

53RD
ANNUAL
REPORT
2010-11





Board of Directors

As on 21.04.2011

Mr. M. N. Mehta

Chairman

Mr. Jay M. Mehta

Executive Vice Chairman

Mr. Hemang D. Mehta

Mr. M. N. Rao

Mr. S.V.S. Raghavan

Mr. B. P. Deshmukh

Mr. K.N. Bhandari

Mr. Jayant N. Godbole

Mr. Hemnabh Khatau

Mr. Bimal Thakkar

Mr. Anil Kaul

Special Director - BIFR

Mr. Devang Gandhi

Alternate Director to Mr. Hemang D. Mehta

Mr. Denys Firth

Mr. Alexander Shaik

Mr. Anish Modi

Mr. Chetan Jain

Nominee - India Debt Management Pvt. Ltd.

Mr. M. S. Gilotra

Alternate Director to Mr. Denys Firth

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 53rd Annual General Meeting of the Members of the Company will be held on **Thursday, the 28th July, 2011 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 2011, the Profit & Loss Account for the financial year ended 31st March 2011 and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Alexander Shaik, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Denys Firth, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mahendra N. Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S.V.S.Raghavan, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. M. N. Rao, 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 2011-2012 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.”

By Order of the Board of Directors

Place : Mumbai,
Dated : April 21, 2011

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

Registered Office:
Near Railway Station
Ranavav 360 560 Gujarat.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Re-appointment of Directors.
Pursuant to Clause 49 of the Listing Agreement relating to code of Corporate Governance, the profile of directors proposed to be appointed/ re-appointed at the ensuing Annual General Meeting is given in the Corporate Governance Report annexed to the Directors Report.



3. The documents referred in the resolutions are available for inspection by the members at the Registered Office of the Company during 10.00 a.m. to 12 noon on any working day till the date of the ensuing Annual General meeting.
4. The Share Transfer Books and Register of Members of the Company shall remain closed from Thursday the 21st July, 2011 to Thursday the 28th July, 2011 (both days inclusive) in connection with the Annual General Meeting.
5. Members who have multiple accounts in identical names or joint accounts in same order are requested to send their share certificates to the Registrar and Transfer Agents for consolidation of all such shareholdings into one account to facilitate better service.
6. (a) Members are requested to notify immediately any change of address:
 - i. To their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii. To the Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078, in respect of their physical share folios, if any.(b) In case the mailing address mentioned on this Annual Report is without the pin code, members are requested to kindly inform the Registrars their PIN CODE immediately.
7. Members are requested to register their **e-mail ID** with their Depository Participant (in case of shares held in demat mode) and by sending an e-mail to us at scl-mum@mehtagroup.com (in case of shares held in physical form). Further, please note, that if there is any change in your e-mail address registered with depository/us, you are requested to update the same with your Depository Participant (in case of shares held in demat mode) and by sending an e-mail to us at scl-mum@mehtagroup.com (in case of shares held in physical form)
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 : April 21, 2011

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

Registered Office:
Near Railway Station
Ranavav 360 560 Gujarat.

DIRECTORS' REPORT

Dear Members,

The Directors present the 53rd Annual Report, Audited Accounts and Auditors Report for the financial year ended on the 31st March, 2011.

FINANCIAL RESULTS

The highlights of the financial results for the Financial year (12 months) ended 31st March 2011, are given below. However, they are not comparable with the previous Financial year ended 31st March 2010, which was for 15 months.

(In Million Rupees)

Particulars	Current Financial Year 2010-2011 (12 Months)	Previous Financial Year 2009-2010 (15 Months)
Sales & Other Receipts	3969.04	5940.45
Profit before interest, depreciation and exceptional items.	304.18	1074.76
Interest	418.04	557.89
Profit/(Loss) before depreciation	(113.86)	516.87
Depreciation	303.96	296.58
Profit/(Loss) before exceptional items and deferred tax assets	(417.82)	220.29
Exceptional Item	(3.12)	68.91
Deferred Tax Assets /Provision for Fringe Benefit Tax	(149.62)	(88.39)
Profit/(Loss) after tax	(570.56)	200.81
Liquidated damages for delayed completion of project	-	32.00
Brought forward Profit/(Loss) from earlier years	(2152.49)	(2440.86)
Amount withdrawn from Revaluation Reserve	-	87.56
Transfer to Capital Reserve	-	(32.00)
Balance of Profit/(Loss) carried forward.	(2723.05)	(2152.49)

The performance of the company was adversely affected due to the following reasons :

- Significant drop in exports due to low demand in the Middle-East region.
- Steep increase in the energy cost (coal and pet-coke).
- Increase in transportation cost.
- Increase in excise duty.
- Significant drop in cement price realization due to low growth in the first nine months and excess capacity.

DIVIDEND

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

INDUSTRY OVERVIEW

The all India cement consumption growth was a modest 4.8 percent from around 198 million tonnes to around 208 million tonnes during the year under review. The total installed capacity at the end of the year under review was around 285 million tonnes; an increase of about 10 percent from the previous year.



During the year under review, the cement consumption in Gujarat was 16 million tonnes for the 12 months ended 31.3.2011, compared to 14.3 million tonnes in the previous year, an increase of 12 percent. The current members of CMA exported 2.53 million tonnes of cement and clinker for the 12 months ended 31.3.2011, compared to 3.23 million tonnes in the earlier year.

In Gujarat, capacity has increased by 2.4 million tonnes in the last two years and in the same period by 8.64 million tonnes in Maharashtra and Rajasthan. The total installed capacity in Gujarat at the end of the year under review was around 22.4 million tonnes.

PERFORMANCE REVIEW

Production and Despatches

The production of Clinker and cement in the twelve months ended 31.3.2011 was 1.28 million tonnes and 1.16 million tonnes as against 1.61 million tonnes and 1.61 million tonnes respectively in the earlier period of 15 months ended 31st March 2010. The total sale of cement and clinker was 1.37 million tonnes as compared to 1.87 million tonnes in the earlier period of 15 months ended 31st March 2010.

Exports and Marketing

The Company exported 0.18 million tonnes of cement and clinker in the twelve months ended 31.3.2011 as compared to 0.44 million tonnes in the earlier period of 15 months ended 31st March 2010. The lower consumption coupled with higher local production resulted in reduced exports to the Middle East. The competition from other neighbouring countries also affected the prices and volumes for export. The situation is likely to continue in the short term. The reduction in the volumes exported resulted in increased availability of cement in Gujarat, resulting in lower prices.

BIFR

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

At the last hearing, BIFR had directed the company to submit revised Draft Rehabilitation Proposal and also directed the Government of Gujarat to expedite its decision on the proposal of One Time Settlement filed by the company. IFCI, the lead financial institution and Operating Agency was asked to submit a duly tied up scheme to BIFR, after conducting a joint meeting of persons from whom the company has sought reliefs.

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. Due to lower sales and steep fall in prices, the cash flow of the company was affected adversely resulting in tight liquidity conditions.

SUBSIDIARY COMPANIES

As per Section 212 of the Companies Act, 1956, the Company is required to attach the directors' report, balance sheet, and profit and loss accounts of the subsidiary companies. The Ministry of Corporate Affairs, Government of India vide its circular no.2/2011 dated 8.2.2011 has granted a general exemption from complying with Section 212 (1) of the said Act.

Accordingly, the Annual Report does not contain the financial statements of the subsidiary companies. The financial information of the subsidiary companies as required by the said circular, is disclosed on page no. 80 of this Annual Report. The statements of Company's interest in the subsidiaries as at March 31, 2011, prepared in accordance with the provisions of Section 212 of the said Act, are also attached on page no. 81 of this Annual Report.

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

CONSOLIDATED FINANCIAL STATEMENT

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

DIRECTORS

During the year under review, Mr. Anil Kaul, was appointed as Special Director by Hon'ble Board for Industrial & Financial Reconstruction (BIFR) w.e.f. 4.2.2011.

Mr. Alexander Shaik, Mr. Denys Firth, Mr. M. N. Mehta, Mr. S.V.S.Raghavan and Mr. M. N. Rao retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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

The directors recommend their re-appointment.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Bombay Stock Exchange Ltd (BSE). Listing fees have been paid upto 31st March 2012.

AUDITORS

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

AUDITORS' OBSERVATIONS

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

TAX AUDIT

M/s. Banshi S. Mehta & Co., Chartered Accountants have been appointed to carry out the Tax Audit for the Assessment Year 2011-12.

INTERNAL AUDIT

BDO Consulting Private Limited, have been appointed to carry out the Internal Audit of the Company for the Financial Year 2011-12.

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 2011-12. Certificate of eligibility under Section 224 (1B) has been received.

PARTICULARS OF EMPLOYEES

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



STAFF RELATIONS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place : Mumbai
Dated : April 21, 2011

Jay M. Mehta
Executive Vice Chairman

M. S. Gilotra
Managing Director

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 31.03.11.

A. CONSERVATION OF ENERGY:

- a. ENERGY CONSERVATION MEASURES TAKEN
 1. Variable Frequency Drives (VFD's) installed at:
 - Clinker Cooler fan.
 - TPP Secondary air fan.
 2. Replacement of 18 old motors by high efficiency motors.
 3. Use of energy efficient lamps by replacing GLS clear lamps with CFL in colony.
 4. Installation of solid flow meter for fly ash feeding in cement mill.
- b. ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.
 1. Reengineering of major fans for improvement in efficiency.
 2. Use of VFD's in the plant in a phased manner.
 3. Systematic Replacement of old motors by high efficiency motors.
 4. Bag House fan VVFD drive for power saving.
- c. IMPACT OF MEASURES AT (a) AND (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND SUBSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.
 1. Reduction in power consumption
- d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION
Details are given in form A of the annexure

B. TECHNOLOGY ABSORPTION.

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

C. FOREIGN EXCHANGE 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:

The company is making efforts to market its products in a new markets like South Africa, Mozambique, Sri Lanka etc., by offering competitive prices and quality of goods and services. The company is also offering modification in the specification as per customer requirements to meet different standards of cement like Sri Lankan standard, South African Business Standards besides BIS.

- (b) Total Foreign Exchange used and earned.

	Current Year 2010-11 (12 months) (₹ in lacs)	Previous Year 2009-10 (15 months) (₹ in lacs)
Foreign Exchange earned	4250.72	13235.48
Foreign Exchange used	392.19	1555.56



FORM A (See Rule 2)

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

	Current Year 2010-11 (12 Months)	Previous Year 2009-10 (15 Months)
(A) Power and Fuel Consumption		
1 ELECTRICITY		
A Purchased		
Units (Kwh)Lakhs	10.79	22.70
Total Amount (₹ In Lakhs) Incl. Fixed Charges	151.48	343.27
Variable Cost Per Unit In Rupees	5.68	6.08
B Own Generation		
i) Through Diesel Generator		
Net Units (Kwh) Lakhs	12.59	39.86
Units /Ltr Of Furnace Oil	3.13	3.59
Variable Total Cost Per Unit In Rupees	8.77	7.54
ii) Through Thermal Power Plant		
Net Units (Kwh) Lakhs	1322.48	1739.28
Total Amount (₹ In Lakhs)	5089.10	4970.62
Variable Total Cost Per Unit In Rupees	3.85	2.86
2 COAL AND OTHER FUELS		
Quantity (Million K.cal)	1026672	1315674
Total Cost (₹ In Lakhs)	10334.87	8946.94
Average Rate /Million Kcl (₹)	1006.64	680.03
3 FURNACE OIL		
Quantity (K.LTRS)	682	1764
Total Amount (₹ In Lakhs)	166.62	339.11
₹ Per Litre	24.44	19.22
(B) CONSUMPTION PER UNIT OF PRODUCTION		
1 ELECTRICITY (Kwh/T of Cement)	102.85	104.77
2 COAL /LIGNITE Usage in %	13.25	13.01

FORM B

A. RESEARCH & DEVELOPMENT

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

Nil

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

Nil

c. Future plan of action

1. Use of alternative / waste derived fuels for Power generation and Kilns.
2. Use of VFD's in fan applications.
3. Improvement in efficiency of fans by reengineering.
4. Installation of pre-grinder for reducing power consumption.

B. DETAILS OF TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- i. Replacement of 18 old motors by high efficiency motors.
- ii. Use of energy efficient lamps by replacing GLS clear lamps with CFL in the colony.
- iii. Installation of vdfd drive for packer operation.
- iv. Installation of VFD's for power savings.
- v. Replacement of old DC motors with AC motors in phased manner.
- vi. Induction of mobile vacuum cleaning system for plant house keeping.

2. Benefits derived as a result of above efforts.

- i. Optimization of Kiln process
- ii. Reduction in power consumption.

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 with the Stock Exchange, the Company's policies on the Corporate Governance and due Compliance report on specific areas wherever applicable for the financial year ended 31st March 2011 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 2011)

Your Company's Board comprises of 17 (Seventeen) Directors, which include 9 (nine) Independent Directors. The Executive Vice Chairman and Managing Director looks after the day-to-day business of the Company under the overall supervision and guidance of the Board. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.

(ii) Meetings of the Board of Directors

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

Sr.No.	Date of Board Meeting	Board Strength	No. of Directors present
1	10.05.2010	18	12
2	30.07.2010	18	10
3	28.10.2010	17	12
4	04.02.2011	16	11

(iii) Attendance and other Directorships

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

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

Sr. No.	Directors	Category of Directorship@	Board Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Board committees in which Member/ Chairman
1	Mr. M.N.Mehta (Chairman)	NED (P)	2	No	10	-
2	Mr. Jay M Mehta (Exec. Vice Chairman)	ED (P)	4	Yes	15	1
3	Mr. M.S.Gilotra (Managing Director)	ED	4	Yes	2	1
4	Mr. R. K. Poddar (Dy. Managing Director) (Ceased to be Dy.MD consequent upon his resignation from the company w.e.f. 14.9.2010)	ED	2	No	2	1

Sr. No.	Directors	Category of Directorship@	Board Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Board committees in which Member/ Chairman
5	Mr. H.D.Mehta	NED (P)	3	No	6	-
6	Mr. S.V.S.Raghavan	NED (I)	1	No	1	1
7	MR. M.N.Rao *	NED (I)	4	Yes	5	3
8	Mrs. Savita Pittie (Ceased to be Director w.e.f. 28.10.2010)	NED (I)	2	No	5	3
9	Mr. B.P. Deshmukh	NED (I)	4	No	2	1
10	Mr. K.N.Bhandari	NED (I)	3	No	9	3
11	Mr. Bimal Thakkar	NED (I)	4	No	3	1
12	Mr. Jayant N. Godbole	NED (I)	3	No	12	7
13	Mr. Hemnabh Khatau	NED (I)	1	No	3	2
14	Mr. Anil Kaul (Appointed w.e.f. 4.2.2011)	NED (SD)	-	-	-	-
15	Mr. Anish Modi (Nominee – IDM)	NED (NI)	3	Yes	8	4
16	Mr. Alexander Shaik (Nominee – IDM)	NED (NI)	-	No	3	1
17	Mr. Denys Firth (Nominee – IDM)	NED (NI)	-	No	-	-
18	Mr. Devang D. Gandhi	Alternate Director to Mr. Hemang D. Mehta	1	No	4	-
19	Mr. Chetan Jain	Alternate Director to Mr. Denys Firth	4	No	1	-

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

NED (I) – Non Executive Director – Independent

NED (NI) – Non Executive Director – Non Independent

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

ED (P) – Executive Director (Promoter)

ED – Executive Director

* Chairman of Audit Committee

Notes:

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

Information to the Board of Directors

The following information is placed before the Board:

- Annual Revenue Budget and Capital Expenditure plans.
- Quarterly and annual financial results and results of operations.
- Financing plans of the Company.
- Minutes of Meetings of Audit, Remuneration Committee, Executive Committee, Finance & Legal Committee, Security Transfer and Shareholders Grievance Committee and Subsidiary Companies.
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems.
- Any material or default, in meeting any financial obligation to and by the Company or substantial non-payment of goods sold, services rendered, if any.
- Any issue, which includes possible public or liability claims of substantial nature, including any judgment or order, if any, which may have passed strictures on the Company.
- Developments in respect of Human Resources.
- Compliance or Non-compliance of any Regulatory, Statutory or Listing requirement and Investor services such as non payment of dividend, delay in share transfer etc.

