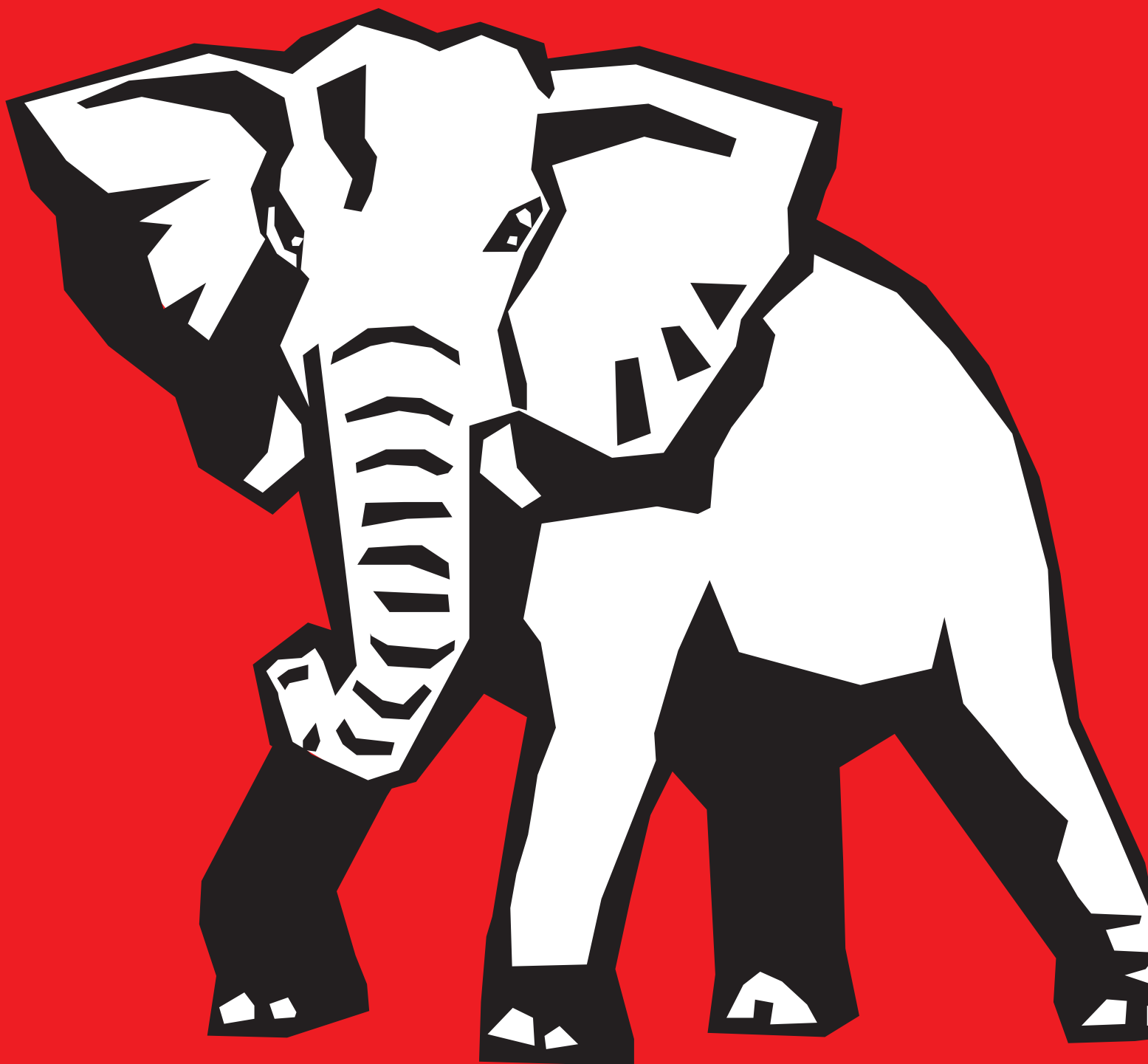




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Saurashtra Cement Limited
52nd Annual Report 2009-10





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Saurashtra Cement Limited

Board of Directors

As on 30.07.2010

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

Chairman
Executive Vice-Chairman

Alternate Director to Mr. Hemang D. Mehta

Nominee - India Debt Management Pvt. Ltd.

Alternate Director to Mr. Denys Firth
Managing Director
Dy. Managing Director

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

BANKERS

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

AUDITORS

Messrs Bansi S. Mehta & Co.
Chartered Accountants

REGISTERED OFFICE

Near Railway Station
Ranavav 360 560
Gujarat.

CORPORATE OFFICE:

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

SAURASHTRA CEMENT LIMITED

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

NOTICE

Notice is hereby given that the 52nd Annual General Meeting of the Members of the Company will be held on **Thursday, the 16th September, 2010 at 10:00 a.m.** at the Registered Office of the Company, Near Railway Station, Ranavav - 360 560 (Gujarat), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the financial year ended 31st March, 2010 and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. B. P. Deshmukh, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hemang D. Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. N. Bhandari, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Anish Modi, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Hemnabh Khatau, who retires by rotation, and being eligible, offers himself for re-appointment.
7. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Bansi S. Mehta & Co., Chartered Accountants be and are hereby re-appointed as Statutory Auditors of the Company for audit of accounts for the financial year 2010-2011 and they shall hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 7,00,000/- (Rupees Seven Lacs only) plus service tax and reimbursement of travelling and out of pocket expenses actually incurred."

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Bansi S. Mehta & Co. Chartered Accountants, the Statutory Auditors of the Company be paid pro rata increased remuneration of Rs. 1,25,000/- (Rupees One Lac Twenty Five Thousand only) plus service tax and reimbursement of out of pocket expenses for the audit of the accounts of the Company for the extended 3 months period of the financial year 2010."
9. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Bimal Thakkar who was appointed as an Additional Director of the Company with effect from 29th April, 2009 pursuant to Section 260 of the Companies Act, 1956 and Article 97A of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company."

By Order of the Board of Directors

Place : Mumbai
Dated : July 30, 2010
Registered Office:
Near Railway Station
Ranavav 360 560, Gujarat.

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Explanatory statement as required under Section 173 of the Companies Act, 1956 setting out material facts in respect of the business under Item Nos. 8 & 9 of Special Business is annexed herewith.
3. Re-appointment of Directors.
Pursuant to Clause 49 of the Listing Agreement relating to code of Corporate Governance, the profile of directors proposed to be appointed/ re-appointed at the ensuing Annual General Meeting is given in the Corporate Governance Report annexed to the Directors Report.



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4. The documents referred in the resolutions and explanatory statement are available for inspection by the members at the Registered Office of the Company during 10.00 a.m. to 12 noon on any working day till the date of the ensuing Annual General meeting.
5. The Share Transfer Books and Register of Members of the Company shall remain closed from Monday the 13th September, 2010 to Thursday the 16th September, 2010 (both days inclusive) in connection with the Annual General Meeting.
6. Members who have multiple accounts in identical names or joint accounts in same order are requested to send their share certificates to the Registrar and Transfer Agents for consolidation of all such shareholdings into one account to facilitate better service.
7. (a) Members are requested to notify immediately any change of address:
 - i. To their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii. To the Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078' in respect of their physical share folios, if any.(b) In case the mailing address mentioned on this Annual Report is without the pin code, members are requested to kindly inform the Registrars their PIN CODE immediately.
8. Non-resident Indian Shareholders are requested to inform the Registrars immediately of the change in their residential status, if any.
9. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Annual General meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
10. **Shares of the Company are compulsorily required to be traded in demat form. If you have not demated your shares, you are requested to get the shares dematted at the earliest.**

By Order of the Board of Directors

Place: Mumbai
Dated: July 30, 2010
Registered Office:
Near Railway Station
Ranavav 360 560, Gujarat.

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

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

Item No. 8

M/s. Bansi S. Mehta & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the audit of the accounts for the financial year 2009-2010 and hold office from the conclusion of last Annual General Meeting till the conclusion of ensuing Annual General Meeting at a remuneration of Rs. 7,00,000/- (Rupees Seven Lacs only) plus service tax and reimbursement of travelling and out of pocket expenses.

The Company had changed its financial year ending December to March and accordingly had extended current financial year from 1st January, 2009 to 31st March, 2010 (15 months). In view of the above, the Statutory Auditors have requested for *pro rata* increase in their remuneration by Rs. 1,25,000/- (Rupees One Lac Twenty Five Thousand only) plus service tax and reimbursement of travelling and out of pocket expenses. The payment of increased remuneration is recommended by the Audit Committee and approved by the Board. The Board commends the resolution for your approval.

Item No. 9

Mr. Bimal Thakkar was appointed as an Additional Director (Independent) by the Board at its meeting held on 29th April, 2009 and pursuant to the provisions of Section 260 of the Companies Act, 1956 he holds office as Director upto the date of ensuing Annual General Meeting and eligible for re-appointment. A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member along with requisite deposit of Rs. 500 (Rupees Five Hundred only) proposing the appointment of Mr. Bimal Thakkar as a Director of the Company.

The profile of Mr. Bimal Thakkar is given in the Corporate Governance.

The Board commends the resolution for your approval.

Except Mr. Bimal Thakkar, no other Director is concerned or interested in this resolution.

By Order of the Board of Directors

Place: Mumbai
Dated: July 30, 2010
Registered Office:
Near Railway Station
Ranavav 360 560, Gujarat.

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

DIRECTORS' REPORT

Dear Members,

The Directors present the 52nd Annual Report, Audited Accounts and Auditors Report for the 15 months period ended on the 31st March, 2010.

CHANGE OF FINANCIAL YEAR

The Company's financial year was extended to end on the 31st of March each year instead of the 31st December each year. As a result, the current financial year is for a period of 15 months i.e. 01.01.2009 to 31.03.2010. The Ministry of Corporate Affairs vide its letter dated 10.5.2010 has approved extension of time for holding the Annual General Meeting.

FINANCIAL RESULTS

The highlights of the financial results for the Financial year ended 31st March, 2010 (15 months) are given below. However, they are not comparable with the previous Financial year ended 31st December, 2008, which was for 18 months.

(In Million Rupees)

Particulars	Current Financial year 2009-2010 (15 Months)	Previous Financial year 2007-2008 (18 Months)
Sales & Other Receipts	5940.45	7282.06
Profit before interest, depreciation and exceptional items.	1074.76	551.04
Interest	557.89	559.78
Profit/(Loss) before depreciation	516.87	(8.74)
Depreciation	296.58	267.82
Profit/(Loss) before exceptional items and deferred tax assets	220.29	(276.56)
Exceptional Item	68.91	(267.73)
Deferred Tax Assets /Provision for Fringe Benefit Tax	(88.39)	(62.76)
Profit/(Loss) after tax	200.81	(481.53)
Liquidated damages for delayed completion of project	32.00	-
Brought forward Profit/(Loss) from earlier years	(2440.86)	(1959.33)
Amount withdrawn from Revaluation Reserve	87.56	-
Transfer to Capital Reserve	(32.00)	-
Balance of Profit/(Loss) carried forward.	(2152.49)	(2440.86)

DIVIDEND

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

INDUSTRY OVERVIEW

During the year under review (15 months ended 31st of March, 2010), cement consumption on All India basis is around 247 million tons compared to 251.97 million tons during the earlier year (18 months ended 31st December, 2008). The installed capacity of the Industry for the current members of CMA has increased by around 31 per cent from 165 million tons in December 2008 to around 216 million tons in March 2010. The total installed capacity in Gujarat has increased by around 17 percent from 19.07 million tons in December 2008 to 22.32 million tons in March 2010.

Cement consumption in Gujarat is 17.8 million tons during the year under review (15 months ended 31st March, 2010) compared to 17.24 million tons during the earlier year (18 months ended of 31st December, 2008). Exports of cement and clinker from Gujarat for the current members of CMA were at 4.47 million tons during the year under review, as against 5.78 million tons during the earlier year (18 months ended 31st December, 2008).

PERFORMANCE REVIEW

Production and Despatches

The production of Clinker for the year under review was 1.61 million tons as against 1.98 million tons in the earlier year of 18 months ended 31st December, 2008. Production of Cement during the year under review was 1.62 million tons as compared to 1.96 million tons in the earlier year of 18 months ended 31st December, 2008. The total sale of cement and clinker during the year under review was 1.87 million tons as compared to 2.13 million tons in the earlier year of 18 months ended 31st December, 2008.

Exports and Marketing

The Company exported 0.43 million tons of cement and clinker during the year under review as compared to 0.52 million tons in the earlier year of 18 months ended 31st December, 2008. The prevailing recessionary trends in the middle east, restricted the export volumes to Middle East.

CORPORATE DEBT RESTRUCTURING

The Company's debt were restructured under the aegis of Corporate Debt Restructuring Scheme of Reserve Bank of India, which was confirmed by Gujarat High Court u/s 391, 394 of the Companies Act, 1956.

BIFR

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

The Company has submitted draft Rehabilitation Scheme envisaging reliefs and concessions from the secured lenders (in line with sanctioned CDR Scheme) and Govt. of Gujarat, which has been circulated by IFCI (Operating Agency) to the secured lenders and BIFR.

The matter is awaiting consideration by BIFR.

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

Subsidiary companies have closed its financial year to end on 31st March in line with the holding company. Accordingly, the Balance Sheet, Profit & Loss Account and the Report of the Board of Directors and Auditors as required under Section 212 of the Companies Act, 1956 in respect of subsidiary companies are attached to this Balance Sheet.

CONSOLIDATED FINANCIAL STATEMENT

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

DIRECTORS

Mr. Bimal Thakkar was appointed as Additional Director on the Board w.e.f. 29th April, 2009 and holds office upto the date of ensuing Annual General Meeting and is eligible for re-appointment.

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

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

The Directors recommend their re-appointment.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Bombay Stock Exchange Ltd (BSE). Listing fees have been paid upto 31st March, 2011.

AUDITORS

M/s. Bansi S. Mehta & Co., Chartered Accountants, the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them that the re-appointment, if made, would be within the prescribed limits under Section 224(1)(B) of the Companies Act, 1956.

AUDITORS' OBSERVATIONS

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

TAX AUDIT

M/s. Bansi S. Mehta & Co., Chartered Accountants have been appointed to carry out the Tax Audit for the Assessment Year 2010-11.

INTERNAL AUDIT

M/s. Pipalia Singhal & Associates, Chartered Accountants, have been appointed to carry out the Internal Audit of the Company for the Financial Year 2010-11.

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 2010-11. Certificate of eligibility under Section 224 (1B) has been received.

PARTICULARS OF EMPLOYEES

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

STAFF RELATIONS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place: Mumbai
Dated: July 30, 2010

M. N. MEHTA
Chairman

ADDENDUM TO DIRECTORS' REPORT

As per Section 212 of the Companies Act, 1956, the Company is required to attach the directors' report, balance sheet, and profit and loss accounts of the subsidiary companies. The Company had applied to the Government of India seeking an exemption from such an attachment as we present the audited consolidated financial statements in the Annual Report. The Government of India vide its order no. 47/677/2010-CL-III dated 13th August, 2010 has granted exemption from complying with Section 212 (1) of the said Act.

Accordingly, the Annual Report does not contain the financial statements of the subsidiary companies. The financial information of the subsidiary companies as required by the said order, is disclosed on page no. 78 of this Annual Report. The statements of Company's interest in the subsidiaries as at March 31, 2010, prepared in accordance with the provisions of Section 212 of the said Act, are also attached on page no. 77 of this Annual Report.

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

On behalf of the Board of Directors

Place: Mumbai
Dated: 16th August, 2010

M. N. MEHTA
Chairman

Annexure to Directors' Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2010.

A. CONSERVATION OF ENERGY:

- a) Energy Conservation Measures Taken
1. Variable Frequency Drives (VFD's) installed at:
 - Coal mill bag filter fans – 2 nos of 110 KW each
 - Cooler fan number 6 and 7 – 2 nos. of 110 KW each
 - Bag house reverse air fan – 1 no of 160 KW
 2. Reduction in power consumption of cement mill 5 Main bag house fan by reengineering
 3. Construction of shed for limestone stock pile at Stacker Reclaimer area for fuel consumption reduction (dry feed stock)
- b) Additional investment and proposals, if any, being implemented for reduction of Consumption of Energy.
1. Reengineering of major fans for improvement in efficiency.
 2. Installation of solid flow meter for flash feeding in cement mill number 5.
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and subsequent impact on the cost of production of goods.
- Nil
- d) Total Energy Consumption and Energy Consumption per unit of production
Details are given in Form A of the annexure.

B. TECHNOLOGY ABSORPTION.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans:
Quality upgradation and exploring new markets and improving handling and packaging.
- (b) Total Foreign Exchange used and earned:

	Current Year 2009-10 (15 Months) (Rs. In Lacs)	Previous Year 2007-08 (18 Months) (Rs. In Lacs)
Foreign Exchange earned	13235.48	19064.89
Foreign Exchange used	1555.56	4524.43

FORM - A

(See Rule 2)

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

	Current Year 2009-10 (15 Months)	Previous Year 2007-08 (18 Months)
(A) Power and Fuel Consumption		
1. Electricity		
A. Purchased		
Units (Kwh) Lakhs	22.70	1468.61
Total Amount (Rs. in Lakhs) incl. Fixed Charges	343.27	8850.00
Variable Cost Per Unit in Rupees	6.08	5.36
B. Own Generation		
I) Through Diesel Generator		
Net Units (Kwh) Lakhs	39.86	448.37
Units/Ltr of Furnace oil	3.59	3.79
Variable Total Cost Per Unit In Rupees	7.54	6.37
II) Through Thermal Power Plant		
Net Units (Kwh) Lakhs	1739.28	279.88
Total Amount (Rs. in Lakhs)	4970.62	-
Variable Total Cost Per Unit In Rupees	2.86	5.18
2. Coal and Other Fuels		
Quantity (Million K. Cal)	1315674	1616726
Total Cost (Rs. in Lakhs)	8946.94	14191.84
Average Rate/Million Kcl (Rs.)	680.03	877.81
3. Furnace Oil		
Quantity (K. Ltrs)	1764	12237
Total Amount (Rs. in Lakhs)	339.11	2503.90
Rs. Per Litre	19.22	20.46
(B) Consumption Per Unit of Production		
1. Electricity		
(Kwh/T of Cement)	104.77	104.84
2. Coal/Lignite		
Usage in %	13.01	13.63

FORM - B

A. RESEARCH AND DEVELOPMENT

a) Specific areas in which the Company carried out R & D

Nil

b) Benefits derived as a result of above R & D

N.A.

c) Future plan of action

- i. Use of alternative/waste derived fuels for Power generation and Kilns
- ii. Use of VFD's in fan applications
- iii. Improvement in efficiency of fans by reengineering
- iv. Deployment of higher capacity surface miner on top benches at mines.

B. DETAILS OF TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- i. Introduction of Surface Miner for raising limestone.
- ii. Installation of automated water spray system in cement mill number 3.
- iii. Installation of VFD's for power savings.

2. Benefits derived as a result of above efforts.

Nil

3. Information regarding technology imported during last 5 years

Company has not imported any technology during last 5 years.

