accounts of the Company for the nine months period ended 31st March 2007 and the Auditors' Report thereon.

1. Financial Results:

To align the Company's financial year with that of the fiscal year, the Company has changed the financial year to April – March. Consequently, the current financial year will be for a period of 9 months from 1st July 2006 to 31st March 2007. The financial results of the period pertaining to nine months are not comparable with the previous period of twelve months.

The summary of financial results for the period ended 31st March 2007 are:

	Current Period (Rs. Lacs)	Previous Year (Rs. Lacs)
Income – Provision for Diminution of Investment Written Back	64.53	123.73
Profit/(Loss) before Interest, Depreciation and Tax	64.40	123.59
Net Profit/(Loss) after taxation	64.40	123.59
Add: Deficit brought from the previous year	(450.65)	(574.24)
Deficit carried forward to Balance Sheet	(380.25)	(450.65)

2. Review of Performance:

During the financial year, although the stock market was on upward trend both domestically and internationally, the Company could not consider any investment

proposal in view of the tight liquidity position.

3. Dividend:

In view of the accumulated carried forward losses, the Directors do not recommend any dividend for the period under review.

4. Auditors' Report:

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

5. Directors:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Jay Mehta, Mr. I. K. Agarwal and Mrs. Savita Pittie retire by rotation and being eligible, offer themselves for reappointment.

6. Audit Committee:

As required by the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted Audit Committee.

7. Auditors:

M/s. V. B. Dalal & Co., Chartered Accountants, the Auditors of the Company, are due to retire and being eligible, offer themselves for reappointment.

8. Particulars of Employees:

None of the employees of the Company are covered u/s 217 (2A) of the Companies Act, 1956.

9. Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo:

Section 217(1)(e) of the Companies Act, 1956 regarding conservation of energy etc., do not apply this being not a manufacturing company.

10. Director's Responsibility Statement:

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- In the preparation of the Annual Accounts for the period ended 31st March 2007 all the application accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

11. Certificate from whole-time Secretary in Practice:
A copy of the certificate dated 30th July 2007 regarding secretarial compliance pursuant to proviso of Section 383A of the Companies Act, 1956 from a Secretary in whole-time practice is attached herewith. The exercise has been done voluntarily as a good corporate governance practice.

On behalf of the Board Directors

JAY MEHTA

A. M. FADIA

Directors

Mumbai,
Dated: 31st July 2007

Auditors' Report To The Shareholders

- We have audited the attached balance sheet of Pranay Holdings Limited, as at 31st March 2007, and also the profit and loss Account and the cash flow statement for the period 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.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in

the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- Further to our comments in the Annexure referred to above, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors, as on 31st March 2007, and taken on records by the Board of Directors, we report that none of the

directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the balance sheet, of the state of affairs of the company as at 31st March 2007;
 - in the case of the profit and loss account, of the Profit for the period ended on that date;
 - in the case of the cash flow statement, of the cash flows for the period ended on that date.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)

Proprietor

M.No. 10373

Place : Mumbai
Dated : 31.07.07

Annexure To The Auditors' Report

Referred to in paragraph 3 of our report of even date
On the basis of such checks as we considered appropriate and in terms of the information & explanations given to us, we report that:

- As explained to us and on the basis of such checks as we considered appropriate, the item nos. (i), (ii), (iv), (xiii) and (xiv) of Para 4 of the order, in our opinion, are not applicable to the Company and hence are not commented upon by us.
- According to the information and explanations given to us, the company has neither granted nor taken any loans to/from companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, there were no transactions during the period that need to be entered in to the register maintained under section 301.
- According to the information and explanations given to us and to the best of our knowledge, the company has not accepted any deposits from the public.
- In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 has not been

prescribed by the Central Government for the period under review.

- According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom-duty, excise-duty, cess and other statutory dues applicable to it.
- According to the information and explanations given to us, the dues of income tax / sales tax / wealth tax / service tax / customs duty / excise duty / cess which have not been deposited on account of any dispute and the forum where dispute is pending are as disclosed in the Note B-1 of Schedule – 6 to the Accounts.
- The accumulated losses of the company are not more than fifty percent of its net worth.
- Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank.
- Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- The company has not given any guarantee for loans taken by others from bank or financial institutions except as disclosed in Note B-4 of Schedule 6 to the Accounts.
- The Company has not raised any term loans during the period.
- During the period, the funds raised on short-term basis have not been used for long-term investment.
- The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- During the period covered by our audit report, the company has not issued any debentures.
- During the period covered by our audit report, the company has not raised money by public issues.
- Based upon the audit procedures performed and information and explanations given by management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)

Proprietor

M.No. 10373

Place : Mumbai
Dated : 31.07.07

BALANCE SHEET AS AT 31ST MARCH 2007

	Sch. No.	As at 31st March, 2007 Rs.	As at 30th June, 2006 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS:			
Share Capital	1	100,000,000	100,000,000
TOTAL		<u>100,000,000</u>	<u>100,000,000</u>
APPLICATION OF FUNDS:			
Investments	2	49,964,800	43,512,000
Current Assets, Loans and Advances :			
Current Assets :			
Cash and Bank Balances	3	35,527	24,685
Loans and Advances	4	<u>12,324,334</u>	<u>12,324,334</u>
		12,359,861	12,349,019
Less: Current Liabilities and Provisions :			
Current Liabilities	5	4,56,049	4,32,695
Provision for Taxation		<u>4,94,000</u>	<u>4,94,000</u>
		9,50,049	9,26,695
Net Current Assets		11,409,812	11,422,324
Profit and Loss Account		<u>38,625,388</u>	<u>45,065,676</u>
TOTAL		<u>100,000,000</u>	<u>100,000,000</u>
NOTES TO ACCOUNTS	6		

As per our attached report of even date

For Pranay Holdings Ltd.

For V. B. DALAL & CO.,
Chartered Accountants,

JAY MEHTA }
A. M. FADIA } Director

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

Mumbai,
Dated : 31st July, 2007

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2007

	Sch. No.	Period ended 31st March, 2007 Rs.	Year ended 30th June, 2006 Rs.
INCOME			
Provision for diminution in value of investments written back		6,452,800	12,372,800
TOTAL		<u>6,452,800</u>	<u>12,372,800</u>
EXPENDITURE			
Miscellaneous Expenses		3,000	2,000
Payment to Auditors - As audit fees		3,370	3,367
Professional Fees		4,045	5,685
Filing Fee		1,022	2,500
Bank Charges		<u>1,075</u>	<u>614</u>
TOTAL		<u>12,512</u>	<u>14,166</u>
PROFIT / (LOSS) BEFORE TAX		<u>6,440,288</u>	<u>12,358,634</u>
Provision for Income Tax		-	-
PROFIT / (LOSS) AFTER TAX		<u>6,440,288</u>	<u>12,358,634</u>
(Loss) brought forward		<u>(45,065,676)</u>	<u>(57,424,310)</u>
(Loss) carried to Balance Sheet		<u>(38,625,388)</u>	<u>(45,065,676)</u>
Weighted Average number of equity shares outstanding during the year		<u>10,000,000</u>	<u>10,000,000</u>
Basic & diluted earning per share of Rs. 10/ each (in Rs.)		0.644	1.236

NOTES TO ACCOUNTS

6

As per our attached report of even date

For Pranay Holdings Ltd.

For V. B. DALAL & CO.,
Chartered Accountants,

JAY MEHTA }
A. M. FADIA } Director

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

Mumbai,
Dated : 31st July, 2007

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2007

	Period ended 31st March, 2007 Rs.	Year ended 30th June, 2006 Rs.
CASH FLOW FROM OPERATIONS:		
Profit / (Loss) before tax	6,440,288	12,358,634
Less: Increase in loans & advances	-	-
Add: Increase in sundry creditors	23,354	26,786
Less: Provision for diminution in value of inv w/back	(6,452,800)	(12,372,800)
	<u>10,842</u>	<u>12,620</u>
CASH FLOW FROM INVESTING ACTIVITIES:	-	-
CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net cash flow	<u>10,842</u>	<u>12,620</u>
Add: Opening cash and cash equivalents	24,685	12,065
Closing balance of cash and cash equivalents	<u>35,527</u>	<u>24,685</u>

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Pranay Holdings Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

SCHEDULES "1" TO "6" ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2007.