(iv) APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

Re-appointment of Directors

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

- 1) Mr. Alexander Shaik is General Counsel and a Director at ADM Capital. He has over 15 years legal and commercial experience working on corporate and structured finance transactions. Before joining ADM Capital, he was employed in the Hong Kong office of the US law firm, Sidley Austin Brown & Wood, and he has also worked with the Tokyo office of Allen & Overy. He brings valuable structuring, regulatory and legal experience to the ADM Capital team. He holds a Bachelor of Arts (Politics & Asian history) and Honours in Law from The University of Melbourne, Australia. He is Director of the following Companies:
 - India Debt Management Private Ltd.
 - Tarang Advisory Private Ltd.
 - S. Kumar Nationwide Ltd.He is not holding any shares of the company.
- 2) Mr. Denys Firth joined ADM Capital from Warburg Dillon Read where he ran the Equity and Convertible Bond New Issue business in Asia. He is Chief Operating Officer and a member of ADM Capital 's Investment Committee. After working in the research department of a major London stockbroker, he joined Citibank in 1974 where he helped to set their derivatives operations, subsequently running Citibank's first interest swap trading operation in 1981. He joined Morgan Stanley in 1983 and subsequently became Managing Director responsible for International New Issues, Derivatives and Structured Finance in London. He holds a BA in Physics of Oxford University, England. He is Director of the following companies:
 - India Debt Management Private Ltd.
 - Tarang Advisory Private Ltd.
 - S. Kumar Nationwide Ltd.
 - Brand House Retails Ltd.He is not holding any shares of the company.



- 3) Mr. M. N. Mehta, aged 79 years is an Industrialist having five decades of wide experience in the Cement Industry. He is also the past President of Cement Manufacturers Association. Presently, he is Chairman of Gujarat Sidhee Cement Limited and Director of the following companies. He is promoter group nominee.

- Pranay Holdings Limited.
- Prachit Holdings Limited.
- Ria Holdings Limited.
- Reeti Investments Limited.
- Agrima Consultants International Ltd.
- Gujarat Sidhee Cement Limited.
- Sumraj Holdings P. Ltd.
- Mehta Pvt Ltd.
- Sujata Motors (I) P.Ltd.
- Villa Trading Co. P. Ltd.

He is holding 28480 equity shares of the company.

- 4) Mr. S.V.S.Raghavan, IAS (Retd) aged 81 years, has been conferred Padmashri by Government of India for his excellent services. He retired as Chairman of MMTC and was Director on BHEL and STC, reputed Government of India undertakings and was Ex-Chairman of Competition Commission of India. He is Director of the following companies.

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

He is not holding any shares of the company.

- 5) Mr. M. N. Rao, aged 75 years, is Science Graduate and Mechanical Engineer. He has worked with IDBI and has wide experience in cement industry. He is Director on the following companies.

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

He is not holding any shares 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 and 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 10.5.2010, 30.7.2010, 28.10.2010 and 4.2.2011. Partners/representative from M/s. Pipalia Singhal & Associates –Internal Auditor, M/s Bansri 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)	4	4
2.	Mr. S.V.S.Raghavan (Member)	4	1
3.	Mrs. Savita Pittie (Member) (Ceased to be member w.e.f. 28.10.2010)	4	3
4.	Mr. Anish Modi (Member)	4	3

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, no meeting of Remuneration Committee was held.

(ii) Details of Remuneration of Directors paid for the period 2010-2011:

Executive Directors:

Name	Salary & Allowances (₹)	Perquisite (₹)	Contribution to PF/ Super-annuation	Others	Total (₹)
Mr Jay M Mehta, Executive Vice Chairman	28,80,000	-	7,77,600	-	36,57,600
Mr M.S.Gilotra, Managing Director	30,00,000	-	8,10,000	-	38,10,000
Mr Raj K Poddar, Deputy Managing Director (Ceased to be Dy.MD consequent upon his resignation from the company w.e.f. 14.9.2010)	9,84,000	-	2,65,680	25,82,308	38,31,988

Non Executive Directors

Sr. No.	Name of the Directors	No. of Board meeting attended	No. of Committee meetings attended	Total	Amount of Sitting fees paid (₹)
1.	Mr.M.N.Mehta (Chairman)	2	-	2	40,000
2.	Mr. H.D.Mehta	3	-	3	60,000
3.	Mr. S.V.S.Raghavan	1	1	2	40,000
4.	Mr. M.N.Rao	4	4	8	1,60,000
5.	Mrs. Savita V Pittie (Ceased to be Director w.e.f., 28.10.2010)	2	6	8	1,60,000
6.	Mr. B.P. Deshmukh	4	-	4	80,000
7.	Mr. K.N.Bhandari	3	-	3	60,000
8.	Mr. Bimal Thakkar	4	-	4	80,000
9.	Mr. Anish Modi	3	3	6	1,20,000
10.	Mr. Alexander Shaik	-	-	-	-
11.	Mr. Denys Firth	-	-	-	-
12.	Mr. Chetan Jain (Alternate to Mr. Denys Firth)	4	-	4	80,000
13.	Mr. Jayant N. Godbole	3	-	3	60,000
14.	Mr. Hemnabh Khatau	1	-	1	20,000
15.	Mr. Devang D. Gandhi (Alternate to Mr. Hemang D. Mehta)	1	-	1	20,000

The Company has not issued any Stock Options to the Directors and Employees during the financial year ended 31st March, 2011 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 4 meetings on 10.5.2010, 30.7.2010, 28.10.2010 and 4.2.2011. 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)(Ceased to be a member w.e.f. 28.10.2010)	4	3
2.	Mr. Jay M. Mehta (Member)	4	4
3.	Mr. M.S.Gilotra (Member)	4	4
4.	Mr. R.K.Poddar (Member) (Ceased to be a member consequent upon his resignation from the company w.e.f. 14.9.2010)	4	2

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
28	28	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
2009-10	16.9.2010	10.00 a.m.	Registered Office of the Company	Nil
2007-08	19.3.2009	10.30 a.m.	-do-	Nil
2006-07	21.12.2007	10.30 a.m.	-do-	Nil

(ii) Extraordinary General Meetings:

Financial Year	Date	Time	Venue
15 months period ended 31.3.2010	12.5.2010	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:

S.No.	Date	Subject matter of Special Resolution
1.	EGM held on 12.05.2010	<p>a) Reappointment & Remuneration of Mr. Jay Mehta as Executive Vice-Chairman for a further period of three years w.e.f. 1.1.2010 to 31.12.2012.</p> <p>b) Reappointment & Remuneration of Mr. M.S. Gilotra, as Managing Director for a further period of three years w.e.f. 1.1.2010 to 31.12.2012.</p> <p>c) Reappointment & Remuneration of Mr. R.K. Poddar, as Dy. Managing Director for a further period of one year w.e.f. 1.1.2010 to 31.12.2010.</p> <p>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").</p>

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.20 of Schedule 13 of Notes on Accounts.

b) Penalties & Strictures

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



c) Related Party Transactions

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

d) Disclosure of Accounting Treatment:

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

e) Disclosure on Risk Management:

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

f) Code of Conduct:

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

g) CEO/CFO Certification:

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

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 Year ended on 31 st March 2011	21 st April, 2011
ii)	Unaudited results for quarter ending 31.3.2010, 30.06.2010, 30.09.2010, and 31.12.2010.	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 28 th July, 2011
iv)	Date of Book closure	Thursday the 21 st July, 2011 to Thursday the 28 th July, 2011 (both days inclusive)

v) Listing of equity shares on Stock Exchange at:

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

vi) **Listing Fees:**

The Company has paid Listing Fees for the financial year 2011-2012 to the Bombay Stock Exchange Ltd., (BSE) where the company's shares are listed. The Company has paid Annual Custody fees to National Securities Depository Limited and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts as on March 31, 2011.

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

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

No complaint as on 31.3.2011 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 2011 :**

No. of equity shares held	No. of shareholders	%	No. of shares held	%
1 – 500	7494	89.63	831506	1.62
501 – 1000	372	4.45	307922	0.60
1001 – 2000	190	2.27	290377	0.57
2001 – 3000	67	0.80	172400	0.34
3001 – 4000	51	0.61	180258	0.35
4001 – 5000	40	0.48	187057	0.37
5001 – 10000	50	0.60	360493	0.70
10001 – above	97	1.16	48861052	95.45
TOTAL	8361	100.00	51191065	100.00



x) **Shareholders Profile as on 31st March 2011:**

Category	No. of shareholders	%	No. of shares held	%
Promoter Group Companies	9	0.11	32759183	63.99
Bodies Corporate	158	1.89	1906733	3.73
NRIs	440	5.26	343937	0.67
FIs	4	0.05	1810	0
Financial Institutions	12	0.14	1255840	2.45
Banks	7	0.09	550937	1.08
Mutual Fund	1	0.01	100	0
Foreign Companies	2	0.02	9920000	19.38
Overseas Corporate Bodies	1	0.01	109100	0.21
Indian Public	7727	92.42	4343425	8.49
Total	8361	100.00	51191065	100.00

xi) **Dematerialization of shares**

As on 31st March 2011, 4,87,00,688 equity shares constituting 95.14% of the company's total share capital were held in dematerialized form with NSDL and CDSL.

xii) **Stock Market price data for the period 2010–2011:**

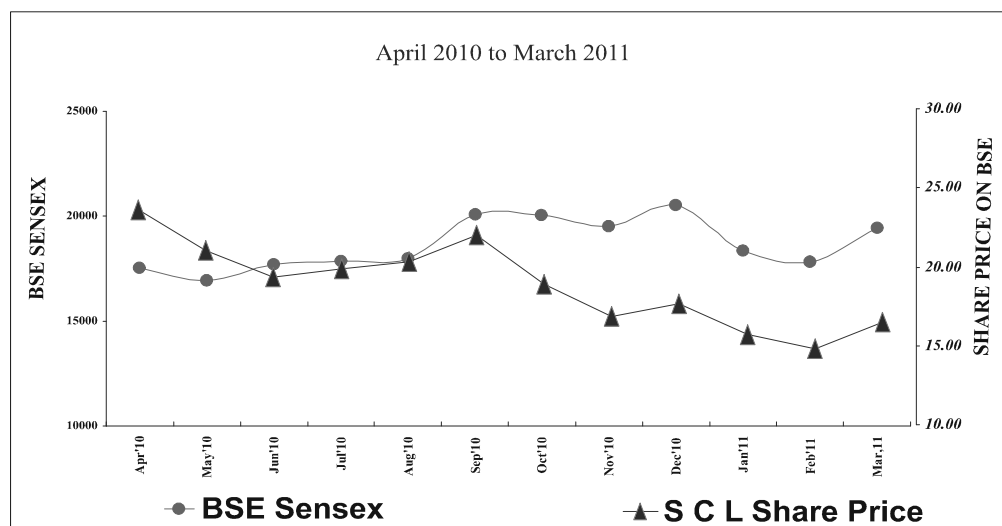
The High, Low and Closing prices of the Company's share of the face value of Rs.10/- each on Bombay Stock Exchange, Mumbai from April 2010 to March 2011 are as under:-

In rupees

Month	High	Low	Closing
April 2010	27.65	18.00	23.60
May 2010	23.90	19.00	21.00
June 2010	21.00	18.30	19.30
July 2010	21.20	19.10	19.90
August 2010	25.50	19.05	20.35
September 2010	25.00	20.30	22.00
October 2010	22.00	17.80	18.85
November 2010	21.00	15.50	16.85
December 2010	18.15	13.10	17.60
January 2011	18.90	14.40	15.65
February 2011	16.65	13.30	14.80
March 2011	19.90	15.00	16.50

xiv) Stock Performance (Indexed)

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



Plant Location

Near Railway Station, Ranavav, Gujarat 360 560.

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 email id: sclinvestorquery@mehtagroup.com has been created specifically for investor query / complaints.

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



10. NON MANDATORY REQUIREMENTS :

(a) Chairman's Office

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

(b) Shareholders Rights

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

(c) Training of Board Members

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

(d) Mechanism for evaluating non-executive Board Members

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

(e) Postal Ballot

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

(f) Whistle Blower Policy

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

(g) Code for Prohibition of Insider Trading

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

On behalf of the Board of Directors

Place : Mumbai
Dated : April 21, 2011

Jay M. Mehta
Executive Vice Chairman

M. S. Gilotra
Managing Director

Declaration of Compliance with the code of conduct.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March 2011.

On behalf of the Board of Directors

Place : Mumbai
Dated : April 21, 2011

Jay M. Mehta
Executive Vice Chairman

M. S. Gilotra
Managing Director

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

We have examined the compliance of the conditions of Corporate Governance of SAURASHTRA CEMENT LIMITED ("the Company") for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange in India.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company and noted by the Board of Directors / Security Transfer, Allotment and Security holders Grievances Committee.

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

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

Place : Mumbai
Dated: April 21, 2011

PARESH H CLERK
Partner
Membership No. 36148



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

The all India cement consumption grew by 4.8 percent from around 198 million tonnes to around 208 million tonnes during the year under review. At the same time, around 25 million tonnes of additional capacity has been added during the year; thus increasing the total installed capacity to around 285 million tonnes. In the last two years, there has been an increase in the installed capacity by 2.40 million tonnes in the state of Gujarat and by 8.64 million tonnes in the neighbouring states of Maharashtra and Rajasthan. This increase in capacity coupled with lower exports has resulted in a surplus of supply over demand putting pressure on the profitability of the companies in Gujarat.

Future Outlook

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

Opportunities and Threats

With high economic growth in Maharashtra and Gujarat, the cement consumption in these regions is likely to continue at a healthy rate and would therefore give opportunities for growth in the cement industry. However, our company has not been able to expand capacity in line with the increase in consumption for the last few years due to stressed financial structure. Thus we have a risk to compete with bigger players entering the market.

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

Segment Review and Analysis

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

Risks and Concerns

Over capacity of cement versus the demand coupled with the continued fragmentation of the industry results in the cyclical highs and lows in the profitability of cement business. The major inputs mainly fuels as well as high rates of taxation (excise, sales tax, octroi and other miscellaneous levies) continue to be a major concern for our company. The short tenure of a large part of debt and the company's operations in these conditions expose the company to a default in servicing of these debts.

However, the company proposes to refinance these debts by a medium / long term debt to mitigate these risks.

Internal Control systems and their adequacy

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

Human Resource Development / Industrial Relations

The Company continues to maintain constructive relationship with its employees with a positive environment so as to improve efficiency. The Company continues to invest in upgrading the knowledge and skills of the employees. The Industrial relations at the plant were cordial.

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

Succession management for the critical role is in place by suitable evaluation and review at various levels of management.

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

The company has embarked on a Key Result Areas (KRA) and Key Performance Indicators (KPI) based performance appraisal system, and a performance linked Variable pay for senior executives.

The Management places on record the contribution of employees at all levels during the year and their whole-hearted co-operation, which has resulted in improved results.

The Company had 482 permanent employees as on 31.3.2011.

Corporate Social Responsibility.

Health Care

The Ranavav 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 Company conducts various Immunization programmes, family welfare education, health care, safety as well as various periodical health check up and first aid training programmes for employees and workers.

Education

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

Afforestation

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

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. The Statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply position, raw material 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 : April 21, 2011

Jay M. Mehta
Executive Vice Chairman

M. S. Gilotra
Managing Director



Auditors' Report to the Members

- 1 We have audited the attached Balance Sheet of **SAURASHTRA CEMENT LIMITED** ("the Company") as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with 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 23 to Accounts under Schedule '13' adverting to accounting for Deferred Tax Asset of ₹ 4839.76 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is prima facie, disqualified as on March 31, 2011 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 Significant Accounting Policies in Schedule '12' and with the notes thereon in Schedule '13', including Note 23 to Accounts under Schedule '13', adverting to accounting for Deferred Tax Asset of ₹ 4839.76 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, 2011;
 - ii In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii In the case of the Cash Flow Statement, of the cash flows for the year on that date.

