

**KAMAL CEMENT**

# **SHREE DIGVIJAY CEMENT CO. LTD.**

**( A CIMPOR GROUP COMPANY )**



## **67<sup>th</sup> Annual Report and Accounts 2011**



**CIMPOR**

**HQ : Cimor Cimentos de Portugal, SGPS. S.A., Rua Alexandre Herculano, Lisboa, Portugal**

## **CONTENTS**

---

Notice .....	2
Directors' Report .....	6
Management Discussion & Analysis .....	9
Report on Corporate Governance .....	13
Shareholders Information .....	18
Auditors' Report .....	21
Balance Sheet .....	24
Profit and Loss Account .....	25
Cash Flow Statement .....	26
Schedules to the Accounts .....	28
Notes to the Financial Statements .....	34
Balance Sheet Abstract .....	45
Attendance Slip/Proxy (Annexed)	

# SHREE DIGVIJAY CEMENT CO. LTD.

## BOARD OF DIRECTORS

**Mr. Leonard D' Costa** - Chairman

**Mr. Napoleon De la Colina**

**Mr. Robert Pavrey**

**Mr. Luis Filipe Sequeira Martins**

**Mr. Alvaro Joao Serra Nazare**

**Mr. Antonio Carlos Custodio de Morais Varela**

(from 2<sup>nd</sup> February 2012)

**Mr. Luis Miguel Da Ponte Alves Fernandes**

(from 2<sup>nd</sup> February 2012)

**Mr. P. A. Nair** – CEO & Whole-Time Director

(Till 1<sup>st</sup> August 2011)

**Mr. Chain Singh Jasol** – Whole-Time Director

(Till 2<sup>nd</sup> February 2012)

**Mr. Suman Mukherjee** – CEO & Managing Director

(from 20<sup>th</sup> December 2011)

## BOARD COMMITTEES:

### AUDIT COMMITTEE

Mr. Napoleon De la Colina – Chairman

Mr. Leonard D' Costa

Mr. Robert Pavrey

### REMUNERATION COMMITTEE

Mr. Napoleon De la Colina – Chairman

Mr. Leonard D' Costa

Mr. Robert Pavrey

### SHARE TRANSFER AND SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Mr. Robert Pavrey - Chairman

Mr. Chain Singh Jasol

(Till 2<sup>nd</sup> February 2012)

Mr. Suman Mukherjee

## COMPANY SECRETARY

Mr. S. N. Malpani

## EXECUTIVES

Mr. Pedro Silva – Finance Head

Mr. C. S. Jasol – Sr. Vice President  
(Personnel, Admn. & Mines)

Mr. P. B. Patel – Asst. V. P. (Tech.)

Mr. G. D. Gupta – Asst. V. P. (F & C)

Mr. P.R.Singh – G. M (Mktg.)

## AUDITORS

M/S Deloitte Haskins & Sells,  
Chartered Accountants,  
(ICAI Registration No. 117366W)  
12, Dr. Annie Besant Road,  
Worli,  
Mumbai 400 018

## COST AUDITORS

M/S Kiran J. Mehta & Co.  
Cost Accountants  
257, Ellis Bridge Shopping Centre,  
Ahmedabad 380 006

## REGISTERED OFFICE AND WORKS

P.O. Digvijaygram – 361 140  
Via. Jamnagar (Gujarat)

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
(Unit – Shree Digvijay Cement Co. Ltd.)  
C-13, Pannalal Silk Mill Compound,  
LBS Marg,  
Bhandup (West),  
Mumbai 400 078

# SHREE DIGVIJAY CEMENT CO. LTD.

## NOTICE

**NOTICE** is hereby given that the **Sixty-seventh** Annual General Meeting of the Members of **SHREE DIGVIJAY CEMENT COMPANY LIMITED** will be held at the Registered Office of the Company at **DIGVIJAYGRAM 361 140 Via: Jamnagar, Gujarat** on Tuesday, the 15<sup>th</sup> day of May 2012 at 04.00 PM (16.00 Hrs.) to transact with or without modifications as may be permissible, the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Profit and Loss Account for the year ended 31<sup>st</sup> December, 2011 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Leonard D' Costa, who retires from office by rotation, and being eligible, offers him self for re-appointment.
3. To appoint a Director in place of Mr. Napoleon De la Colina, who retires from office by rotation, and being eligible, offers him self for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s. Deloitte Haskins & Sells, Chartered Accountants of Ahmedabad having ICAI Registration Number 117365W be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s. Deloitte Haskins & Sells, Chartered Accountants of Mumbai, the retiring auditors, who has expressed their unwillingness in writing to be re-appointed as Auditors of the Company , to hold office from the conclusion of this 67<sup>th</sup> Annual General Meeting until the conclusion of the next 68<sup>th</sup> Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company in connection with the audit”