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 15 months period ended 31st March, 2010 is given hereunder:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance aims at achieving high level of efficiency, transparency, accountability, responsibility and fairness in dealings with all stakeholders. The Company's governance philosophy rests on protection of rights and interests of stakeholders, equality in their treatment, disclosure of timely and accurate information, strategic guidance and effective monitoring by the Board. Your Company continuously strives for excellence by adopting best governance and disclosure practices. In this context, your Company has been making significant disclosures on the Board composition and functioning, management thoughts on the performance and outlook from time to time.

2. BOARD OF DIRECTORS:

(i) Composition (as on 31st March, 2010)

Your Company's Board comprises of 18 (Eighteen) Directors, which include 8 (eight) Independent Directors. The Executive Vice Chairman, Managing Director and Deputy Managing Director looks after the day-to-day business of the Company under the overall supervision and guidance of the Board. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.

(ii) Meetings of the Board of Directors

During the financial year under review, 5 Board Meetings were held on the following dates:

Sr. No.	Date of Board Meeting	Board Strength	No. of Directors present
1.	29.01.2009	16	11
2.	29.04.2009	18	15
3.	23.07.2009	18	12
4.	28.10.2009	18	12
5.	29.01.2010	18	12

(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 and Annual General Meeting are given below.

Sr. No.	Directors	Category of Directorship @	Board Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Board committees in which Member/Chairman
1.	Mr. M. N. Mehta (Chairman)	NED (P)	3	No	10	-
2.	Mr. Jay M. Mehta (Exec. Vice Chairman)	ED (P)	3	No	15	1
3.	Mr. M. S. Gilotra (Managing Director)	ED	5	Yes	2	1
4.	Mr. Raj K. Poddar (Dy. Managing Director)	ED	5	Yes	2	1
5.	Mr. Hemang D. Mehta	NED (P)	2	No	5	-
6.	Mr. S. V. S. Raghavan	NED (I)	3	No	1	1

Sr. No.	Directors	Category of Directorship @	Board Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Board committees in which Member/ Chairman
7.	MR. M. N. Rao *	NED (I)	5	Yes	4	3
8.	Mrs. Savita V. Pittie	NED (I)	4	No	5	3
9.	Mr. B. P. Deshmukh	NED (I)	5	No	2	1
10.	Mr. K. N. Bhandari	NED (I)	4	No	10	3
11.	Mr. Bimal Thakkar	NED (I)	4	No	3	1
12.	Mr. Jayant N. Godbole	NED (I)	3	Yes	10	7
13.	Mr. Hemnabh Khatau	NED (I)	2	No	4	2
14.	Mr. Anish Modi (Nominee – IDM)	NED (NI)	5	Yes	14	4
15.	Mr. Alexander Shaik (Nominee – IDM)	NED (NI)	3	No	7	1
16.	Mr. Denys Firth (Nominee – IDM)	NED (NI)	-	No	-	-
17.	Mr. Devang D. Gandhi	Alternate Director to Mr. Hemang D. Mehta	3	No	4	-
18.	Mr. Chetan Jain	Alternate Director to Mr. Denys Firth	3	No	1	-

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

NED (I) – Non-Executive Director – Independent

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

ED (P) – Executive Director (Promoter)

ED – Executive Director

* Chairman of Audit Committee

Notes:

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

Information to the Board of Directors

The following information is placed before the Board:

- Annual Revenue Budget and Capital Expenditure plans.
- Quarterly and annual financial results and results of operations.
- Financing plans of the Company.
- Minutes of Meetings of Audit, Remuneration Committee, Executive Committee, Finance & Legal Committee, Security Transfer and Shareholders Grievance Committee and Subsidiary Companies.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.
- Any material or default, in meeting any financial obligation to and by the Company or substantial non-payment of goods sold, services rendered, if any.
- Any issue, which includes possible public or liability claims of substantial nature, including any judgement or order, if any, which may have passed strictures on the Company.

- Developments in respect of Human Resources.
- Compliance or Non-compliance of any Regulatory, Statutory or Listing requirement and Investor services such as non-payment of dividend, delay in share transfer etc.

(iv) APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Appointment

Mr. Bimal Thakkar, aged 45 years, has over two decades of experience and is currently spearheading the ADF Group. He has been instrumental in expansion of the business and promoting the Company's products in international markets, development of Brands and creating new markets for the products in UK, USA, Gulf, Australia, Europe etc. He is Director of the following companies.

- Power Brands (Foods) Pvt. Limited
- ADF Foods Limited
- Gujarat Sidhee Cement Limited
- ADF Foods (India) Limited

He is not holding any shares of 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. B. P. Deshmukh, aged 65 years is having varied experience in finance. He is Director of the following companies.

- EMI Transmission Ltd.
- Dalmia Securities Pvt. Ltd.

He is not holding any shares of the Company.

- 2) Mr. Hemang D. Mehta, aged 54 years is an Industrialist having two decades of wide experience in Cement Industry. He is Director of the following companies.

- Mehta Private Limited
- Sonoco Agro Enterprises Private Limited
- Villa Trading Co. Private Limited
- Foliage Trading Co. Private Limited
- Arphi Electronics Private Limited

He is holding 51,534 shares of the Company.

- 3) Mr. K. N. Bhandari, aged 68 years is having rich experience in the Insurance Industry. He was the Ex-Chairman-cum-Managing Director of The New India Assurance Company Limited and United India Insurance Company Limited. He is Director of the following companies.

- Andhra Cements Limited
- Agriculture Ins. Co. of India Ltd.
- Bank of Rajasthan Ltd.
- Credence Logistics Ltd.
- Ispat Energy Ltd.
- Hindalco Industries Ltd.
- Su-Raj Diamonds and Jewellery Ltd.
- Magma Fincorp Ltd.
- Shristi Infrastructure Development Corporation Ltd.
- Magma HDI General Ins. Co. Ltd.

He is not holding any shares of the Company.

- 4) Mr. Anish Modi, aged 44 years is having two decades of experience in corporate finance. 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.
- India Debt Management Pvt. Ltd.
 - Tarang Advisory Private Ltd.
 - Twenty One Net (India) Private Limited
 - International Asset Reconstruction Company Private Limited
 - Meta Holdings Service Pvt. Ltd.
 - S. Kumar Nationwide Ltd.
 - Kitply Industries Limited.
 - Brand House Retails Ltd.
 - Shree Nirmal Commercial Limited
 - Tripti Foundation (Section 25 Company).
 - Mauritius Debt Management Limited
 - Clarence Investments Limited
 - Trans Asia Investments and Trading Limited

He is not holding any shares of the Company.

- 5) Mr. Hemnabh R. Khatau, aged 48 years, is a B. A. (Eng.) from Cambridge, M.Sc. (UMIST), has track record of successful Board level line management in manufacturing and financial services sectors. He has wide experience in developing and implementing successful strategies for growth and improving performance. He has worked in the UK for a decade in various positions in the consulting practices of Capgemini UK, KPMG and Indeco IMC. He is Director of the following companies.
- Gujarat Sidhee Cement Limited
 - Sugar Corporation of Uganda Limited (Uganda)
 - UGMA Limited (Uganda)
 - Cable Corporation Ltd. (Uganda)

He is not holding any shares of the Company.

3. AUDIT COMMITTEE

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

Terms of reference

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

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

The Audit Committee meetings were held on 29.01.2009, 29.04.2009, 23.07.2009, 26.10.2009 and 29.01.2010. Partners/ representative from M/s. Pipalia Singhal & Associates – Internal Auditor, M/s. Bansil S. Mehta & Co., Statutory Auditors and M/s V. J. Talati & Co. Cost Auditor also attended some meetings.

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

Sr. No.	Members of Audit Committee	No. of meetings held	No. of meetings attended
1.	Mr. M. N. Rao (Chairman)	5	5
2.	Mr. S. V. S. Raghavan (Member)	4	4
3.	Mrs. Savita Pittie (Member)	5	5
4.	Mr. Anish Modi (Member)	5	5

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

4. REMUNERATION COMMITTEE

(i) Composition

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

During the year under review, one meeting of Remuneration Committee was held on 26.10.2009. Details of Remuneration Committee meetings attended by the members are given below:

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

(ii) Details of Remuneration of Directors paid for the period 2009-2010: (15 Months)

Executive Directors:

Name	Salary & Allowances (Rs.)	Perquisite (Rs.)	Contribution to PF/ Superannuation	Others (Sitting Fees)	Total (Rs.)
Mr. Jay M. Mehta, Executive Vice Chairman	36,00,000	-	9,72,000	-	45,72,000
Mr. M. S. Gilotra, Managing Director	37,50,000	1,01,873	10,12,500	-	48,64,373
Mr. Raj K. Poddar, Deputy Managing Director	27,00,000	-	7,29,000	-	34,29,000

Non-Executive Directors

Sr. No.	Name of the Directors	No. of Board meetings attended	No. of Committee meetings attended	Total	Amount of Sitting fees paid (Rs.)
1.	Mr. M. N. Mehta (Chairman)	3	1	4	80,000
2.	Mr. Hemang D. Mehta	2	-	2	40,000
3.	Mr. S. V. S. Raghavan	3	5	8	1,60,000
4.	Mr. M. N. Rao	5	6	11	2,20,000
5.	Mrs. Savita V. Pittie	4	13	17	3,40,000
6.	Mr. B. P. Deshmukh	5	-	5	1,00,000

Sr. No.	Name of the Directors	No. of Board meetings attended	No. of Committee meetings attended	Total	Amount of Sitting fees paid (Rs.)
7.	Mr. K. N. Bhandari	4	-	4	80,000
8.	Mr. Bimal Thakkar	4	1	5	1,00,000
9.	Mr. Anish Modi	5	7	12	2,40,000
10.	Mr. Alexander Shaik	3	-	3	60,000
11.	Mr. Denys Firth	-	-	-	-
12.	Mr. Chetan Jain (Alternate to Mr. Denys Firth)	3	-	3	40,000
13.	Mr. Jayant N. Godbole	3	-	3	60,000
14.	Mr. Hemnabh Khatau	2	-	2	40,000
15.	Mr. Devang D. Gandhi (Alternate to Mr. Hemang D. Mehta)	3	-	3	60,000

The Company has not issued any Stock Options to the Directors and Employees during the financial year ended 31st March, 2010 or in the past.

5. SECURITY TRANSFER AND SHAREHOLDERS GRIEVANCE COMMITTEE

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

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

During the year, the Committee had 5 meetings on 29.01.2009, 29.04.2009, 23.07.2009, 26.10.2009 and 29.01.2010. Details of the meetings attended by the members are given below:

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

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

No. of complaints received	No. of Complaints redressed	No. of complaints pending.
32	32	Nil

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

6. GENERAL BODY MEETINGS

(i) Annual General Meetings

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

Financial Year	Date	Time	Venue	Dividend declared
2007-08	19.03.2009	10.30 a.m.	Registered Office of the Company	Nil
2006-07	21.12.2007	10.30 a.m.	-do-	Nil
2005-06	11.12.2006	10.30 a.m.	-do-	Nil

(ii) **Extraordinary General Meetings:**

Financial Year	Date	Time	Venue
15 months period ended 31.03.2010	12.05.2010	10.00 a.m.	Registered Office of the Company

(iii) **Special Resolutions:**

Special Resolutions for the following matters were passed at the above Extraordinary General Meeting:

Sr. No.	Date	Subject matter of Special Resolution
1.	EGM held on 12.05.2010	a) Re-appointment & Remuneration of Mr. Jay Mehta as Executive Vice-Chairman for a further period of three years w.e.f. 01.01.2010 to 31.12.2012. b) Re-appointment & Remuneration of Mr. M.S. Gilotra, as Managing Director for a further period of three years w.e.f. 01.01.2010 to 31.12.2012. c) Re-appointment & Remuneration of Mr. Raj K. Poddar, as Dy. Managing Director for a further period of one year w.e.f. 01.01.2010 to 31.12.2010. d) Offer and grant an aggregate of upto 25,00,000 (Twenty five Lacs) options to the employees (as defined under the Guidelines) of the Company, over a period of time, in one or more tranches, each option convertible into one equity share of the face value of Rs. 10/- each on payment of such exercise price at par and as per the terms and conditions framed/to be framed by the Board with regard to the Employees Stock Option Scheme ("hereinafter referred as ESOS 2010").

Note: No special resolutions were required to be put through postal ballot.

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. 21 of Schedule 13 of Notes on Accounts.

b) Penalties and Strictures

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

c) Related Party Transactions

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

d) Disclosure of Accounting Treatment

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

e) Disclosure on Risk Management

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

f) Code of Conduct

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

g) CEO/CFO Certification

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

h) Group

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

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

9. GENERAL SHAREHOLDERS INFORMATION

Board Meeting for consideration of

i)	Audited results for the current Financial Period ended on 31st March, 2010	30th July, 2010
ii)	Unaudited results for quarter ending 31.03.2009, 30.06.2009, 30.09.2009, 31.12.2009 and 31.03.2010	Within the period as stipulated under the Listing Agreement with the Stock Exchange from time to time
iii)	Annual General Meeting is proposed to be held	Thursday, the 16th September, 2010
iv)	Date of Book closure	Monday, the 13th September, 2010 to Thursday, the 16th September, 2010 (both days inclusive)

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

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

vi) **Listing Fees:**

The Company has paid Listing Fees for the financial year 2010-11 to the Bombay Stock Exchange Ltd., (BSE) where the Company's shares are listed. The Company has paid Annual Custody fees to National Securities Depository Limited and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts as on 31st March, 2010.

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

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

No complaint as on 31.03.2010 is pending from the security holders / investors relating to transfer of security.

viii) **Share Transfer System**

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

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

ix) **Distribution of Shareholding as on 31st March, 2010**

No. of equity shares held	No. of shareholders	%	No. of shares held	%
1 – 500	7616	89.86	828185	1.62
501 – 1000	356	4.20	292703	0.57
1001 – 2000	196	2.31	296979	0.58
2001 – 3000	73	0.86	190924	0.37
3001 – 4000	56	0.66	199578	0.39
4001 – 5000	38	0.45	178261	0.35
5001 – 10000	48	0.57	341527	0.67
10001 – above	92	1.09	48862908	95.45
Total	8475	100.00	51191065	100.00

x) **Shareholders Profile as on 31st March, 2010**

Category	No. of shareholders	%	No. of shares held	%
Resident Indian and Bodies Corporate	7979	94.15	6398052	12.50
NRIs	463	5.46	344010	0.67
FII's	4	0.05	1810	-
Financial Institutions	12	0.14	1255840	2.45
Banks	8	0.09	552087	1.08
Foreign Companies	6	0.07	37351416	72.97
Overseas Corporate Bodies	3	0.04	5287850	10.33
Total	8475	100.00	51191065	100.00

xi) **Dematerialization of shares**

As on 31st March, 2010, 48,690,973 equity shares constituting 95.11% of the Company's total share capital were held in dematerialized form with NSDL and CDSL.

xii) **Stock Market price data for the period 2009–2010 (15 months)**

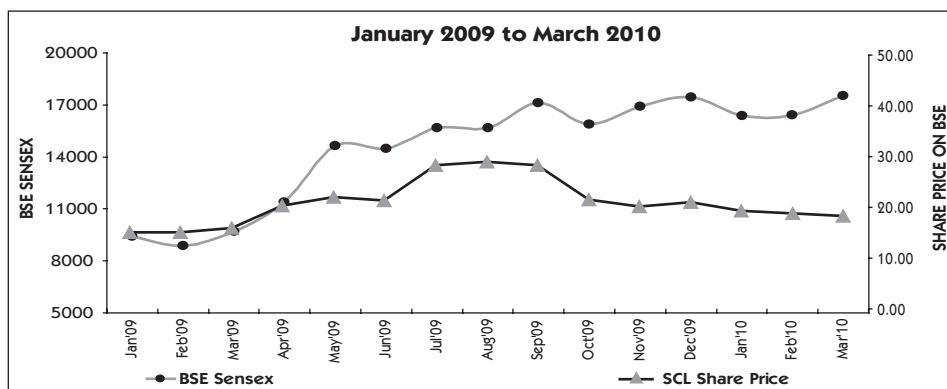
The High, Low and Closing prices of the Company's share of the face value of Rs. 10/- each on Bombay Stock Exchange, Mumbai from January 2009 to March 2010 are as under:

In rupees

Month	High	Low	Closing
January 2009	22.00	14.30	15.15
February 2009	15.75	13.10	15.10
March 2009	16.80	11.35	15.85
April 2009	20.50	15.50	20.35
May 2009	24.10	16.70	22.10
June 2009	27.90	20.05	21.40
July 2009	33.50	19.75	28.35
August 2009	33.60	27.15	29.00
September 2009	30.20	27.00	28.25
October 2009	28.90	21.50	21.60
November 2009	22.50	19.60	20.15
December 2009	21.95	19.85	21.00
January 2010	25.00	19.20	19.95
February 2010	21.90	18.25	18.85
March 2010	21.00	16.55	18.35

xiii) **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.

xiv) **Address for correspondence:**

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

Shareholder correspondence should be addressed to Registrars & Transfer Agent:
M/s. Link Intime India Pvt. Ltd.
(Unit: Saurashtra Cement Limited)
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078.
Tel.: 022- 25963838, Fax: 022-25946969
Contact Person : Mr. Sharad Patkar.

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

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

10. NON-MANDATORY REQUIREMENTS:

(a) Chairman's Office:

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

(b) Shareholders Rights:

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

(c) Training of Board Members:

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

(d) Mechanism for evaluating non-executive Board Members:

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

(e) Postal Ballot

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

(f) Whistle Blower Policy

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

(g) Code for Prohibition of Insider Trading

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

On behalf of the Board of Directors

Place: Mumbai
Dated: July 30, 2010

M. N. MEHTA
Chairman

Declaration of Compliance with the Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March, 2010.

On behalf of the Board of Directors

Place : Mumbai
Dated : July 30, 2010

M. N. MEHTA
Chairman

**Auditors' Certificate on compliance of the conditions of
Corporate Governance under Clause 49 of the Listing Agreement
To the Members of Saurashtra Cement Limited**

We have examined the compliance of the conditions of corporate governance of **SAURASHTRA CEMENT LIMITED** ("the Company") for the fifteen months period ended on March 31, 2010 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 and Security holders Grievances Committee.

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

For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Dated: July 30, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

The extended financial year ended on 31st March, 2010 closed under challenging circumstances. Rising energy and commodity prices drove the inflation, which was further impacted by the global financial turmoil. The Central Government initiated various steps to minimize the impact of global crisis.

India is the second largest producer of cement in the world with a capacity of 216 million tons as on March 2010. To arrest the sudden financial crisis and liquidity crunch and to revive the Indian economy, the Government has taken several measures by announcing various fiscal stimulus measures, cut in excise rates, increased investment in infrastructure projects.

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

Future Outlook

Cement demand is expected to remain buoyant with increased domestic consumption, both in the government and private sector. With the economy having recovered from the slow down, revival in the real estate and corporate capex are also expected to add to the buoyancy in demand.

Opportunities and Threats

The Governments emphasis on infrastructure spending and the housing needs of the growing population will ensure growth in consumption of cement. Gujarat state in particular has been attracting large investments in Industry, which will help the overall economic growth and therefore increased cement consumption. The Global economic meltdown, in particular the real estate and infrastructure projects in the Middle East has substantially affected the export markets of cement. Therefore, newer markets are being explored to protect our plant utilization. Capacity additions in the region can also result in temporary surplus of cement production over demand thereby adversely affecting capacity utilization and selling price. However, expected strong demand in view of the likely high GDP growth, shall ensure absorption of large cement production capacities. The rationalization of taxes by the Government shall further ensure growth of industry.