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

PARESH H CLERK
Partner
Membership No. 36148

Place : Mumbai
Dated: April 21, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 1 of the report)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of the most of fixed assets.
- (b) During the year, most of the fixed assets of the Company have been physically verified by the management, the frequency of which, in our opinion, is reasonable, and no material discrepancy is stated to have been noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- (ii) (a) Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In case of stocks-in-transit and inventories lying with third parties, confirmations have been obtained in most cases at the year end.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate, in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of its inventories and the discrepancies noticed on physical verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- (iii) (a) As per the information furnished, in earlier years, the Company had granted interest-free unsecured deposit to one of its subsidiary company; the maximum amount outstanding during the year and year-end balance from the said subsidiary company is ₹ 34.40 lacs. The Company has not granted any other loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) As regards interest-free deposits given to the said subsidiary company, no other terms and conditions, including repayment thereof have been stipulated and hence, the question of making any comment for the regularity of the receipt of the principal or the recovery of overdue amounts does not arise. Considering the amount involved and that it is given to a subsidiary, the same is not prima facie prejudicial to the interest of the Company.
- As the Company has not granted any other loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clause (iii)(b) of the Order relating to the rate of interest and other terms and conditions, whether prima facie, prejudicial to the interest of the Company, Clause (iii)(c) relating to regularity of the receipt of principal amount and interest and Clause (iii)(d) relating to steps for recovery of overdue amount of more than rupees one lac, are not applicable.
- (c) As the Company has not taken any 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 fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control.
- (v) (a) According to the information and explanations given to us and the records examined by us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, 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 year, 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 deposit from the public, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under, does not arise. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's products to which the said rules are applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and on the basis of the books and records examined by us, the Company has been regular in depositing undisputed statutory dues including 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 per the information and explanations given to us, as also on the basis of the books and records examined by us, there are no arrears of undisputed statutory dues outstanding as at the last day of the financial year, for a period of more than six months from the date they become payable. As informed to us, the provisions of the Employees' State Insurance Act are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of the books and records examined by us, no amounts of the Income-tax, Wealth-tax and Cess are under dispute. In respect of Sales Tax, Customs Duty, Excise Duty and Service Tax, which have not been deposited as on March 31, 2011 on account of disputes and the forum where the dispute is pending, are given below:

Nature of Dues	Amount (₹ lacs)	Period to which amount relates	Forum where dispute is pending
Sales Tax			
Interest on Deferred Sales Tax	1942.28 *	1989-1999	Government of Gujarat
Sales Tax	800.10 *	1999-2006	Government of Gujarat
Interest on Sales Tax	3912.16 *	1999-2006	
Sales Tax Penalties	3050.78 *	2004-2005	Joint Commissioner of Sales Tax
Value Added Tax, Interest and Penalty thereon	494.03	2006-2007	Sales Tax Tribunal
Custom Duty	659.99	1993-1994	Customs Excise & Service Tax Appellate Tribunal (CESTAT)
	2.75	2010-2011	CESTAT
	8.56	2009-2011	Commissioner of Customs
	8.12	2009-2010	Departmental Authorities
Excise Duty	174.05	2007-2008	CESTAT
Service Tax	58.50	1997-1998	CESTAT
	3.56	2006-2007	Commissioner of Excise

* Against these dues (as also other dues in respect of Electricity Duty and Royalty dues aggregating to ₹ 6599.69 lacs), the Company has unconditionally deposited a sum of ₹ 70 Crore, with Gujarat State Financial Services Limited in respect of the proposed One Time Settlement with the Government of Gujarat. (Refer Note 10 to Accounts under Schedule '13')

- (x) *The accumulated losses of the Company as on March 31, 2011 are more than fifty per cent of its net worth. The Company has incurred cash losses in the current financial year but had not 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, during the year, the Company has defaulted in repayment of dues (including interest) to financial institutions and banks; however, as at the balance sheet date, no amount is outstanding. In respect of the debenture holders, the Company has defaulted in repayment of dues (including interest) during the year, and at the balance sheet date, principal amounting to ₹ 57.59 lacs, and interest payable amounting to ₹ 50.17 lacs, both, due on January 15, 2011 have remained unpaid; these amounts have since been paid.*
- (xii) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As the Company is not a chit fund or nidhi / mutual benefit fund / society, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, as the Company is not dealing or trading in shares, securities, debentures and other investments, the requirements of Clause 4(xiv) of the Order relating to the maintenance of proper records of the transactions and contracts and making of timely entries therein are not applicable. All the investments are held by the Company in its own name.
- (xv) According to the information and explanations given to us, as also on the basis of the books and records examined by us, as the Company has not given any guarantee for loans taken by others from banks or financial institutions, the requirement of Clause 4 (xv) of the Order to comment on whether the terms and conditions, whereof are prejudicial to the interest of the Company, is not applicable.
- (xvi) According to the information and explanations given to us, as also on the basis of the books and records examined by us, in our opinion, on an overall basis, the new term loans obtained during the year by the Company were, prima facie, applied for the purpose for which the loans were obtained, other than temporary deployment pending its application.
- (xvii) According to the information and explanations given to us, and also on an overall examination of the Balance Sheet of the Company, short-term funds due to decrease in net current assets (other than working capital facilities from banks and provision for interest payable on dues payable to the Government of Gujarat under One Time Settlement, as detailed in Note 10 to Accounts under Schedule '13' of ₹ 839.26 lacs) aggregating to ₹ 133.90 lacs, have been used for repayment of long term secured loans and interest thereon.
- (xviii) As the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year, Clause 4 (xviii) is not applicable.
- (xix) According to the information and explanations given to us, as also on the basis of the books and records examined by us, the security or charge in respect of debentures issued during an earlier year has been created.
- (xx) As the Company has not raised any money by public issues during the year, Clause 4 (xx) of the Order requiring to disclose the end use of money raised and verifying the same is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud (i.e. intentional material misstatements resultant from fraudulent financial reporting and misappropriation of assets) on or by the Company has been noticed or reported during the course of our audit.

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

Mumbai
Dated: April 21, 2011

PARESH H CLERK
Partner
Membership No. 36148



BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	₹ In lacs	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS :				
Share Capital	1	5,807.02		5,807.02
Reserves and Surplus	2	15,836.82		16,064.07
			21,643.84	21,871.09
LOAN FUNDS :				
Secured Loans	3	26,586.51		25,845.87
Unsecured Loans		-		-
			26,586.51	25,845.87
Total			48,230.35	47,716.96
APPLICATIONS OF FUNDS :				
FIXED ASSETS :				
Gross Block	4	55,372.55		55,107.00
(Less): Depreciation		(31,340.48)		(28,851.10)
Net Block		24,032.07		26,255.90
Capital Work-in-Progress (Net of Impairment)		7,640.23		8,277.34
			31,672.30	34,533.24
INVESTMENTS :	5		1,879.21	1,910.44
DEFERRED TAX ASSETS (Net) :			3,204.68	4,730.00
(See Note 23 to Accounts under Schedule '13')				
CURRENT ASSETS, LOANS AND ADVANCES :				
Inventories	6	4,858.16		3,231.39
Sundry Debtors		2,499.44		1,829.72
Cash and Bank Balances		843.62		1,757.36
Loans and Advances		2,297.88		2,955.08
		10,499.10		9,773.55
(LESS): CURRENT LIABILITIES AND PROVISIONS :				
Liabilities	7	20,983.05		19,089.14
Provisions		894.40		1,288.02
		(21,877.45)		(20,377.16)
NET CURRENT ASSETS			(11,378.35)	(10,603.61)
PROFIT AND LOSS ACCOUNT :				
As per Account Annexed		27,230.48		21,524.86
(Less): To the extent Balance In General Reserve as per Contra		(4,377.97)		(4,377.97)
			22,852.51	17,146.89
Total			48,230.35	47,716.96
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

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011

PARESH H. CLERK
Partner
Membership No. 36148
Mumbai, Dated April 21, 2011

PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	Schedule	₹ In lacs	For The Year ended March 31, 2011 ₹ In lacs	For Fifteen Months ended March 31, 2010 ₹ In lacs
INCOME	8			
Sale of Products (Gross)		43,521.74		61,906.10
(Less): Excise Duty		<u>(4,552.51)</u>		<u>(4,503.22)</u>
Sale of Products (Net)		38,969.23		57,402.88
Other Income		<u>721.15</u>		<u>2,001.61</u>
			39,690.38	59,404.49
EXPENDITURE				
Manufacturing and Other Expenses	9	37,764.08		47,361.94
(Increase) / Decrease in Stocks	10	<u>(1,115.52)</u>		<u>1,294.89</u>
			36,648.56	48,656.83
Profit before Interest, Depreciation and Exceptional Items			3,041.82	10,747.66
Interest (net)	11		<u>4,180.44</u>	<u>5,578.91</u>
Profit / (Loss) before Depreciation and Exceptional Items			(1,138.62)	5,168.75
Depreciation (including on Revalued Amounts)		2,609.79		3,249.43
Less: Amount withdrawn from Revaluation Reserve		<u>(226.89)</u>		<u>(283.64)</u>
			2,382.90	2,965.79
Impairment Loss (See Note 24 to Accounts under Schedule '13')			<u>656.69</u>	<u>-</u>
Profit / (Loss) before Exceptional Items and Tax			(4,178.21)	2,202.96
Exceptional Gain / (Loss) (See Note 14 to Accounts under Schedule '13')			<u>(31.24)</u>	<u>689.06</u>
PROFIT / (LOSS) BEFORE TAX			(4,209.45)	2,892.02
PROVISION FOR TAXATION				
Deferred Tax (Credit) / Charge (See Note 23 to Accounts under Schedule '13')		1,525.32		859.93
Fringe Benefit Tax		-		23.99
Excess Provision of FBT Written Back		<u>(29.15)</u>		<u>-</u>
			(1,496.17)	883.92
PROFIT / (LOSS) AFTER TAX			(5,705.62)	2,008.10
Add: Liquidated Damages for Delayed Completion of Project *			<u>-</u>	<u>320.00</u>
PROFIT / (LOSS) FOR THE YEAR / PERIOD			(5,705.62)	2,328.10
Balance of Profit / (Loss) Brought Forward		(21,524.86)		(24,408.59)
Less: Amount withdrawn from Revaluation Reserve		<u>-</u>		<u>875.63</u>
			(21,524.86)	(23,532.96)
* Appropriations: Transfer to Capital Reserve			<u>-</u>	<u>(320.00)</u>
Balance of Profit / (Loss) Carried to the Balance Sheet			(27,230.48)	(21,524.86)
Earnings Per Share of ₹ 10 each (See Note 22 to Accounts under Schedule '13')				
Basic and Diluted			(11.32)	4.33
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
Mumbai, Dated April 21, 2011

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	₹ In lacs	₹ In lacs	For The Year ended March 31, 2011 ₹ In lacs	For Fifteen Months ended March 31, 2010 ₹ In lacs
A CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT FOR THE YEAR / PERIOD			(5,705.62)	2,328.10
Adjustments for :				
Add: Provision for Taxation	1,496.17			883.92
Interest	4,180.44			5,578.91
Hire Purchase Rentals	16.10			41.38
Loss on Sale of Assets / Assets Discarded	22.14			19.63
Exceptional (Gain) / Loss	31.24			(689.06)
Depreciation	2,382.90			2,965.79
Impairment Loss	656.69			-
	<hr/>		8,785.68	<hr/> 8,800.57
(Less): Profit on Sale of Assets	15.15			16.34
Excess Provision and Sundry Creditors Written Back	190.68			803.42
Provisions for Doubtful Debts Written Back / (Off)	1.75			41.80
Provision for Doubtful Advances Written Back	110.73			-
Dividends Received	0.05			0.05
	<hr/>		(318.36)	<hr/> (861.61)
			<hr/> 8,467.32	<hr/> 7,938.96
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			2,761.70	10,267.06
Adjustments for :				
Trade and Other Payables		1,230.60		2,184.87
Trade and Other Receivables		(116.15)		454.93
(Increase) / Decrease in Inventories		(1,626.77)		694.12
Working Capital facilities from Banks (Net)		179.35		(111.34)
		<hr/>	(332.97)	<hr/> 3,222.58
CASH GENERATED FROM OPERATIONS			2,428.73	13,489.64
(Less): Direct Taxes (Payments) / Refunds			218.31	(116.54)
NET CASH FLOW FROM OPERATING ACTIVITIES			2,647.04	13,373.10
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets		(364.94)		(815.15)
Sale of Fixed Assets		58.89		46.07
Dues (from) / to Subsidiaries		(12.40)		8.15
Interest Received		95.85		323.52
Dividends Received		0.05		0.05
		<hr/>	(222.55)	<hr/> (437.36)
NET CASH FLOW USED IN INVESTING ACTIVITIES			(222.55)	(437.36)

53rd Annual Report

	₹ In lacs	₹ In lacs	For The Year ended March 31, 2011 ₹ In lacs	For Fifteen Months ended March 31, 2010 ₹ In lacs
C CASH FLOW FROM FINANCING ACTIVITIES				
(Payments) / Proceeds from Issue of Warrants / Calls Realised		-		(3.65)
Proceeds from Long term Borrowings		59.68		2,084.07
Payment of Long term Borrowings		(1,134.07)		(9,776.40)
Repayment of Hire Purchase Liabilities		(62.97)		(95.23)
Interest and Finance Charges paid (including interest capitalised)		(2,123.10)		(5,088.54)
Payment of Unpaid Dividends		(77.77)		-
NET CASH FLOW USED IN FINANCING ACTIVITIES			(3,338.23)	(12,879.75)
NET INCREASE IN CASH AND CASH EQUIVALENTS			(913.74)	55.99
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR			1,757.36	1,701.37
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			843.62	1,757.36

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 ₹ 291.69 lacs (Previous Period ₹ 31.70 Lacs), of deposits under lien.
- Additions to Fixed Assets include movements of capital work in progress during the year.

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

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011

PARESH H. CLERK
Partner
Membership No. 36148
Mumbai, Dated April 21, 2011



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1

		As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
SHARE CAPITAL			
Authorised :			
13,00,00,000	Equity Shares of ₹10 each	13,000.00	13,000.00
60,00,000	Preference Shares of ₹ 100 each	6,000.00	6,000.00
50,00,000	Unclassified Shares of ₹ 10 each	500.00	500.00
		19,500.00	19,500.00
Issued :			
5,90,95,018	Equity Shares of ₹10 each	5,909.50	5,909.50
6,87,595	13% Cumulative Preference Shares of ₹100 each**	687.60	687.60
		6,597.10	6,597.10
Subscribed :			
5,11,91,065	Equity Shares of ₹10 each *	5,119.11	5,119.11
6,87,595	13% Cumulative Preference Shares of ₹100 each**	687.60	687.60
		5,806.71	5,806.71
Paid up :			
5,11,91,065	Equity Shares of ₹10 each *	5,119.11	5,119.11
6,87,595	13% Cumulative Preference Shares of ₹100 each**	687.60	687.60
15,269	Forfeited Shares (Amount paid up ₹2 per Equity Share)	0.31	0.31
		5,807.02	5,807.02

Notes :

- * Includes 30,00,000 Equity Shares of ₹ 10 each allotted as fully paid-up Bonus Shares by capitalisation of free reserves.
- ** (See Note 5 to Accounts under Schedule '13')
- * (See Notes 6 (v) and (vi) to Accounts under Schedule '13', in respect of particulars of options of conversion.)