	As at 31st March, 2007 Rs.	As at 30th June, 2006 Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
10,000,000 Equity Shares of Rs. 10/- each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and Subscribed and paid-up :	100,000,000	100,000,000
10,000,000 Equity Shares of Rs. 10/- each fully paid - up, held by the Holding Company, Saurashtra Cement Limited and its nominees.		
PER BALANCE SHEET	<u>100,000,000</u>	<u>100,000,000</u>

SCHEDULE : 2 INVESTMENTS : LONG TERM (AT COST) OTHER INVESTMENTS

Quoted :		
29,60,000 Equity Shares of Gujarat Sidhee Cement Ltd., of Rs. 10/- each fully paid. (Refer note 4)	87,542,954	87,542,954
Less : Provision for diminution in value of investments	37,578,154	44,030,954
PER BALANCE SHEET	<u>49,964,800</u>	<u>43,512,000</u>
Aggregate Market Value of Quoted Investments :		
Current year :	49,964,800	43,512,000
Previous year :	43,512,000	31,139,200

	As At 31st March, 2007 Rs.	As At 30th June, 2006 Rs.
SCHEDULE : 3		
CASH AND BANK BALANCES :		
Cash on Hand	1,885	907
Balance in current accounts with Scheduled Banks	<u>33,642</u>	<u>23,778</u>
	<u>35,527</u>	<u>24,685</u>

SCHEDULE : 4		
LOANS AND ADVANCES :		
(Unsecured, considered good)		
Deposit with a Company	11,021,034	11,021,034
Advances recoverable in cash or kind or for value to be received	78,973	78,973
Advance payment of Taxes	<u>12,24,327</u>	<u>12,24,327</u>
PER BALANCE SHEET	<u>12,324,334</u>	<u>12,324,334</u>

SCHEDULE : 5		
CURRENT LIABILITIES		
Sundry Creditors		
i) for expenses (includes amount due to small scale industrial undertakings Rs. Nil, Previous year Rs. Nil)	94,837	96,483
ii) Due to the holding Company	<u>3,61,212</u>	<u>3,36,212</u>
PER BALANCE SHEET	<u>4,56,049</u>	<u>4,32,695</u>

SCHEDULE : 6

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

Investments :

Current investments are carried at lower of cost or fair value. Long term investments are carried at cost less provision made to recognise decline other than temporary, in the carrying amount of long term investments. Any temporary decline / reduction in decline, as a matter of prudence, is not recognised.

Revenue Recognition

In appropriate circumstances, revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

Preliminary Expenses

Preliminary expenses are being written off equally over a period of 10 years.

Contingent Liabilities

These, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the Period end till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

Deferred Tax

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

B. NOTES ON ACCOUNTS

	2006-2007	2005-2006
1 Contingent liabilities in respect of :		
a) Disputed demands of Income Tax Authorities.	<u>46,689</u>	<u>46,689</u>
2 Payment to Auditors		
a) As Auditors	3,371	3,367
b) For Other Services	<u>4,045</u>	<u>3,960</u>
	<u>7,416</u>	<u>7,327</u>

3 As a prudence, the company has not recognised deferred tax asset arising on account of brought forward losses and loss for the Period.

4 Out of 29,60,000 equity shares held in Gujarat Sidhee Cement Limited, 13,00,000 (Previous year- 13,00,000) equity shares have been pledged with Rajkot Nagrik Sahakari Bank for loans taken by Saurashtra Cement Limited, the holding company. Rajkot Nagrik Sahakari Bank has transferred the said shares in its name.

5 The financial statements are for nine months ended 31st March 2007 and hence previous year's figures are not comparable and have been regrouped and recast wherever necessary.

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No.	1165188	State Code	11
Balance Sheet Date	31 3 2007		
	Date Month Year		

II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue	Nil	Bonus Issue	Nil
Right Issue	Nil	Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities	100000	Total Assets	100000
SOURCES OF FUNDS			
Paid up Capital	100000	Reserve and Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil
APPLICATION OF FUNDS			
Net Fixed Assets	Nil	Investments	49965
Net Current Assets	11410	Deferred Tax Asset	0
Misc. Expenditure	Nil	Accumulated Losses	38625

IV PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover / Income	6453	Total Expenditure	13
+ - Profit/(Loss)		+ - Profit/(Loss)	
Before Tax	+ 6440	After Tax	+ 6440
Earning Per Share (Rs.)	0.644	Dividend Rate (%)	Nil

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	Nil	Product Description	INVESTMENT
--------------------------	-----	---------------------	------------

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Pranay Holdings Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

Prachit Holdings Limited

Report of the Directors for the Period ended 31st March 2007

To The Members,

Your Directors present the 15th Annual Report together with the Audited Accounts of the Company for the nine months period ended 31st March 2007 and the Auditors' Report thereon.

1. **Financial Results:** To align the Company's financial year with that of the fiscal year, the Company has changed the financial year to April – March. Consequently, the current financial year will be for a period of 9 months from 1st July 2006 to 31st March 2007. The financial results of the period pertaining to nine months are not comparable with the previous period of twelve months.

The summary of financial results for the period ended 31st March 2007 are:

	Current Period (Rs. Lacs)	Previous Year (Rs. Lacs)
Income – Provision for Diminution of Investment Written Back	64.75	124.15
Profit/(Loss) before Interest, Depreciation and Tax	64.62	123.99
Net Profit/(Loss) after taxation	64.62	123.99
Add: Deficit brought from the previous year	(458.16)	(582.15)
Deficit carried forward to Balance Sheet	(393.54)	(458.16)

2. **Review of Performance:** During the financial year, although the stock market was on upward trend both domestically and internationally, the Company could not consider any investment proposal in view of the tight liquidity position.

3. **Dividend:** In view of the accumulated carried forward losses, the Directors do not recommend any dividend for the period under review.

4. **Auditors' Report:** The notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

5. **Directors:** In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Jay Mehta, Mr. I. K. Agarwal and Mrs. Savita Pittie retire by rotation and being eligible, offer themselves for reappointment.

6. **Audit Committee:** As required by the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted Audit Committee.

7. **Auditors:** M/s. V. B. Dalal & Co., Chartered Accountants, the Auditors of the Company, are due to retire and being eligible, offer themselves for reappointment.

8. **Particulars of Employees:** None of the employees of the Company are covered u/s 217 (2A) of the Companies Act, 1956.

9. **Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo:** Section 217(1)(e) of the Companies Act, 1956 regarding conservation of energy etc., do not apply this being not a manufacturing company.

10. **Director's Responsibility Statement:** Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors

of the Company hereby state and confirm that:

- In the preparation of the Annual Accounts for the period ended 31st March 2007 all the application accounting standards have been followed.
 - The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
 - The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
 - The Directors have prepared the annual accounts on a going concern basis.
11. Certificate from whole-time Secretary in Practice: A copy of the certificate dated 30th July 2007 regarding secretarial compliance pursuant to proviso of Section 383A of the Companies Act, 1956 from a Secretary in whole-time practice is attached herewith. The exercise has been done voluntarily as a good corporate governance practice.

On behalf of the Board

Directors

JAY MEHTA

A. M. FADIA

Director

Mumbai,
Dated: 31st July 2007

Auditors' Report To The Shareholders

- We have audited the attached balance sheet of Prachit Holdings Limited, as at 31st March 2007, and also the profit and loss account and the cash flow statement for the period 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.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure 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 above, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors, as on 31st March 2007, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in

terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the balance sheet, of the state of affairs of the company as at 31st March 2007;
 - in the case of the profit and loss account, of the Profit for the period ended on that date;
 - in case of the cash flow statement, of the cash flows for the period ended on that date.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated : 31.07.07

Annexure To The Auditors' Report

Referred to in paragraph 3 of our report of even date, On the basis of such checks as we considered appropriate and in terms of the information & explanations given to us, we report that:

- As explained to us and on the basis of such checks as we considered appropriate, the item nos. (i), (ii), (iv), (xiii) and (xiv) of Para 4 of the order, in our opinion, are not applicable to the Company and hence are not commented upon by us.
- According to the information and explanations given to us, the company has neither granted nor taken any loans to/from companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, there were no transactions during the year that need to be entered in to the register maintained under section 301.
- According to the information and explanations given to us and to the best of our knowledge, the company has not accepted any deposits from the public.
- In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 has not been

prescribed by the Central Government for the year under review.

- According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom-duty, excise-duty, cess and other statutory dues applicable to it.
- According to the information and explanations given to us, the dues of income tax / sales tax / wealth tax / service tax / customs duty / excise duty / cess which have not been deposited on account of any dispute and the forum where dispute is pending are as disclosed in the Note B-1 of Schedule – 6 to the Accounts.
- The accumulated losses of the company are not more than fifty percent of its net worth.
- Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank.
- Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

12. The company has not given any guarantee for loans taken by others from bank or financial institutions except as disclosed in Note B-3 of Schedule 6 to the Accounts.