Global Economic Situation

In view of the recessionary trends still wavering around the globe, your Company has chalked out its strategy to find alternate markets and efforts to reduce the cost of manufacture, transportation and other overheads. These efforts are expected to help your Company to partly off set the tight economic conditions in the recessionary environment.

Segment Review and Analysis

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

Risks and Concerns

The high cost of Power and Coal/Pet Coke, high freight cost, non-availability of wagons, poor quality of coal and increase in taxes/royalty levies are the main concerns of the Indian Cement Industry.

Internal Control systems and their adequacy

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

Human Resource Development / Industrial Relations

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

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

The industrial relations at the plant were cordial.

The Company had 256 permanent employees as on 31st March, 2010.

Corporate Social Responsibility.**Social Accountability**

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

Health Care

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

Education:

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

Afforestation

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

Cautionary Statement

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

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

On behalf of the Board of Directors

Place: Mumbai
Dated: July 30, 2010

M. N. MEHTA
Chairman

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of **SAURASHTRA CEMENT LIMITED** ("the Company") as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the fifteen months 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.
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 (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act"), we enclose in an Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report read with Note 24 to Accounts under Schedule '13' adverting to accounting for Deferred Tax Asset of Rs. 7130.71 lacs, based on the position set out therein, comply with the applicable Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable;
 - e) On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is prima facie, disqualified as on March 31, 2010 from being appointed as a Director in terms of the provisions under Clause (g) of sub-section (1) of Section 274 of the Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon, including Note 24 to Accounts under Schedule '13', adverting to accounting for Deferred Tax Asset of Rs. 7130.71 lacs, based on the position set out therein, give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India.
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii. In the case of the Profit and Loss Account, of the profit for the fifteen months period ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the fifteen months period ended on that date.

For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner

Membership No. 36148

Place: Mumbai
Dated: July 30, 2010

Annexure to the Auditors' Report

(Referred to in paragraph 1 of the report)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of the most of fixed assets.
- (b) During the period, most of the fixed assets of the Company have been physically verified by the management and no material discrepancy is stated to have been noticed on such verification.
- (c) During the period, the Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- (ii) (a) Inventories have been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable. In case of stocks-in-transit and inventories lying with third parties confirmations have been obtained in most cases at the end of the period.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate, in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of its inventories and the discrepancies noticed on physical verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- (iii) (a) As per the information furnished, the Company had granted, in earlier years, interest-free unsecured deposit to two of its subsidiary companies; the maximum amount involved during the period was Rs. 43.50 lacs and the period-end balance of deposit was Rs. 34.40 lacs only, from one subsidiary company. The Company has not granted any other loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) As regards interest-free deposits given to subsidiary companies, no other terms and conditions, including repayment thereof have been stipulated; during the period, one subsidiary company repaid the deposit given to it.
- As the Company has not granted any other loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clause (iii)(b) of the Order relating to the rate of interest and other terms and conditions, whether prima facie, prejudicial to the interest of the Company, Clause (iii)(c) relating to regularity of the receipt of principal amount and interest and Clause (iii)(d) relating to steps for recovery of overdue amount of more than Rupees One Lac, are not applicable.
- (c) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clause (iii) (f) of the Order requiring to comment upon whether the rate of interest and other terms and conditions of loans taken being prima facie prejudicial to the interest of the Company and Clause (iii) (g) requiring to comment upon the regularity of payment of the principal amount and interest, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and the sale of goods and services. The internal control system for the purchase of fixed assets is being strengthened. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control
- (v) (a) According to the information and explanations given to us and the records examined by us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the register made under Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of any party during the period, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- (vi) As legally advised, the Company considers security deposits received from stockists and transporters as security for proper fulfillment of the contracts and advances received from customers as falling outside the purview of Section 58A of the Act. Subject to the above, in our opinion and according to the information and explanations given to us, as the Company has

not accepted any deposits from the public during the period, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder, does not arise. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products to which the said rules are applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities. However, the Company is not regular in depositing undisputed statutory dues in respect of Income-tax, Sales-tax, Excise Duty and Service Tax with the appropriate authorities. As informed to us, the provisions of the Employees' State Insurance Act are not applicable to the Company. As per the information and explanations given to us, as also on the basis of the books and records examined by us, there are no arrears of undisputed statutory dues outstanding as at the last day of the financial period, for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and on the basis of the books and records examined by us, the details of Income-tax, Wealth-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010 on account of disputes and the forum where the dispute is pending, are given below:

Nature of Dues	Amount (Rs. lacs)	Period to which amount relates	Forum where dispute is pending
Sales Tax			
Interest on Deferred Sales Tax	1942.28*	1989-1999	Sales Tax Tribunal
Sales Tax	584.58*	1999-2006	Government of Gujarat
Interest on sales Tax	3551.90*	1999-2006	
Sales Tax Penalties	3272.48*	2003-2005	Joint Commissioner of Sales Tax
Value Added Tax, Interest and Penalty thereon	494.03	2006-2007	Sales Tax Tribunal
Customs Duty	659.99	1993-1994	Commissioner of Customs Departmental Authorities
	8.12	2009-2010	
Excise Duty	174.05	2007-2008	CESTAT
Service Tax	60.89	2005-2007	Commissioner of Service Tax
* Against these and also in respect of Electricity Duty and Royalty dues aggregating to Rs. 6139.81 lacs, the Company has unconditionally deposited a sum of Rs. 70 Crore, with Gujarat State Financial Services Limited in respect of proposed One Time Settlement with the Government of Gujarat. (Refer Note 12 to Accounts under Schedule '13')			

- (x) The accumulated losses of the Company as on March 31, 2010 are more than fifty per cent of its net worth. The Company has not incurred cash losses in the current financial period but has incurred cash losses in the immediately preceding financial period.
- (xi) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not defaulted in repayment of dues (including interest) to financial institutions, bankers or debenture holders as at the balance sheet date.
- (xii) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As the Company is not a chit fund or nidhi/mutual benefit fund/society, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.

- (xiv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, as the Company is not dealing or trading in shares, securities, debentures and other investments, the requirements of Clause 4(xiv) of the Order relating to the maintenance of proper records of the transactions and contracts and making of timely entries therein are not applicable. All the investments are held by the Company in its own name.
- (xv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, as the Company has not given any guarantee for loans taken by others from banks or financial institutions, the requirement of Clause 4 (xv) of the Order to comment on whether the terms and conditions, whereof are prejudicial to the interest of the Company, is not applicable.
- (xvi) According to the information and explanations given to us, as also on the basis of the books and records examined by us, in our opinion, on an overall basis, the new term loans obtained during the period by the Company were, prima facie, applied for the purpose for which the loans were obtained, other than temporary deployment pending its application.
- (xvii) According to the information and explanations given to us, and also on an overall examination of the Balance Sheet of the Company, short-term funds due to decrease in net current assets (other than working capital facilities from banks and provision for interest payable on dues payable to Government of Gujarat under One Time Settlement as detailed in Note 12 to Accounts under Schedule '13' of Rs. 1045.27 lacs) aggregating to Rs. 2115.33 lacs, have been used for repayment of long term secured loans and interest thereon, being the amounts due within one year as at the beginning of the period.
- (xviii) As the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the period, Clause 4 (xviii) is not applicable.
- (xix) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the security or charge in respect of debentures issued during an earlier year has been created.
- (xx) As the Company has not raised any money by public issues during the year, Clause 4 (xx) of the Order requiring to disclose the end use of money raised and verifying the same is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud (i.e. intentional material misstatements resultant from fraudulent financial reporting and misappropriation of assets) on or by the Company has been noticed or reported during the course of our audit.

For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Dated: July 30, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	Rs. in lacs	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS:				
Share Capital	1	5,807.02		5,807.02
Reserves and Surplus	2	16,064.07	21,871.09	16,908.93
				22,715.95
LOAN FUNDS:				
Secured Loans	3	25,845.87		33,703.40
Unsecured Loans		-		-
			25,845.87	33,703.40
Total			47,716.96	56,419.35
APPLICATIONS OF FUNDS:				
FIXED ASSETS:				
Gross Block	4	55,106.99		41,618.53
(Less): Depreciation		(28,851.10)		(25,729.66)
Net Block		26,255.89		15,888.87
Capital Work-in-Progress		8,277.34		21,032.23
			34,533.23	36,921.10
INVESTMENTS:				
DEFERRED TAX ASSETS (Net):	5		1,910.44	1,240.11
(See Note 24 to Accounts under Schedule '13')			4,729.99	5,589.92
CURRENT ASSETS, LOANS AND ADVANCES:				
Inventories	6	3,231.39		3,925.50
Sundry Debtors		1,829.72		1,536.04
Cash and Bank Balances		1,757.36		1,701.38
Loans and Advances		2,955.08		3,291.18
		9,773.55		10,454.10
(LESS): CURRENT LIABILITIES AND PROVISIONS:				
Liabilities	7	19,089.14		16,567.33
Provisions		1,288.02		1,249.16
		(20,377.16)		(17,816.49)
NET CURRENT ASSETS			(10,603.61)	(7,362.39)
PROFIT AND LOSS ACCOUNT: As per Account Annexed				
(Less): To the extent Balance In General Reserve as per Contra		21,524.88		24,408.58
		(4,377.97)		(4,377.97)
			17,146.91	20,030.61
			47,716.96	56,419.35
SIGNIFICANT ACCOUNTING POLICIES	12			
NOTES TO ACCOUNTS	13			

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
Savita V. Pittie

M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Gilotra
Raj K. Poddar
V. R. Mohnot

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

Place: Mumbai
Date: July 30, 2010

PROFIT AND LOSS FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2010

PARTICULARS	Schedules	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
INCOME	8			
Sale of Products (Gross)		61,906.08		78,455.53
(Less): Excise Duty		<u>(4,503.22)</u>		<u>(7,366.56)</u>
Sale of Products (Net)		57,402.86		71,088.97
Other Income		<u>2,001.61</u>		<u>1,731.59</u>
			59,404.47	72,820.56
EXPENDITURE				
Manufacturing and Other Expenses	9	47,361.94		68,088.22
(Increase)/Decrease in Stocks	10	<u>1,294.88</u>		<u>(778.07)</u>
			48,656.82	67,310.15
Profit before Interest, Depreciation and Exceptional Items			10,747.65	5,510.41
Interest (net)	11		<u>5,578.91</u>	<u>5,597.83</u>
Profit/(Loss) before Depreciation and Exceptional Items			5,168.74	(87.42)
Depreciation (including on Revalued Amounts)		3,249.45		3,022.41
Less: Amount withdrawn from Revaluation Reserve		<u>(283.64)</u>		<u>(344.17)</u>
			2,965.81	2,678.24
Profit/(Loss) before Exceptional Items and Tax			2,202.93	(2,765.66)
Exceptional Gain/(Loss)			<u>689.06</u>	<u>(2,677.96)</u>
(See Note 16 to Accounts under Schedule '13')				
PROFIT/(LOSS) BEFORE TAX			2,891.99	(5,442.92)
PROVISION FOR TAXATION				
Deferred Tax (Credit) / Charge		859.93		(700.01)
(See Note 24 to Accounts under Schedule '13')				
Fringe Benefit Tax		<u>23.99</u>		<u>72.36</u>
			(883.92)	(627.65)
PROFIT/(LOSS) AFTER TAX			2,008.07	(4,815.27)
Add: Liquidated Damages for Delayed Completion of Project *			<u>320.00</u>	<u>-</u>
PROFIT/(LOSS) FOR THE PERIOD			2,328.07	(4,815.27)
Balance of Profit/(Loss) Brought Forward		(24,408.58)		(19,593.31)
Less: Amount withdrawn from Revaluation Reserve		<u>875.63</u>		<u>-</u>
(See Note 7 to Accounts under Schedule '13')			(23,532.95)	(19,593.31)
* Appropriations: Transfer to Capital Reserve			<u>(320.00)</u>	<u>-</u>
Balance of Profit/(Loss) Carried to the Balance Sheet			(21,524.88)	(24,408.58)
Earnings Per Share of Rs. 10 each				
(See Note 23 to Accounts under Schedule '13')				
Basic and Diluted			4.33	(9.67)
SIGNIFICANT ACCOUNTING POLICIES	12			
NOTES TO ACCOUNTS	13			

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Gilotra Managing Director
Raj K. Poddar Deputy Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary

Place: Mumbai
Date: July 30, 2010

CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2010

	Rs. in lacs	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT FOR THE PERIOD			2,328.07	(4,815.27)
Adjustments for:				
Add: Provision for Taxation	883.92			(627.65)
Interest	5,578.91			5,597.83
Hire Purchase Rentals	41.38			170.32
Loss on Sale of Assets/Assets Discarded	19.63			83.75
Provision for Doubtful Advances	-			100.00
Exceptional (Gain)/Loss	(689.06)			2,677.26
Depreciation	2,965.81			2,678.24
		8,800.59		10,679.75
(Less): Profit on Sale of Assets	16.34			7.73
Excess Provision and Sundry Creditors Written Back	803.42			167.31
Provisions for Doubtful Debts Written Back/(Off)	41.80			(96.35)
Dividends Received	0.05			-
		(861.61)		(78.69)
			7,938.98	10,601.06
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			10,267.05	5,785.79
Adjustments for:				
Trade and Other Payables		2,184.88		(5,187.63)
Trade and Other Receivables		454.92		(6.70)
Reduction in Inventories		694.11		(238.32)
Working Capital facilities from Banks (Net)		(111.34)		(1,635.49)
			3,222.57	(7,068.14)
CASH GENERATED FROM OPERATIONS			13,489.62	(1,282.35)
(Less): Direct Taxes (Payments)/Refunds			(116.54)	(276.45)
NET CASH FLOW FROM OPERATING ACTIVITIES			13,373.08	(1,558.80)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets		(815.14)		(8,497.71)
Sale of Fixed Assets		46.06		55.07
Dues from/(to) Subsidiaries		8.15		(0.95)
Interest Received		323.52		959.55
Dividends Received		0.05		-
NET CASH FLOW USED IN INVESTING ACTIVITIES			(437.36)	(7,484.04)

CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2010

	Rs. in lacs	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Payments) / Proceeds From Issue of Warrants / Calls Realised		(3.65)		781.21
Proceeds from Long term Borrowings		2,084.07		8,261.15
Payment of Long term Borrowings		(9,776.40)		(6,889.66)
Repayment of Hire Purchase Liabilities		(95.23)		(160.68)
Interest and Finance Charges paid (including interest capitalised Rs. 124.87 lacs)		(5,088.53)		(5,126.71)
Payment of Unpaid Dividends		-		(0.77)
NET CASH FLOW USED IN FINANCING ACTIVITIES			(12,879.74)	(3,135.46)
NET INCREASE IN CASH AND CASH EQUIVALENTS			55.98	(12,178.30)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD			1,701.38	13,879.68
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD			1,757.36	1,701.38

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3 issued under the Companies (Accounting Standard) Rules, 2006.
2. Cash and Cash Equivalents includes Cash and Bank Balances and Fixed Deposits as per Schedule '6' and includes Rs. 31.70 lacs, of deposits under lien.
3. Additions to Fixed Assets include movements of capital work in progress during the period.

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Gilotra Managing Director
Raj K. Poddar Deputy Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary

Place: Mumbai
Date: July 30, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1

	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 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
	<u>19,500.00</u>	<u>19,500.00</u>
Issued:		
5,90,95,018 Equity Shares of Rs. 10 each	5,909.50	5,909.50
6,87,595 13% Cumulative Preference Shares of Rs. 100 each**	687.60	687.60
	<u>6,597.10</u>	<u>6,597.10</u>
Subscribed:		
5,11,91,065 Equity Shares of Rs. 10 each *	5,119.11	5,119.11
6,87,595 13% Cumulative Preference Shares of Rs. 100 each**	687.60	687.60
	<u>5,806.71</u>	<u>5,806.71</u>
Paid-up:		
5,11,91,065 Equity Shares of Rs. 10 each *	5,119.11	5,119.11
6,87,595 13% Cumulative Preference Shares of Rs. 100 each**	687.60	687.60
15,269 Forfeited Shares (Amount paid up Rs. 2 per Equity Share)	0.31	0.31
	<u>5,807.02</u>	<u>5,807.02</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 Equity Shares of Rs. 10 each allotted on right basis in 1986-87, the allotment of which is subject to the final decision of the Delhi High Court, where petition is pending.
- ** (See **Note 6 to Accounts under Schedule '13'**)
- * (See **Notes 8 (v) and (vi) to Accounts under Schedule '13'**, in respect of particulars of options of conversion).

SCHEDULE - 2

	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
RESERVES AND SURPLUS		
Capital Reserve: As per Last Balance Sheet	2,287.96	2,287.96
Add : Appropriated from the Profit and Loss Account	320.00	-
	<u>2,607.96</u>	<u>2,287.96</u>
Capital Redemption Reserve: As per Last Balance Sheet	50.00	50.00
Securities Premium: As per Last Balance Sheet	10,566.71	8,086.71
Add : Received during the period	-	2,480.00
	<u>10,566.71</u>	<u>10,566.71</u>
Revaluation Reserve : As per Last Balance Sheet	1,944.26	27.45
Add : Transfer from Profit and Loss Account	-	2,260.98
(Less) : Transfer to Profit and Loss Account		
- For Depreciation	(283.64)	(344.17)
- For Fixed Assets sold	(5.59)	-
(Less) : Withdrawn and transfer to brought forward debit balance of Profit and Loss Account	(875.63)	-
(See Note 7 to Accounts under Schedule '13')		
	<u>779.40</u>	<u>1,944.26</u>
Debenture Redemption Reserve: As per Last Balance Sheet	2,060.00	2,060.00
General Reserve: As per Last Balance Sheet	4,377.97	4,377.97
(Less) : Adjustment of the debit balance In the Profit and Loss Account as per Contra	(4,377.97)	(4,377.97)
	<u>-</u>	<u>-</u>
	<u>16,064.07</u>	<u>16,908.93</u>

SCHEDULE - 3

		As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
SECURED LOANS:			
I. Debentures - Non-Convertible			
a) Public Debentures		3,111.55	3,447.33
	Rate %	Number of Debentures	Amount per Debenture Rupees
Current Year	12.00	27,65,532	86.88
	12.00	4,08,055	173.75
Previous Year	12.00	27,65,532	96.25
	12.00	4,08,055	192.50
b) Privately Placed Debentures			
I. 9,00,000 12% Debentures of Rs. 86.88 each (Previous period Rs. 96.25 each)		781.87	866.25
		3,893.42	4,313.58
II. Term Loans:			
a) From Financial Institutions		2,040.31	2,151.77
b) From Banks		4,387.57	4,737.21
c) From Others		14,799.15	21,610.23
		21,227.03	28,499.21
III. Others:			
a) From Banks:			
i. Cash Credits		178.60	719.08
ii. Working Capital Demand Loan		429.14	-
		607.74	719.08
b) From Hire Purchase Creditors:		117.68	171.53
		725.42	890.61
		25,845.87	33,703.40

(See **Notes 8, 9 and 22 to Accounts under Schedule '13'**)

(I) Debentures:

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

SCHEDULE - 3 (Contd.)