SCHEDULE - 2

		As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
RESERVES AND SURPLUS			
Capital Reserve : As per Last Balance Sheet		2,607.96	2,287.96
Add: Appropriated from the Profit and Loss Account		-	320.00
		2,607.96	2,607.96
Capital Redemption Reserve : As per Last Balance Sheet		50.00	50.00
Securities Premium : As per Last Balance Sheet		10,566.71	10,566.71
Revaluation Reserve : As per Last Balance Sheet		779.40	1,944.26
(Less): Transfer to Profit And Loss Account For Depreciation		(226.89)	(283.64)
(Less): For Fixed Assets sold		(0.36)	(5.59)
(Less): Withdrawn and transfer to brought forward debit balance of Profit And Loss Account		-	(875.63)
		552.15	779.40
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)
		15,836.82	16,064.07

SCHEDULE - 3

SECURED LOANS:				As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
I	Debentures - Non - Convertible				
a	Public Debentures			2,833.36	3,111.55
		Rate %	Number of Debentures	Rupees per Debenture	
	Current Year	12.00	27,65,532	79.11	
		12.00	4,08,055	158.18	
	Previous Period	12.00	27,65,532	86.88	
		12.00	4,08,055	173.75	
b	Privately Placed Debentures 9,00,000 12% Debentures of ₹77.50 each (Previous Period ₹86.88 each)			697.50	781.87
c	Interest Accrued and Due			50.17	-
				3,581.03	3,893.42
II	Term Loans:				
a	From Financial Institutions			1,928.85	2,040.31
b	From Banks			3,994.82	4,387.57
c	From Others			14,591.53	14,799.15
d	Redemption Premium Due			653.65	-
e	Interest Accrued and Due			978.72	-
				22,147.57	21,227.03
III	Others:				
a	From Banks:				
i	Cash Credits			343.72	178.60
ii	Working Capital Demand Loan			443.38	429.14
				787.10	607.74
b	From Hire Purchase Creditors :			70.81	117.68
				857.91	725.42
	(See Notes 6 and 7 to Accounts under Schedule `13')			26,586.51	25,845.87

(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 / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific and first charge holders. It is also secured by personal guarantee of two Directors of the Company.
- (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:

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) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.

(b) From Banks:

- (i) Term loan of ₹ 659.14 lacs from Bank of India together with funded interest term loans of ₹ 303.08 lacs, of ₹ 2126.47 lacs from Dena Bank together with funded interest term loans of ₹ 765.73 lacs, and funded interest term loan of ₹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 HDFC Bank of ₹124.16 lacs are secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Company.

(c) From others:

- (i) Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans and accrued interest thereon, amounting to ₹ 3506.72 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. It is also secured by personal guarantee of two Directors of the Company.
- (ii) Term Loans from India Debt Management Pvt. Limited, together with redemption premium due and accrued interest thereon, amounting to ₹11603.71 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 ₹1109.65 lacs, are secured as mentioned above in para (II) a (i) above.
- (iv) Vehicle loans from Reliance Capital Financial Services Limited of ₹ 3.82 lacs, is secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Company.

(III) Other Secured Loans:

A From Banks:

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:

Equipment Loans from SREI Infrastructure Finance Limited are secured by hypothecation of assets financed by them and personal guarantee by one of the directors of the Company.

- (IV)** All the aforementioned borrowings except para II (b) (ii), II (c) (iv) and III B 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

₹ In lacs

FIXED ASSETS :	GROSS BLOCK (Note 1)				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011	Up to March 31, 2010	For The Year	Deductions/ Adjustments	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
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)	2,666.25	89.66	0.91	2,755.00	976.96	74.15	-	1,051.11	1,703.89	1,689.29
Buildings TPP	773.53	-	-	773.53	29.66	25.83	-	55.49	718.04	743.87
Jetty - Civil Works	2,411.45	-	-	2,411.45	1,493.38	199.13	-	1,692.51	718.94	918.07
Railway Siding and Weigh Bridge	247.71	-	-	247.71	221.55	5.98	-	227.53	20.18	26.16
Water Supply Installation	185.08	-	-	185.08	169.43	3.68	-	173.11	11.97	15.65
Electric Installation (Note 4)	1,997.59	112.63	10.31	2,099.91	1,438.34	94.97	2.32	1,530.99	568.92	559.25
Electric Installation TPP	1,790.79	13.90	-	1,804.69	97.65	85.67	-	183.32	1,621.37	1,693.14
Plant and Machinery (Note 5)	31,808.35	54.81	42.93	31,820.23	22,101.49	1,382.84	38.68	23,445.65	8,374.58	9,706.86
Plant and Machinery TPP	9,743.48	-	-	9,743.48	590.57	514.46	-	1,105.03	8,638.45	9,152.91
Rolling Stock and Locomotives	33.84	-	-	33.84	29.35	0.86	-	30.21	3.63	4.49
Furniture and Fixtures	1,133.93	27.23	4.63	1,156.53	535.11	58.54	4.45	589.20	567.33	598.82
Furniture and Fixtures TPP	10.80	-	-	10.80	0.76	0.68	-	1.44	9.36	10.04
Office Equipments	643.89	39.34	1.76	681.47	524.46	24.77	1.49	547.74	133.73	119.43
Motor Cars, Trucks, etc. (Note 5)	1,299.24	104.84	116.77	1,287.31	594.47	133.66	64.62	663.51	623.80	704.77
Air Conditioners	100.54	9.79	9.34	100.99	47.92	4.57	8.85	43.64	57.35	52.62
Current Year	55,107.00	452.20	186.65	55,372.55	28,851.10	2,609.79	120.41	31,340.48	24,032.07	26,255.90
Previous Period	41,618.52	13,671.41	182.93	55,107.00	25,729.66	3,249.43	127.99	28,851.10	26,255.90	
	As at April 1, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011	Impairment For The Year	As at March 31, 2011				
Capital work in Progress (Note 6)	8,277.34	31.98	12.40	8,296.92	656.69	7,640.23				
Previous Period	21,032.22	316.11	13,070.99	8,277.34	-	8,277.34				

NOTES :

- Gross Block includes ₹ 4602 lacs, added on revaluation of the Company's land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, on the basis of valuation made by an external valuer, which had resulted in a net increase of ₹ 5722.61 lacs, as at June 30, 1993.
- 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 ₹ 33.20 lacs, ownership of which is vested with Paschim Gujarat Vij Company Limited.
- Includes equipment and vehicles financed under hire purchase agreements.
- Includes ₹ 8036.81 lacs, in respect of Expansion Project Assets, which was suspended in an earlier year. Based on a valuation by Holtec Consulting Private Limited, provision for impairment for these assets is made as at the end of the year. (See Note 24 to Accounts under Schedule '13')
- For Capitalisation of Pre-operative Expenses and Borrowing Costs - See Note 8 to Accounts under Schedule '13'.



SCHEDULE - 5

		As at March 31, 2011		As at March 31, 2010
		₹ In lacs	₹ In lacs	₹ 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 ₹10 each in MTZ Industries Limited	35.25		35.25
	(Scrip is under suspension on stock exchange and hence, fully provided for)			
	30,00,000 Fully paid Equity Shares of ₹10 each in MTZ Polyfilms Limited	600.00		600.00
		635.25		635.25
	(Less): Provision for diminution in value	(588.75)		(588.75)
			46.50	46.50
	Unquoted:			
a	In Subsidiary Companies			
	1,00,00,000 Equity Shares of ₹10 each of Pranay Holdings Limited	1,000.00		1,000.00
	1,00,00,000 Equity Shares of ₹10 each of Prachit Holdings Limited	1,000.00		1,000.00
	1,00,00,000 Equity Shares of ₹10 each of Ria Holdings Limited	1,000.00		1,000.00
	40,00,000 Equity Shares of ₹10 each of Reeti Investments Limited	400.00		400.00
	4,04,100 Equity Shares of ₹10 each of Agrima Consultants International Limited	135.68		135.68
	1,49,272 Equity shares of Srilankan Rupee 10 each of Concorde Cement (Pvt.) Limited	9.19		9.19
		3,544.87		3,544.87
	(Less): Provision for diminution in value / losses	(1,712.50)		(1,681.27)
			1,832.37	1,863.60
b	In Others			
	Quantity Particulars of Investments	Face Value		
		₹ per share		
	10 IL-Palazzo CHS Ltd.	50		
	1 Rajkot Nagrik Sahakari Bank Limited	50		
	2,500 Saraswat Co-op Bank Limited	10	0.26	0.26
			1,879.13	1,910.36
			1,879.21	1,910.44
			As at	As at
		March 31, 2011	March 31, 2010	March 31, 2010
		₹ In lacs	₹ In lacs	₹ In lacs
		Cost	Market Value	Cost
	Aggregate amount of quoted investments	635.25	46.50	635.25
	Aggregate amount of unquoted investments	3,545.21	-	3,545.21
		4,180.46		4,180.46

SCHEDULE - 6

	₹ In lacs	₹ In lacs	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS:				
Inventories:				
Stores and Spare Parts		1,479.93		1,563.95
Raw Materials and Fuels		1,385.95		884.15
Packing Materials		192.72		127.53
Finished Goods		1,156.05		511.20
Stock in Process		643.51		144.56
		<hr/>	4,858.16	<hr/> 3,231.39
Sundry Debtors : Unsecured				
More than six months - Considered good		422.09		464.89
- Considered doubtful		301.53		307.51
		<hr/>		<hr/> 772.40
(Less) : Provision for Doubtful Debts		(301.53)		(307.51)
		<hr/>		<hr/> 464.89
Other Debts - Considered good		2,077.35		1,364.83
		<hr/>	2,499.44	<hr/> 1,829.72
Cash and Bank Balances:				
Cash on Hand		2.74		1.68
Balances with Scheduled Banks:				
On Current Accounts		240.92		648.07
On Fixed Deposits		599.96		1,107.61
		<hr/>		<hr/> 1,755.68
		840.88		<hr/> 1,757.36
		<hr/>	843.62	<hr/>
LOANS AND ADVANCES:				
Unsecured, Considered Good				
Interest Free Deposits / Other Receivables from Subsidiaries		67.63		55.23
Advances Recoverable in Cash or in Kind or for Value to be Received		469.36		789.17
Advances against Capital Expenditure and Purchase of Stores		907.93		1,014.77
Other Receivables		73.19		112.40
Deposits		616.83		610.17
Interest Accrued on Inter Corporate Deposit and Others		17.11		38.35
Tax Payments and Refund Receivable (Net of Provisions)		145.83		334.99
		<hr/>	2,297.88	<hr/> 2,955.08
Unsecured, Considered Doubtful				
Advances Recoverable in Cash or in Kind or for Value to be Received		-		111.85
Intercompany Deposits		554.76		554.76
		<hr/>		<hr/> 666.61
(Less): Provision for Doubtful Loans and Advances		(554.76)		(666.61)
		<hr/>		<hr/> -
		<hr/>	2,297.88	<hr/> 2,955.08
		<hr/>	10,499.10	<hr/> 9,773.55



SCHEDULE - 7

	₹ In lacs	₹ In lacs	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
CURRENT LIABILITIES AND PROVISIONS:				
CURRENT LIABILITIES:				
Sundry Creditors				
- Dues to Micro, Small and Medium Enterprises	2.17			3.91
- Other Creditors	4,474.23			4,390.45
		4,476.40		4,394.36
(See Note 9 to Accounts under Schedule '13')				
Advances against Orders		1,205.03		1,005.57
Security Deposits from Customers		629.44		582.05
Debentures - Unencashed		0.79		5.82
Unclaimed / Unpaid Dividend		-		77.77
Other Liabilities		14,115.72		12,581.58
Interest Accrued but not due		555.67		441.99
			20,983.05	19,089.14
PROVISIONS:				
For Gratuity / Leave Encashment		833.35		753.53
(See Note 17 to Accounts under Schedule '13')				
For Redemption Premium on Term Loans		-		501.71
For Excise Duty On Closing Stock		57.05		28.78
For Wealth Tax		4.00		4.00
			894.40	1,288.02
			21,877.45	20,377.16

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - 8

	₹ In lacs	For The Year ended March 31, 2011 ₹ In lacs	For Fifteen Months ended March 31, 2010 ₹ In lacs
SALE OF PRODUCTS AND OTHER INCOME:			
Sale of Products		43,521.74	61,906.10
Other Income			
Export Incentives	157.97		520.58
Insurance Claims Received	77.25		70.49
Dividends Received	0.05		0.05
Miscellaneous Income (including overheads shared)	168.76		464.40
Profit on Sale of Fixed Assets	15.15		16.34
Excess Provision Written Back	61.88		610.22
Provision for Doubtful Debts Written Back	1.75		41.80
Provision for Doubtful Advances Written Back	110.73		-
Sundry Creditors Written Back	128.80		193.20
Exchange Rate Fluctuations	(1.19)		84.53
		721.15	2,001.61
		44,242.89	63,907.71

SCHEDULE - 9

	For The Year ended March 31, 2011	For Fifteen Months ended March 31, 2010
	₹ In lacs	₹ In lacs
MANUFACTURING AND OTHER EXPENSES:		
Cement Purchase for Resale	1,215.72	4,030.97
Clinker / Coal Purchase for Resale	68.61	464.98
Raw Materials Consumed	3,513.28	4,619.84
Stores and Spare Parts Consumed	2,122.71	3,782.92
Packing Materials Consumed	1,375.83	1,482.52
Power and Fuel	15,227.91	14,106.44
Employee Cost		
Salaries, Wages, Bonus and Gratuity	2,078.79	2,531.58
Contribution to Provident Fund and Other Funds	190.61	228.46
Staff Welfare Expenses	55.83	64.08
(See Note 13 and Note 17 to Accounts under Schedule '13')	2,325.23	2,824.12
Repairs and Maintenance:		
Buildings, etc.	103.71	119.05
Machinery	918.40	1,369.73
Others	249.36	712.37
	1,271.47	2,201.15
Rent	143.32	172.11
Rates and Taxes	14.99	29.79
Hire Purchase Rentals	16.10	41.38
Insurance	123.83	156.53
Directors' Fees	9.80	16.20
Charity and Donations	0.25	-
Loss on Sale of Assets	22.14	17.42
Assets Discarded	-	2.21
Damages and Compensation Claim Settlement	-	612.64
Travelling and Conveyance	145.52	192.06
Wealth Tax	4.00	8.32
Bad Debts Written off	4.23	967.28
Less: Provision for Doubtful Debts Written Back	(4.23)	(967.28)
	-	-
Miscellaneous Expenses	1,056.94	1,359.56
Payment to Auditors:		
Audit Fees	7.00	6.25
Tax Audit Fees	2.65	3.09
For Certification Work	3.80	5.35
Reimbursement of Expenses	0.01	0.51
	13.46	15.20
Selling and Sales Administration Expenses		
Advertisement, Business Promotional and Service Charges	599.08	813.17
Freight Charges	6,219.50	7,086.04
Commission	452.01	746.78
Others	1,822.38	2,579.59
	9,092.97	11,225.58
	37,764.08	47,361.94



SCHEDULE - 10

	For The Year ended March 31, 2011	For Fifteen Months ended March 31, 2010
	₹ In lacs	₹ In lacs
(INCREASE) / DECREASE IN STOCKS		
Stocks at the end		
Cement	1,156.05	511.20
Raw Flour and Clinker	643.51	144.56
	<u>1,799.56</u>	<u>655.76</u>
Less: Stocks at the beginning		
Cement	511.20	814.96
Raw Flour and Clinker	144.56	1,141.58
	<u>655.76</u>	<u>1,956.54</u>
	(1,143.80)	1,300.78
Increase / (Decrease) in Excise Duty on Stocks	28.28	(5.89)
	<u>(1,115.52)</u>	<u>1,294.89</u>

SCHEDULE - 11

	For The Year ended March 31, 2011	For Fifteen Months ended March 31, 2010
	₹ In lacs	₹ In lacs
INTEREST (NET) :		
Interest on Borrowings		
On Debentures	460.72	609.35
On Term Loans	2,594.04	3,651.85
Others	265.88	293.98
	<u>3,320.64</u>	<u>4,555.18</u>
Other Interest		
On Sales Tax	362.07	452.74
On Royalty	328.20	406.29
On Electricity Duty	148.99	186.24
Others	95.15	90.61
	<u>934.41</u>	<u>1,135.88</u>
	4,255.05	5,691.06
(Less): Interest Earned (Gross)	(74.61)	(112.15)
(Includes ₹ 30.56 lacs (Previous Period ₹ 86.96 lacs) on Fixed Deposits with Banks)	<u>4,180.44</u>	<u>5,578.91</u>
(Tax deducted at Source ₹ 4.68 lacs, Previous period ₹ 67.73 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 that affect the reported amounts of revenues and expenses during the reporting year, the reported amounts of assets and liabilities and the disclosures of contingent liabilities as on the date of the financial statements. Examples of such estimates include useful life of Fixed Assets, provision for doubtful debts/ advances, deferred tax, etc. Actual results could differ from those estimates. Such difference is recognised in the year/s in which the results are known / materialised.