- The Company has not raised any term loans during the year.
- During the year, the funds raised on short-term basis have not been used for long-term investment.
- The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- During the period covered by our audit report, the company has not issued any debentures.
- During the period covered by our audit report, the company has not raised money by public issues.
- Based upon the audit procedures performed and information and explanations given by management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated : 31.07.07

BALANCE SHEET AS AT 31ST MARCH 2007

	Sch. No.	As at 31st March 2007 Rs.	As at 30th June 2006 Rs.
SOURCES OF FUNDS :			
SOURCES OF FUNDS :			
Share Capital	1	100,000,000	100,000,000
TOTAL		100,000,000	100,000,000
APPLICATION OF FUNDS:			
INVESTMENTS	2	50,133,600	43,659,000
Current Assets, Loans and Advances :			
Current Assets :			
Cash and Bank Balances	3	37,769	26,741
Loans and Advances	4	11,849,627	11,849,627
		11,887,396	11,876,368
Less: CURRENT LIABILITIES AND PROVISIONS :			
CURRENT LIABILITIES	5	828,637	805,283
PROVISION FOR TAXATION		546,000	546,000
		1,374,637	1,351,283
NET CURRENT ASSETS		10,512,759	10,525,085
PROFIT AND LOSS ACCOUNT		39,353,641	45,815,915
TOTAL		100,000,000	100,000,000
NOTES TO ACCOUNTS	6		

As per our attached report of even date

For Prachit Holdings Ltd.

For V. B. DALAL & CO.,
Chartered Accountants,

JAY MEHTA }
A. M. FADIA } Director

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

Mumbai,
Dated : 31st July, 2007

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2007

	Sch. No.	Period ended 31st March, 2007 Rs.	Year ended 30th June, 2006 Rs.
INCOME			
Provision for diminution in value of investments written back		6,474,600	12,414,600
TOTAL		6,474,600	12,414,600
EXPENDITURE			
Establishment Expenses		-	-
Miscellaneous Expenses		3,000	2,000
Payment to Auditors			
As audit fees		3,370	3,367
Professional Tax		-	1,700
Filing Fee		500	1,500
Bank Charges		1,411	614
Professional Fees		4,045	6,685
TOTAL		12,326	15,866
PROFIT (LOSS) BEFORE TAX		6,462,274	12,398,734
Provision for Deferred Tax Asset		-	-
PROFIT (LOSS) AFTER TAX		6,462,274	12,398,734
(Loss) brought forward		(45,815,915)	(58,214,649)
Profit (Loss) carried to Balance Sheet		(39,353,641)	(45,815,915)
Weighted Average number of equity shares outstanding during the year		10,000,000	10,000,000
Basic & diluted earning per share of Rs. 10/ each (in Rs.)		0.646	1.240
NOTES TO ACCOUNTS	6		

As per our attached report of even date

For Prachit Holdings Ltd.

For V. B. DALAL & CO.,
Chartered Accountants,

JAY MEHTA }
A. M. FADIA } Director

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

Mumbai,
Dated : 31st July, 2007

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2007

	Period ended 31st March, 2007 Rs.	Year ended 30th June, 2006 Rs.
CASH FLOW FROM OPERATIONS:		
Profit / (Loss) before tax	6,462,274	12,398,734
Add: Increase in sundry creditors	23,354	26,786
Less: Provision for diminution in value of inv w/back	(6,474,600)	(12,414,600)
	11,028	10,920
CASH FLOW FROM INVESTING ACTIVITIES:	-	-
CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net cash flow	11,028	10,920
Add: Opening cash and cash equivalents	26,741	15,821
Closing balance of cash and cash equivalents	37,769	26,741

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Prachit Holdings Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

SCHEDULES "1" TO "6" ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2007.

	As at 31st March, 2007 Rs.	As at 30th June, 2006 Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
10000000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
Issued and Subscribed and paid-up :	100,000,000	100,000,000
10000000 Equity Shares of Rs. 10/- each fully paid - up, held by the Holding Company, Saurashtra Cement Limited and its nominees.		
PER BALANCE SHEET	100,000,000	100,000,000

SCHEDULE : 2

INVESTMENTS : LONG TERM (AT COST)

OTHER INVESTMENTS

Quoted :

29700000 Equity Shares of Gujarat Sidhee
Cement Ltd., of Rs. 10/- each fully paid .
(Refer note 4)

87,642,954 87,642,954

Less : Provision for diminution in value of investments

37,509,354 43,983,954

PER BALANCE SHEET

50,133,600 43,659,000

Aggregate Market Value of Quoted Investments :

Current year :

50,133,600

Previous year :

43,659,000

SCHEDULE : 3

CASH AND BANK BALANCES :

Cash on Hand

2,487 987

Balance in current accounts with Scheduled Banks

35,282 25,754

37,769 26,741

	As at 31st March, 2007 Rs.	As at 30th June, 2006 Rs.
SCHEDULE : 4		
Loans and Advances :		
(Unsecured, considered good)		
Deposit with a Company	10,644,640	10,644,640
Advances recoverable in cash or kind or for value to be received	87,102	87,102
Advance payment of Taxes	1,117,885	1,117,885
PER BALANCE SHEET	<u>11,849,627</u>	<u>11,849,627</u>

SCHEDULE : 5		
CURRENT LIABILITIES		
Sundry Creditors		
i) For expenses (includes amount due to small scale industrial undertakings Rs. Nil, Previous year Rs. Nil)	8,637	10,283
ii) Due to the holding Company	820,000	795,000
PER BALANCE SHEET	<u>828,637</u>	<u>805,283</u>

SCHEDULE : 6
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

Investments :

Current investments are carried at lower of cost or fair value. Long term investments are carried at cost less provision made to recognise decline other than temporary, in the carrying amount of long term investments. Any temporary decline / reduction in decline, as a matter of prudence, is not recognised.

Revenue Recognition

In appropriate circumstances, revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

Preliminary Expenses

Preliminary expenses are being written off equally over a period of 10 years.

Contingent Liabilities

These, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

Deferred Tax

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing defences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance sheet date, the carrying amount of deferred tax assets are reviewed to reassure realisation.

B. NOTES ON ACCOUNTS

	2006-2007 Rs.	2005-2006 Rs.
1 Payment to Auditors		
a) As Auditors	3,371	3,367
b) For Other Services	4,045	3,960
	<u>7,416</u>	<u>7,327</u>
2 As a prudence, the company has not recognised deferred tax asset arising on account of brought forward losses and loss for the year.		
3 Out of 2970000 equity shares held in Gujarat Sidhee Cement Limited, 1300000 (Previous year- 1300000) equity shares have been pledged with Rajkot Nagrik Sahakari Bank for loans taken by Saurashtra Cement Limited, the holding company. Rajkot Nagrik Sahakari Bank has transferred the said shares in its name.		
4 The financial statements are for nine months ended 31st March 2007 and hence previous year's figures are not comparable and have been regrouped and recast wherever necessary.		

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No.	1167374	State Code	11
Balance Sheet Date	31 3 2007		
	Date Month Year		

II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue	Nil	Bonus Issue	Nil
Right Issue	Nil	Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities	100000	Total Assets	100000
SOURCES OF FUNDS			
Paid up Capital	100000	Reserve and Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil
APPLICATION OF FUNDS			
Net Fixed Assets	Nil	Investments	50134
Net Current Assets	10513	Deferred Tax Asset	Nil
Misc. Expenditure	Nil	Accumulated Losses	39354

IV PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover / Income	6475	Total Expenditure	12
+ - Profit/(Loss)		+ - Profit/(Loss)	
Before Tax	+ 6462	After Tax	+ 6462
Earning Per Share (Rs.)	0.646	Dividend Rate (%)	Nil

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	Nil	Product Description	INVESTMENT
--------------------------	-----	---------------------	------------

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Prachit Holdings Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

Ria Holdings Limited

Report of the Directors for the Period ended 31st March 2007

To The Members,
Your Directors present the 15th Annual Report together with the Audited Accounts of the Company for the nine months period ended 31st March 2007 and the Auditors' Report thereon.

- Financial Results:** To align the Company's financial year with that of the fiscal year, the Company has changed the financial year to April – March. Consequently, the current financial year will be for a period of 9 months from 1st July 2006 to 31st March 2007. The financial results of the period pertaining to nine months are not comparable with the previous period of twelve months. The summary of financial results for the period ended 31st March 2007 are:

	Current Period (Rs. Lacs)	Previous Year (Rs. Lacs)
Income – Provision for Diminution of Investment Written Back	64.75	124.15
Profit/(Loss) before Interest, Depreciation and Tax	64.62	124.00
Net Profit/(Loss) after taxation	64.62	124.00
Add: Deficit brought from the previous year	(450.08)	(574.09)
Deficit carried forward to Balance Sheet	(385.46)	(450.08)

- Review of Performance:** During the financial year, although the stock market was on upward trend both domestically and internationally, the Company could not consider any investment proposal in view of the tight liquidity position.

- Dividend:** In view of the accumulated carried forward losses, the Directors do not recommend any dividend for the period under review.
- Auditors' Report:** The notes to the Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.
- Directors:** In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Jay Mehta, Mr. I. K. Agarwal and Mrs. Savita Pittie retire by rotation and being eligible, offer themselves for reappointment.
- Audit Committee:** As required by the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted Audit Committee.
- Auditors:** M/s. V. B. Dalal & Co., Chartered Accountants, the Auditors of the Company, are due to retire and being eligible, offer themselves for reappointment.
- Particulars of Employees:** None of the employees of the Company are covered u/s 217 (2A) of the Companies Act, 1956.
- Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo:** Section 217(1)(e) of the Companies Act, 1956 regarding conservation of energy etc., do not apply this being not a manufacturing company.
- Director's Responsibility Statement:** Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- In the preparation of the Annual Accounts for the period ended 31st March 2007 all the application accounting standards have been followed.
 - The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
 - The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
 - The Directors have prepared the annual accounts on a going concern basis.
- Certificate from whole-time Secretary in Practice: A copy of the certificate dated 30th July 2007 regarding secretarial compliance pursuant to proviso of Section 383A of the Companies Act, 1956 from a Secretary in whole-time practice is attached herewith. The exercise has been done voluntarily as a good corporate governance practice.