SECURED LOANS:

(II) Term loans:

(a) From Financial Institutions:

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

(b) From Banks:

- (i) Term loan of Rs.738.87 lacs from Bank of India together with funded interest term loans Rs.303.08 lacs, of Rs.2401.56 lacs from Dena Bank together with funded interest term loans Rs.765.73 lacs, and funded interest term loan of Rs.16.24 lacs from Rajkot Nagarik Sahakari Bank Limited, are secured by way of *pari-passu* first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company. The facility from Rajkot Nagarik Sahakari Bank Limited is further secured by shares of Gujarat Sidhee Cement Limited held by subsidiary companies.
- (ii) Vehicle loans from ICICI Bank of Rs. 1.31 lacs and HDFC Bank of Rs. 160.78 lacs are secured by hypothecation of vehicles financed by them and personal guarantees by one of the directors of the Company.

(c) From others:

- (i) Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans, amounting to Rs. 3647.22 lacs, are secured by *pari-passu* first charge on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.
- (ii) Term Loans from India Debt Management Pvt. Limited, amounting to Rs. 10036.48 lacs, are secured by way of *pari-passu* first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders.
- (iii) Other Funded Interest Term Loans amounting to Rs. 1109.64 lacs, are secured as mentioned above in para (II) a (i) above.
- (iv) Vehicle loans from Reliance Capital Financial Services Limited Rs. 5.81 lacs, is secured by hypothecation of vehicles financed by them and personal guarantees by one of the directors of the Company.

(III) Other Secured Loans:

A. From Banks:

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

B. From Hire Purchase Creditors:

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

(IV) All the aforementioned borrowings except para II (b) (ii), II (c) (iv) and III B (i) are further secured by hypothecation of 'Hathi' brand on *pari-passu* first charge basis and pledge of promoter shares in favour of the Trustees.

SCHEDULE - 4

Rs. in lacs

FIXED ASSETS : #	GROSS BLOCK (Note 1)		DEPRECIATION			NET BLOCK				
	As at Jan 1, 2009	Additions	Deductions/ Adjustments	As at Mar 31, 2010	Up to Dec 31, 2008	For the Period	Deductions/ Adjustments	Up to Mar 31, 2010	As at Mar 31, 2010	As at Dec 31, 2008
Freehold Land (Note 2)	239.08	-	-	239.08	-	-	-	-	239.08	239.08
Leasehold Land (Note 2)	21.45	-	-	21.45	-	-	-	-	21.45	21.45
Buildings (Note 3)	1,897.09	769.16	-	2,666.25	900.84	76.12	-	976.96	1,689.29	996.25
Buildings TPP	-	773.53	-	773.53	-	29.66	-	29.66	743.87	-
Jetty - Civil Works	2,411.45	-	-	2,411.45	1,244.48	248.91	0.01	1,493.38	918.07	1,166.97
Railway Siding and Weigh Bridge	247.71	-	-	247.71	214.08	7.47	-	221.55	26.16	33.63
Water Supply Installation	185.08	-	-	185.08	163.96	5.47	-	169.43	15.65	21.12
Electric Installation (Note 4)	1,832.46	195.87	30.75	1,997.58	1,358.97	106.46	27.09	1,438.34	559.24	473.49
Electric Installation TPP	-	1,790.79	-	1,790.79	-	97.65	-	97.65	1,693.14	-
Plant and Machinery (Note 5)	31,691.95	150.81	34.40	31,808.36	20,349.88	1,784.29	32.68	22,101.49	9,706.87	11,342.07
Plant and Machinery TPP	-	9,743.48	-	9,743.48	-	590.57	-	590.57	9,152.91	-
Rolling Stock and Locomotives	61.50	-	27.66	33.84	50.82	1.08	22.55	29.35	4.49	10.68
Furniture and Fixtures	1,101.56	38.45	6.08	1,133.93	460.78	75.57	1.24	535.11	598.82	640.78
Furniture and Fixtures TPP	-	10.80	-	10.80	-	0.76	-	0.76	10.04	-
Office Equipments	632.73	20.65	9.49	643.89	496.39	36.63	8.56	524.46	119.43	136.34
Motor Cars, Trucks, etc. (Note 5)	1,211.37	156.47	68.60	1,299.24	440.43	184.23	30.19	594.47	704.77	770.94
Air Conditioners	85.10	21.40	5.97	100.53	49.03	4.58	5.69	47.92	52.61	36.07
Current Period	41,618.53	13,671.41	182.95	55,106.99	25,729.66	3,249.45	128.01	28,851.10	26,255.89	15,888.87
Previous Period	40,706.32	1,509.49	597.28	41,618.53	23,173.44	3,022.41	466.19	25,729.66	15,888.87	
Capital work-in-Progress (Note 6)	21,032.23	316.10	13,070.99	8,277.34						
Previous Period	9,079.86	12,055.44	103.07	21,032.23						

Notes:

- Gross Block includes Rs. 4605.54 lacs, added on revaluation of the Company's land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, on the basis of valuation made by an external valuer, which had resulted in a net increase of Rs. 5792.61 lacs, as at June 30, 1993.
 - Besides the leasehold and freehold land specified above, the Company holds leasehold land in respect of which only ground rent is paid.
 - Excludes cost of shares held in a Co-operative Society included under the Schedule 5 of investments.
 - Includes cost of service line of Rs. 33.20 lacs, ownership of which is vested with Paschim Gujarat Vij Company Limited.
 - Includes equipment and vehicles financed under hire purchase agreements. An Ambulance purchased during the period is reflected net of subsidy of Rs. 3 lacs received from the Welfare Commissioner, Ajmer.
 - Includes Rs. 8,036.81 lacs, in respect of Expansion Project Assets, which was suspended in an earlier year. Based on a valuation, no provision for any impairment for these assets is required as at the end of the period.
- # (See Note 10 to Accounts under Schedule '13')

SCHEDULE - 5

	Rs. in lacs	Rs. in lacs	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
INVESTMENTS (Non-trade - Long Term)				
I. In Government Securities:				
Unquoted:				
7 years National Savings Certificates kept as security with various Government Authorities			0.08	0.08
II. In Shares:				
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 16 to Accounts under Schedule '13')	(588.75)			(599.25)
		46.50		36.00
Unquoted:				
a) In Subsidiary Companies				
1,00,00,000 Equity Shares of Rs. 10 each of Pranay Holdings Limited	1,000.00			1,000.00
1,00,00,000 Equity Shares of Rs. 10 each up of Prachit Holdings Limited	1,000.00			1,000.00
1,00,00,000 Equity Shares of Rs. 10 each of Ria Holdings Limited	1,000.00			1,000.00
40,00,000 Equity Shares of Rs. 10 each of Reeti Investments Limited	400.00			400.00
4,04,100 Equity Shares of Rs. 10 each of Agrima Consultants International Limited	135.68			135.68
1,49,272 Equity shares of Srilankan Rs. 10 each of Concorde Cement (Pvt.) Limited	9.19			9.19
	3,544.87			3,544.87
(Less): Provision for diminution in value (See Note 16 to Accounts under Schedule '13')	(1,681.27)			(2,341.10)
		1,863.60		1,203.77
b) In Others				
	Quantity	Particulars of Investments	Face Value Rs. per share	
	10	IL-Palazzo Co-operative Housing Society Ltd.	50	
	1	Rajkot Nagrik Sahakari Bank Limited	50	
	2,500	Saraswat Co-op. Bank Limited	10	
				0.26
				1,910.36
				1,910.44
			As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
	Cost	Market Value	Rs. in lacs	Rs. in lacs
Aggregate amount of quoted investments	635.25	46.50	635.25	36.00
Aggregate amount of unquoted investments	3,545.21	—	3,545.21	—
	4,180.46		4,180.46	

SCHEDULE - 6

			As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
CURRENT ASSETS, LOANS AND ADVANCES	Rs. in lacs	Rs. in lacs		
CURRENT ASSETS:				
Inventories:				
(At cost or net realisable value, whichever is lower)				
Stores and Spare Parts		1,563.95		1,437.93
Raw Materials and Fuels		884.15		405.03
Packing Materials		127.53		126.01
Finished Goods		511.20		814.95
Stock in Process		144.56		1,141.58
		3,231.39		3,925.50
Sundry Debtors: Unsecured				
More than six months - Considered good		464.89		422.58
- Considered doubtful		307.51		1,316.59
		772.40		1,739.17
(Less): Provision for Doubtful Debts		(307.51)		(1,316.59)
		464.89		422.58
Other Debts - Considered good		1,364.83		1,113.46
		1,829.72		1,536.04
Cash and Bank Balances:				
Cash on Hand		1.68		0.06
Balances with Scheduled Banks:				
On Current Accounts	648.07			406.99
On Fixed Deposits	1,107.61			1,294.33
	1,755.68			1,701.32
		1,757.36		1,701.38
LOANS AND ADVANCES:				
Unsecured, Considered Good				
Interest Free Deposits/Other Receivables from Subsidiaries	55.23			44.65
Advances Recoverable in Cash or in Kind or for Value to be Received	789.17			592.86
Advances against Capital Expenditure and Purchase of Stores	1,014.77			991.28
Other Receivables	112.40			418.20
Deposits	610.17			590.03
Interest Accrued on Inter Corporate Deposit And Others	38.35			249.72
Intercorporate Deposits	-			162.00
Tax Payments and Refund Receivable (Net of Provisions)	334.99			242.44
		2,955.08		3,291.18
Unsecured, Considered Doubtful				
Interest Free Deposits/Other Receivables from Subsidiaries	-			18.73
Advances Recoverable in Cash or in Kind or for Value to be Received	111.85			111.85
Intercorporate Deposits	554.76			554.76
(See Note 16 to Accounts under Schedule '13')	666.61			685.34
(Less): Provision for Doubtful Loans and Advances	(666.61)			(685.34)
		-		-
		2,955.08		3,291.18
		9,773.55		10,454.10

SCHEDULE - 7

	Rs. in lacs	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
CURRENT LIABILITIES AND PROVISIONS:			
CURRENT LIABILITIES:			
Sundry Creditors	4,390.45		3,490.91
Dues to Micro, Small and Medium Enterprises (See Note 11 to Accounts under Schedule '13')	3.91		-
Advances Against Orders	1,005.57		550.11
Security Deposits from Customers	582.05		543.15
Excess amounts received on Equity Warrants	-		3.65
Debentures - Unencashed	5.82		35.19
Unclaimed / Unpaid Dividend	77.77		77.77
Other Liabilities	12,581.58		11,111.49
Interest Accrued but not due	441.99		755.06
		19,089.14	16,567.33
PROVISIONS:			
For Gratuity/Leave Encashment (See Note 19 to Accounts under Schedule '13')	753.53		711.29
For Redemption Premium on Term Loans	501.71		503.21
For Excise Duty On Closing Stock	28.78		34.66
For Wealth Tax	4.00		-
		1,288.02	1,249.16
		20,377.16	17,816.49

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - 8

		For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
SALE OF PRODUCTS AND OTHER INCOME:	Rs. in lacs	Rs. in lacs	Rs. in lacs
Sale of Products		61,906.08	78,455.53
Other Income			
Export Incentives	520.58		972.45
Insurance Claims Received	70.49		49.70
Miscellaneous Income (including overheads shared)	464.40		475.46
Profit on Sale of Fixed Assets	16.34		7.73
Excess Provision Written Back	610.22		159.32
Provision for Doubtful Debts Written Back	41.80		-
Sundry Creditors Written Back	193.20		7.99
Exchange Rate Fluctuations	84.53		58.94
Dividends Received	0.05		-
		2,001.61	1,731.59
		63,907.69	80,187.12

SCHEDULE - 9

		For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
MANUFACTURING AND OTHER EXPENSES:	Rs. in lacs	Rs. in lacs	Rs. in lacs
Cement Purchase for Resale		4,030.97	6,940.01
Clinker/Coal Purchase for Resale		464.98	397.69
Raw Materials Consumed		4,619.84	5,318.36
Stores and Spare Parts Consumed		3,782.92	4,584.46
Packing Materials Consumed		1,482.52	1,855.42
Power and Fuel		14,106.44	27,221.69
Employee Cost (See Note 15 to Accounts under schedule '13')			
Salaries, Wages, Bonus and Gratuity	2,531.58		3,019.92
Contribution to Provident Fund and Other Funds	228.46		267.37
Staff Welfare Expenses	64.08		82.17
		2,824.12	3,369.46
Repairs and Maintenance:			
Buildings, etc.	119.05		131.23
Machinery	1,369.73		874.37
Others	712.37		762.35
		2,201.15	1,767.95
Rent		172.11	157.74
Rates and Taxes		29.79	22.05
Hire Purchase Rentals		41.38	170.32
Insurance		156.53	198.81
Directors' Fees		16.20	28.60
Carried Forward...		33,928.95	52,032.56

SCHEDULE - 9 (Contd.)

	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
MANUFACTURING AND OTHER EXPENSES:			
Brought Forward...		33,928.95	52,032.56
Charity and Donations		-	1.00
Loss on Sale of Assets		17.42	43.45
Assets Discarded		2.21	40.30
Provision for Doubtful Advances		-	100.00
Damages and Compensation Claim Settlement (See Note 3 to Accounts under Schedule '13')		612.64	-
Travelling and Conveyance		192.06	408.08
Wealth Tax		8.32	3.15
Bad Debts Written off	967.28		-
Less: Provision for Doubtful Debts Written Back	(967.28)		-
		-	-
Miscellaneous Expenses		1,359.56	1,618.83
Payment to Auditors:			
Audit Fees	6.25		7.50
Tax Audit Fees	3.09		3.06
For Certification Work	5.35		3.78
Reimbursement of Expenses	0.51		0.70
		15.20	15.04
Selling and Sales Administration Expenses			
Advertisement, Business Promotional and Service Charges	813.17		1,079.26
Freight Charges	7,086.04		8,816.04
Commission	746.78		1,292.22
Provision for Doubtful Debts	-		96.35
Others	2,579.59		2,541.94
		11,225.58	13,825.81
		47,361.94	68,088.22

SCHEDULE - 10

	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
(INCREASE)/DECREASE IN STOCKS			
Stocks at the end			
Cement	511.20		814.95
Raw Flour and Clinker	144.56		1,141.58
		655.76	1,956.53
Less: Stocks at the beginning			
Cement	814.95		713.31
Raw Flour and Clinker	1,141.58		475.02
		1,956.53	1,188.33
		1,300.77	(768.20)
Increase/(Decrease) in Excise Duty on Stocks		(5.89)	(9.87)
		1,294.88	(778.07)

SCHEDULE - 11

INTEREST (NET):	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
Interest on Borrowings			
On Debentures	609.35		860.38
On Term Loans	3,651.85		2,853.57
Others	293.98		454.02
	4,555.18		4,167.97
Other Interest			
On Sales Tax	452.74		578.52
On Royalty	406.29		484.73
On Electricity Duty	186.24		223.50
On Power and Fuel	0.49		8.28
Interest Receivable Written Off	-		281.72
Others	90.12		150.33
	1,135.88		1,727.08
		5,691.06	5,895.05
(Less): Interest Earned (Gross)		(112.15)	(297.22)
(Includes Rs. 86.96 lacs (Previous Period Rs. 240.89 lacs) on Fixed Deposits with Banks)		5,578.91	5,597.83
(Tax deducted at Source Rs. 67.73 lacs, Previous period Rs. 164.94 lacs)			

SCHEDULE - '12'

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

The financial statements are prepared as under:

- i. on the historical cost convention except to include revaluation of land, buildings, plant and machinery situated at Ranavav,
- ii. on a going concern basis,
- iii. in accordance with the generally accepted accounting principles,
- iv. on an accrual system of accounting,
- v. in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 which have been prescribed by the Companies (Accounting Standards) Rules, 2006,
- vi. in compliance with the provisions of the Companies Act, 1956.

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

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

4. DEPRECIATION/AMORTISATION:

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

5. ASSETS ACQUIRED ON LEASE/HIRE PURCHASE:

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

- ii. Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

(Also refer to the policy on Depreciation and Amortisation above)

6. IMPAIRMENT OF ASSETS:

- i. As on each Balance Sheet date, if internal/external indicators suggest that an asset may be impaired, the carrying amount of the asset is tested for impairment so as to determine, the provision for impairment loss required, if any.
- ii. The impairment loss is recognised when the carrying amount of an asset/cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount is determined as the higher of its net selling price (net of material disposal expenses) and the value in use. Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset/CGU as stated above and from its disposal at the end of its useful life.
- iii. If there is change in the indication, since the last impairment was recognised, so that the recoverable amount of an asset exceeds its carrying amount, an impairment recognised for an asset in prior accounting period is reversed.

7. INVESTMENTS:

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

8. INVENTORIES:

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

9. ACCOUNTING OF CENVAT / VAT BENEFITS:

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

10. REVENUE RECOGNITION:

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

11. FOREIGN CURRENCY TRANSACTIONS:

- i. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items (i.e. receivables, payables, loans, etc.), which are denominated in foreign currency are translated using the exchange rates prevailing on the date of the Balance Sheet.
- iii. Exchange difference including premium or discount on forward exchange contracts, relating to borrowed funds, liabilities and commitments in the foreign currency for acquisition of fixed assets, arising till the assets are ready for their intended use, are adjusted to cost of fixed assets. Any other exchange difference either on settlement or translation is recognised in the Profit and Loss account.

- iv. 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.
- v. All other exchange differences are recognised to the Profit and Loss account.

12. EMPLOYEE BENEFITS:

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

13. BORROWING COSTS:

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

14. TAXATION:

- i. Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.
- ii. Deferred tax resulting from timing difference are recognised using current rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets in respect of Unabsorbed Depreciation and Carry forward Business Losses are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Other deferred tax assets are recognised based on the principles of prudence. Deferred tax effects are reviewed at each Balance Sheet date (Refer Note 24 to Accounts under Schedule '13').