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, being not material.
- iii. Depreciation on assets other than Jetty is calculated on cost / net replacement value ascertained as at June 30, 1993 at the rates provided under Schedule XIV of the Companies Act, 1956.
- iv. The cost of Jetty is amortised over the period of right to use of 15 years. Addition thereto, is amortised over the residual years of its right to use.
- v. The excess depreciation provided on the revalued assets as reduced by that of on the original cost of the assets is transferred to the 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.



6. IMPAIRMENT OF ASSETS :

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

7. INVESTMENTS :

- i. Investments that are intended to be held for more than a year from the date of acquisition are classified as long-term investments and are stated at its cost of acquisition. Diminution, other than temporary, in the value of such investments is provided. Investments other than long-term investments, being current investments, are valued at the lower of cost and fair value, determined on an individual basis, including held by the Subsidiaries for long-term purposes is provided. Diminution in the value of other investments is provided.
- ii. Losses of subsidiary 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 dispatch of goods to customers. Sales figures are inclusive of excise duty, but are net of sales tax, value added tax, sales returns and adjustment in respect of discounts, rate difference, etc.
- ii. Export Sales are accounted on the basis of bills of lading / mates receipt dates.
- iii. Benefits of entitlement to import duty free materials on account of export are recognised in the year of export.
- iv. Claims for Insurance are accounted on certainty of acceptance thereof by the Insurer.

11. FOREIGN CURRENCY TRANSACTIONS :

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

12. EMPLOYEE BENEFITS :

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

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 year is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.
- ii. Deferred tax resulting from timing difference are recognised using current rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward business losses are recognised to the extent there exists a virtual certainty that these assets can be realised in future. Other deferred tax assets are recognised based on the principles of prudence. Deferred tax assets are reviewed at each Balance Sheet date (Refer Note 23 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 recognized, nor disclosed.

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



SCHEDULE – ‘13’

NOTES TO ACCOUNTS

	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
1. Estimated amount of contracts remaining to be executed on capital account (net of advances of ₹ 318.31 lacs, previous period ₹ 400.87 lacs) and not provided for.	352.11	96.83
2. Contingent liabilities not provided for:		
i. Matters under disputes / appeals :		
a. Sales Tax Liabilities	329.01	329.01
b. Excise Duty	174.05	174.05
c. Service Tax	62.06	60.89
d. Royalty	66.10	66.10
e. Customs Duty	631.50	625.47
f. Public Premises (Eviction of unauthorised Occupants) Act, 1971	919.93	1,336.53
g. Road Tax	26.54	26.54
h. Claims filed by workmen or their union against the Company	224.80	211.85
i. On account of Power supply	665.26	440.99
The amounts stated herein above are including interest and penalty, to the extent demanded.		
ii. Other demands and claims against the Company not acknowledged as debts	47.25	79.66
3. 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.		
4. 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. BIFR, on receipt of directions from its Appellate Authority to reconsider its earlier order, vide its record of the proceedings of the hearing held on March 15, 2011, directed -		
a. the Company to submit a revised Draft Rehabilitation Scheme (DRS) taking March 31, 2010, as a cut off date.		
b. Operating Agency (OA) to submit a fully tied up DRS.		
c. Government of Gujarat (GoG) to expedite its decision on the One Time Settlement.		
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 like One Time Settlement proposed with GoG, the Company would be able to generate sufficient returns to make its net worth positive in the future. Accordingly, the accounts of the Company are prepared on a going concern basis.		
5. Of the total Preference Share Capital of ₹ 687.60 lacs, the holders of 1,74,557 Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹ 100 each, aggregating to ₹ 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Company. Based on 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. For the balance of OCCPS, the right of conversion lapsed on August 22, 2003.		

6. Broad outline of Financial Restructuring sanctioned by Banks and Financial Institutions in an earlier year:

- 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 and accordingly such reliefs and concessions till date were as under :

No.	Particulars	Account Head reversed to	Upto	Upto
			March 31, 2011 ₹ In lacs	March 31, 2010 ₹ 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, interest is payable by the Company on ballooning basis ranging from 2% p.a. to 12% p.a. resulting into an average rate of interest of 8.5% per annum. For the current year, such interest is payable and provided at 12% per annum. The first year interest @ 2% is been funded as Funded Interest Term Loan (FITL) II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 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, 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.



7. Certain particulars of Secured / Unsecured Loans:

Particulars (Due within one year)	As at	As at
	March 31, 2011	March 31, 2010
	₹ In lacs	₹ In lacs
Secured Loans : *		
i. Debentures Non-Convertible:		
a. Public	550.07	335.78
b. Private	123.75	84.38
c. Interest accrued and due	50.17	-
ii. Term loans :		
a. From Financial Institutions	163.47	111.46
b. From Banks	567.37	338.61
c. From Others	10,524.74	8,566.89
d. Redemption Premium	653.65	-
e. Interest accrued and due	978.72	-
iii. Hire Purchase Creditors	53.07	46.87
	13,665.01	9,483.99

* Includes ₹ 10101.38 lacs (Previous Period ₹ Nil) being the amount due but not paid during the year.

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

	For the	For Fifteen
	Year ended	months ended
	March 31, 2011	March 31, 2010
	₹ In lacs	₹ In lacs
Borrowing Costs capitalised (Net)	-	2,402.30
Other Pre-operative Expenses	-	237.84
ii. Pre-operative expenses included under the head Capital Work-in-Progress are as follows: *		
	Upto March	Upto March
	31,2011	31,2010
	₹ In lacs	₹ In lacs
Technical Consultancy	320.40	320.40
Employee Cost	144.56	144.56
Interest and Finance cost	3,104.17	3,104.17
Travelling and Conveyance	227.48	227.48
Exchange rate fluctuation	42.43	42.43
Transportation Charges	19.96	19.96
Miscellaneous	59.97	59.97
Total	3,918.97	3,918.97

* Refer Note 24 to this Schedule relating to impairment of capital work-in-progress.

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

	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
Principal amount remaining unpaid and interest thereon	2.22	4.86
Interest paid in terms of Section 16	-	-
Interest due and payable for the period of delay in payment	0.05	0.95
Interest accrued and remaining unpaid	0.05	0.95
Interest due and payable even in succeeding years	0.05	0.95

10. 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 ₹ 70 Crores with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable to GoG of ₹ 170.22 Crores (Previous Period ₹ 161 Crores) have been shown net of such deposit, in Other Liabilities under Schedule '7'. The GoG has introduced a new Scheme, in place of its earlier schemes, for relief to the Sick Industrial Units registered with the BIFR vide GR BFR/(HPC)/102009/435690/P dated July 15, 2010. The Company has applied for OTS under the said scheme which is under process.

11. Expenses on maintenance, etc. incurred during the year for a guest house at Mumbai amounting to ₹ 4.11 lacs (Previous year ₹ 5.05 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.

12. Expenditure incurred during the year on cost of raising and transporting Limestone

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31, 2010 ₹ In lacs
i. Salaries and Wages	87.39	111.56
ii. Royalties and Cess Charges	899.66	901.51
iii. Stores Consumption	223.47	435.33
iv. Machinery Repairs and Maintenance	16.68	22.26
v. Excavation and Transportation	810.49	1,278.66
vi. Others	0.01	0.24
Total	2,037.70	2,749.56

13. Remuneration paid / payable to Whole-time Directors :

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31, 2010 ₹ In lacs
i. a. Salary	68.64	100.50
b. Contribution to Provident and other funds	18.53	27.14
c. Other perquisites	25.82	1.02
Total	112.99	128.66

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 the Central Government approval.



14. Exceptional Gain / (Loss) include:

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31, 2010 ₹ In lacs
i. Marking up in Value of Investments	-	10.50
ii. Provision of Losses of Subsidiaries written (off) / back	(31.24)	678.56
	(31.24)	689.06

15. 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 book losses for the current year no provision for Minimum Alternate Tax liability under Section 115 JB of the Income-tax Act, 1961 is made.

16. Quantitative information

	For the Year ended March 31, 2011		For Fifteen months ended March 31, 2010	
	Tonnes		Tonnes	
i. Capacity and Production:				
a. Licensed Capacity *				
b. Annual Installed capacity - Cement (OPC) as at March 31, 2011	1,501,000		1,501,000	
c. Production – Cement	1,158,720		1,607,395	
d. Production – Clinker	1,280,610		1,611,530	
* The Company's product is exempt from licensing requirements under New Industrial Policy in terms of Notification No. S.O. 477(E) dated July 25, 1991.				
* Annual Capacity as certified by the management and, being a technical matter, accepted by the Auditors.				
ii. Raw materials consumed	Tonnes	₹ In lacs	Tonnes	₹ In lacs
a. Limestone / Marl	1,825,360	2,264.10	2,232,179	2,557.22
b. Gypsum	56,524	486.20	78,733	679.87
c. Fly Ash	55,355	496.53	83,944	722.92
d. Iron Ore	29,522	194.44	55,061	454.01
e. Pozzolana and other materials	17,094	72.02	53,462	205.82
Total	3,513.29		4,619.84	
iii. Imported and indigenous consumption:	₹ In lacs	(%)	₹ In lacs	(%)
a. Raw materials- Indigenous	3,513.29	100.00	4,619.84	100.00
b. Spare parts and Components				
- Imported	457.10	11.37	649.12	10.50
- Indigenous *	3,562.85	88.63	5,531.33	89.50
	4,019.95	100.00	6,180.45	100.00
* Includes amounts directly debited to various account heads.				

53rd Annual Report

	For the Year ended March 31, 2011 ₹ In lacs		For Fifteen months ended March 31,2010 ₹ In lacs	
iv. Value of imports calculated on C.I.F. basis :				
a. Spare Parts and Components	231.24		876.83	
b. Capital goods	14.82		49.79	
v. Earnings in Foreign Currency:				
FOB Value of Exports	4,250.72		13,235.48	
vi. Remittance in Foreign Currency:				
Dividend	Nil		Nil	
vii. Expenditure in foreign currency:				
a. Travelling Expenses	14.25		27.39	
b. Commission on Exports	20.57		238.77	
c. Sea Freight and Demurrage	103.29		354.13	
d. Others	8.01		8.66	
viii. Sales Turnover (excluding traded goods)	For the Year ended March 31, 2011		For Fifteen months ended March 31,2010	
	Tonnes	₹ In lacs	Tonnes	
			₹ In lacs	
a. Cement*	1,136,046	37,797.95	1,611,539	
b. Clinker**	202,231	4,232.68	224,552	
*	Net of discounts on sales ₹ 719.90 lacs, (previous period ₹ 640.22 Lacs); Includes self consumption 210 MT, ₹ 4.77 lacs (previous period 528 MT, ₹ 11.46 lacs); Includes free supply of 340 MT, (previous period Nil); Excludes samples and shortages 1214 MT, (previous period 428 MT).			
**	Net of discounts on sales ₹ 0.07 lacs, (previous period ₹ Nil); Excludes samples, damages and shortages 5 MT (previous period 38 MT).			
ix. Traded Goods	Tonnes	₹ In lacs	Tonnes	
			₹ In lacs	
a. Clinker				
Opening Stock	-	-	-	
Purchases	946	16.85	20,108	
Sales	946	17.10	20,108	
Closing Stock	-	-	-	
b. Cement				
Opening Stock	696	15.71	9,336	
Purchases	55,515	1,215.72	169,395	
Sales	54,824	1,421.44	178,035	
Closing Stock	1,387	30.89	696	
c. Coal				
Opening Stock	-	-	-	
Purchases	1,029	51.76	2,000	
Sales	1,029	52.62	2,000	
Closing Stock	-	-	-	
x. Opening and Closing stocks of Finished goods :	Tonnes	₹ In lacs	Tonnes	
			₹ In lacs	
Opening Stock Cement	22,691	511.20	35,903	
Closing Stock Cement	44,842	1,156.05	22,691	



17. Disclosures required pursuant to Accounting Standard 15 on "Employee Benefits":

Particulars	As at	As at	As at	As at
	March 31, 2011 ₹ In lacs	March 31, 2010 ₹ In lacs	March 31, 2011 ₹ In lacs	March 31, 2010 ₹ In lacs
		Compensated Absences		Gratuity
i. Changes in Present Value of Obligations:				
Present Value of Obligation at the beginning	191.88	189.75	564.86	526.18
Current Service Cost	89.40	139.36	132.22	155.20
Interest Cost	15.07	17.78	43.51	49.73
Actuarial (Gain) / Loss on obligations	(88.12)	(155.01)	(83.19)	(106.18)
Benefits paid	-	-	(31.87)	(60.07)
Present value of Obligation as at the end	208.23	191.88	625.51	564.86
ii. Changes in Fair Value of Plan Assets :				
Fair value of Plan Assets at the beginning	Not Applicable		3.71	4.64
Expected return on Plan Assets	Not Applicable		0.13	0.36
Contributions	Not Applicable		30.00	55.00
Benefits paid	Not Applicable		(31.87)	(60.07)
Actuarial Gain / (Loss) on Plan Assets	Not Applicable		1.57	3.28
Fair value of Plan Assets as at the end	Not Applicable		0.40	3.71
iii. The amount recognised in balance sheet:				
Present value of Obligation at the end	(208.23)	(191.88)	(625.51)	(564.86)
Fair Value of Plan Assets at the end	-	-	0.40	3.71
Net Asset / (Liability) recognised in Balance sheet	(208.23)	(191.88)	(625.11)	(568.57)
iv. Amount recognised in the Profit and Loss Account:				
Current Service Cost	89.40	139.36	132.22	155.20
Interest Cost	15.07	17.78	43.51	49.73
Expected return on Plan Assets	-	-	(0.13)	(0.36)
Net Actuarial (gain) / Loss recognised in the year	(88.12)	(155.01)	(84.76)	(109.46)
Expenses Recognised in the statement of Profit and Loss Account	16.35	2.13	90.84	95.11
Assumptions:				
Mortality Table	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 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%
Expected Return on Plan Assets	6.00%	6.00%	6.00%	6.00%
Attrition Rate	1.00%	1.00%	1.00%	1.00%

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

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

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31, 2010 ₹ In lacs
Revenue – Sales		
a. Domestic (Net of Excise Duty)	34,486.69	44,097.34
b. Exports	4,482.54	13,305.54
Total	38,969.23	57,402.88

All the assets of the Company are in India only.

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

	As at March 31, 2011		As at March 31, 2010	
	US Dollars	₹ In lacs	US Dollars	₹ In lacs
a. Debtors Receivable	354,806	157.82	81,900	36.77
b. Advances from Customers	63,855	28.69	137,790	62.49
	418,661	186.51	219,690	99.26

20. Related Party Disclosures pursuant to Accounting Standard 18:

A. List of related parties:

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

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

ii. Subsidiary Companies :

- | | |
|---|-----------------------------------|
| a. Agrima Consultants International Limited | d. Ria Holdings Limited |
| b. Pranay Holdings Limited | e. Reeti Investments Limited |
| c. Prachit Holdings Limited | f. Concorde Cement (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 (Resigned in September 2010)

iv. Relatives of Key Management Personnel with whom Transactions have taken place:

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

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

- a Gujarat Sidhee Cement Limited

B. Transactions with related parties:

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31, 2010 ₹ In lacs
i. Transactions with Parties referred to in (i) above		
Interest received from Sameta Exports Private Limited	-	7.37
ii. Transactions and Balances with subsidiary companies:		
Amount Receivable from subsidiaries	33.23	20.83
Deposits with Reeti Investments Limited	34.40	34.40

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31,2010 ₹ In lacs
iii. Payments to Key Managerial Personnel:		
Remuneration to Mr. Jay M. Mehta	36.58	45.72
Remuneration to Mr. M S Gilotra	38.10	48.64
Remuneration to Mr. R K Poddar	38.32	34.29
iv. Payments to relatives of key Managerial Personnel:		
Security Deposit with relatives of Mr. M S Gilotra	130.00	130.00
Rent paid / payable to relatives of Mr. M S Gilotra	1.20	1.50
v. Transactions with Gujarat Sidhee Cement Limited		
Purchase of Goods and materials	1,243.36	4,453.38
Sale of Goods and materials	88.29	269.34
Expenses / (Recovery) for services (net)	(5.09)	(124.61)
Amount payable as at the end of the year	1,399.61	1,376.49
21. Outstanding Lease Disclosures under Accounting Standard 19:		
	As at March 31,2011 ₹ In lacs	As at March 31,2010 ₹ In lacs
i. Cost of machinery acquired under finance leases	206.69	206.69
ii. Net carrying amount at the Balance Sheet date	145.29	168.67
iii. Lease rent payable obligation:		
a. not later than one year;	53.07	46.87
b. later than one year and not later than five years;	17.74	70.81
c. later than five years;	-	-
22. Earnings per Share :		
	For the Year ended March 31, 2011	For Fifteen months ended March 31,2010
i. Weighted average number of Equity Shares of ₹10 each, outstanding	51,191,065	51,191,065
	51,191,065	51,191,065
	₹ In lacs	₹ In lacs
ii. Net Profit / (Loss) for the year	(5,705.62)	2,328.10
(Less) : Dividend payable to OCCPS Holders (Refer Note 6 above)	(89.39)	(111.73)
Net Profit / (Loss) available to Equity Shareholders	(5,795.01)	2,216.37
Basic and Diluted Earnings per Share (in rupees)	(11.32)	4.33
23. 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 year on account of unabsorbed depreciation and carried forward business losses.		