On behalf of the Board Directors
JAY MEHTA
A. M. FADIA
Directors

Mumbai,
Dated: 31st July 2007

Auditors' Report To The Shareholders

- We have audited the attached balance sheet of Ria Holdings Limited, as at 31st March 2007, and also the profit and loss account and the cash flow statement for the period 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.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we

enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- Further to our comments in the Annexure referred to above, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - On the basis of written representations received from the directors, as on 31st March 2007, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st

March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the balance sheet, of the state of affairs of the company as at 31st March 2007;
 - in the case of the profit and loss account, of the Profit for the period ended on that date; and
 - in the case of the cash flow statement, of the cash flows for the period ended on that date.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated : 31.07.07

Annexure To The Auditors' Report

Referred to in paragraph 3 of our report of even date, On the basis of such checks as we considered appropriate and in terms of the information & explanations given to us, we report that:

- As explained to us and on the basis of such checks as we considered appropriate, the item nos. (ii), (iv), (xiii) and (xiv) of Para 4 of the order, in our opinion, are not applicable to the Company and hence are not commented upon by us.
- The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- The fixed assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable considering the size of the Company and nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
- During the year, the Company has not disposed off any substantial part of its fixed assets.
- According to the information and explanations given to us, the company has neither granted nor taken any loans to/from companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, there were no transactions during the year that need to be entered in to the register maintained under section 301.

- According to the information and explanations given to us and to the best of our knowledge, the company has not accepted any deposits from the public.
- In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for the year under review.
- According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom-duty, excise-duty, cess and other statutory dues applicable to it.
- According to the information and explanations given to us, the dues of income tax / sales tax / wealth tax / service tax / customs duty / excise duty / cess which have not been deposited on account of any dispute and the forum where dispute is pending are as disclosed in the Note B-1 of Schedule – 7 to the Accounts.
- The accumulated losses of the company are not more than fifty percent of its net worth.
- Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the

company has not defaulted in repayment of dues to a financial institution or bank.

- Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The company has not given any guarantee for loans taken by others from bank or financial institutions except as disclosed in Note B-4 of Schedule 7 to the Accounts.
- The Company has not raised any term loans during the period.
- During the period, the funds raised on short-term basis have not been used for long-term investment.
- The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- During the period covered by our audit report, the company has not issued any debentures.
- During the period covered by our audit report, the company has not raised money by public issues.
- Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated : 31.07.07

BALANCE SHEET AS AT 31ST MARCH 2007

	Sch. No.	As at 31st March, 2007 Rs.	As at 30th June, 2006 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS:			
Share Capital	1	100,000,000	100,000,000
TOTAL		<u>100,000,000</u>	<u>100,000,000</u>
APPLICATION OF FUNDS:			
Fixed Asset (At Cost)	2		
Gross Block		51,000	51,000
Less: Depreciation		<u>46,644</u>	<u>46,644</u>
Net Block		4,356	4,356
Investments	3	50,133,600	43,659,000
CURRENT ASSETS, LOANS AND ADVANCES :			
Current Assets :			
Cash and Bank Balances	4	51,129	40,513
Loans and Advances	5	11,975,428	11,975,428
		12,026,557	12,015,941
Less: CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	6	148,857	125,503
Provision for Taxation		<u>562,000</u>	<u>562,000</u>
		710,857	687,503
NET CURRENT ASSETS		11,315,700	11,328,438
PROFIT AND LOSS ACCOUNT		38,546,344	45,008,206
TOTAL		<u>100,000,000</u>	<u>100,000,000</u>
NOTES TO ACCOUNTS	7		

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL

Proprietor

Membership No.: 10373

Place : Mumbai

Dated : 31st July, 2007

For Ria Holdings Ltd.

JAY MEHTA

A. M. FADIA } Director

Mumbai,

Dated : 31st July, 2007

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2007

	Sch. No.	Period ended 31st March, 2007 Rs.	Year ended 30th June, 2006 Rs.
INCOME			
Provision for diminution in value of investments written back		6,474,600	12,414,600
TOTAL		<u>6,474,600</u>	<u>12,414,600</u>
EXPENDITURE			
Professional Tax		1,700	-
Audit Fees		3,370	3,367
Professional Fees		4,045	5,685
Bank Charges		123	194
Filing Fees		500	2,500
Establishment Expenses		-	-
Miscellaneous Expenses		3,000	2,000
TOTAL		<u>12,738</u>	<u>1,3746</u>
PROFIT (LOSS) BEFORE TAX		<u>6,461,862</u>	<u>12,400,854</u>
Provision for Tax		-	-
PROFIT (LOSS) AFTER TAX		6,461,862	12,400,854
(Loss) brought forward		(45,008,206)	(57,409,060)
Loss carried to Balance Sheet		<u>(38,546,344)</u>	<u>(45,008,206)</u>
Weighted Average number of equity shares outstanding during the year		10,000,000	10,000,000
Basic & diluted earning per share of Rs. 10/ each (in Rs.)		0.646	1.240
NOTES TO ACCOUNTS	7		

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL

Proprietor

Membership No.: 10373

Place : Mumbai

Dated : 31st July, 2007

For Ria Holdings Ltd.

JAY MEHTA

A. M. FADIA } Director

Mumbai,

Dated : 31st July, 2007

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2007

	Period ended 31st March, 2007 Rs.	Year ended 30th June, 2006 Rs.
CASH FLOW FROM OPERATIONS:		
Profit / (Loss) before tax	6,461,862	12,400,854
Less : Increase / (Decrease) in sundry creditors	23,354	26,786
Less: Provision for diminution in value of inv w/back	(6,474,600)	(12,414,600)
	<u>10,616</u>	<u>13,040</u>
CASH FLOW FROM INVESTING ACTIVITIES:	-	-
CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net cash flow	<u>10,616</u>	<u>13,040</u>
Add: Opening cash and cash equivalents	40,513	27,473
Closing balance of cash and cash equivalents	<u>51,129</u>	<u>40,513</u>

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Ria Holdings Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

SCHEDULES "1" TO "7" ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2007.

	As at 31st March, 2007 Rs.	As at 30th June, 2006 Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
10000000 Equity Shares of Rs. 10/- each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and Subscribed and paid-up :	<u>100,000,000</u>	<u>100,000,000</u>
10000000 Equity Shares of Rs. 10/- each fully paid - up, held by the Holding Company, Saurashtra Cement Limited and its nominees.		
PER BALANCE SHEET	<u>100,000,000</u>	<u>100,000,000</u>

SCHEDULE 2 SCHEDULE OF FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 30-06-2006	Addition During the Period	Deduction During the Period	As At 31-03-2007	Up To 30-06-2006	For The Period	Deduction During the Period	Up To 31-03-2007	As At 31-03-2007	As At 30-06-2006
Motor Car	51,000	-	-	51,000	46,644	-	-	46,644	4,356	4,356
Current Year	51,000	-	-	51,000	46,644	-	-	46,644	4,356	4,356
Previous Year	51,000	-	-	51,000	46,644	-	-	46,644	4,356	4,356

	As At 31st March, 2007 Rs.	As At 30th June, 2006 Rs.
SCHEDULE : 3		
INVESTMENTS :		
LONG TERM (AT COST)		
OTHER INVESTMENTS		
Quoted :		
2970000 Equity Shares of Gujarat Sidhee Cement Ltd., of Rs. 10/- each fully paid. (Refer note 4)	87,642,952	87,642,952
Less : Provision for diminution in value of investments	37,509,352	43,983,952
	50,133,600	43,659,000
Aggregate Market Value of Quoted Investments :		
Current year :	50,133,600	43,659,000
Previous year :	43,659,000	31,244,400

SCHEDULE : 4		
Cash and Bank Balances :		
Cash on Hand	2,368	868
Balance in current accounts with Scheduled Banks	48,761	39,645
	51,129	40,513

SCHEDULE : 5		
Loans and Advances :		
(Unsecured, considered good)		
Deposit with a Company	9,200,000	9,200,000
Advances recoverable in cash or kind or for value to be received	877,610	877,610
Advance payment of Taxes	1,897,818	1,897,818
PER BALANCE SHEET	11,975,428	11,975,428

SCHEDULE : 6		
CURRENT LIABILITIES		
Sundry Creditors		
i) For expenses (includes amount due to small scale industrial undertakings Rs. Nil, Previous year Rs. Nil)	18,857	20,503
ii) Due to Holding Company	130,000	105,000
PER BALANCE SHEET	148,857	125,503

SCHEDULE : 7

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets :

Fixed Assets are stated at cost of acquisition less accumulated depreciation.