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

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

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

Contingent liability is stated in the case of:

- i. 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;
- ii a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

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

SCHEDULE - '13'

NOTES TO ACCOUNTS

	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
1. Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs. 400.87 lacs, Previous Period Rs. 368.47 lacs) and not provided for.	96.83	1,487.30
2. Contingent liabilities not provided for:		
i. Claims not acknowledged as debts in respect of matters under disputes / appeals:		
a. Sales Tax Liabilities	329.01	-
b. Excise Duty	174.05	6.00
c. Service Tax	60.89	58.50
d. Royalty	66.10	-
e. Customs Duty	625.47	629.35
f. Public Premises (Eviction of unauthorised Occupants) Act, 1971	1,336.53	1,248.83
g. Road Tax	26.54	26.54
h. Claims filed by workmen or their union against the Company	211.85	217.58
i. Excess Demand Charges on Power supply	440.99	418.82
ii. Other demands and claims against the Company not acknowledged as debts	79.66	168.81
3. During the period, the Company has settled disputes for claims made in earlier years for rate differences by the then jute bags supplier, based on the report of a mediator. Accordingly, the Company has provided for a consolidated sum of Rs. 650 lacs, in full and final settlement of claims of the principal amount in the civil suit filed in this connection and damages and compensation for unilateral termination / cancellation of contracts. This amount is reflected as Damages and Compensation Claim Settlement under Schedule "9" on Manufacturing and other expenses. The report also provided for withdrawal of all suits against the Company as also by the Company. Since the date of the Balance Sheet, these suits have been withdrawn and the aforesaid payment has been made.		
4. The operation of a show cause notice dated August 20, 2002 issued by the Jute Commissioner, stipulating the Company to fulfill the obligation of packing a minimum of 50% of cement in jute bags from March 15, 1995 or pay penalty under Section 3 (1) of the Jute Packing Materials (Compulsory use in Packing Commodities) Act, 1987 is presently stayed by Calcutta High Court, amount of which is not ascertainable.		
5. i. The Company is registered as a sick Industrial Company with the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985. However, BIFR had passed an order declaring the Company as not a sick company. The Company appealed against the said order before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR), which has directed BIFR to reconsider its order, which is pending.		
ii. Considering the overall growth in the Cement Industry barring any unforeseen circumstances, the management is confident that considering the continuation of sanctioned Corporate Debt Restructuring (CDR) Scheme and other factors, the Company would be able to generate sufficient returns to make its net worth positive in the future. Accordingly, the accounts of the Company are prepared on a going concern basis.		
6. Of the total Preference Share Capital of Rs. 687.60 lacs, the holders of 1,74,557 OCCPS of Rs. 100 each, aggregating to Rs. 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Company. Based on an advise received, pending the availability of funds / distributable profits for the redemption of capital, the beneficial ownership of these OCCPS has been transferred in favour of a trust of which the Company is the beneficiary. The accounting effect of such waiver (only in respect of these OCCPS) shall be made as and when such shares will be redeemed. The right of conversion on these OCCPS lapsed on August 22, 2003.		
7. In earlier years, provision for the diminution in value of investments and other doubtful loans and advances, aggregating to Rs. 2,260.98 lacs were adjusted against Revaluation Reserve (RR). Due to such adjustment, to the extent RR was not available in any year, the additional depreciation on the revalued amounts was charged to the Profit and Loss account; accordingly, the aggregate sum of Rs. 875.63 lacs was so charged. During the period ended on December 31, 2008, those provisions of Rs. 2,260.98 lacs were reversed and charged to the Profit and Loss account, and to that extent RR was reinstated. In terms of the Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets, issued by the Institute of Chartered Accountants of India, due to such reinstated RR, during the period, the Company has decided to withdraw from RR the said sum of Rs. 875.63 lacs being the additional depreciation on the revalued amounts and adjusted the same against the brought forward debit balance in Profit and Loss account.		

8. Financial Restructuring

- i. Reliefs and concessions availed from Banks, Financial Institutions and others under the Corporate Debt Restructuring (CDR) Scheme for debts outstanding as on July 1, 2005, being the cut off date, including waiver of principal and interest on One Time Settlement under Series A of the CDR Scheme pursuant to the letter no. BY CDR (AG)/No.1127/2005-06 dated December 26, 2005 of the CDR Cell and subsequent settlement with other lenders and as approved by the Hon'ble High Court of Gujarat vide its order dated December 24, 2007, in the proceedings of the Company u/s 391 and 394 of the Companies Act, 1956 approving the restructuring scheme sanctioned by CDR were duly accounted upto December 31, 2008.

No. Particulars	Account Head reversed to	Upto	Upto
		Mar 31, 2010	Dec 31, 2008
		Rs. in lacs	Rs. in lacs
1. Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Capital Work in Progress	Capital Work in Progress	1,752.82	1,752.82
2. Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Fixed Assets	Fixed Assets	189.86	189.86
3. Outstanding Credit balance in party ledger	Fixed Assets	80.53	80.53
4. Waiver of principal amount by lenders / Creditors	Capital Reserve	2,185.75	2,185.75
5. Interest, cumulative interest, penal interest and liquidated damages which were earlier charged to Profit & Loss account	Exceptional items in the Profit and Loss account	7,292.65	7,292.65
		11,501.61	11,501.61

- ii. 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. For the current period, the interest is payable and provided at 12% per annum. The first year interest @ 2% is to be funded as Funded Interest Term Loan (FITL) II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 50% of the unpaid simple interest on all the loans was converted into FITL-I. Both FITL I and II do not carry interest and are repayable in the 9th and 10th year.
- iii. The Company has an option to prepay all the loans without premium on *pro-rata* basis to all the lenders.
- iv. All the restructured loans including FITL are subject to recompense clause as may be approved by CDR.
- v. In the event of default in compliance of restructuring package, after the approval of CDR, the lenders have a right to convert 100% of the defaulted amount of the restructured debt into Equity Shares of the Company, at any time during the currency of assistance into Equity Shares, at a price to be determined as per SEBI Guidelines.
- vi. The Lenders have the right to convert 20% of the loan outstanding (including FITL and WCTL) into Equity Shares of the Company, at a price to be determined as per SEBI Guidelines in one or more occasions after 7 years from the date of approval. As regards zero coupon FITL, remaining outstanding beyond 7 years, such conversion right of lenders would be applicable to the entire amount and the conversion shall be at a price as per SEBI guidelines.

9. Certain particulars of Secured / Unsecured Loans:

Particulars (Due within one year)	As at	As at
	Mar 31, 2010	Dec 31, 2008
	Rs. in lacs	Rs. in lacs
Secured Loans:		
i. Debentures Non-Convertible		
a. Public	335.78	268.62
b. Private	84.38	67.50
ii. Term loans:		
a. Financial Institutions	111.46	89.17
b. Banks	338.61	270.89
c. Others	8,566.89	6,760.81
iii. Hire Purchase Creditors	46.87	45.79

10. i. Additions to Fixed Assets/Capital Work In Progress include the following:

Particulars	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
Borrowing Costs capitalised (Net)	2,402.30	1,642.23
Other Pre-operative Expenses	237.84	167.39

- ii. Pre-operative expenses included under the head Capital Work-in-Progress are as follows:

Particulars	Upto Dec 31, 2008 Rs. in lacs	Addition in the Period Rs. in lacs	Deduction in the Period Rs. in lacs	Upto Mar 31, 2010 Rs. in lacs
Technical Consultancy	413.94	2.85	(96.39)	320.40
Employee Cost	144.56	-	-	144.56
Interest and Finance cost	5,381.60	124.87	(2,402.30)	3,104.17
Travelling and Conveyance	227.48	-	-	227.48
Exchange rate fluctuation	42.43	-	-	42.43
Transportation Charges	28.76	-	(8.80)	19.96
Miscellaneous	188.51	4.10	(132.65)	59.96
Total	<u>6,427.28</u>	131.82	(2,640.14)	3,918.96

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

Particulars	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
Principal amount remaining unpaid and interest thereon	0.95	-
Interest paid in terms of Section 16	-	-
Interest due and payable for the period of delay in payment	0.95	-
Interest accrued and remaining unpaid	0.95	-
Interest due and payable even in succeeding years	0.95	-

12. The Company's request for One Time Settlement (OTS) of Dues payable by sick units under BIFR as per the Government of Gujarat (GoG) GR BFR/(HPC)/102003/3537/P dated May 12, 2004 was under consideration. The Scheme, inter-alia, provided for waiver of interest, penalties, etc., on Sales Tax, Royalty and Electricity Duty. Based on the directions of GoG, the Company had unconditionally deposited a sum of Rs. 70 Crore with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable of Rs. 161 Crore, to GoG have been shown net of such deposit, in Other Liabilities under Schedule '7'. Subsequent to the Balance Sheet date, the GoG has introduced a new Scheme, in place of its earlier schemes, for relief to the Sick Industrial Units registered with the BIFR vide GR BFR/(HPC)/102009/435690/P dated July 15, 2010.
13. Expenses on maintenance, etc. incurred during the period for a guest house at Mumbai amounting to Rs. 5.05 lacs (Previous year Rs. 4.07 lacs) have been presently borne by the Company. The guesthouse was under the unauthorised occupation of relatives of the ex-chairman. The Company had filed a suit for recovery of the possession of the guesthouse, which also includes recovery of expenses incurred. The said suit was decided against the Company by declaring legal heirs of the ex-chairman as tenants. The Company has preferred an appeal before the Division Bench against the said order, which is pending.
14. Expenditure incurred during the period on Cost of raising and transporting Limestone

Particulars	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
i. Salaries and Wages	111.56	234.49
ii. Royalties and Cess Charges	901.51	1,024.47
iii. Stores Consumption	435.33	756.79
iv. Machinery Repairs and Maintenance	22.26	29.84
v. Excavation and Transportation	1,278.66	427.19
vi. Others	0.24	-

15. Remuneration paid / payable to Managing Directors :

i. Sr. No.	Particulars	For Fifteen	For Eighteen
		Months ended Mar 31, 2010	Months ended Dec 31, 2008
		Rs. in lacs	Rs. in lacs
a.	Salary	100.50	96.10
b.	Contribution to Provident and other funds	27.14	28.41
c.	Other perquisites	1.02	0.98
Total		128.65	125.49

ii. In the absence of availability of profits as per section 198 and in terms of Schedule XIII of the Companies Act, 1956, the aforesaid remuneration is payable based on Central government approval. The requisite shareholders approval for this remuneration is already received. Applications to the Central Government for approval of the remuneration payable to Mr. R K Poddar, the Deputy Managing Director for the period January 1, 2009 to March 31, 2010 and to Mr. Jay Mehta, the Executive Vice Chairman and Mr. M S Gilotra, the Managing Director for the period January 1, 2010 to March 31, 2010 have been made for which the approvals are awaited.

16. Exceptional Gain / (Loss) include:

	For Fifteen	For Eighteen
	Months ended Mar 31, 2010	Months ended Dec 31, 2008
	Rs. in lacs	Rs. in lacs
i.	Interest Write Backs as per CDR Scheme	- 697.40
ii.	Provision for Doubtful Inter Corporate Deposits	- (310.00)
iii.	Marking up / (Diminution) in Value of Investments	10.50 (26.20)
iv.	Provision of Losses of Subsidiaries written back / (off)	678.56 (777.48)
v.	Reversal Of Amount Withdrawn From Revaluation Reserve	- (2,260.98)
Total		689.06 (2,677.26)

17. i. In view of the carried forward losses and unabsorbed depreciation available under the Income-tax Act, 1961, no provision for income tax is made.

ii. In view of the deduction available of amount of profits of a sick company under Section 115JB2(viii), there is no Minimum Alternate Tax liability under Section 115 JB of the Income tax Act, 1961.

18. Quantitative information

i. Capacity and Production	For Fifteen		For Eighteen		
	Months ended Mar 31, 2010	Tonnes	Months ended Dec 31, 2008	Tonnes	
a.	Licensed Capacity *				
b.	Annual Installed capacity - Cement (OPC) as at	1,501,000		1,501,000	
c.	Production during the period – Cement	1,607,395		1,959,830	
d.	Production during the period – Clinker	1,611,530		1,982,770	
* 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.					
ii. Raw materials consumed	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs	
a.	Limestone / Marl	2,232,179	2,557.22	2,648,607	2,592.38
b.	Gypsum	78,733	679.87	91,941	742.55
c.	Fly Ash	83,944	722.92	110,112	998.87
d.	Iron Ore	55,061	454.01	46,522	251.24
e.	Pozzolana and other materials	53,462	205.82	176,741	733.32
Total		4,619.84		5,318.36	

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

	For Fifteen Months ended Mar 31, 2010		For Eighteen Months ended Dec 31, 2008	
	Rs. in lacs	(%)	Rs. in lacs	(%)
a. Raw material (Indigenous)	4,619.84	100.00	5,318.36	100.00
b. 1. Spare parts and Components (Imported)	649.12	10.50	590.56	5.35
2. Spare parts and Components (Indigenous)*	5,531.33	89.50	10,455.15	94.65
* Includes amounts directly debited to various account heads.				
iv. Value of imports calculated on C.I.F. basis:			Rs. in lacs	Rs. in lacs
a. Spare Parts and Components			876.83	526.77
b. Capital goods			49.79	3,117.94
v. Earnings in Foreign Currencies			Rs. in lacs	Rs. in lacs
a. Value of Exports calculated on FOB basis :			13,235.48	19,064.89
vi. Remittance in Foreign Currency			Rs. in lacs	Rs. in lacs
a. Dividend			Nil	Nil
vii. Expenditure in foreign currencies during the period on account of :			Rs. in lacs	Rs. in lacs
a. Interest			-	218.07
b. Travelling Expenses			27.39	98.66
c. Commission on Exports			238.77	333.48
d. Sea Freight and Demurrage			354.13	166.66
e. Others			8.66	62.84
viii. Sales Turnover (excluding traded goods)	Tonnes	Rs. in lacs	Tonnes	Rs. in lacs
a. Cement*	1,611,539	52,484.51	1,965,177	66,771.31
b. Clinker**	224,552	4,501.31	163,236	4,026.90
* (Net of discounts on sales Rs. 640.22 lacs, Previous period Rs. 634.99 lacs) (Includes self consumption 528 MT Rs. 11.46 lacs, Previous period 4891 MT Rs. 103.28 lacs) (Excludes samples and shortages 428 MT, Previous period 480 MT)				
** (Net of discounts on sales Rs. NIL, Previous period Rs. 5.11 lacs) (Excludes samples, damages and shortages 38 MT Previous period (363) MT)				
ix. Traded Goods	Tonnes	Rs. In lacs	Tonnes	Rs. In lacs
a. Clinker				
Opening Stock	-	-	-	-
Purchases	20,108	386.52	13,386	350.31
Sales	20,108	410.34	13,386	360.38
Closing Stock	-	-	-	-
b. Cement				
Opening Stock	9,336	191.15	6,126	102.13
Purchases	169,395	4,030.97	301,417	6,940.01
Sales	178,035	4,431.00	298,207	7,249.35
Closing Stock	696	15.71	9,336	191.15
c. Coal				
Opening Stock	-	-	-	-
Purchases	2,000	78.46	996	47.37
Sales	2,000	78.92	996	47.59
Closing Stock	-	-	-	-
x. Opening and Closing stocks of Finished goods :	Tonnes	Rs. In lacs	Tonnes	Rs. In lacs
Opening Stock Cement	35,903	814.95	38,520	713.31
Closing Stock Cement	22,691	511.20	35,903	814.95

19. Disclosures required under Accounting Standard 15 on "Employee Benefits", are given hereunder :

Particulars	As at	As at	As at	As at
	Mar 31, 2010	Dec 31, 2008	Mar 31, 2010	Dec 31, 2008
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Compensated Absences		Gratuity	
i. Changes in Present Value of Obligations:				
Present Value of Obligation at the beginning of the period	189.75	122.52	526.18	443.39
Current Service Cost	139.36	131.90	155.20	95.30
Interest Cost	17.78	15.82	49.73	53.75
Actuarial (Gain) / Loss on obligations	(155.01)	(84.98)	(106.18)	(17.74)
Benefits paid	-	4.50	(60.07)	(48.52)
Present value of Obligation as at the end of the period	191.88	189.75	564.86	526.18
ii. Changes in Fair Value of Plan Assets:				
Fair value of Plan Assets at the beginning of the period	Not Applicable		4.64	25.94
Expected return on Plan Assets	Not Applicable		0.36	2.88
Contributions	Not Applicable		55.00	25.00
Benefits paid	Not Applicable		(60.07)	48.52
Actuarial Gain / (Loss) on Plan Assets	Not Applicable		3.28	(0.66)
Fair value of Plan Assets as at the end of the period	Not Applicable		3.21	4.64
iii. The amount recognised in balance sheet:				
Present value of Obligation at the end of the period	191.88	189.75	564.86	526.18
Fair Value of Plan Assets at the end of the period	-	-	3.21	4.64
Net Asset/(Liability) recognised in Balance sheet	191.88	189.75	561.65	521.54
iv. Amount recognised in the Profit and Loss Account:				
Current Service Cost	139.36	131.90	155.20	95.30
Interest Cost	17.78	15.82	49.73	53.75
Expected return on Plan Assets	-	-	(0.36)	(2.88)
Net Actuarial (gain)/Loss recognised in the period	(155.01)	(84.98)	(109.46)	(17.08)
Expenses Recognised in the statement of the Profit and Loss Account	2.13	62.74	95.11	129.09
Assumptions:				
Mortality Table	1994-96	1994-96	1994-96	1994-96
Discount Rate	7.50%	7.50%	7.50%	7.50%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%

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

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

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
	Rs. in lacs	Rs. in lacs
Revenue – Sales		
i. Domestic	48,644.99	59,390.64
ii. Exports	13,261.09	19,064.89
Total	61,906.08	78,455.53

All the assets of the Company are in India only.

ii. Details of Foreign Currency exposures that are not hedged by any derivative instrument or otherwise are:

	As at Mar 31, 2010 US Dollars	As at Dec 31, 2008 US Dollars	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
a. Debtors Receivable	81,900	689,476	36.77	327.10
b. Advances from Customers	137,790	283,919	62.49	138.61
	219,690	973,395	99.26	465.71

21. Related Party Disclosures under Accounting Standard - 18:

i. **List of related parties:**

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

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

ii. **Subsidiary Companies:**

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

iii. **Key Management Personnel:**

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

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

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

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

- a. Gujarat Sidhee Cement Limited

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

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
	Rs. in lacs	Rs. in lacs
a. Particulars of transactions with promoter companies:		
1. Interest received from M/s. Sameta Exports Private Limited	7.37	36.62
2. Outstanding Inter Corporate Deposit with interest thereon to M/s. Sameta Exports Private Limited	-	391.12
b. Particulars of transactions and balances with subsidiary companies:		
1. Expenses for services	-	18.67
2. Amount Receivable from subsidiaries	20.83	26.79
3. Deposits with Reeti Investments Limited	34.40	43.50
c. Particulars of payments to key managerial personnel:		
1. Remuneration to Mr. Jay M. Mehta	45.72	56.16
2. Remuneration to Mr. M. S. Gilotra	48.64	53.88
3. Remuneration to Mr. R. K. Poddar	34.29	15.45
d. Particulars of payments to relatives of key managerial personnel:		
1. Security Deposit with relatives of Mr. M. S. Gilotra	130.00	130.00
2. Rent paid/payable to relatives of Mr. M. S. Gilotra	1.50	2.10
e. Particulars of transactions with Gujarat Sidhee Cement Limited are disclosed in aggregate value as under:		
1. Purchase of Goods and materials	4,453.38	7,322.25
2. Sale of Goods and materials	269.34	1,625.84
3. Expenses/(Recovery) for services (net)	(124.61)	291.58
4. Amount (receivable)/payable as at the end of the period	1,376.49	673.93

22. Outstanding Lease Disclosures under Accounting Standard - 19:

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
i. Cost of machinery acquired under finance leases	206.69	237.99
ii. Net carrying amount at the Balance Sheet date	168.67	204.49
iii. Lease rent payable obligation:		
a. not later than one year;	46.87	43.02
b. later than one year and not later than five years;	70.81	128.51
c. later than five years;	-	-

23. Earnings per Share:

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
i. Weighted average number of Equity Shares of Rs. 10 each, outstanding	51,191,065	51,191,065
	51,191,065	51,191,065
	Rs. in lacs	Rs. in lacs
ii. Net Profit / (Loss) for the period	2,328.07	(4,815.27)
(Less) : Dividend payable to OCCPS Holders (Refer note 6 above)	(111.73)	(134.08)
Net Profit / (Loss) available to Equity Shareholders	2,216.34	(4,949.35)
Basic and Diluted Earnings per Share (in rupees)	4.33	(9.67)

24. i. In terms of paragraph 26 of Accounting Standard 22 on "Accounting for Taxes on Income", the Company has reviewed its Deferred Tax Asset (DTA) recognised till last year, and has also, in terms of paragraph 15 to 18 of AS 22, examined the issue of recognising DTA arising during the period on account of unabsorbed depreciation and carried forward business losses.
- ii. Based on the projections, outlook for the cement industry, continuing revenues generated out of commissioning of Thermal Power Plant and expected waivers on one time settlement scheme with Government of Gujarat and also considering legal advice, from an expert, with regard to the 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. Further the Company has also been advised that DTA in respect of the unabsorbed depreciation to the extent of deferred tax liability for timing difference for depreciation can be recognised. Even during the current period, there has been a reversal of DTA recognised earlier. Accordingly DTA as detailed herein below has been recognised as at the fifteen months period ended March 31, 2010.