- ii. Based on the expected waivers on one time settlement scheme with Government of Gujarat (as referred to in Note 10 to this schedule), and also considering legal advice, from an expert, with regard to the recognition of DTA in terms of AS 22, the Company has recognised DTA on the basis of prudence only to the extent it will have sufficient future taxable income (by way of reduction in unabsorbed depreciation and / or carried forward business losses) against which the aggregate DTA recognised as on the Balance Sheet date would be realised. The Company has also been advised that DTA in respect of the unabsorbed depreciation to the extent of deferred tax liability for timing difference for depreciation can be recognised. Accordingly, DTA as detailed hereinbelow, has only been recognised as at March 31, 2011.

	As at March 31, 2010 ₹ In lacs	Movements During the year	As at March 31, 2011 ₹ In lacs
a. Deferred Tax Assets:			
1. Accrued expenses deductible on cash basis	2,455.90	389.61	2,845.51
2. Accrued expenses deductible on payment of TDS thereon	368.77	(9.60)	359.17
3. Unabsorbed depreciation	4,205.74	(2,570.66)	1,635.08
4. Accumulated business losses	100.30	(100.30)	-
Total	7,130.71	(2,290.95)	4,839.76
b. Deferred Tax Liabilities:			
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	2,400.71	(765.63)	1,635.08
c. Net Deferred Tax Assets (a-b)	4,730.00	(1,525.32)	3,204.68

24. The aggregate sum of ₹ 8036.81 lacs spent towards Expansion Project Assets, and reflected under Capital Work-in-progress (CWIP) inter alia, includes cost of an imported plant purchased, civil work carried out and pre-operative expenses (including interest capitalised), (Refer Note 8 to this Schedule). However, later on, due to several adversities, the project was suspended in 2005. Since the Project is suspended, based on the assessment of the current value (Net Selling Price) of the said Project and civil works under CWIP by an independent consultant, an impairment loss of ₹ 656.69 lacs, as required under Accounting Standard 28 on "Impairment of Assets" is recognised in the Profit and Loss Account and reflected as a separate line item.
25. Current year's figures have been rearranged, regrouped and / or reclassified, wherever necessary. The figures of the current year are for the twelve months, and hence are not comparable with those of previous period, which is for fifteen 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
Mumbai, Dated April 21, 2011

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011



Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	8 4 / T A	State Code	0 4
Balance Sheet Date	3 1 0 3 1 1		
	Date Month Year		

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue	N i l	Rights Issue	N i l
Bonus Issue	N i l	Private Placement	N i l

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	4 8 2 3 0 3 5	Total Assets	4 8 2 3 0 3 5
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Sources of Funds

Paid-up Capital	5 8 0 7 0 2	Advance Call Money	N i l
		Reserves & Surplus	1 5 8 3 6 8 2
Secured Loans	2 6 5 8 6 5 1	Unsecured Loans	N i l

Application of Funds

Net Fixed Assets	3 1 6 7 2 3 0	Investments	1 8 7 9 2 1
Net Current Assets	- 1 1 3 7 8 3 5	Misc. Expenditure	N i l
Accumulated Losses	2 2 8 5 2 5 1	Deferred Tax Assets	3 2 0 4 6 8

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	3 8 9 6 9 2 3	Total Expenditure	4 3 1 7 8 6 8
Profit before tax	- 4 2 0 9 4 5	Profit after tax	- 5 7 0 5 6 2
(Please tick Appropriate box "+" for Profit "-" for Loss)	<input type="checkbox"/> + / - <input type="checkbox"/> / -/		<input type="checkbox"/> + / - <input type="checkbox"/> / -/
Basic Profit Per Share (₹)	- 1 1. 3 2	Dividend rate %	N i l

V. Generic Names of Three Principal Products / Services Of Company (as per monetary terms)

Items Code No. (ITC Code)	2 2 3 2 9 0 1
Product	C E M E N T
Description	O R D I N A R Y P O R T L A N D C E M E N T
Item Code No. (ITC Code)	2 2 3 1 0 0 0
Product Description	C L I N K E R

Signatories to Schedules 1 to 13

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011

**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, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Company for the year on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with 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 ₹ 6.81 lacs as at March 31, 2011, total revenues of ₹ 2.70 lacs, and net cash inflows amounting to ₹ 2.34 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and in our opinion, insofar as relates to the amounts included in respect of the aforesaid subsidiaries, is based solely on the report of the other auditors.
- 4 We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements as referred to in Section 211 (3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006.
- 5 We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said Consolidated Financial Statements, read together with Significant Accounting Policies in Schedule '12' and the notes thereon in Schedule '13', including Note 19 to Accounts under Schedule '13', adverting to accounting for Deferred Tax Asset of ₹ 4839.76 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, 2011;
 - 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 year 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 year ended on that date.

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

Place : Mumbai
Dated: April 21, 2011

PARESH H CLERK
Partner
Membership No. 36148



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	₹ In lacs	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS :				
Share Capital	1	5,807.02		5,807.02
Reserves and Surplus	2	15,843.58		16,070.83
			21,650.60	21,877.85
LOAN FUNDS :				
Secured Loans	3A	26,586.51		25,845.87
Unsecured Loans	3B	0.05		0.05
			26,586.56	25,845.92
Total			48,237.16	47,723.77
APPLICATIONS OF FUNDS :				
FIXED ASSETS :				
Gross Block	4	55,517.83		55,252.79
(Less): Depreciation		(31,466.63)		(28,962.98)
Net Block		24,051.20		26,289.81
Capital Work-in-Progress (Net of Impairment)		7,640.23		8,277.34
			31,691.43	34,567.15
INVESTMENTS :				
DEFERRED TAX ASSETS (Net) : (See Note 19 to Accounts under Schedule '13')	5		1,498.51	1,498.51
			3,204.68	4,729.99
CURRENT ASSETS, LOANS AND ADVANCES :				
Inventories		4,858.16		3,231.39
Sundry Debtors		2,500.75		1,843.88
Cash and Bank Balances		851.97		1,763.37
Loans and Advances		2,661.01		3,291.02
			10,871.89	10,129.66
(LESS): CURRENT LIABILITIES AND PROVISIONS :				
Liabilities	7	21,040.32		19,113.25
Provisions		894.40		1,288.02
			(21,934.72)	(20,401.27)
NET CURRENT ASSETS			(11,062.83)	(10,271.61)
PROFIT AND LOSS ACCOUNT :				
As per Account Annexed		27,283.34		21,577.70
(Less): To the extent Balance In General Reserve as per Contra		(4,377.97)		(4,377.97)
			22,905.37	17,199.73
Total			48,237.16	47,723.77
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

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011

PARESH H. CLERK
Partner
Membership No. 36148
Mumbai, Dated April 21, 2011

CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	Schedule	₹ in lacs	For The Year ended March 31, 2011 ₹ in lacs	For Fifteen Months ended March 31, 2010 ₹ In lacs
INCOME	8			
Sale of Products (Gross)		43,524.04		61,937.61
(Less): Excise Duty		(4,552.51)		(4,503.22)
Sale of Products (Net)		38,971.53		57,434.39
Other Income		721.54		2,012.07
			39,693.07	59,446.46
EXPENDITURE				
Manufacturing and Other Expenses	9	37,783.35		47,395.30
(Increase) / Decrease in Stocks	10	(1,115.52)		1,294.88
			36,667.83	48,690.18
Profit before Interest, Depreciation and Exceptional Items			3,025.24	10,756.28
Interest (net)	11		4,180.44	5,580.07
Profit / (Loss) before Depreciation and Exceptional Items			(1,155.20)	5,176.21
Depreciation (including on Revalued Amounts)		2,624.51		3,277.53
Less: Amount withdrawn from Revaluation Reserve		(226.89)		(283.64)
			2,397.62	2,993.89
Impairment Loss (See Note 8 and Note 20 to Accounts under Schedule '13')			656.69	-
Profit / (Loss) before Exceptional Items and Tax			(4,209.51)	2,182.32
Exceptional Gain / (Loss) (See Note 11 to Accounts under Schedule '13')			-	702.90
			(4,209.51)	2,885.22
PROVISION FOR TAXATION				
Income Tax		(0.04)		3.76
Deferred Tax (Credit) / Charge (See Note 19 to Accounts under Schedule '13')		1,525.32		859.93
Fringe Benefit Tax		-		24.49
Excess Provision of FBT Written Back		(29.15)		-
			(1,496.13)	888.18
PROFIT / (LOSS) AFTER TAX			(5,705.64)	1,997.04
Expenses of Previous Year (Net)				(0.87)
Add: Liquidated Damages for Delayed Completion of Project *			-	320.00
PROFIT / (LOSS) FOR THE YEAR / PERIOD			(5,705.64)	2,316.17
Balance of Profit / (Loss) Brought Forward		(21,577.70)		(24,449.50)
Less: Amount withdrawn from Revaluation Reserve		-		875.63
			(21,577.70)	(23,573.87)
* Appropriations: Transfer to Capital Reserve			-	(320.00)
Balance of Profit / (Loss) Carried to the Balance Sheet			(27,283.34)	(21,577.70)
Earnings Per Share of ₹ 10 each (See Note 18 to Accounts under Schedule '13')				
Basic and Diluted			(11.32)	4.31
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
Mumbai, Dated April 21, 2011

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	₹ in lacs	₹ in lacs	For The Year ended March 31, 2011 ₹ in lacs	For Fifteen Months ended March 31, 2010 ₹ in lacs
A CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT FOR THE YEAR / PERIOD			(5,705.62)	2,316.17
Adjustments for :				
Add: Provision for Taxation	1,496.17			888.34
Interest	4,180.44			5,580.07
Hire Purchase Rentals	16.10			41.38
Loss on Sale of Assets / Assets Discarded	22.14			19.63
Exceptional (Gain) / Loss	-			(702.90)
Depreciation	2,397.59			2,993.89
Impairment Loss	656.69			-
		8,769.13		8,820.41
(Less): Profit on Sale of Assets	15.16			26.61
Excess Provision and Sundry Creditors Written Back	190.68			803.42
Provisions for Doubtful Debts Written Back / (Off)	1.75			41.80
Provision for Doubtful Advances Written Back	110.73			-
Dividends Received	0.10			0.10
		(318.42)		(871.93)
			8,450.71	7,948.48
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			2,745.09	10,264.65
Adjustments for :				
Trade and Other Payables		1,263.76		2,166.00
Trade and Other Receivables		(103.30)		478.33
(Increase) / Decrease in Inventories		(1,626.77)		694.11
Working Capital facilities from Banks (Net)		139.79		(111.34)
			(326.52)	3,227.10
CASH GENERATED FROM OPERATIONS			2,418.57	13,491.75
Less): Direct Taxes (Payments) / Refunds			218.31	(119.74)
NET CASH FLOW FROM OPERATING ACTIVITIES			2,636.88	13,372.01
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed assets		(364.94)		(815.14)
Sale of Fixed Assets		58.94		82.08
Dues (from) / to Subsidiaries		-		-
Interest Received		95.85		323.52
Dividends Received		0.10		0.10
NET CASH FLOW USED IN INVESTING ACTIVITIES			(210.05)	(409.44)

53rd Annual Report

	₹ in lacs	₹ in lacs	For The Year ended March 31, 2011 ₹ in lacs	For Fifteen Months ended March 31, 2010 ₹ in lacs
C CASH FLOW FROM FINANCING ACTIVITIES				
(Payments) / Proceeds from Issue of Warrants / Calls Realised		-		(3.65)
Proceeds from Long term Borrowings		59.68		2,084.07
Payment of Long term Borrowings		(1,134.07)		(9,801.77)
Repayment of Hire Purchase Liabilities		(62.97)		(95.23)
Interest and Finance Charges paid (including interest capitalised)		(2,123.10)		(5,089.69)
Payment of Unpaid Dividends		(77.77)		-
NET CASH FLOW USED IN FINANCING ACTIVITIES			(3,338.23)	(12,906.27)
NET INCREASE IN CASH AND CASH EQUIVALENTS			(911.40)	56.30
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR			1,763.37	1,707.07
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			851.97	1,763.37

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 ₹ 291.69 lacs (Previous Period ₹ 31.70 Lacs), of deposits under lien.
- Additions to Fixed Assets include movements of capital work in progress during the year.

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

PARESH H. CLERK
Partner
Membership No. 36148
Mumbai, Dated April 21, 2011

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - 1

		As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
SHARE CAPITAL			
Authorised :			
13,00,00,000	Equity Shares of ₹10 each	13,000.00	13,000.00
60,00,000	Preference Shares of ₹ 100 each	6,000.00	6,000.00
50,00,000	Unclassified Shares of ₹ 10 each	500.00	500.00
		19,500.00	19,500.00
Issued :			
5,90,95,018	Equity Shares of ₹10 each	5,909.50	5,909.50
6,87,595	13% Cumulative Preference Shares of ₹100 each**	687.60	687.60
		6,597.10	6,597.10
Subscribed :			
5,11,91,065	Equity Shares of ₹10 each *	5,119.11	5,119.11
6,87,595	13% Cumulative Preference Shares of ₹100 each**	687.60	687.60
		5,806.71	5,806.71
Paid up :			
5,11,91,065	Equity Shares of ₹10 each *	5,119.11	5,119.11
6,87,595	13% Cumulative Preference Shares of ₹ 100 each**	687.60	687.60
15,269	Forfeited Shares (Amount paid up ₹ 2 per Equity Share)	0.31	0.31
		5,807.02	5,807.02

Notes :

* Includes 30,00,000 Equity Shares of ₹ 10 each allotted as fully paid-up Bonus Shares by capitalisation of free reserves.

** (See Note 5 to Accounts under Schedule '13')

* (See Notes 6 (v) and (vi) to Accounts under Schedule '13', in respect of particulars of options of conversion.)