Depreciation :

Depreciation on Fixed Assets is provided on written value method in accordance with the Companies Act, 1956.

Investments :

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost less provision made to recognise decline other than temporary, in the carrying amount of long term investments. Any temporary decline/reduction in decline, as a matter of prudence, is not recognised.

Revenue Recognition

In appropriate circumstances, revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

Preliminary Expenses

Preliminary expenses are being written off equally over a period of 10 years.

Contingent Liabilities

These, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of contingencies which are likely to materialise into liabilities after the year end till the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.

Deferred Tax

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is an reasonable certainty of its realisation. At each Balance sheet date, the carrying amount of deferred tax assets are reviewed to reassess realisation.

B. NOTES ON ACCOUNTS

	2006-2007	2005-2006
1 Contingent liabilities in respect of :		
a) Disputed demands of income Tax Authorities.	<u>200,000</u>	<u>200,000</u>
2 Payment to Auditors		
a) As Auditors	3,370	3,367
b) For Other Services	<u>4,045</u>	<u>3,960</u>
	<u>7,415</u>	<u>7,327</u>
3 As a prudence, the company has not recognised deferred tax asset arising on account of brought forward losses and loss for the year.		
4 Out of 2970000 equity shares held in Gujarat Sidhee Cement Limited, 1300000 (Previous year- 1300000) equity shares have been pledged with Rajkot Nagrik Sahakari Bank for loans taken by Saurashtra Cement Limited, the holding company. Rajkot Nagrik Sahakari Bank has transferred the said shares in its name.		
5 The Financial Statement are for nine months period ended 31st March 2007. Hence previous year's figures are not comparable.		

Balance Sheet Abstract and Company's General Business Profile

I	REGISTRATION DETAILS				
	Registration No.	1167548		State Code	11
	Balance Sheet Date	31	3	2007	
		Date	Month	Year	
II	CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)				
	Public Issue	Nil	Bonus Issue	Nil	
	Right Issue	Nil	Private Placement	Nil	
III	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)				
	Total Liabilities	100000	Total Assets	100000	
	SOURCES OF FUNDS				
	Paid up Capital	100000	Reserve and Surplus	Nil	
	Secured Loans	Nil	Unsecured Loans	Nil	
	APPLICATION OF FUNDS				
	Net Fixed Assets	4	Investments	50134	
	Net Current Assets	11317	Deferred Tax Asset	Nil	
	Misc. Expenditure	Nil	Accumulated Losses	-38546	
IV	PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)				
	Turnover / Income	6475	Total Expenditure	13	
	+ - Profit/(Loss)		+ - Profit/(Loss)		
	Before Tax	+ 6462	After Tax	+ 6462	
	Earning Per Share (Rs.)	0.646	Dividend Rate (%)	Nil	
V	GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)				
	Item Code No. (ITC Code)	Nil	Product Description	INVESTMENT	

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Ria Holdings Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

Reeti Investments Limited

Report of the Directors for the Year ended 31st March 2007

To The Members,
Your Directors present the 15th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2007 and the Auditors' Report thereon.

- Review of Performance:** During the financial year, although the stock market was on upward trend both domestically and internationally, the Company could not consider any investment proposal in view of the tight liquidity position.
- Financial Results:** The summary of financial results for the year ended 31st March 2007 are:

	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
Income – Provision for		
Diminution of Investment		
Written Back	-	-
Profit/(Loss) before Interest,		
Depreciation and Tax	(5.80)	(3.43)
Net Profit/(Loss) after taxation	(5.95)	(3.43)
Add: Deficit brought from		
the previous year	(382.87)	(379.44)
Deficit carried forward to		
Balance Sheet	(388.82)	(382.87)

- Dividend:** In view of the losses, the Directors do not recommend any dividend for the year under review.

- Auditors' Report:** The notes to the Accounts

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

- Directors:** In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Jay Mehta, Mr. I. K. Agarwal and Mrs. Savita Pittie retire by rotation and being eligible, offer themselves for reappointment.
- Auditors:** M/s. V. B. Dalal & Co., Chartered Accountants, the Auditors of the Company, are due to retire and being eligible, offer themselves for reappointment.
- Particulars of Employees:** None of the employees of the Company are covered u/s 217 (2A) of the Companies Act, 1956.
- Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo:** Section 217(1)(e) of the Companies Act, 1956 regarding conservation of energy etc., do not apply this being not a manufacturing company.
- Director's Responsibility Statement:** Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:
 - In the preparation of the Annual Accounts for the year ended 31st March 2007 all the application accounting standards have been followed.

- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year.
 - The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
 - The Directors have prepared the annual accounts on a going concern basis.
- 10. Certificate from whole-time Secretary in Practice:**
A copy of the certificate dated 30th July 2007 regarding secretarial compliance pursuant to proviso of Section 383A of the Companies Act, 1956 from a Secretary in whole-time practice is attached herewith. The exercise has been done voluntarily as a good corporate governance practice.

On behalf of the Board
Directors

JAY MEHTA
A.M.FADIA
Director

Mumbai,
Dated: 31st July 2007

Auditors' Report To The Shareholders

- We have audited the attached balance sheet of Reeti Investments Limited, as at 31st March 2007, and also the Profit and Loss Account and the cash flow statement 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.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 297 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified

in paragraphs 4 and 5 of the said Order.

- Further to our comments in the Annexure referred to above, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - On the basis of written representations received from the directors, as on 31st March 2007, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in

terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the balance sheet, of the state of affairs of the company as at 31st March 2007;
 - in the case of the profit and loss account, of the loss for the year ended on that date; and
 - in case of the cash flow statement, of the cash flows for the year ended on that date.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated : 31.07.07

Annexure To The Auditors' Report

Referred to in paragraph 3 of our report of even date,

On the basis of such checks as we considered appropriate and in terms of the information & explanations given to us, we report that:

- As explained to us and on the basis of such checks as we considered appropriate, the item nos. (i), (ii), (iv), (xiii) and (xiv) of Para 4 of the order, in our opinion, are not applicable to the Company and hence are not commented upon by us.
- According to the information and explanations given to us, the company has neither granted nor taken any loans to/from companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, there were no transactions during the year that need to be entered in to the register maintained under section 301.
- According to the information and explanations given to us and to the best of our knowledge, the company has not accepted any deposits from the public.
- In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 has not been

prescribed by the Central Government for the year under review.

- According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom-duty, excise-duty, cess and other statutory dues applicable to it.
- According to the information and explanations given to us, there are no dues of income tax / sales tax / wealth tax / service tax / customs duty / excise duty / cess which have not been deposited on account of any dispute.
- The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses of Rs.9679/- in the financial year covered by our audit and of Rs.15140/- in the immediately preceding financial year.
- Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank.
- Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other

securities.

- The company has not given any guarantee for loans taken by others from bank or financial institutions except as disclosed in Note 5 of Schedule 6 to the Accounts.
- The Company has not raised any term loans during the year.
- During the year, the funds raised on short-term basis have not been used for long-term investment.
- The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- During the period covered by our audit report, the company has not issued any debentures.
- During the period covered by our audit report, the company has not raised money by public issues.
- Based upon the audit procedures performed and information and explanations given by management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated : 31.07.07

BALANCE SHEET AS AT 31ST MARCH 2007

	Sch. No.	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
SOURCES OF FUNDS :			
Shareholders' Funds:			
Share Capital	1	40,000,000	40,000,000
LOAN FUND			
Unsecured Loans	2	3,445,000	3,445,000
TOTAL		43,445,000	43,445,000
APPLICATION OF FUNDS:			
INVESTMENTS	3	5,074,989	5,644,955
CURRENT ASSETS, LOANS AND ADVANCES :			
Current Assets :	4		
Cash and Bank Balances		20,108	22,230
Loans and Advances		58,351	58,351
		78,459	80,581
Less: Current Liabilities and Provisions :	5	590,358	567,566
Net Current Assets		(511,899)	(486,985)
Deferred Tax Asset		-	-
Profit and Loss Account		38,881,910	38,287,030
TOTAL		43,445,000	43,445,000
NOTES TO ACCOUNTS	6		

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Reeti Investments Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	Sch. No.	Year ended 31st March, 2007 Rs.	Year ended 31st March, 2006 Rs.
INCOME			
TOTAL		-	-
EXPENDITURE			
Miscellaneous Expenses		3,000	3,700
Payment to Auditors			
As Audit fees		3,370	3,367
Filing Fee		500	3,000
Professional Fees		2,809	5,073
Provision for diminution in value of investments		569,966	327,940
TOTAL		579,645	343,080
PROFIT/ (LOSS) BEFORE TAX		(579,645)	(343,080)
Provision for Tax		-	-
PROFIT/ (LOSS) AFTER TAX		(579,645)	(343,080)
Taxation for earlier years		(15,235)	-
		(594,880)	(343,080)
(Deficit) brought forward		(38,287,030)	(37,943,950)
Surplus/(Deficit) carried to Balance Sheet		(38,881,910)	(38,287,030)
Weighted Average number of equity shares outstanding during the year		4,000,000	4,000,000
Basic & diluted earning per share of Rs.10/ each (in Rs)		-0.149	-0.086
NOTES TO ACCOUNTS	6		