	As at Dec 31, 2008 Rs. in lacs	Movements During the period	As at Mar 31, 2010 Rs. in lacs
a. Deferred Tax Assets:			
1. Accrued expenses deductible on cash basis	2,121.63	334.27	2,455.90
2. Accrued expenses deductible on payment of TDS thereon	377.34	(8.57)	368.77
3. Provision for doubtful debts and advances	270.56	(270.56)	-
4. Unabsorbed depreciation	4,074.71	131.03	4,205.74
5. Accumulated business losses	1,253.65	(1,153.35)	100.30
Total	<u>8,097.89</u>	<u>(967.18)</u>	<u>7,130.71</u>
b. Deferred Tax Liabilities:			
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	2,507.97	(107.25)	2,400.72
c. Net Deferred Tax Assets (a-b)	<u>5,589.92</u>	<u>(859.93)</u>	<u>4,729.99</u>

25. Previous period's figures have been rearranged, regrouped and/or reclassified, wherever necessary. The figures of the current period are for the fifteen months, and hence are not comparable with those of previous period, which is for eighteen months.

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman

Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Gilotra
Raj K. Poddar
V. R. Mohnot

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

Place: Mumbai
Date: July 30, 2010

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date
Date Month Year

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousands)

Public Issue Rights Issue
 Bonus Issue Private Placement

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

Total Liabilities	<input type="text" value="4 7 7 1 6 9 6"/>	Total Assets	<input type="text" value="4 7 7 1 6 9 6"/>
SOURCES OF FUNDS			
Paid-up Capital	<input type="text" value="5 8 0 7 0 2"/>	Advance Call Money	<input type="text" value="N i l"/>
Secured Loans	<input type="text" value="2 5 8 4 5 8 7"/>	Reserves & Surplus	<input type="text" value="1 6 0 6 4 0 7"/>
APPLICATION OF FUNDS			
Net Fixed Assets	<input type="text" value="3 4 5 3 3 2 3"/>	Investments	<input type="text" value="1 9 1 0 4 4"/>
Net Current Assets	<input type="text" value="- 1 0 6 0 3 6 1"/>	Misc. Expenditure	<input type="text" value="N i l"/>
Accumulated Losses	<input type="text" value="1 7 1 4 6 9 1"/>	Deferred Tax Assets	<input type="text" value="4 7 2 9 9 9"/>

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

Turnover	<input type="text" value="5 7 4 0 2 8 6"/>	Total Expenditure	<input type="text" value="5 4 5 1 0 8 7"/>
Profit before tax	<input type="text" value="2 8 9 1 9 9"/>	Profit after tax	<input type="text" value="2 3 2 8 0 7"/>
(Please tick Appropriate box " + " for Profit " - " for Loss)			
	<input type="text" value="+ / -"/> <input type="text" value="- / /"/>		<input type="text" value="+ / -"/> <input type="text" value="- / /"/>

Basic Profit Per Share (Rs.) Dividend rate %

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

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

Signatories to Schedules 1 to 13

For and on behalf of the Board of Directors	
M. N. Mehta	Chairman
Jay M. Mehta	Executive Vice Chairman
Hemang D. Mehta	
Savita V. Pittie	
M. N. Rao	
B. P. Deshmukh	
Bimal Thakkar	
Chetan Jain	
M. S. Gilotra	Managing Director
Raj K. Poddar	Deputy Managing Director
V. R. Mohnot	Director (Finance) & Co. Secretary

Place: Mumbai
 Date: July 30, 2010

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

1. We have audited the attached Consolidated Balance Sheet of **SAURASHTRA CEMENT LIMITED** ("the Company") and its subsidiaries as at March 31, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Company for the fifteen months period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any of the Subsidiaries namely Pranay Holdings Limited, Prachit Holdings Limited, Ria Holdings Limited, Reeti Investments Limited and Agrima Consultants International Limited, whose financial statements reflect total assets of Rs. 6.81 lacs as at March 31, 2010 and total revenues of Rs. 31.53 lacs for the period ended on that date, and net cash inflows amounting to Rs.0.32 lacs for the period ended on that date as considered in the Consolidated financial statements. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and in our opinion, in so far as relates to the amounts included in respect of the aforesaid subsidiaries, is based solely on the report of those auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements as referred to in Section 211 (3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006.
5. We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements, read together with Significant Accounting Policies in Schedule '12' and the notes thereon in Schedule '13', including Note 20 to Accounts under Schedule '13', adverting to accounting for Deferred Tax Asset of Rs.7130.71 lacs, based on the position set out therein, give a true and fair view:
 - i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at March 31, 2010;
 - ii. In the case of the Consolidated Profit and Loss Account, of the Consolidated results of operations of the Company and its subsidiaries for the fifteen months period ended on that date; and
 - iii. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the fifteen months period ended on that date.

For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Dated: July 30, 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	Rs. in lacs	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS:				
Share Capital	1	5,807.02		5,807.02
Reserves and Surplus	2	16,070.83	21,877.85	16,915.69
				22,722.71
LOAN FUNDS:				
Secured Loans	3A	25,845.87		33,728.77
Unsecured Loans	3B	0.05	25,845.92	0.05
				33,728.82
Total			47,723.77	56,451.53
APPLICATIONS OF FUNDS:				
FIXED ASSETS:				
Gross Block	4	55,252.78		41,847.78
(Less): Depreciation		(28,962.98)		(25,871.17)
Net Block		26,289.80		15,976.61
Capital Work-in-Progress		8,277.34	34,567.14	21,032.23
				37,008.84
INVESTMENTS:				
DEFERRED TAX ASSETS (Net):	5		1,498.51	795.61
(See Note 20 to Accounts under Schedule '13')			4,729.99	5,589.92
CURRENT ASSETS, LOANS AND ADVANCES:				
Inventories	6	3,231.39		3,925.50
Sundry Debtors		1,843.88		1,568.22
Cash and Bank Balances		1,763.38		1,707.08
Loans and Advances		3,291.02		3,645.12
		10,129.67		10,845.92
(LESS): CURRENT LIABILITIES AND PROVISIONS :				
Liabilities	7	19,113.25		16,611.13
Provisions		1,288.02		1,249.16
		(20,401.27)	(10,271.60)	(17,860.29)
NET CURRENT ASSETS				(7,014.37)
PROFIT AND LOSS ACCOUNT:				
As per Account Annexed		21,577.70		24,449.50
(Less): To the extent Balance In General Reserve as per Contra		(4,377.97)		(4,377.97)
			17,199.73	20,071.53
Total			47,723.77	56,451.53
SIGNIFICANT ACCOUNTING POLICIES	12			
NOTES TO ACCOUNTS	13			

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman

Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Gilotra
Raj K. Poddar
V. R. Mohnot

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

Place: Mumbai
Date: July 30, 2010

CONSOLIDATED PROFIT AND LOSS FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2010

PARTICULARS	Schedules	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
INCOME	8			
Sale of Products/Services (Gross)		61,937.61		78,638.90
(Less): Excise Duty		<u>(4,503.22)</u>		<u>(7,366.56)</u>
Sale of Products/Services (Net)		57,434.39		71,272.34
Other Income		<u>2,012.07</u>		<u>1,752.20</u>
			59,446.46	73,024.54
EXPENDITURE				
Manufacturing and Other Expenses	9	47,395.30		68,180.31
(Increase)/Decrease in Stocks	10	<u>1,294.88</u>		<u>(778.07)</u>
			48,690.18	67,402.24
Profit before Interest			10,756.28	5,622.30
Interest (net)	11		<u>5,580.07</u>	<u>5,603.73</u>
Profit/(Loss) before Depreciation			5,176.21	18.57
Depreciation (including on Revalued Amounts)		3,277.53		3,072.02
Less: Amount withdrawn from Revaluation Reserve		<u>(283.64)</u>		<u>(344.17)</u>
			2,993.89	2,727.85
Profit/(Loss) before Exceptional Items			2,182.32	(2,709.28)
Exceptional Gain/(Loss)			<u>702.90</u>	<u>(2,661.92)</u>
(See Note 13 to Accounts under Schedule '13')				
PROFIT/(LOSS) BEFORE TAX			2,885.22	(5,371.20)
PROVISION FOR TAXATION				
Income Tax		3.76		19.23
Deferred Tax (Credit) / Charge		859.93		(700.01)
(See Note 20 to Accounts under Schedule '13')				
Fringe Benefit Tax		<u>24.49</u>		<u>75.97</u>
			(888.18)	(604.81)
PROFIT/(LOSS) AFTER TAX			1,997.04	(4,766.39)
Expenses of Previous Years (Net)			<u>0.87</u>	<u>0.75</u>
Add: Liquidated Damages for Delayed Completion of Project *			<u>320.00</u>	<u>-</u>
			2,316.17	(4,767.14)
Balance of Profit/(Loss) Brought Forward		(24,449.50)		(19,682.36)
Less: Amount withdrawn from Revaluation Reserve		<u>875.63</u>		<u>-</u>
(See Note 7 to Accounts under Schedule '13')			(23,573.87)	(19,682.36)
* Appropriations: Transfer to Capital Reserve			<u>(320.00)</u>	<u>-</u>
Balance of Profit/(Loss) Carried to the Balance Sheet			(21,577.70)	(24,449.50)
Earnings Per Share of Rs. 10 each				
(See Note 19 to Accounts under Schedule '13')				
Basic and Diluted			4.31	(9.57)
SIGNIFICANT ACCOUNTING POLICIES	12			
NOTES TO ACCOUNTS	13			

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Gilotra Managing Director
Raj K. Poddar Deputy Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary

Place: Mumbai
Date: July 30, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2010

	Rs. in lacs	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT FOR THE PERIOD			2,316.17	(4,767.14)
Adjustments for:				
Add: Provision for Taxation	888.34			(604.81)
Interest	5,580.07			5,603.97
Hire Purchase Rentals	41.38			170.32
Loss on Sale of Assets/Assets Discarded	19.63			83.75
Provision for Doubtful Advances	-			100.00
Exceptional (Gain)/Loss	(702.90)			2,661.92
Depreciation	2,993.89			2,727.85
	<hr/>	8,820.41		<hr/> 10,743.00
(Less): Profit on Sale of Assets	26.61			7.75
Excess Provision and Sundry Creditors Written Back	803.42			183.97
Provisions for Doubtful Debts Written Back/(Off)	41.80			(96.35)
Dividends Received	0.10			0.10
	<hr/>	(871.93)		<hr/> (95.47)
			7,948.48	<hr/> 10,647.53
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			10,264.65	5,880.39
Adjustments for:				
Trade and Other Payables		2,166.00		(5,168.70)
Trade and Other Receivables		478.33		(35.52)
Reduction in Inventories		694.11		(238.31)
Working Capital facilities from Banks (Net)		(111.34)		(1,635.48)
		<hr/>	3,227.10	<hr/> (7,078.01)
CASH GENERATED FROM OPERATIONS			13,491.75	(1,197.62)
(Less): Direct Taxes (Payments)/Refunds			(119.74)	(309.37)
NET CASH FLOW FROM OPERATING ACTIVITIES			13,372.01	(1,506.99)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets		(815.14)		(8,533.58)
Sale of Fixed Assets		82.08		68.03
Interest Received		323.52		959.55
Dividends Received		0.10		0.10
NET CASH FLOW USED IN INVESTING ACTIVITIES			(409.44)	(7,505.90)

CONSOLIDATED CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2010

	Rs. in lacs	Rs. in lacs	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Payment) from Issue of Warrants/Calls Realised		(3.65)		781.21
Proceeds from Long-term Borrowings		2,084.07		8,261.15
Payment of Long-term Borrowings		(9,801.77)		(6,910.68)
Repayment of Hire Purchase Liabilities		(95.23)		(160.68)
Interest and Finance Charges paid (including interest capitalised Rs. 124.87 lacs)		(5,089.69)		(5,132.86)
Payment of Unpaid Dividends		-		(0.77)
NET CASH FLOW USED IN FINANCING ACTIVITIES			(12,906.27)	(3,162.63)
NET INCREASE IN CASH AND CASH EQUIVALENTS			56.30	(12,175.52)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD			1,707.08	13,882.60
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD			1,763.38	1,707.08

Notes:

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued under the Companies (Accounting Standard) Rules, 2006.
- Cash and Cash Equivalents includes Cash and Bank Balances and Fixed Deposits as per Schedule '6' and includes Rs. 31.70 lacs, of deposits under lien.
- Additions to Fixed Assets include movements of capital work-in-progress during the period.

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman

Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Gilotra
Raj K. Poddar
V. R. Mohnot

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

Place: Mumbai
Date: July 30, 2010

Schedules forming part of the Consolidated Balance Sheet

SCHEDULE - 1

		As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 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
		<u>19,500.00</u>	<u>19,500.00</u>
Issued:			
5,90,95,018	Equity Shares of Rs. 10 each	5,909.50	5,909.50
6,87,595	13% Cumulative Preference Shares of Rs. 100 each**	687.60	687.60
		<u>6,597.10</u>	<u>6,597.10</u>
Subscribed:			
5,11,91,065	Equity Shares of Rs. 10 each *	5,119.11	5,119.11
6,87,595	13% Cumulative Preference Shares of Rs. 100 each**	687.60	687.60
		<u>5,806.71</u>	<u>5,806.71</u>
Paid-up:			
5,11,91,065	Equity Shares of Rs. 10 each *	5,119.11	5,119.11
6,87,595	13% Cumulative Preference Shares of Rs. 100 each**	687.60	687.60
15,269	Forfeited Shares (Amount paid up Rs. 2 per Equity Share)	0.31	0.31
		<u>5,807.02</u>	<u>5,807.02</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 Equity Shares of Rs.10 each allotted on right basis in 1986-87, the allotment of which is subject to the final decision of the Delhi High Court, where petition is pending.

** (See **Note 6 to Accounts under Schedule '13'**)

* (See **Notes 8 (v) and (vi) to Accounts under Schedule '13'**, in respect of particulars of options of conversion.)

SCHEDULE - 2

		As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
RESERVES AND SURPLUS			
Capital Reserve: As per Last Balance Sheet		2,294.72	2,294.72
Add: Appropriated from the Profit and Loss Account		320.00	-
		<u>2,614.72</u>	<u>2,294.72</u>
Capital Redemption Reserve: As per Last Balance Sheet		50.00	50.00
Securities Premium: As per Last Balance Sheet		10,566.71	8,086.71
Add: Received during the period		-	2,480.00
		<u>10,566.71</u>	<u>10,566.71</u>
Revaluation Reserve: As per Last Balance Sheet		1,944.26	27.45
Add: Transfer from Profit And Loss Account		-	2,260.98
(Less): Transfer to Profit And Loss Account			
- For Depreciation		(283.64)	(344.17)
- For Fixed Assets sold		(5.59)	-
(Less): Withdrawn and transfer to brought forward debit balance of Profit and Loss Account		(875.63)	-
(See Note 7 to Accounts under Schedule '13')		<u>779.40</u>	<u>1,944.26</u>
Debenture Redemption Reserve: As per Last Balance Sheet		2,060.00	2,060.00
General Reserve: As per Last Balance Sheet		4,377.97	4,377.97
(Less): Adjustment of the debit balance In the Profit and Loss Account as per Contra		(4,377.97)	(4,377.97)
		<u>16,070.83</u>	<u>16,915.69</u>

SCHEDULE - 3A

				As at Mar 31, 2010	As at Dec 31, 2008
				Rs. in lacs	Rs. in lacs
SECURED LOANS:					
I. Debentures - Non-Convertible					
a) Public Debentures				3,111.55	3,447.33
	Rate %	Number of Debentures	Amount per Debenture Rupees		
Current Year	12.00	27,65,532	86.88		
	12.00	4,08,055	173.75		
Previous Year	12.00	27,65,532	96.25		
	12.00	4,08,055	192.50		
b) Privately Placed Debentures					
9,00,000 12% Debentures of Rs. 86.88 each (Previous Period Rs. 96.25 each)				781.87	866.25
				3,893.42	4,313.58
II. Term Loans:					
a) From Financial Institutions				2,040.31	2,151.77
b) From Banks				4,387.57	4,762.58
c) From Others				14,799.15	21,610.23
				21,227.03	28,524.58
III. Others:					
a) From Banks:					
i. Cash Credits				178.60	719.08
ii. Working Capital Demand Loan				429.14	-
				607.74	719.08
b) From Hire Purchase Creditors:				117.68	171.53
				725.42	890.61
				25,845.87	33,728.77
(See Notes 8 and 9 to Accounts under Schedule '13')					
(I) Debentures:					
(a) Debentures under part I (a) together with interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of pari-passu second mortgage in favour of the Trustees on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on the equipment / movables assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific and first charge holders. It is also secured by personal guarantee of two Directors of the Company.					
(b) Debentures under part I (b) together with interest thereon, remuneration of the Trustees, and other amounts payable in respect thereof, are secured by way of pari-passu first mortgage in favour of the Trustees on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment/movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.					
(II) Term loans:					
(a) From Financial Institutions:					
(i) Term loans from Institutions together with funded interest term loans, are secured by way of <i>pari-passu</i> first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.					

SCHEDULE - 3A (Continued)

(b) From Banks:

- (i) Term loan of Rs.738.87 lacs from Bank of India together with funded interest term loans Rs.303.08 lacs, of Rs.2401.56 lacs from Dena Bank together with funded interest term loans Rs.765.73 lacs, and funded interest term loan of Rs.16.24 lacs from Rajkot Nagarik Sahakari Bank Limited, are secured by way of *pari-passu* first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company. The facility from Rajkot Nagarik Sahakari Bank Limited is further secured by shares of Gujarat Sidhee Cement Limited held by subsidiary companies.
- (ii) Vehicle loans from ICICI Bank of Rs. 1.31 lacs and HDFC Bank of Rs. 160.78 lacs are secured by hypothecation of vehicles financed by them and personal guarantees by one of the directors of the Company.