SCHEDULE - 2

		As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
RESERVES AND SURPLUS			
Capital Reserve : As per Last Balance Sheet		2,614.72	2,294.72
Add: Appropriated from the Profit and Loss Account		-	320.00
		2,614.72	2,614.72
Capital Redemption Reserve : As per Last Balance Sheet		50.00	50.00
Securities Premium : As per Last Balance Sheet		10,566.71	10,566.71
Revaluation Reserve : As per Last Balance Sheet		779.40	1,944.26
(Less): Transfer to Profit And Loss Account For Depreciation		(226.89)	(283.64)
(Less): For Fixed Assets sold		(0.36)	(5.59)
(Less): Withdrawn and transfer to brought forward debit balance of Profit And Loss Account		-	(875.63)
		552.15	779.40
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)
		-	-
		15,843.58	16,070.83

SCHEDULE - 3

SECURED LOANS:				As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
I	Debentures - Non - Convertible				
a	Public Debentures			2,833.36	3,111.55
	Rate %	Number of Debentures	Rupees per Debenture		
	Current Year				
	12.00	27,65,532	79.11		
	12.00	4,08,055	158.18		
	Previous Period				
	12.00	27,65,532	86.88		
	12.00	4,08,055	173.75		
b	Privately Placed Debentures 9,00,000 12% Debentures of ₹77.50 each (Previous Period ₹86.88 each)			697.50	781.87
c	Interest Accrued and Due			50.17	-
				3,581.03	3,893.42
II	Term Loans:				
a	From Financial Institutions			1,928.85	2,040.31
b	From Banks			3,994.82	4,387.57
c	From Others			14,591.53	14,799.15
d	Redemption Premium Due			653.65	-
e	Interest Accrued and Due			978.72	-
				22,147.57	21,227.03
III	Others:				
a	From Banks:				
i	Cash Credits			343.72	178.60
ii	Working Capital Demand Loan			443.38	429.14
				787.10	607.74
b	From Hire Purchase Creditors :			70.81	117.68
				857.91	725.42
				26,586.51	25,845.87

(See Notes 6 and 7 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 / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific and first charge holders. It is also secured by personal guarantee of two Directors of the Company.
- (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:

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) and on the equipment / movable assets secured by specific charge of such other lenders financing them and shall rank subservient to existing charges created / to be created in favour of specific charge holders. It is also secured by personal guarantee of two Directors of the Company.



(b) From Banks:

- (i) Term loan of ₹ 659.14 lacs from Bank of India together with funded interest term loans of ₹ 303.08 lacs, of ₹ 2126.47 lacs from Dena Bank together with funded interest term loans of ₹ 765.73 lacs, and funded interest term loan of ₹ 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 HDFC Bank of ₹ 124.16 lacs are secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Company.

(c) From others:

- (i) Term Loans from India Debt Management Pvt. Limited (assigned by IFCI to IDM) together with Funded Interest Term Loans and accrued interest thereon, amounting to ₹ 3506.72 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. It is also secured by personal guarantee of two Directors of the Company.
- (ii) Term Loans from India Debt Management Pvt. Limited, together with redemption premium due and accrued interest thereon amounting to ₹ 11603.71 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 ₹ 1109.65 lacs, are secured as mentioned above in para (II) a (i) above.
- (iv) Vehicle loans from Reliance Capital Financial Services Limited of ₹ 3.82 lacs, is secured by hypothecation of vehicles financed by them and personal guarantee by one of the directors of the Company.

(III) Other Secured Loans:

A From Banks:

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:

Equipment Loans from SREI Infrastructure Finance Limited are secured by hypothecation of assets financed by them and personal guarantee by one of the directors of the Company.

- (IV) All the aforementioned borrowings except para II (b) (ii), II (c) (iv) and III B 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 March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
	0.05	0.05
	0.05	0.05

SCHEDULE - 4

₹ In lacs

FIXED ASSETS :	GROSS BLOCK (Note 1)				DEPRECIATION				NET BLOCK		
	As at April 1, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011	Up to March 31, 2010	For The Year	Deductions/ Adjustments	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010	
Goodwill	95.27	-	-	95.27	83.36	9.53	-	92.89	2.38	11.91	
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)	2,666.25	89.66	0.91	2,755.00	976.96	74.15	-	1,051.11	1,703.89	1,689.29	
Buildings TPP	773.53	-	-	773.53	29.66	25.84	-	55.50	718.03	743.87	
Jetty - Civil Works	2,411.45	-	-	2,411.45	1,493.38	199.12	-	1,692.50	718.95	918.07	
Railway Siding and Weigh Bridge	247.71	-	-	247.71	221.55	5.98	-	227.53	20.18	26.16	
Water Supply Installation	185.08	-	-	185.08	169.43	3.68	-	173.11	11.97	15.65	
Electric Installation (Note 4)	1,997.59	112.65	10.33	2,099.91	1,438.34	94.97	2.32	1,530.99	568.92	559.25	
Electric Installation TPP	1,790.79	13.90	-	1,804.69	97.65	85.67	-	183.32	1,621.37	1,693.14	
Plant and Machinery (Note 5)	31,808.35	54.81	42.93	31,820.23	22,101.49	1,382.84	38.68	23,445.65	8,374.58	9,706.86	
Plant and Machinery TPP	9,743.48	-	-	9,743.48	590.57	514.46	-	1,105.03	8,638.45	9,152.91	
Rolling Stock and Locomotives	33.84	-	-	33.84	29.35	0.86	-	30.21	3.63	4.49	
Furniture and Fixtures	1,134.97	27.23	4.63	1,157.57	535.54	58.65	4.45	589.74	567.83	599.43	
Furniture and Fixtures TPP	10.80	-	-	10.80	0.76	0.68	-	1.44	9.36	10.04	
Office Equipments	657.76	39.34	1.76	695.34	534.05	25.42	1.49	557.98	137.36	123.71	
Motor Cars, Trucks, etc. (Note 5)	1,334.85	111.71	124.15	1,322.41	612.97	138.09	65.07	685.99	636.42	721.88	
Air Conditioners	100.54	9.79	9.34	100.99	47.92	4.57	8.85	43.64	57.35	52.62	
Current Year	55,252.79	459.09	194.05	55,517.83	28,962.98	2,624.51	120.86	31,466.63	24,051.20	26,289.81	
Previous Period	41,848.38	13,672.14	267.73	55,252.79	25,876.10	3,272.58	185.70	28,962.98	26,289.81		
	Capital Work In Progress Block										
	As at April 1, 2010	Additions	Deductions/ Adjustments	As at March 31, 2011	Impairment For The Year	As at March 31, 2011					
Capital work in Progress (Note 6)	8,277.34	31.98	12.40	8,296.92	656.69	7,640.23					
Previous Period	21,032.22	316.11	13,070.99	8,277.34	-	8,277.34					

NOTES :

- Gross Block includes ₹ 4602 lacs, added on revaluation of the Company's land, buildings, plant and machinery situated at Ranavav in order to reflect a realistic position of the net replacement cost of such assets, on the basis of valuation made by an external valuer, which had resulted in a net increase of ₹ 5722.61 lacs, as at June 30, 1993.
- 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 ₹ 33.20 lacs, ownership of which is vested with Paschim Gujarat Vij Company Limited.
- Includes equipment and vehicles financed under hire purchase agreements.
- Includes ₹ 8036.81 lacs, in respect of Expansion Project Assets, which was suspended in an earlier year. Based on a valuation by Holtec Consulting Private Limited, provision for impairment for these assets is made as at the end of the year. (See Note 24 to Accounts under Schedule '13')
- For Capitalisation of Pre-operative Expenses and Borrowing Costs - See Note 8 to Accounts under Schedule '13'.

SCHEDULE - 6

	₹ In lacs	₹ In lacs	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS:				
Inventories:				
Stores and Spare Parts		1,479.93		1,563.95
Raw Materials and Fuels		1,385.95		884.15
Packing Materials		192.72		127.53
Finished Goods		1,156.05		511.20
Stock in Process		643.51		144.56
		<hr/>	4,858.16	<hr/> 3,231.39
Sundry Debtors : Unsecured				
More than six months - Considered good		422.09		470.81
- Considered doubtful		301.53		307.51
		<hr/>		<hr/> 778.32
(Less) : Provision for Doubtful Debts		(301.53)		(307.51)
		<hr/>		<hr/> 470.81
Other Debts - Considered good		2,078.66		1,373.07
		<hr/>	2,500.75	<hr/> 1,843.88
Cash and Bank Balances:				
Cash on Hand		2.86		1.78
Balances with Scheduled Banks:				
On Current Accounts		249.15		653.99
On Fixed Deposits		599.96		1,107.60
		<hr/>		<hr/> 1,761.59
		849.11		851.97
		<hr/>		<hr/> 1,763.37
LOANS AND ADVANCES:				
Unsecured, Considered Good				
Advances Recoverable in Cash or in Kind or for Value to be Received		482.53		802.35
Advances against Capital Expenditure and Purchase of Stores		907.93		1,014.77
Other Receivables		73.19		112.40
Deposits		1,001.82		863.60
Interest Accrued on Inter Corporate Deposit and Others		17.11		38.35
Intercorporate Deposits		-		92.00
Tax Payments and Refund Receivable (Net of Provisions)		178.43		367.55
		<hr/>	2,661.01	<hr/> 3,291.02
Unsecured, Considered Doubtful				
Advances Recoverable in Cash or in Kind or for Value to be Received		-		111.85
Intercorporate Deposits		554.76		554.76
		<hr/>		<hr/> 666.61
(Less): Provision for Doubtful Loans and Advances		(554.76)		(666.61)
		<hr/>		<hr/> -
		<hr/>	2,661.01	<hr/> 3,291.02
		<hr/>	10,871.89	<hr/> 10,129.66



SCHEDULE - 7

	₹ In lacs	₹ In lacs	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
CURRENT LIABILITIES AND PROVISIONS:				
CURRENT LIABILITIES:				
Sundry Creditors				
- Dues to Micro, Small and Medium Enterprises	2.17			3.91
- Other Creditors	4,529.12			4,412.84
		4,531.29		4,416.75
Advances against Orders		1,205.03		1,005.57
Security Deposits from Customers		629.44		582.05
Debentures - Unencashed		0.79		5.82
Unclaimed / Unpaid Dividend		-		77.77
Other Liabilities		14,118.10		12,583.30
Interest Accrued but not due		555.67		441.99
			21,040.32	19,113.25
PROVISIONS:				
For Gratuity / Leave Encashment		833.35		753.53
For Redemption Premium on Term Loans		-		501.71
For Excise Duty On Closing Stock		57.05		28.78
For Wealth Tax		4.00		4.00
			894.40	1,288.02
			21,934.72	20,401.27

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE - 8

	₹ In lacs	For The Year ended March 31, 2011 ₹ In lacs	For Fifteen Months ended March 31, 2010 ₹ In lacs
SALE OF PRODUCTS AND OTHER INCOME:			
Sale of Products		43,524.04	61,937.61
Other Income			
Export Incentives	157.97		520.58
Insurance Claims Received	77.25		70.49
Dividends Received	0.10		0.10
Miscellaneous Income (including overheads shared)	169.09		464.44
Profit on Sale of Fixed Assets	15.16		26.61
Excess Provision Written Back	61.88		610.22
Provision for Doubtful Debts Written Back	1.75		41.80
Provision for Doubtful Advances Written Back	110.73		-
Sundry Creditors Written Back	128.80		193.20
Exchange Rate Fluctuations	(1.19)		84.63
		721.54	2,012.07
		44,245.58	63,949.68

SCHEDULE - 9

	For The Year ended March 31, 2011	For Fifteen Months ended March 31, 2010
	₹ In lacs	₹ In lacs
MANUFACTURING AND OTHER EXPENSES:		
Cement Purchase for Resale	1,215.72	4,030.97
Clinker / Coal Purchase for Resale	68.61	464.98
Raw Materials Consumed	3,513.28	4,619.84
Stores and Spare Parts Consumed	2,122.71	3,782.92
Packing Materials Consumed	1,375.83	1,482.52
Power and Fuel	15,227.91	14,106.44
Employee Cost		
Salaries, Wages, Bonus and Gratuity	2,078.79	2,533.09
Contribution to Provident Fund and Other Funds	190.61	228.58
Staff Welfare Expenses	55.83	64.10
(See Note 10 and Note 13 to Accounts under Schedule '13')	2,325.23	2,825.77
Repairs and Maintenance:		
Buildings, etc.	103.71	119.05
Machinery	918.40	1,369.73
Others	249.36	715.86
	1,271.47	2,204.64
Rent	152.54	183.02
Rates and Taxes	20.65	36.84
Hire Purchase Rentals	16.10	41.38
Insurance	123.83	157.53
Directors' Fees	9.80	16.20
Charity and Donations	0.25	-
Loss on Sale of Assets	22.14	17.42
Assets Discarded	-	2.21
Damages and Compensation Claim Settlement	-	612.64
Travelling and Conveyance	146.28	195.47
Wealth Tax	4.00	8.47
Bad Debts Written off	4.23	967.28
Less: Provision for Doubtful Debts Written Back	(4.23)	(967.28)
	-	-
Miscellaneous Expenses	1,060.32	1,364.79
Payment to Auditors:		
Audit Fees	7.25	6.72
Tax Audit Fees	2.65	3.09
For Certification Work	3.80	5.35
Reimbursement of Expenses	0.01	0.51
	13.71	15.67
Selling and Sales Administration Expenses		
Advertisement, Business Promotional and Service Charges	599.08	813.17
Freight Charges	6,219.50	7,086.04
Commission	452.01	746.78
Others	1,822.38	2,579.59
	9,092.97	11,225.58
	37,783.35	47,395.30



SCHEDULE - 10

	For The Year ended March 31, 2011	For Fifteen Months ended March 31, 2010
	₹ In lacs	₹ In lacs
(INCREASE) / DECREASE IN STOCKS		
Stocks at the end		
Cement	1,156.05	511.20
Raw Flour and Clinker	643.51	144.56
	<u>1,799.56</u>	<u>655.76</u>
Less: Stocks at the beginning		
Cement	511.20	814.96
Raw Flour and Clinker	144.56	1,141.58
	<u>655.76</u>	<u>1,956.54</u>
	(1,143.80)	1,300.78
Increase / (Decrease) in Excise Duty on Stocks	28.28	(5.89)
	<u>(1,115.52)</u>	<u>1,294.89</u>

SCHEDULE - 11

	For The Year ended March 31, 2011	For Fifteen Months ended March 31, 2010
	₹ In lacs	₹ In lacs
INTEREST (NET) :		
Interest on Borrowings		
On Debentures	460.72	609.35
On Term Loans	2,594.04	3,653.01
Others	265.88	293.98
	<u>3,320.64</u>	<u>4,556.34</u>
Other Interest		
On Sales Tax	362.07	452.74
On Royalty	328.20	406.29
On Electricity Duty	148.99	186.24
On Power and Fuel	-	0.49
Others	95.15	90.12
	<u>934.41</u>	<u>1,135.88</u>
	4,255.05	5,692.22
(Less): Interest Earned (Gross)	(74.61)	(112.15)
(Includes ₹ 30.56 lacs (Previous Period ₹ 86.96 lacs) on Fixed Deposits with Banks)	<u>4,180.44</u>	<u>5,580.07</u>
(Tax deducted at Source ₹ 4.68 lacs, Previous period ₹ 67.73 lacs)		

CONSOLIDATED STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE - 12

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. 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.

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

No.	Name of the Company	Country of Incorporation	Parent's ultimate holding as on 31.03.2011	Financial Year ends
i.	Pranay Holdings Limited	India	100%	Year ended March 31, 2011.
ii.	Prachit Holdings Limited	India	100%	
iii.	Ria Holdings Limited	India	100%	
iv.	Reeti Investments Limited	India	100%	
v.	Agrima Consultants International Limited	India	100%	

4. 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 year, the reported amounts of assets and liabilities and the disclosures of contingent liabilities as on the date of the financial statements. Examples of such estimates include useful 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 year/s in which the results are known / materialised.

5. 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.

6. 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 & 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.

7. 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)

8. IMPAIRMENT OF ASSETS:

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

9. INVESTMENTS:

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

10. 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.

11. 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.

12. REVENUE RECOGNITION:

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

13. FOREIGN CURRENCY TRANSACTIONS :

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

14. EMPLOYEE BENEFITS:

- i. Defined contribution plan: The Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the year in which the employees renders the related service.
- ii. Defined benefit plan - Gratuity : In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a 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 year in which the employees renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent Actuarial valuation.



15. 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.

16. 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 assets are reviewed at each Balance Sheet date (Refer Note 24 to Accounts under Schedule '13').

17. 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 recognized, nor disclosed.