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Reeti Investments Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
CASH FLOW FROM OPERATIONS:		
Profit / (Loss) before tax	(269,822)	(343,080)
Add: Increase in sundry creditors	22,792	27,134
Add: Provision for diminution in value of investment	260,143	327,940
Less :Provision for diminution in value of inv w/back	-	-
Less: Prior Year Adjustment for Income Tax	15,235	-
	<u>(2,122)</u>	<u>11,994</u>
CASH FLOW FROM INVESTING ACTIVITIES:	Nil	Nil
CASH FLOW FROM FINANCING ACTIVITIES:	Nil	Nil
Net cash flow	<u>(2,122)</u>	<u>11,994</u>
Add: Opening cash and cash equivalents	22,230	10,236
Closing balance of cash and cash equivalents	<u><u>(20,108)</u></u>	<u><u>22,230</u></u>

As per our attached report of even date

For **V. B. DALAL & CO.,**
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For **Reeti Investments Ltd.**

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

SCHEDULES "1" TO "6" ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007.

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
4000000 Equity Shares of Rs. 10/- each	40,000,000	40,000,000
Issued and Subscribed and paid-up :	40,000,000	40,000,000
4000000 Equity Shares of Rs. 10/- each		
fully paid - up, held by the Holding Company, Saurashtra Cement Limited and its nominees.		
PER BALANCE SHEET	<u><u>40,000,000</u></u>	<u><u>40,000,000</u></u>
SCHEDULE : 2		
UNSECURED LOANS :		
Intercompany deposit from the Holding Company.	3,440,000	3,440,000
From a Director	5,000	5,000
PER BALANCE SHEET	<u><u>3,445,000</u></u>	<u><u>3,445,000</u></u>
SCHEDULE : 3		
INVESTMENTS :		
LONG TERM (AT COST)		
OTHER INVESTMENTS		
Quoted :		
800000 Equity Shares of Rs. 10/- each	40,000,000	40,000,000
fully paid - up in Metazinc (India) Limited		
Less : Provision for diminution in value	38,728,000	38,424,000
	<u><u>1,272,000</u></u>	<u><u>1,576,000</u></u>
243650 Equity Shares of Rs. 10/- each fully paid - up in Gujarat Sidhee Cement Limited (Refer note 5)	3,802,989	3,802,989
Less : Provision for diminution in value	-	(265,966)
	<u><u>3,802,989</u></u>	<u><u>4,068,955</u></u>
PER BALANCE SHEET	<u><u>5,074,989</u></u>	<u><u>5,644,955</u></u>
Aggregate Market Value of Quoted Investments :		
Current year :	5,384,812	5,644,955
Previous year :	5,644,955	5,972,895

	As At 31st March, 2007 Rs.	As At 31st March, 2006 Rs.
SCHEDULE : 4		
CURRENT ASSETS , LOANS AND ADVANCES :		
Current Assets :		
Cash and Bank Balances :		
Cash on Hand	1,845	345
Balance in current account with a Scheduled Bank	18,263	21,885
	<u>20,108</u>	<u>22,230</u>
Loans and Advances :		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	58,351	58,351
PER BALANCE SHEET	<u>78,459</u>	<u>80,581</u>

SCHEDULE : 5		
CURRENT LIABILITIES AND PROVISIONS :		
Current Liabilities :		
Sundry Creditors		
For Expenses (includes amount due to small scale industrial undertakings Rs. Nil)	8,118	10,326
Previous year Rs. Nil)		
Due to Holding Company	582,240	557,240
PER BALANCE SHEET	<u>590,358</u>	<u>567,566</u>

SCHEDULE : 6

NOTES FORMING PART OF ACCOUNTS :

- The previous year figures have been regrouped and recast wherever necessary.
- Significant Accounting Policies adopted in the preparation of the Financial Statement.
 - Revenue Recognition :**
Revenue / Income and Cost / Expenditure are generally accounted on accrual as they are earned or incurred.
 - Investments :**
Current investments are carried at lower of cost or fair value. Long term investments are carried at cost less provision made to recognise decline other than temporary, in the carrying amount of long term investments. Any temporary decline / reduction in decline, as a matter of prudence, is not recognised.
 - Deferred Tax**
The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing defences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance sheet date, the carrying amount of deferred tax assets are reviewed to reassess realisation.
- Payment to Auditors

	2006-2007	2005-2006
a) As Auditors	3,370	3,300
b) For Other Services	2,809	3,000
	<u>6,179</u>	<u>6,300</u>
- As a prudence, the company has not recognised deferred tax asset arising on account of brought forward losses and loss for the year.
- 243650 (previous year 243650) equity shares held in Gujarat Sidhee Cement Limited have been pledged with Rajkot Nagrik Sahakari Bank for loans taken by Saurashtra Cement Limited, the holding company. Rajkot Nagrik Sahakari Bank has transferred the shares in its name.

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Reeti Investments Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS			
Registration No.	1166507	State Code	11
Balance Sheet Date	31 3 2007		
	Date Month Year		
II CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)			
Public Issue	Nil	Bonus Issue	Nil
Right Issue	Nil	Private Placement	Nil
III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs. In thousands) (AMOUNT RS. IN THOUSANDS)			
Total Liabilities	43445	Total Assets	43445
SOURCES OF FUNDS			
Paid up Capital	40000	Reserve and Surplus	Nil
Secured Loans	Nil	Unsecured Loans	3445
APPLICATION OF FUNDS			
Net Fixed Assets	Nil	Investments	5075
Net Current Assets	- 512	Deferred Tax Asset	Nil
Misc. Expenditure	Nil	Accumulated Losses	38882
IV PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)			
Turnover / Income	Nil	Total Expenditure	580
+ - Profit/(Loss)		+ - Profit/(Loss)	
Before Tax	- 580	After Tax	- 595
Earning Per Share (Rs.)	- 0.149	Dividend Rate (%)	Nil
V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)			
Item Code No. (ITC Code)	Nil	Product Description	INVESTMENT

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Reeti Investments Ltd.

JAY MEHTA }
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

Agrima Consultants International Limited

Report of the Directors for the Year ended 31st March 2007

To The Members,

Your Directors present the 19th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2007 and the Auditors' Report thereon.

1. Review of Performance:

During the year under review, the Company had made all efforts to approach various agencies/business houses in India/abroad for rendering technical and other assistance in the matter of feasibility study of the projects and their implementation.

2. Financial Results:

The summary of financial results for the year ended 31st March 2007 are:

	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
Income	146.81	106.81
Profit/(Loss) before Interest, Depreciation and Tax	26.09	4.58
Less : Interest	4.07	2.60
Less: Depreciation	24.70	18.06
Provision for taxation	1.91	(12.13)
Profit/(Loss)	(0.78)	(28.21)
Add: Prior year expenses	(0.86)	(0.40)
Net Profit / (Loss)	(1.64)	(28.61)
Add: Surplus /(Deficit) brought from the previous year	(17.45)	11.16
Deficit carried forward to Balance Sheet	(19.09)	(17.45)

3. Dividend:

In view of the accumulated carried forward losses, the Directors do not recommend any dividend for the year under review.

4. Directors:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Jay Mehta and Mrs. Savita Pittie retire by rotation and being eligible, offer themselves for reappointment.

5. Auditors:

M/s. V. B. Dalal & Co., Chartered Accountants, the Auditors of the Company, are due to retire and being eligible, offer themselves for reappointment.

6. Particulars of Employees:

None of the employees of the Company are covered u/s 217 (2A) of the Companies Act, 1956.

7. Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo:

Section 217(1)(e) of the Companies Act, 1956 regarding conservation of energy etc., do not apply this being not a manufacturing company.

8. Director's Responsibility Statement:

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

a. In the preparation of the Annual Accounts for the year ended 31st March 2007 all the

applicable accounting standards have been followed.

b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year.

c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d. The Directors have prepared the annual accounts on a going concern basis.

9. **Certificate from whole-time Secretary in Practice:**
A copy of the certificate dated 30th July 2007 regarding secretarial compliance pursuant to proviso of Section 383A of the Companies Act, 1956 from a Secretary in whole-time practice is attached herewith.