(c) From others:

- (i) Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans, amounting to Rs. 3647.22 lacs, are secured by *pari-passu* first charge on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.
- (ii) Term Loans from India Debt Management Pvt. Limited, amounting to Rs. 10036.48 lacs, are secured by way of *pari-passu* first mortgage on the Company's immovable and movable properties, both present and future situated at Ranavav (Gujarat), save and except on stocks, spares and book debts for securing borrowings for working capital (on which they will have second charge) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders.
- (iii) Other Funded Interest Term Loans amounting to Rs. 1109.64 lacs, are secured as mentioned above in para (II) a (i) above.
- (iv) Vehicle loans from Reliance Capital Financial Services Limited Rs. 5.81 lacs, is secured by hypothecation of vehicles financed by them and personal guarantees by one of the directors of the Company.

(III) Other Secured Loans:

A. From Banks:

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

B. From Hire Purchase Creditors:

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

- (IV) All the aforementioned borrowings except para II (b) (ii), II (c) (iv) and III B (i) are further secured by hypothecation of 'Hathi' brand on *pari-passu* first charge basis and pledge of promoter shares in favour of the Trustees.

SCHEDULE - 3B

UNSECURED LOANS:

From a Director

	As at Mar 31, 2010	As at Dec 31, 2008
	Rs. in lacs	Rs. in lacs
	0.05	0.05
	0.05	0.05

Rs. in lacs

SCHEDULE - 4 FIXED ASSETS : #	GROSS BLOCK (Note 1)			DEPRECIATION			NET BLOCK			
	As at Jan 1, 2009	Additions	Deductions/ Adjustments	As at Mar 31, 2010	Up to Dec 31, 2008	For the Period	Deductions/ Adjustments	Up to Mar 31, 2010	As at Mar 31, 2010	As at Dec 31, 2008
Goodwill	95.27	-	-	95.27	71.45	11.91	-	83.36	11.91	23.82
Freehold Land (Note 2)	239.08	-	-	239.08	-	-	-	-	239.08	239.08
Leasehold Land (Note 2)	21.45	-	-	21.45	-	-	-	-	21.45	21.45
Buildings (Note 3)	1,897.09	769.16	-	2,666.25	900.84	76.12	-	976.96	1,689.29	996.95
Buildings TPP	-	773.53	-	773.53	-	29.66	-	29.66	743.87	-
Jetty - Civil Works	2,411.45	-	-	2,411.45	1,244.48	248.91	0.01	1,493.38	918.07	1,166.97
Railway Siding & Weigh Bridge	247.71	-	-	247.71	214.08	7.47	-	221.55	26.16	33.63
Water Supply Installation	185.08	-	-	185.08	163.96	5.47	-	169.43	15.65	21.12
Electric Installation (Note 4)	1,832.46	195.87	30.75	1,997.58	1,358.97	106.46	27.09	1,438.34	559.24	473.49
Electric Installation TPP	-	1,790.79	-	1,790.79	-	97.65	-	97.65	1,693.14	-
Plant and Machinery (Note 5)	31,691.95	150.81	34.40	31,808.36	20,349.88	1,784.29	32.68	22,101.49	9,706.87	11,342.07
Plant and Machinery TPP	-	9,743.48	-	9,743.48	-	590.57	-	590.57	9,152.91	-
Rolling Stock & Locomotives	61.50	-	27.66	33.84	50.82	1.08	22.55	29.35	4.49	10.68
Furniture & Fixtures	1,115.14	39.78	6.08	1,148.84	469.64	76.73	1.24	545.13	603.71	645.51
Furniture & Fixtures TPP	-	10.80	-	10.80	-	0.76	-	0.76	10.04	-
Office Equipments	632.73	20.65	9.49	643.89	496.39	36.63	8.56	524.46	119.43	136.34
Motor Cars, Trucks etc. (Note 5)	1,331.78	156.47	153.40	1,334.85	501.63	199.24	87.90	612.97	721.89	830.15
Air Conditioners	85.10	21.40	5.97	100.53	49.03	4.58	5.69	47.92	52.61	36.07
Current Period	41,847.79	13,672.74	267.75	55,252.78	25,871.17	3,277.53	185.72	28,962.98	26,289.81	15,976.63
Previous Period	40,936.17	1,509.49	597.86	41,847.79	23,236.52	3,101.32	466.66	25,871.17	15,976.62	
Capital Work-in-Progress (Note 6)	21,032.23	316.10	13,070.99	8,277.34						
Previous Period	9,079.86	12,055.44	103.07	21,032.23						

Notes:

- Gross Block includes Rs. 4605.54 lacs, added on revaluation of the Company's land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, on the basis of valuation made by an external valuer, which had resulted in a net increase of Rs. 5722.61 lacs, as at June 30, 1993.
- Besides the leasehold and freehold land specified above, the Company holds leasehold land in respect of which only ground rent is paid.
- Excludes cost of shares held in a Co-operative Society included under the Schedule 5 of investments.
- Includes cost of service line of Rs. 33.20 lacs, ownership of which is vested with Paschim Gujarat Viji Company Limited.
- Includes equipment and vehicles financed under hire purchase agreements. An Ambulance purchased during the period is reflected net of subsidy of Rs. 3 lacs received from the Welfare Commissioner, Ajmer.
- Includes Rs. 8036.81 lacs, in respect of Expansion Project Assets, which was suspended in an earlier year. Based on a valuation, no provision for any impairment for these assets is required as at the end of the period.

(See Note 10 to Accounts under Schedule '13')

SCHEDULE - 6

			As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
CURRENT ASSETS, LOANS AND ADVANCES	Rs. in lacs	Rs. in lacs		
CURRENT ASSETS:				
Inventories: (At cost or not realisable value, whichever is lower)				
Stores and Spare Parts		1,563.95		1,437.93
Raw Materials and Fuels		884.15		405.03
Packing Materials		127.53		126.01
Finished Goods		511.20		814.95
Stock-in-Process		144.56		1,141.58
			3,231.39	3,925.50
Sundry Debtors: Unsecured				
More than six months - Considered good		470.81		426.53
- Considered doubtful		307.51		1,316.59
		778.32		1,743.12
(Less): Provision for Doubtful Debts		(307.51)		(1,316.59)
		470.81		426.53
Other Debts - Considered good		1,373.07		1,141.69
			1,843.88	1,568.22
Cash and Bank Balances:				
Cash on Hand		1.78		0.24
Balances with Schedules				
On Current Accounts	653.99			412.51
On Fixed Deposits	1,107.61			1,294.33
			1,761.60	1,706.84
			1,763.38	1,707.08
LOANS AND ADVANCES:				
Unsecured, Considered Good				
Advances recoverable in Cash or in kind or for value to be received	802.35			607.28
Advances against Capital Expenditure and Purchase of Stores	1,014.77			991.28
Other Receivables	112.40			418.20
Deposits	863.60			843.46
Interest Accrued on Inter Corporate Deposit and Others	38.35			249.72
Intercorporate Deposits	92.00			254.00
Tax Payments and Refund Receivable (Net of Provisions)	367.55			281.18
			3,291.02	3,645.12
Unsecured, Considered Doubtful				
Advances recoverable in Cash or in kind or for value to be received	111.85			111.85
Intercorporate Deposits	554.76			554.76
(see Note 7 to Accounts under Schedule '13')	666.61			666.61
(Less): Provision for Doubtful Loans and Advances	(666.61)			(666.61)
			-	-
			3,291.02	3,645.12
			10,129.67	10,845.92

SCHEDULE - 7

		As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
CURRENT LIABILITIES AND PROVISIONS:			
CURRENT LIABILITIES:			
Sundry Creditors	4,412.84		3,498.99
Dues to Micro, Small and Medium Enterprises	3.91		-
Advances against Orders	1,005.57		550.12
Security Deposits from Customers	582.05		577.11
Excess amounts received on Equity Warrants	-		3.65
Debentures - Unencashed	5.82		35.19
Unclaimed/Unpaid Dividend	77.77		77.77
Other Liabilities	12,583.30		11,113.24
Interest Accrued but not due	441.99		755.06
		19,113.25	16,611.13
PROVISIONS:			
For Gratuity/Leave Encashment (See Note 15 to Accounts under Schedule '13')	753.53		711.29
For Redemption Premium on Term Loans	501.71		503.21
For Excise Duty On Closing Stock	28.78		34.66
For Wealth Tax	4.00		-
		1,288.02	1,249.16
		20,401.27	17,860.29

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE - 8

			For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
SALE OF PRODUCTS AND OTHER INCOME:				
Sale of Products			61,937.61	78,638.90
Other Income				
Export Incentives		520.58		972.45
Insurance Claims Received		70.49		49.70
Miscellaneous Income (including overheads shared)		464.44		476.08
Profit on Sale of Fixed Assets		26.61		7.75
Excess Provision Written Back		610.22		175.98
Provision for Doubtful Debts Written Back		41.80		-
Sundry Creditors Written Back		193.20		7.99
Exchange Rate Fluctuations		84.63		62.15
Dividends Received		0.10		0.10
			2,012.07	1,752.20
			63,949.68	80,391.10

SCHEDULE - 9

			For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
MANUFACTURING AND OTHER EXPENSES:	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Cement Purchase for Resale			4,030.97	6,940.01
Clinker/Coal Purchase for Resale			464.98	403.33
Raw Materials Consumed			4,619.84	5,318.36
Stores and Spare Parts Consumed			3,782.92	4,584.46
Packing Materials Consumed			1,482.52	1,855.42
Power and Fuel			14,106.44	27,221.69
Employee Cost				
(See Note 15 to Accounts under Schedule '13')				
Salaries, Wages, Bonus and Gratuity		2,533.09		3,036.81
Contribution to Provident Fund and their Funds		228.58		269.06
Staff Welfare Expenses		64.10		84.19
			2,825.77	3,390.06
Repairs and Maintenance:				
Buildings, etc.		119.05		131.23
Machinery		1,369.73		874.37
Others		715.86		769.58
			2,204.64	1,775.18
Rent			183.02	171.06
Rates and Taxes			36.84	32.22
Hire Purchase Rentals			41.38	170.32
Insurance			157.53	201.39
Directors' Fees			16.20	28.60
Charity and Donations			-	1.00
Loss on Sale of Assets			17.42	43.45
Assets Discarded			2.21	40.30
Provision for Doubtful Advances			-	100.00
Damages and Compensation Claim Settlement			612.64	-
(See Note 3 to Accounts under schedule '13')				
Travelling and Conveyance			195.47	423.56
Wealth Tax			8.47	3.25
Bad Debts Written off		967.28		-
Less: Provision for Doubtful Debts Written Back		(967.28)		-
			-	-
Miscellaneous Expenses			1,364.79	1,634.44
Payment to Auditors:				
Audit Fees		6.72		8.22
Tax Audit Fees		3.09		3.06
For Certification Work		5.35		3.89
Reimbursement of Expenses		0.51		0.70
			15.67	15.87
Selling and Sales Administration Expenses				
Advertisement, Business Promotional and Service Charges		813.17		1,079.26
Freight Charges		7,086.04		8,816.04
Commission		746.78		1,292.22
Provision for Doubtful Debts		-		96.88
Others		2,579.59		2,541.94
			11,225.58	13,826.34
			47,395.30	68,180.31

SCHEDULE - 10

			For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
(INCREASE)/DECREASE IN STOCKS	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Stocks at the end				
Cement		511.20		814.95
Raw Flour and Clinker		144.56		1,141.58
			655.76	1,956.53
Less: Stocks at the beginning				
Cement		814.95		713.31
Raw Flour and Clinker		1,141.58		475.02
			1,956.53	1,188.33
			1,300.77	(768.20)
Increase/(Decrease) in Excise Duty on Stocks			(5.89)	(9.87)
			1,294.88	(778.07)

SCHEDULE - 11

			For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
INTEREST (NET):	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Interest on Borrowings				
On Debentures	609.35			860.38
On Term Loans	3,653.01			2,859.71
Others	293.98			454.02
		4,556.34		4,174.11
Other Interest				
On Sales Tax	452.74			578.52
On Royalty	406.29			484.73
On Electricity Duty	186.24			223.50
On Power and Fuel	0.49			8.28
Interest Receivable Written Off	-			281.72
Others	90.12			150.33
		1,135.88		1,727.08
			5,692.22	5,901.19
(Less): Interest Earned (Gross)			(112.15)	(297.46)
(Includes Rs. 86.96 lacs (Previous Period Rs. 240.89 lacs) on Fixed Deposits with Banks)			5,580.07	5,603.73
(Tax deducted at Source Rs. 67.73 lacs, Previous period Rs. 164.94 lacs)				

SCHEDULE - '12'

CONSOLIDATED STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

The financial statements are prepared as under:

- i. on the historical cost convention except to include revaluation of land, buildings, plant and machinery situated at Ranavav,
- ii. on a going concern basis,
- iii. in accordance with the generally accepted accounting principles,
- iv. on an accrual system of accounting,
- v. in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 which have been prescribed by the Companies (Accounting Standards) Rules, 2006.
- vi. in compliance with the provisions of the Companies Act, 1956.

2. USE OF ESTIMATES:

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

3. PRINCIPLES OF CONSOLIDATION:

- i. The financial statements of Concorde Cement Private Limited are excluded from consolidation as control is intended only to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future and same is fully provided for.
- ii. 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.
- iii. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to, in the same manner as the Company's separate financial statements.
- iv. 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.
- v. The Subsidiary Companies Considered in the Consolidated Financial Statement are:

No.	Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31-03-2010	Financial Year ends
a)	Pranay Holdings Limited	India	100%	
b)	Prachit Holdings Limited	India	100%	15 Months
c)	Ria Holdings Limited	India	100%	ended
d)	Reeti Investments Limited	India	100%	March 31, 2010.
e)	Agrima Consultants International Limited	India	100%	

4. FIXED ASSETS

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

5. DEPRECIATION / AMORTISATION:

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

6. ASSETS ACQUIRED ON LEASE / HIRE PURCHASE:

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

(Also refer to the policy on Depreciation and Amortisation below)

7. IMPAIRMENT OF ASSETS:

- i. As on each Balance Sheet date, if internal/external indicators suggest that an asset may be impaired, the carrying amount of the asset is tested for impairment so as to determine, the provision for impairment loss required, if any.
- ii. The impairment loss is recognised when the carrying amount of an asset/cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount is determined as the higher of its net selling price (net of material disposal expenses) and the value in use. Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset/CGU as stated above and from its disposal at the end of its useful life.
- iii. If there is change in the indication, since the last impairment was recognised, so that the recoverable amount of an asset exceeds its carrying amount, an impairment recognised for an asset in prior accounting period is reversed.

8. INVESTMENTS:

- a) Investments that are intended to be held for more than a year from the date of acquisition are classified as long-term investments and are stated at its cost of acquisition. Diminution, other than temporary, in the value of such investments is provided. Investments other than long-term investments, being current investments, are valued at the lower of cost and fair value, determined on an individual basis, including held by the Subsidiaries for long-term purposes is provided. Diminution in the value of other investments is provided.

- b) Losses of subsidiary companies, mainly arising due to the Provision for Diminution in the value of their investments in other companies, have been recognised and provided for.

9. INVENTORIES:

- i. Raw materials, Packing materials and Fuels – ‘At cost’ derived on moving weighted average basis or net realisable value, whichever is lower.
- ii. Work-in-process – ‘At cost’ as certified by an independent Cost Accountant, or net realisable value, whichever is lower. Cost for this purpose, includes all direct costs and other related factory overheads.
- iii. Finished Goods – ‘At cost’ or net realisable value, whichever is lower. Cost for this purpose includes all direct cost, other related factory overheads and excise duty. Traded goods are valued at cost or net realisable value, whichever is lower.
- iv. Stores and spares – ‘At cost’ on moving weighted average basis.

10. ACCOUNTING OF CENVAT / VAT BENEFITS:

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

11. REVENUE RECOGNITION:

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

12. FOREIGN CURRENCY TRANSACTIONS:

- i. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items (i.e. receivables, payables, loans, etc.), which are denominated in foreign currency are translated using the exchange rates prevailing on the date of the Balance Sheet.
- iii. Exchange difference including premium or discount on forward exchange contracts, relating to borrowed funds, liabilities and commitments in the foreign currency for acquisition of fixed assets, arising till the assets are ready for their intended use, are adjusted to cost of fixed assets. Any other exchange difference either on settlement or translation is recognised in the Profit and Loss account.
- iv. 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.
- v. All other exchange differences are recognised to the Profit and Loss account.

13. EMPLOYEE BENEFITS:

- i. Defined contribution plan: The Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employees renders the related service.
- ii. Defined benefit plan - Gratuity: In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date, carried out by an independent Actuary. Actuarial gain or loss is recognised immediately in the statement of the Profit and Loss as Income or Expense. The Company has an employees gratuity fund managed by the Life Insurance Corporation of India ("LIC").
- iii. Compensated Absences: The Company provides for the encashment of absence or absence with pay based on policy of the Company in this regard. The employees are entitled to accumulate such absences subject to certain limits, for

the future encashment or absence. The Company records an obligation for Compensated absences in the period in which the employees renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent Actuarial valuation.

14. BORROWING COSTS:

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

15. TAXATION:

- i. Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.
- ii. Deferred tax resulting from timing difference are recognised using current rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets in respect of Unabsorbed Depreciation and Carry forward Business Losses are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Other deferred tax assets are recognised based on the principles of prudence. Deferred tax effects are reviewed at each Balance Sheet date (Refer Note 20 to Accounts under Schedule 13).

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

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

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

Contingent liability is stated in the case of:

- i. 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;
- ii. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

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

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

SCHEDULE – '13'

NOTES TO ACCOUNTS	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
1. Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs. 400.87 lacs, Previous period Rs. 368.47 lacs) and not provided for.	96.83	1,487.30
2. Contingent liabilities not provided for:		
i. Claims not acknowledged as debts in respect of matters under disputes/appeals:		
a) Sales Tax Liabilities	329.01	-
b) Excise Duty	174.05	6.00
c) Service Tax	60.89	58.50
d) Royalty	66.10	-
e) Customs Duty	625.47	629.35
f) Public Premises (Eviction of unauthorised Occupants) Act, 1971	1,336.53	1,248.83
g) Road Tax	26.54	26.54
h) Claims filed by workmen or their union against the Holding Company	211.85	217.58
i) Excess Demand Charges on Power supply	440.99	418.82
j) Disputed demands of Income Tax Authorities against subsidiary companies.	53.01	53.01
ii. Other demands and claims against the Holding Company not acknowledged as debts	79.66	168.81
3. During the period, the Holding Company has settled disputes for claims made in earlier years for rate differences by the then jute bags supplier, based on the report of a mediator. Accordingly, the Holding Company has provided for a consolidated sum of Rs. 650 lacs, in full and final settlement of claims of the principal amount in the civil suit filed in this connection and damages and compensation for unilateral termination/cancellation of contracts. This amount is reflected as Damages and Compensation Claim Settlement under Schedule "9" on Manufacturing and other expenses. The report also provided for withdrawal of all suits against the Holding Company as also by the Holding Company. Since the date of the Balance Sheet, these suits have been withdrawn and the aforesaid payment has been made.		
4. The operation of a show cause notice dated August 20, 2002 issued by the Jute Commissioner, stipulating the Holding Company to fulfill the obligation of packing a minimum of 50% of cement in jute bags from March 15, 1995 or pay penalty under Section 3 (1) of the Jute Packing Materials (Compulsory use in Packing Commodities) Act, 1987 is presently stayed by Calcutta High Court. Amount of which is not ascertainable.		
5. i. The Holding Company is registered as a sick Industrial Company with the Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985. However, BIFR had passed an order declaring the Holding Company as not a sick Company. The Holding Company appealed against the said order before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR), which has directed BIFR to reconsider its order, which is pending.		
ii. Considering the overall growth in the Cement Industry barring any unforeseen circumstances, the management is confident that considering the continuation of sanctioned Corporate Debt Restructuring (CDR) Scheme and other factors, the Holding Company would be able to generate sufficient returns to make its net worth positive in the future. Accordingly, the accounts of the Holding Company are prepared on a going concern basis.		
6. Of the total Preference Share Capital of Rs. 687.60 lacs, the holders of 1,74,557 OCCPS of Rs. 100 each, aggregating to Rs. 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Holding Company. Based on an advise received, pending the availability of funds / distributable profits for the redemption of capital, the beneficial ownership of these OCCPS has been transferred in favour of a trust of which the Holding Company is the beneficiary. The accounting effect of such waiver (only in respect of these OCCPS) shall be made as and when such shares will be redeemed. The right of conversion on these OCCPS lapsed on August 22, 2003.		