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE – 13

	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
1. Estimated amount of contracts remaining to be executed on capital account (net of advances of ₹ 318.31 lacs, previous period ₹ 400.87 lacs) and not provided for.	352.11	96.83
2. Contingent liabilities not provided for:		
i. Matters under disputes / appeals :		
a. Sales Tax Liabilities	329.01	329.01
b. Excise Duty	174.05	174.05
c. Service Tax	62.06	60.89
d. Royalty	66.10	66.10
e. Customs Duty	631.50	625.47
f. Public Premises (Eviction of unauthorised Occupants) Act, 1971	919.93	1,336.53
g. Road Tax	26.54	26.54
h. Claims filed by workmen or their union against the Holding Company	224.80	211.85
i. On account of Power supply	665.26	440.99
j. Disputed demands of Income Tax Authorities against subsidiary companies	53.01	53.01
The amounts stated herein above are including interest and penalty, to the extent demanded.		
ii. Other demands and claims against the Holding Company not acknowledged as debts	47.25	79.66
3. 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.		
4. 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. BIFR, on receipt of directions from its Appellate Authority to reconsider its earlier order, vide its record of the proceedings of the hearing held on March 15, 2011, directed -		
a. the Holding Company to submit a revised Draft Rehabilitation Scheme (DRS) taking March 31, 2010, as a cut off date.		
b. Operating Agency (OA) to submit a fully tied up DRS.		
c. Government of Gujarat (GoG) to expedite its decision on the One Time Settlement.		
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 like One Time Settlement proposed with GoG, the Holding Company would be able to generate sufficient returns to make its net worth positive in the future. Accordingly, the accounts of the Holding Company are prepared on a going concern basis.		



5. Of the total Preference Share Capital of ₹ 687.60 lacs, the holders of 1,74,557 Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹ 100 each, aggregating to ₹ 174.56 lacs, have surrendered their right in the redemption, including the preference dividend thereon for the benefit of the Company. Based on 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. For the balance of OCCPS, the right of conversion lapsed on August 22, 2003.

6. Broad outline of Financial Restructuring sanctioned by Banks and Financial Institutions in an earlier year:

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 and accordingly such reliefs and concessions till date were as under :

No.	Particulars	Account Head reversed to	Upto March 31, 2011 ₹ In lacs	Upto March 31, 2010 ₹ 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, interest is payable by the Holding Company on ballooning basis ranging from 2% p.a. to 12% p.a. resulting into an average rate of interest of 8.5% per annum. For the current year, such interest is payable and provided at 12% per annum. The first year interest @ 2% is been funded as Funded Interest Term Loan (FITL) II. The repayment of outstanding principal is to be made over a period of 10 years including the initial moratorium of first three years. 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, 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.

7. Certain particulars of Secured / Unsecured Loans:

Particulars (Due within one year)

	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
Secured Loans : *		
i. Debentures Non-Convertible:		
a. Public	550.07	335.78
b. Private	123.75	84.38
c. Interest accrued and due	50.17	-
ii. Term loans :		
a. From Financial Institutions	163.47	111.46
b. From Banks	567.37	338.61
c. From Others	10,524.74	8,566.89
d. Redemption Premium	653.65	-
e. Interest accrued and due	978.72	-
iii. Hire Purchase Creditors	53.07	46.87
	13,665.01	9,483.99

* Includes ₹ 10101.38 lacs (Previous Period ₹ Nil) being the amount due but not paid during the year.

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

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31, 2010 ₹ In lacs
Borrowing Costs capitalised (Net)	-	2,402.30
Other Pre-operative Expenses	-	237.84
ii. Pre-operative expenses included under the head Capital Work-in-Progress are as follows: *		
	Upto March 31, 2011 ₹ In lacs	Upto March 31, 2010 ₹ In lacs
Technical Consultancy	320.40	320.40
Employee Cost	144.56	144.56
Interest and Finance cost	3,104.17	3,104.17
Travelling and Conveyance	227.48	227.48
Exchange rate fluctuation	42.43	42.43
Transportation Charges	19.96	19.96
Miscellaneous	59.97	59.97
Total	3,918.97	3,918.97

* Refer Note 20 to this Schedule relating to impairment of capital work-in-progress.



9. 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 ₹ 70 Crore with Gujarat State Financial Services Limited towards aforesaid settlement. Pending the settlement, dues payable to GoG of ₹ 170.22 Crore (Previous Period ₹ 161 Crores) have been shown net of such deposit, in Other Liabilities under Schedule '7'. The GoG has introduced a new Scheme, in place of its earlier schemes, for relief to the Sick Industrial Units registered with the BIFR vide GR BFR/(HPC)/102009/435690/P dated July 15, 2010. The Holding Company has applied for OTS under the said scheme which is under process.

10. Remuneration paid / payable to Whole-time Directors :

	For the Year ended March 31, 2011	For Fifteen months ended March 31, 2010
	₹ In lacs	₹ In lacs
i. a. Salary	68.64	100.50
b. Contribution to Provident and other funds	18.53	27.14
c. Other perquisites	25.82	1.02
Total	112.99	128.66

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 the Central Government approval.

11. Exceptional Gain / (Loss) include:

i. Marking up in Value of Investments	-	702.90
	-	702.90

12. 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 book losses for the current year no provision for Minimum Alternate Tax liability under Section 115 JB of the Income-tax Act, 1961 is made.

13. 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.

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

	For the Year ended March 31, 2011	For Fifteen months ended March 31, 2010
	₹ In lacs	₹ In lacs
Revenue – Sales		
a. Domestic (Net of Excise Duty)	34,486.69	44,097.34
b. Exports	4,482.54	13,305.54
Total	38,969.23	57,402.88

All the assets of the Company are in India only.

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

	As at March 31, 2011		As at March 31, 2010	
	US Dollars	₹ In lacs	US Dollars	₹ In lacs
a. Debtors Receivable	354,806	157.82	81,900	36.77
b. Advances from Customers	63,855	28.69	137,790	62.49
	418,661	186.51	219,690	99.26

16. Related Party Disclosures pursuant to Accounting Standard 18:

A. List of related parties:

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

<ol style="list-style-type: none"> a. Jagmi Investment Limited b. Fawn Trading Co. Pvt. Limited c. Fern Trading Co. Pvt. Limited d. Willow Trading Co. Pvt. Limited e. Tejashree Trading Co. Pvt. Limited f. Pallor Trading Co. Pvt. Limited g. The Mehta International Limited h. Mehta Private Limited i. Sameta Exports Pvt. Limited j. Clarence Investments Limited k. Transasia Investment & Trading Limited l. Hopgood Investments Limited 	<ol style="list-style-type: none"> m. Sampson Limited n. Villa Trading Co. Pvt. Ltd. o. Aber Investments Limited p. Glenn Investments Limited q. Mr. Mahendra N Mehta r. Mr. Jay M Mehta s. Mr. Hemang D Mehta t. Mrs. Medhaviniben D Mehta u. Ms. Uma D Mehta v. Ms. Kamalakshi D Mehta w. Mrs. Juhi Jay Mehta x. Ms. Radha M. Mehta
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- 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 (Resigned in September 2010)
- iii. Relatives of Key Management Personnel with whom Transactions have taken place:
 - a. Mrs. Narinder Kaur - Wife of Mr. M S Gilotra
 - b. Mr. Amandeep Singh Gilotra - Son of Mr. M S Gilotra
- iv. Name of a company in which policies are controlled by common Key Management Personnel :
 - a. Gujarat Sidhee Cement Limited

B. Transactions with related parties:

	For the Year ended March 31, 2011 ₹ In lacs	For Fifteen months ended March 31, 2010 ₹ In lacs
i. Transactions with Parties referred to in (i) above Interest received from Sameta Exports Private Limited	-	7.37
ii. Transactions and Balances with subsidiary companies: Amount Receivable from subsidiaries	33.23	20.83
Deposits with Reeti Investments Limited	34.40	34.40
iii. Payments to Key Managerial Personnel: Remuneration to Mr. Jay M. Mehta	36.58	45.72
Remuneration to Mr. M S Gilotra	38.10	48.64
Remuneration to Mr. R K Poddar	38.32	34.29
iv. Payments to relatives of key Managerial Personnel: Security Deposit with relatives of Mr. M S Gilotra	130.00	130.00
Rent paid / payable to relatives of Mr. M S Gilotra	1.20	1.50
v. Transactions with Gujarat Sidhee Cement Limited Purchase of Goods and materials	1,243.36	4,453.38
Sale of Goods and materials	88.29	269.34
Expenses / (Recovery) for services (net)	(5.09)	(124.61)
Amount payable as at the end of the year	1,399.61	1,376.49



17. Outstanding Lease Disclosures under Accounting Standard 19:

	As at March 31, 2011 ₹ In lacs	As at March 31, 2010 ₹ In lacs
i. Cost of machinery acquired under finance leases	206.69	206.69
ii. Net carrying amount at the Balance Sheet date	145.29	168.67
iii. Lease rent payable obligation:		
a. not later than one year;	53.07	46.87
b. later than one year and not later than five years;	17.74	70.81
c. later than five years;	-	-

18. Earnings per Share :

	For the Year ended March 31, 2011	For Fifteen months ended March 31, 2010
i. Weighted average number of Equity Shares of ₹ 10 each, outstanding	51,191,065	51,191,065
	<u>51,191,065</u>	<u>51,191,065</u>
	₹ In lacs	₹ In lacs
ii. Net Profit / (Loss) for the Year / Period (Less) : Dividend payable to OCCPS Holders (Refer Note 6 above)	(5,705.64)	2,316.17
	(89.39)	(111.73)
Net Profit / (Loss) available to Equity Shareholders	<u>(5,795.03)</u>	<u>2,204.44</u>
Basic and Diluted Earnings per Share (in rupees)	(11.32)	4.31

19. 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 year on account of unabsorbed depreciation and carried forward business losses.
- ii. Based on the expected waivers on one time settlement scheme with Government of Gujarat (as referred to in Note 9 to this Schedule), and also considering legal advice, from an expert, with regard to the recognition of DTA in terms of AS 22, the Holding Company has recognised DTA on the basis of prudence only to the extent it will have sufficient future taxable income (by way of reduction in unabsorbed depreciation and / or carried forward business losses) against which the aggregate DTA recognised as on the Balance Sheet date would be realised. The 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. Accordingly, DTA as detailed hereinbelow, has only been recognised as at March 31, 2011.

	As at March 31, 2010 ₹ In lacs	Movements During the year	As at March 31, 2011 ₹ In lacs
a. Deferred Tax Assets:			
1. Accrued expenses deductible on cash basis	2,455.90	389.61	2,845.51
2. Accrued expenses deductible on payment of TDS thereon	368.77	(9.60)	359.17
3. Provision for doubtful debts and advances	-	-	-
4. Unabsorbed depreciation	4,205.74	(2,570.66)	1,635.08
5. Accumulated business losses	100.30	(100.30)	-
Total	<u>7,130.71</u>	<u>(2,290.95)</u>	<u>4,839.76</u>
b. Deferred Tax Liabilities:			
Difference between WDV as per the Income-tax Act, 1961 and the Companies Act, 1956	2,400.71	(765.63)	1,635.08
c. Net Deferred Tax Assets (a-b)	<u>4,730.00</u>	<u>(1,525.32)</u>	<u>3,204.68</u>

20. The aggregate sum of ₹ 8036.81 lacs was spent towards a project reflected under Capital Work-in-progress (CWIP) inter alia, included therein cost of an imported plant purchased, civil work carried out and pre-operative expenses (including interest capitalised), (Refer Note 8 to this Schedule). However, later on, due to several adversities, such as downturn in cement industry, the project was suspended in 2005. Since the Plant is not functional, as in the past, based on the assessment of the current value (Net Selling Price) the said Plant and civil works under CWIP by an independent consultant, an impairment loss of ₹ 656.69 lacs as required under Accounting Standard 28 on "Impairment of Assets" is recognised in the Profit and Loss Account and reflected as a separate line item.
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. Current year's figures have been rearranged, regrouped and / or reclassified, wherever necessary. The figures of the current year are for the twelve months, and hence are not comparable with those of previous period, which is for fifteen 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
Mumbai, Dated April 21, 2011

For and on Behalf of the Board of Directors
Jay M. Mehta Executive Vice Chairman
Hemang D. Mehta
M. N. Rao
B. P. Deshmukh
Hemnabh Khatau
Jayant Godbole
K.N. Bhandari
Anil Kaul
Anish Modi
Chetan Jain
M. S. Gilotra Managing Director
V. R. Mohnot Director (Finance) & Co. Secretary
Mumbai, Dated April 21, 2011

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	Agrima Consultants International Ltd.	*Concorde Cement Pvt.Ltd.
2. Financial Year of the Subsidiary Company ended on 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
3. Holding Company's interest						
(i) No. of equity shares	1,00,00,000	1,00,00,000	1,00,00,000	40,00,000	4,04,100	1,49,274
	Equity shares of Rs. 10/- each	Equity shares of Rs. 10/- each	Equity shares of Rs. 10/- each	Equity shares of Rs. 10/- each	Equity shares of Rs. 10/- each	Equity shares of SLR. 10/- each
4. The net aggregate amount of Subsidiary's (Profit)/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts						
(i) For the Current Financial Year (Rs)	(18,961)	(17,941)	(109,906)	(13,064)	(2,011,051)	—
(ii) For the previous financial years since it became a subsidiary (Rs)	(40,973,950)	(41,709,415)	(40,950,111)	(38,952,344)	1,622,710	—
5. Net aggregate amount of Profit/Losses of the subsidiary which has been dealt with in the accounts of the Holding Company						
i) For the Current Financial Year (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil
ii) For the Previous Financial Years since it became a subsidiary (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil
6. Material changes between the end of the financial year of the subsidiaries and that of Saurashtra Cement Limited						
(i) Fixed Assets	-	-	-	-	-	-
(ii) Investments	-	-	-	-	-	-
(iii) Loans and Advances	-	-	-	-	-	-
(iv) Monies borrowed by the subsidiary company other than for meeting current liability	-	-	-	-	-	-

Note: * Yet to commence operation

For and on Behalf of the Board of Directors

Jay M. Mehta

Executive Vice Chairman

Hemang D. Mehta

M. N. Rao

B. P. Deshmukh

Hemnabh Khatau

Jayant Godbole

K.N. Bhandari

Anil Kaul

Anish Modi

Chetan Jain

M. S. Gilotra

Managing Director

V. R. Mohnot

Director (Finance) & Co. Secretary

Mumbai, Dated April 21, 2011

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

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

(All figures in Indian Rupees)

Sr. No.	Particulars	Pranay Holdings Ltd	Prachit Holdings Ltd	Ria Holdings Ltd	Reeti Investments Ltd	Agrima Consultants International Ltd	*Concorde Cement Pvt. Ltd.
a.	Capital	100,000,000	100,000,000	100,000,000	40,000,000	4,041,000	918,683
b.	Reserves and Surplus / Debit Balance of Profit & Loss A/c)	(40,992,911)	(41,727,356)	(41,060,017)	(38,965,408)	676,000	-
c.	Total Assets	100,000,000	100,000,000	100,000,000	43,445,000	4,717,000	-
d.	Total Liabilities	100,000,000	100,000,000	100,000,000	43,445,000	4,717,000	-
e.	Investments (Net)	47,656,000	47,817,000	47,817,000	5,042,989	25,000	-
f.	Turnover	-	-	644	-	269,067	-
g.	Profit/(Loss) Before Tax	(18,961)	(17,941)	(109,906)	(13,064)	(2,014,665)	-
h.	Provision for Tax	-	-	-	-	3,614	-
l.	Profit / (Loss) After Tax	(18,961)	(17,941)	(109,906)	(13,064)	(2,011,051)	-
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 : April 21, 2011

Jay M. Mehta
Executive Vice Chairman

M. S. Gilotra
Managing Director



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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 53rd 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 28th July, 2011** and at any adjournment thereof.

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

* Applicable for investors holding shares in Electronic form.

NOTES:

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

(Tear Here)

(Tear Here)



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 53rd Annual General Meeting of the Company to be held at **10.00 a.m.** on **Thursday the 28th July, 2011** and at any adjournment thereof.

Signed thisday of....., 2011

One Rupee
Revenue
Stamp

Signature.....

* Applicable for investors holding shares in Electronic form.

BOOK - POST

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