On behalf of the Board
Directors

JAY MEHTA
A.M.FADIA
Director

Mumbai,
Dated: 31st July 2007

Auditors' Report To The Shareholders

1. We have audited the attached balance sheet of **Agrima Consultants International Limited**, as at 31st March 2007, and also the profit and loss Account and the cash flow statement 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 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 (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in

the Annexure 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 above, we report that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) 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;

iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

v) On the basis of written representations received from the directors, as on 31st March 2007, and taken on records by the Board of Directors, we report that none of

the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2007;

b) in the case of the profit and loss account, of the loss for the year ended on that date;

c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated: 31st July 2007

Annexure To The Auditors' Report

Referred to in paragraph 3 of our report of even date, On the basis of such checks as we considered appropriate and in terms of the information & explanations given to us, we report that:

1. As explained to us and on the basis of such checks as we considered appropriate, the item nos. (ii), (xii), (xiii), (xiv), (xv) and (xvi) of Para 4 of the order, in our opinion, are not applicable to the Company and hence are not commented upon by us.

2. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

3. The fixed assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable considering the size of the Company and nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.

4. No substantial part of the fixed assets has been disposed off by the Company during the year.

5. According to the information and explanations given to us, the company has neither granted nor taken any loans to/from companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

6. The Company has given interest free loans or advances in the nature of loans to its employees who are repaying the amounts as stipulated.

7. There is an adequate internal control system

commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system.

8. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there were no transactions during the year that need to be entered in to the register maintained under section 301.

9. According to the information and explanations given to us and to the best of our knowledge, the company has not accepted any deposits from the public.

10. As explained to us, the company had adequate internal audit system commensurate with its size.

11. Maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for the year under review.

12. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom-duty, excise-duty, cess and other statutory dues applicable to it.

13. According to the records of the company, there are no dues of sales tax, income tax, customs tax,

wealth tax, service tax, excise duty, cess, which have not been deposited on account of any dispute.

14. The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

15. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank.

16. During the year, the funds raised on short-term basis have not been used for long-term investment.

17. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

18. During the period covered by our audit report, the company has not issued any debentures.

19. During the period covered by our audit report, the company has not raised money by public issues.

20. Based upon the audit procedures performed and information and explanations given by management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR V. B. DALAL & CO.
Chartered Accountants

(V. B. DALAL)
Proprietor
M.No. 10373

Place : Mumbai
Dated: 31st July 2007

BALANCE SHEET AS AT 31ST MARCH 2007

	Sch. No.	Rs.	As at 31st March 2007 Rs.	As at 31st March, 2006 Rs.
I SOURCES OF FUNDS				
1 SHAREHOLDERS FUNDS				
a) Share Capital	1		4,041,000	4,041,000
b) Reserves and Surplus	2		676,000	676,000
			<u>4,717,000</u>	<u>4,717,000</u>
2 LOANS FUNDS				
Secured Loans	3		4,638,695	6,296,369
Deferred Tax Liability			-	811,705
TOTAL			<u>9,355,695</u>	<u>11,825,074</u>
II APPLICATION OF FUNDS				
1 FIXED ASSETS	4			
a) Gross Block		13,150,095		
b) Less: Depreciation		5,524,613		
c) Net Block			7,625,482	9,750,335
2 INVESTMENTS	5		25,000	25,000
3 CURRENT ASSETS, LOANS AND ADVANCES				
a) Sundry Debtors	6		121,221	816,046
b) Cash and Bank Balances	7		194,285	3,691
c) Loans and Advances	8		6,313,399	6,097,920
			<u>6,628,905</u>	<u>6,917,657</u>
Less: Current Liabilities and Provisions				
a) Liabilities	9		4,929,341	4,790,683
b) Provisions	10		1,902,800	1,822,040
			<u>6,832,141</u>	<u>6,612,723</u>
NET CURRENT ASSETS			(203,237)	304,934
4 PROFIT AND LOSS ACCOUNT			1,908,450	1,744,805
TOTAL			<u>9,355,695</u>	<u>11,825,074</u>
Significant Accounting Policies and Notes on Accounts	14			

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Agrima Consultants International Ltd.

JAY MEHTA
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	Sch. No.	Year ended 31st March, 2007 Rs.	Year ended 31st March, 2006 Rs.
INCOME			
Service charges		14,615,914	10,461,500
(Tax deducted at source Rs.5,23,644 Previous year Rs. 4,45,734/-)			
Other Income	11	65,199	219,359
TOTAL		<u>14,681,113</u>	<u>10,680,859</u>
EXPENDITURE			
Administrative and other expenses	12	12,072,331	10,221,747
Interest & Finance Expenses	13	406,980	260,478
Depreciation		2,470,056	1,806,181
		<u>14,949,367</u>	<u>12,288,406</u>
Profit/(Loss) for the year before tax		(268,254)	(1,607,554)
Provision for			
Income Tax		335,000	960,000
Wealth Tax		21,100	3,840
Fringe Benefit tax		265,000	216,700
Deferred Tax		(811,705)	32,479
		<u>(190,605)</u>	<u>1,213,019</u>
Profit / (Loss) after tax		(77,649)	(2,820,573)
Prior year Expenses		(85,996)	(40,000)
		<u>(163,645)</u>	<u>(2,860,573)</u>
(Deficit) / Surplus brought forward from previous year		(1,744,805)	1,115,768
(Deficit) carried to Balance Sheet		<u>(1,908,450)</u>	<u>(1,744,805)</u>
Significant Accounting Policies and Notes on Accounts	14		
Basic and Diluted earning per share (Refer Note No.3 of Schedule 13)		(0.40)	(7.08)

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Agrima Consultants International Ltd.

JAY MEHTA
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

	Year ended 31st March, 2007 Rs.	Year ended 31st March, 2006 Rs.
CASH FLOW FROM OPERATIONS:		
Profit/(Loss) before tax	(268,254)	(1,607,554)
Add : Depreciation	2,470,056	1,806,181
Add : Interest paid	406,980	260,478
(Less) : Profit on sale of assets	(45,381)	391,809
(Less) : Prior year expenses	(85,996)	(40,000)
(Less) : Dividend received	(4,500)	(4,500)
Add / (Less) : Decrease / (Increase) in sundry debtors	694,825	1,316,073
Add / (Less) : Increase / (Decrease) in current liabilities	138,658	(382,057)
Add / (Less) : Decrease / (Increase) in loans & Advances	293,089	(202,494)
(Less) : Income Tax, Fringe Benefit tax and wealth tax paid	(1,048,907)	(761,814)
	<u>2,550,571</u>	<u>776,122</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Dividend Income	4,500	4,500
(Less) : Acquisitions of fixed assets net of sales	(299,823)	(4,654,960)
	<u>(295,323)</u>	<u>(4,650,460)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase / (Decrease) in secured Loans	(1,657,674)	4,131,863
(Less) : Interest paid	(406,980)	(260,478)
	<u>(2,064,654)</u>	<u>3,871,385</u>
Net cash flow	190,594	(2,954)
Add : Opening cash and cash equivalents	3,691	6,645
Closing balance of cash and cash equivalents	<u>194,285</u>	<u>3,691</u>

As per our attached report of even date

For **V. B. DALAL & CO.,**
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Agrima Consultants International Ltd.

JAY MEHTA
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007

SCHEDULES "1" TO "14" FORMING PART OF ACCOUNTS.

	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
500,000 Equity shares of Rs. 10/- each	5,000,000	5,000,000
500,000 Non cumulative Redeemable Preference Shares of Rs. 10/- each	<u>5,000,000</u>	<u>5,000,000</u>
Issued and subscribed:	<u>10,000,000</u>	<u>10,000,000</u>
404,100 Equity shares of Rs.10/-each fully paid up	<u>4,041,000</u>	<u>4,041,000</u>
TOTAL	<u>4,041,000</u>	<u>4,041,000</u>

NOTE: All the above shares are held by Saurashtra Cement Limited (the holding Company) and its nominee.

SCHEDULE : 2		
RESERVES AND SURPLUS:		
Capital Reserve:		
Excess of Sale price over cost of residential flat	676,000	676,000
Surplus in Profit and Loss Account	-	-
TOTAL	<u>676,000</u>	<u>676,000</u>

SCHEDULE : 3		
SECURED LOANS		
Dues under Hire Purchase agreement (Due within one year Rs.Nil, Previous year Rs. 63497/-)	Notes 1	-
Other Loans and Advances:		
From Banks	2	438,695
TOTAL		<u>4,638,695</u>

Notes:

- Secured by hypothecation of assets purchased under hire purchase agreement.
- Secured by the hypothecation of vehicles procured/to be procured from the loan amount and personal guarantee of two directors

SCHEDULES "1" TO "14" FORMING PART OF ACCOUNTS — (Contd.)

SCHEDULE : 4 FIXED ASSETS

	Gross Block				Depreciation				Net Block	
Description	As at 01.04.2006	Additions	Deletion	As at 31.03.2007	Upto 31.03.2006	For the 2006-07	Adjustment	Upto 31.03.07	As at 31.03.2007	As at 31.03.2006
Owned Assets :										
Furniture and Fixtures	31,438	-	-	31,438	29,823	292	-	30,115	1,323	1,615
Office Equipments	1,249,841	-	-	1,249,841	574,016	99,703	-	673,719	576,122	675,825
Vehicles	12,338,770	449,823	919,777	11,868,816	3,265,875	2,370,061	815,157	4,820,779	7,048,037	9,072,895
Total	13,620,049	449,823	919,777	13,150,095	3,869,714	2,470,056	815,157	5,524,613	7,625,482	9,750,335
Previous Year	12,560,855	8,257,890	7,198,696	13,620,049	5,267,491	1,806,181	3,203,958	3,869,714	9,750,335	7,293,364

As at
31st March 2007
Rs.