7. In earlier years, provision for the diminution in value of investments and other doubtful loans and advances, aggregating to Rs. 2260.98 lacs were adjusted against Revaluation Reserve (RR). Due to such adjustment, to the extent RR was not available in any year, the additional depreciation on the revalued amounts was charged to the Profit and Loss account; accordingly, the aggregate sum of Rs. 875.63 lacs was so charged. During the period ended on December 31, 2008, those provisions of Rs. 2260.98 lacs were reversed and charged to the Profit and Loss account, and to that extent RR was reinstated. In terms of the Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets, issued by the Institute of Chartered Accountants of India, due to such reinstated RR, during the period, the Holding Company has decided to withdraw from RR the said sum of Rs. 875.63 lacs being the additional depreciation on the revalued amounts and adjusted against the brought forward debit balance in Profit and Loss account.
8. Financial Restructuring:
- i. Reliefs and concessions availed from Banks, Financial Institutions and others under the Corporate Debt Restructuring (CDR) Scheme for debts outstanding as on July 1, 2005, being the cut off date, including waiver of principal and interest on One Time Settlement under Series A of the CDR Scheme pursuant to the letter No. BY CDR (AG) /No.1127/2005-06 dated December 26, 2005 of the CDR Cell and subsequent settlement with other lenders and as approved by the Hon'ble High Court of Gujarat vide its order dated December 24, 2007, in the proceedings of the Holding Company u/s 391 and 394 of the Companies Act, 1956 approving the restructuring scheme sanctioned by CDR were duly accounted upto December 31, 2008.

No.	Particulars	Account Head reversed to	Upto Mar 31, 2010 Rs. in lacs	Upto Dec 31, 2008 Rs. in lacs
1.	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Capital Work-in-Progress	Capital Work in Progress	1,752.82	1,752.82
2.	Interest, cumulative interest, penal interest and liquidated damages which were earlier capitalised to Fixed Assets	Fixed Assets	189.86	189.86
3.	Outstanding Credit balance in party ledger	Fixed Assets	80.53	80.53
4.	Waiver of principal amount by lenders/Creditors	Capital Reserve	2,185.75	2,185.75
5.	Interest, cumulative interest, penal interest and liquidated damages which were earlier charged to Profit and Loss account	Exceptional items in the Profit and Loss account	7,292.65	7,292.65
			11,501.61	11,501.61

- ii. 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. For the current period, the interest is payable and provided at 12% per annum. The first year interest @ 2% is to be funded as Funded Interest Term Loan (FITL) II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 50% of the unpaid simple interest on all the loans was converted into FITL-I. Both FITL-I and II do not carry interest and are repayable in the 9th and 10th year.
- iii. The Holding Company has an option to prepay all the loans without premium on pro-rata basis to all the lenders.
- iv. All the restructured loans including FITL are subject to recompense clause as may be approved by CDR.
- v. In the event of default in compliance of restructuring package, after the approval of CDR, the lenders have a right to convert 100% of the defaulted amount of the restructured debt into Equity Shares of the Holding Company, at any time during the currency of assistance into Equity Shares, at a price to be determined as per SEBI Guidelines.
- vi. The Lenders have the right to convert 20% of the loan outstanding (including FITL and WCTL) into Equity Shares of the Holding Company, at a price to be determined as per SEBI Guidelines in one or more occasions after 7 years from the date of approval. As regards zero coupon FITL, remaining outstanding beyond 7 years, such conversion right of lenders would be applicable to the entire amount and the conversion shall be at a price as per SEBI guidelines.

9. Certain particulars of Secured/Unsecured Loans:

Particulars (Due within one year)	As at Mar 31, 2010 Rs. in lacs	As at Dec 31, 2008 Rs. in lacs
Secured Loans:		
i. Debentures Non-Convertible		
a) Public	335.78	268.62
b) Private	84.38	67.50
ii. Term loans		
a) Financial Institutions	111.46	89.17
b) Banks	338.61	270.89
c) Others	8,566.89	6,760.81
iii. Hire Purchase Creditors	46.87	45.79

10. i. Additions to Fixed Assets/Capital Work-in-Progress include the following:

Particulars	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
Borrowing Costs capitalised (Net)	2,402.30	1,642.23
Other Pre-operative Expenses	237.84	167.39

ii. Pre-operative expenses included under the head Capital Work-in-Progress are as follows:

Particulars	Upto Dec 31, 2008 Rs. in lacs	Addition in the Period Rs. in lacs	Deduction in the Period Rs. in lacs	Upto Mar 31, 2010 Rs. in lacs
Technical Consultancy	413.94	2.85	(96.39)	320.40
Employee Cost	144.56	-	-	144.56
Interest and Finance cost	5,381.60	124.87	(2,402.30)	3,104.17
Travelling and Conveyance	227.48	-	-	227.48
Exchange rate fluctuation	42.43	-	-	42.43
Transportation Charges	28.76	-	(8.80)	19.96
Miscellaneous	188.51	4.10	(132.65)	59.96
Total	<u>6,427.28</u>	<u>131.82</u>	<u>(2,640.14)</u>	<u>3,918.96</u>

11. The Holding Company's request for One Time Settlement (OTS) of Dues payable by sick units under BIFR as per the Government of Gujarat (GoG) GR BFR/(HPC)/102003/3537/P dated May 12, 2004 was under consideration. The Scheme, *inter alia*, provided for waiver of interest, penalties, etc. on Sales Tax, Royalty and Electricity Duty. Based on the directions of GoG, the Holding Company had unconditionally deposited a sum of Rs. 70 Crore with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable of Rs. 161 Crore, to GoG have been shown net of such deposit, in Other Liabilities under Schedule "7". Subsequent to the Balance Sheet date, the GoG has introduced a new Scheme, in place of its earlier schemes, for relief to the Sick Industrial Units registered with the BIFR vide GR BFR/(HPC)/102009/435690/P dated July 15, 2010.

12. Remuneration paid/payable to Managing Directors:

Sr. Particulars No.	For Fifteen Months ended Mar 31, 2010 Rs. in lacs	For Eighteen Months ended Dec 31, 2008 Rs. in lacs
a) Salary	100.50	96.10
b) Contribution to Provident and other funds	27.14	28.41
c) Other perquisites	1.02	0.98
Total	<u>128.65</u>	<u>125.49</u>

ii. In the absence of availability of profits as per Section 198 and in terms of Schedule XIII of the Companies Act, 1956, the aforesaid remuneration is payable based on Central Government approval. The requisite shareholders approval for this remuneration is already received. Applications to the Central Government for approval of the remuneration payable to Mr. R. K. Poddar, the Deputy Managing Director for the period January 1, 2009 to March 31, 2010 and to Mr. Jay Mehta, the Executive Vice Chairman and Mr. M. S. Gilotra, the Managing Director for the period January 1, 2010 to March 31, 2010 have been made for which the approvals are awaited.

13. Exceptional Gain/(Loss) include:

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
	Rs. in lacs	Rs. in lacs
i. Interest Write Backs as per CDR Scheme	-	697.40
ii. Provision for Doubtful Inter Corporate Deposits	-	(310.00)
iii. Marking up/(Diminution) in Value of Investments	702.90	(788.34)
iv. Reversal of Amount Withdrawn From Revaluation Reserve	-	(2,260.98)
	702.90	(2,661.92)

14. i. In view of the carried forward losses and unabsorbed depreciation available under the Income-tax Act, 1961, no provision for income tax is made.

ii. In view of the deduction available of amount of profits of a sick company under Section 115JB(viii), there is no Minimum Alternate Tax liability under Section 115 JB of the Income tax Act, 1961.

15. Since subsidiary companies do not have any employee, Disclosures required under Accounting Standard 15 on "Employee Benefits" for the holding Company and its subsidiaries are the same as that of the Holding Company.

16.i. The Holding Company and its subsidiaries has only one business segment 'cement/clinker' as primary segment. The secondary segment is geographical segment which is given below:

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31, 2008
	Rs. in lacs	Rs. in lacs
Revenue – Sales		
i. Domestic	48,676.52	59,574.01
ii. Exports	13,261.09	19,064.89
Total	61,937.61	78,638.90

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

ii. Details of Foreign Currency exposures that are not hedged by any derivative instrument or otherwise are:

	As at Mar 31, 2010	As at Dec 31, 2008	As at Mar 31, 2010	As at Dec 31, 2008
	US Dollars	US Dollars	Rs. in lacs	Rs. in lacs
a. Debtors Receivable	81,900	689,476	36.77	327.10
b. Advances from Customers	137,790	283,919	62.49	138.61
	219,690	973,395	99.26	465.71

17. Related Party Disclosures under Accounting Standard - 18:

i. List of related parties:

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

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

ii. 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

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

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

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

- a) Gujarat Sidhee Cement Limited

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

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31 2008
	Rs. in lacs	Rs. in lacs
a) Particulars of transactions with promoter companies:		
1. Interest received from M/s. Sameta Exports Private Limited	7.37	36.62
2. Outstanding Inter Corporate Deposit with interest thereon to M/s. Sameta Exports Private Limited	-	391.12
b) Particulars of payments to key managerial personnel:		
1. Remuneration to Mr. Jay M. Mehta	45.72	56.16
2. Remuneration to Mr. M. S. Gilotra	48.64	53.88
3. Remuneration to Mr. R. K. Poddar	34.29	15.46
c) Particulars of payments to relatives of key managerial personnel:		
1. Security Deposit with relatives of key managerial personnel	130.00	130.00
2. Rent paid/payable	1.50	2.10
d) Particulars of transactions with Gujarat Sidhee Cement Limited are disclosed in aggregate value as under:		
1. Purchase of Goods and materials	4,453.38	7,322.25
2. Sale of Goods and materials	269.34	1,625.84
3. Expenses/(Recovery) for services (net)	(124.61)	291.58
4. Amount (receivable)/payable as at the end of the period	1,376.49	673.93

18. Outstanding Lease Disclosures under Accounting Standard - 19:

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31 2008
	Rs. in lacs	Rs. in lacs
i. Cost of machinery acquired under finance leases		
ii. Net carrying amount at the Balance Sheet date	168.67	204.49
iii. Lease rent payable obligation:		
a) not later than one year;	46.87	43.02
b) later than one year and not later than five years;	70.81	128.51
c) later than five years;	-	-

19. Earnings per Share:

	For Fifteen Months ended Mar 31, 2010	For Eighteen Months ended Dec 31 2008
	Rs. in lacs	Rs. in lacs
i. Weighted average number of Equity Shares of Rs. 10 each, outstanding	51,191,065	51,191,065
	51,191,065	51,191,065
	Rs. in lacs	Rs. in lacs
ii. Net Profit/(Loss) for the period	2,316.17	(4,767.14)
(Less): Dividend payable to OCCPS Holders (Refer Note 6 above)	(111.73)	(134.08)
Net Profit/(Loss) available to Equity Shareholders	2,204.44	(4,901.22)
Basic and Diluted Earnings per Share (in rupees)	4.31	(9.57)

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

- ii. Based on the projections, outlook for the cement industry, continuing revenues generated out of commissioning of Thermal Power Plant and expected waivers on one time settlement scheme with Government of Gujarat and also considering legal advice, from an expert, with regard to the 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. Further the Holding Company has also been advised that DTA in respect of the unabsorbed depreciation to the extent of deferred tax liability for timing difference for depreciation can be recognised. Even during the current period, there has been a reversal of DTA recognised earlier. Accordingly DTA as detailed herein below has been recognised as at the fifteen months period ended March 31, 2010.

	As at Dec 31, 2008 Rs. in lacs	Movements During the period	As at Mar 31, 2010 Rs. in lacs
a) Deferred Tax Assets:			
1. Accrued expenses deductible on cash basis	2,121.63	334.27	2,455.90
2. Accrued expenses deductible on payment of TDS thereon	377.34	(8.57)	368.77
3. Provision for doubtful debts and advances	270.56	(270.56)	-
4. Unabsorbed depreciation	4,074.71	131.03	4,205.74
5. Accumulated business losses	<u>1,253.65</u>	<u>(1,153.35)</u>	<u>100.30</u>
Total	<u>8,097.89</u>	<u>(967.18)</u>	<u>7,130.71</u>
b) Deferred Tax Liabilities:			
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	<u>2,507.97</u>	<u>(107.25)</u>	<u>2,400.72</u>
c) Net Deferred Tax Assets (a-b)	<u>5,589.92</u>	<u>(859.93)</u>	<u>4,729.99</u>
21. Out of 91,43,650 equity shares held by Subsidiary Companies in Gujarat Sidhee Cement Limited, 41,43,650 equity shares have been pledged with Rajkot Nagrik Sahakari Bank for loan taken by the holding Company. Rajkot Nagrik Sahakari Bank has transferred the said shares in its name.			
22. Previous period's figures have been rearranged, regrouped and/or reclassified, wherever necessary. The figures of the current period are for the fifteen months, and hence are not comparable with those of previous period, which is for eighteen months.			

As per our Report of even date attached
For **Bansi S. Mehta & Co.**
Chartered Accountants
Firm Registration No. 100991W

Paresh H. Clerk
Partner
Membership No. 36148

Place: Mumbai
Date: July 30, 2010

For and on behalf of the Board of Directors
M. N. Mehta Chairman
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain Managing Director
M. S. Gilotra Deputy Managing Director
Raj K. Poddar Director (Finance) & Co. Secretary
V. R. Mohnot

Place: Mumbai
Date: July 30, 2010

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 Intl. Ltd.	*Concorde Cement Pvt. Ltd.
2. Financial Year of the Subsidiary Company ended on	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
3. Holding Company's interest	1,00,00,000 Equity shares of Rs. 10/- each	1,00,00,000 Equity shares of Rs. 10/- each	1,00,00,000 Equity shares of Rs. 10/- each	40,00,000 Equity shares of Rs. 10/- each	4,04,100 Equity shares of Rs. 10/- each	1,49,272 Equity shares of SLR. 10/- each
4. The net aggregate amount of Subsidiary's Profit/ (Losses) so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts	2,20,38,386	2,21,12,886	2,20,68,633	29,20,741	(12,84,418)	-
i) For the Current Financial Year (Rs.)	(6,30,12,336)	(6,38,22,301)	(6,30,18,744)	(4,18,73,085)	29,07,129	-
ii) For the previous financial years since it became a subsidiary (Rs.)						
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.)	Nil	Nil	Nil	Nil	Nil	Nil
ii) For the Previous Financial Years since it became a subsidiary (Rs.)						
6. Material changes between the end of the financial year of the subsidiaries and that of Saurashtra Cement Limited	-	-	-	-	-	-
i) Fixed Assets	-	-	-	-	-	-
ii) Investments	-	-	-	-	-	-
iii) Loans and Advances	-	-	-	-	-	-
iv) Monies borrowed by the subsidiary company other than for meeting current liability	-	-	-	-	-	-

Note: * Yet to commence operation

For and on behalf of the Board of Directors

M. N. Mehta
Chairman
Jay M. Mehta
Executive Vice Chairman
Hemang D. Mehta
Savita V. Pittie
M. N. Rao
B. P. Deshmukh
Bimal Thakkar
Chetan Jain
M. S. Giloitra
Managing Director
Raj K. Poddar
Deputy Managing Director
V. R. Mohnot
Director (Finance) & Co. Secretary

Place: Mumbai
Date: July 30, 2010

ADDENDUM TO THE STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES AS REQUIRED VIDE APPROVAL NO. 47/677/2010-CL-III DATED 13/8/2010 FROM MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA FOR THE PERIOD FROM 1ST JANUARY 2009 TO 31ST MARCH 2010 (15 MONTHS).

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

(All figures in Indian Rupees)

Sr. Particulars No.	Pranay Holdings Ltd.	Prachit Holdings Ltd.	Ria Holdings Ltd.	Reeti Investments Ltd.	Agrima Consultants International Ltd.	* Concorde Cement Pvt. Ltd.
a. Capital	100,000,000	100,000,000	100,000,000	40,000,000	4,041,000	918,683
b. Reserves and Surplus/(Debit balance of Profit & Loss A/c)	(40,973,950)	(41,709,415)	(40,950,111)	(38,952,344)	2,298,711	-
c. Total Assets	100,000,000	100,000,000	100,000,000	43,460,000	6,339,711	-
d. Total Liabilities	100,000,000	100,000,000	100,000,000	43,460,000	6,339,711	-
e. Investments (Net)	47,656,000	47,817,000	47,817,000	5,042,989	25,000	-
f. Turnover	22,052,000	22,126,500	22,126,500	2,935,415	4,198,450	-
g. Profit/(Loss) Before Tax	22,038,386	22,112,886	22,068,633	2,920,741	(755,402)	-
h. Provision for Tax	-	-	-	-	435,373	-
i. Profit/(Loss) After Tax	22,038,386	22,112,886	22,068,633	2,920,741	(1,284,418)	-
j. Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil

Note: *Yet to commence operation

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

On behalf of the Board of Directors

Place: Mumbai

Dated: 16th August, 2010

M. N. MEHTA
Chairman



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 52nd Annual General Meeting of the Company held at the Registered Office of the Company, Near Railway Station, Ranavav - 360 560 (Gujarat) at **10.00 a.m.** on **Thursday** the **16th September, 2010** and at any adjournment thereof.

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

* Applicable for investors holding shares in Electronic form.

NOTES:

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

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



Saurashtra Cement Limited

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

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

D.P. Id. *	
Client Id. *	

L.F. No.	
No. of Shares	

FORM OF PROXY

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

as my/our proxy to attend and vote for me / us and on my / our behalf at the 52nd Annual General Meeting of the Company to be held at **10.00 a.m.** on **Thursday** the **16th September, 2010** and at any adjournment thereof.

Signed this day of, 2010.

One Rupee
Revenue
Stamp

Signature

* Applicable for investors holding shares in Electronic form.

(Tear here)