As at
31st March, 2006
Rs.

SCHEDULE : 5

INVESTMENTS (LONG TERM) (Non-Trade)

Unquoted :

2,500 equity shares of the face value of Rs. 10 each of
The Saraswat Co-operative Bank Limited

25,000

25,000

TOTAL

25,000

25,000

SCHEDULE : 6

SUNDRY DEBTORS

(Unsecured and considered good)

Debts outstanding for a period exceeding six months

Other Debts

121,221

816,046

TOTAL

121,221

816,046

SCHEDULE : 7

CASH AND BANK BALANCES

Cash on Hand

-

Balances with Scheduled Banks:

in Current Accounts

194,285

3,691

TOTAL

194,285

3,691

SCHEDULE : 8

LOANS AND ADVANCES

(Unsecured and considered good)

Loans to Staff

88,478

426,499

Advances recoverable in cash or in kind or for value to be received

417,998

373,066

Deposits

3,676,912

3,676,912

Advance payments of taxes

2,130,011

1,621,443

TOTAL

6,313,399

6,097,920

SCHEDULE : 9

LIABILITIES

SUNDRY CREDITORS

i) Total outstanding dues to small scale industrial undertakings

1,883,046

1,111,936

ii) Total outstanding dues to creditors other than small scale industrial undertakings

1,883,046

1,111,936

Security Deposit

996,000

1,905,957

Other Liabilities

1,703,537

1,676,354

Bank balance temporarily overdrawn in books

346,758

96,436

TOTAL

4,929,341

4,790,683

SCHEDULE : 10

PROVISIONS

Provision for Income Tax

1,295,000

1,601,500

Provision for Fringe Benefit Tax

586,700

216,700

Provision for Wealth Tax

21,100

3840

TOTAL

1,902,800

182,040

SCHEDULES "1" TO "14" FORMING PART OF ACCOUNTS — (Contd.)

	As at 31st March 2007 Rs.	As at 31st March, 2006 Rs.
SCHEDULE : 11		
OTHER INCOME		
Interest on loans to staff	2,711	43,275
Project Income	-	165,000
Dividend on Long Term Investments (Non-Trade)	4,500	4,500
Interest on IT Refund Asst. Yr. 1992-93	12,607	-
Profit on sale of asset	45,381	-
Excess provision / balances written back	-	6,577
TOTAL	65,199	219,352
SCHEDULE : 12		
ADMINISTRATION AND OTHER EXPENSES		
Project Expenses	749,137	-
Rent	959,000	743,478
Rates and Taxes	407,377	663,647
Salaries	5,816,261	4,525,682
Provident and Other Funds	473,936	427,026
Staff Welfare Expenses	546,289	563,478
Postage & Telegrams	3,787	2,611
Telephone/telex/trunkcall	312,667	437,541
Repairs and Maintenance	18,000	18,250
Professional Fees	753,137	416,070
Insurance Charges	64,574	-
Travelling and Conveyance Expenses	1,831,820	1,717,231
Membership Fees	1,700	4,505
Printing & Stationery	7,667	6,020
Books & Periodicals	470	850
Office Expenses	76,184	46,600
Bank Charges	2,320	12,917
Audit Fees	20,500	20,500
Loss on sale of Fixed Assets	-	391,809
Miscellaneous Expenses	27,504	145,243
Short provision for expenses w/off	-	78,289
TOTAL	12,072,331	10,221,747
SCHEDULE : 13		
INTEREST AND FINANCE EXPENSES		
Interest On Loans :		
To Bank	-	4,161
To Others	406,980	256,317
	406,980	260,478
SCHEDULE : 14		
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS		
A SIGNIFICANT ACCOUNTING POLICIES		
FIXED ASSETS		
Fixed Assets are stated at cost of acquisition. They are stated at historical cost less accumulated depreciation.		
DEPRECIATION		
Depreciation on Fixed Assets has been provided on written down value method in accordance with the Companies Act, 1956 (Refer Note No. 2)		
RETIREMENT BENEFITS		
a) Gratuity		
Provision for gratuity is determined for eligible employee on the basis of the Balance Sheet date being the notional date of retirement.		
b) Provident fund and Superannuation Fund		
Liability is determined on the basis of contribution as required under the statute / rules		
FOREIGN CURRENCY TRANSACTIONS		
Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. Outstanding balances of 'Monetary items' are converted at the closing rates of exchange prevailing at the Balance Sheet date. Exchange difference arising on settlement of the transactions are accounted in the year of actual realization / payment.		
REVENUE RECOGNITION		
Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.		
INVESTMENTS		
Current investments are carried at lower of cost and fair value. Long term investments are carried at cost.		
However, where there is a decline, other than temporary, the carrying amount is reduced to recognise the decline		
CONTINGENT LIABILITIES		
These, if any, are disclosed in the Notes on Accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance Sheet.		

BORROWING COST

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one which necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

TAXES ON INCOME

Tax expense comprises both current and fringe benefit tax at the applicable enacted rates. Current tax represents the amount of income tax payable in respect of the taxable income for the reporting period. As a matter of prudence the company has not recognised deferred tax asset for the year.

B. NOTES ON ACCOUNTS

	Current year	Previous Year
	Rupees	Rupees
1 Payments to Auditors	20,500	20,500
2 Depreciation has been provided on the written down value method in accordance with the provisions of Section 205(2)(a) at the rates and in manner specified in Schedule XIV to the Companies Act, 1956.		
3 Earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as under:		

	Current year	Previous Year
Profit/Loss after tax	Rs. (163,645)	(2,860,573)
Short provision for tax for earlier year (net)	Rs. -	-
Net (profit/loss) attributable to equity shareholders	Rs. (163,645)	(2,860,573)
Weighted average number of equity shares outstanding during the year	Nos. 404,100	404,100
Basic and diluted earnings per share	Rs. (0.40)	(7.08)
Nominal value per share	Rs. 10	10

- 4 (a) In view of uncertainties and as a matter of prudence, the company has recognised only the reversal deferred tax liability for the year and not recognised the deferred tax asset for the year.

(b) Components of deferred tax liabilities are as under:

	31st March 2007	31st March, 2006
	Rs.	Rs.
Depreciation	-	811705

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.
 Balance Sheet Date
 Date Month Year

State Code

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="6"/>	Total Assets	<input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="6"/>
SOURCES OF FUNDS			
Paid-up Capital	<input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/>	Reserves & Surplus	<input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="6"/>
Secured Loans	<input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="9"/>	Unsecured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred tax liability	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		
APPLICATION OF FUNDS			
Net Fixed Assets	<input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/>	Investments	<input type="text" value="2"/> <input type="text" value="5"/>
Net current Assets	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="3"/>	Deferred Tax Asset	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Miscellaneous Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Accumulated Losses	<input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="8"/>

IV. Performance of Company (Amount in Rs. Thousands)

Turnover / Income	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="1"/>	Total Expenditure	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="9"/>
+ / - Profit / Loss before tax	<input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="8"/>	+ / - Profit / Loss after tax	<input type="text" value="7"/> <input type="text" value="8"/>
Earning Per Share (Rs.)	<input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="0"/>	Dividend rate %	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

(refer 11 of schedule 19)

V. Generic Names of Three Principal Products / Services Of Company

(as per monetary terms)

Items Code No.

Product Description

As per our attached report of even date

For V. B. DALAL & CO.,
Chartered Accountants,

V. B. DALAL
Proprietor
Membership No.: 10373
Place : Mumbai
Dated : 31st July, 2007

For Agrima Consultants International Ltd.

JAY MEHTA
A. M. FADIA } Director

Mumbai,
Dated : 31st July, 2007



Saurashtra Cement Limited

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

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

D.P. Id.*	
Client Id.*	

L.F. No.	
No. of Shares	

ATTENDANCE SLIP

I / We hereby record my / our presence at the 50th Annual General Meeting of the Company held at the Registered Office of the Company, Near Railway Station, Ranavav - 360 560 (Gujarat) at 10.30 a.m. on Friday, the 21st December, 2007 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.

NOTE :

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

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



Saurashtra Cement Limited

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

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

D.P. Id.*	
Client Id.*	

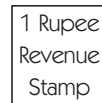
L.F. No.	
No. of Shares	

FORM OF PROXY

I / We of
in the district of being a Member / Members of Gujarat Sidhee 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 50th Annual General Meeting of the Company to be held at 10.30 a.m. on Friday, 21st December, 2007 and at any adjournment thereof.

Signed this day of December 2007



Signature

* Applicable for investors holding shares in Electronic form.

(Tear here)