### SPECIAL BUSINESS:

5. To appoint Mr. Antonio Carlos Custodio de Morais Varela, [who was appointed as an Additional Director by the Board of Directors pursuant to Article 149 of the Company's Articles of Association and who holds office under the said Article and Section 260 of the Companies Act, 1956 only up to the date of this meeting, and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- under Section 257 of the said Act, from a

member signifying his intention to propose Mr. Antonio Carlos Custodio de Morais Varela as a candidate for the office of Director] as a Director of the Company and to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Antonio Carlos Custodio de Morais Varela be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

6. To appoint Mr. Luis Miguel Da Ponte Alves Fernandes, [who was appointed as an Additional Director by the Board of Directors pursuant to Article 149 of the Company's Articles of Association and who holds office under the said Article and Section 260 of the Companies Act, 1956 only up to the date of this meeting, and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- under Section 257 of the said Act, from a member signifying his intention to propose Mr. Luis Miguel Da Ponte Alves Fernandes as a candidate for the office of Director] as a Director of the Company and to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Luis Miguel Da Ponte Alves Fernandes be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended up to date and all guidelines issued by the Central Government from time to time, the Company hereby accords its approval for appointment of Mr. Chain Singh Jasol, the Sr. Vice President (PA & Mines) of the Company as Whole-Time Director of the Company for the period from 20<sup>th</sup> October, 2011 to 2<sup>nd</sup> February, 2012 and of remuneration paid to him for the said period as per details contained in the agreement executed with him and specified in the explanatory statement attached to this Notice.





**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as it may consider necessary or expedient to give effect to the resolution”

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

“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended up to date and all guidelines issued by the Central Government from time to time, the Company hereby accords its approvals, for appointment of Mr. Suman Mukherjee, the Chief Executive Officer of the Company as the **Managing Director** of the Company for a period of **Three years** with effect from 20<sup>th</sup> December, 2011 on remuneration and perquisites as specified in the explanatory statement attached to this Notice and that the said remuneration shall be paid to him as Minimum Remuneration in the event of the Company has no profit or its profits are inadequate in any financial year.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company / Committee of the Board, be and is hereby authorized to alter amend or vary the terms and conditions of the appointment and remuneration as may be agreed to between the Board of Directors and Mr. Suman Mukherjee within such guidelines or amendments as may be made to the Companies Act, 1956, and subject to such approvals as may be required.”

By Order of the Board

Place : Mumbai S. N. Malpani  
Date : 2<sup>nd</sup> February, 2012 Company Secretary

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- 2 The instrument appointing a proxy should however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- 3 An explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of

items no. 5 to 8 of the Notice as set out above, is annexed hereto.

- 4 The Register of Members and Share Transfer Books of the Company will remain closed from 7<sup>th</sup> May, 2012 to 15<sup>th</sup> May, 2012 (both days inclusive).
- 5 Members can avail facility of nomination in respect of shares held by them in physical form and may send their Nomination form duly filled in to the Company.
- 6 Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting is attached hereto.
- 7 The Ministry of Corporate Affairs, Government of India, has taken “Green Initiative in Corporate Governance” by allowing paperless compliances by the Companies and has issued Circulars inter alia stating that the service of the notice/ documents to the Members can be made in electronic mode. It has also been clarified that the Company would have complied with Section 53 of the Companies Act, 1956, if the service of the documents has been made through electronic mode provided the Company has obtained e-mail addresses of its members for the purpose. In support of the Green Initiative, your Company sent a Circular dated 21.04.2011 to all shareholders informing them about the Company’s proposal to send the documents like Notice calling the Annual General Meeting, Audited Financial Statements, Directors’ and Auditors’ Reports etc. and other communication in electronic mode. The Members were also given an option to continue to receive the documents in Physical Form. Accordingly, the Annual Report for the year 2011 and other documents are being sent in electronic mode to such of the Members of the Company whose e-mail addresses are available with the Company and who have not opted to receive the same in physical form.

Members are requested to support this Green Initiative by registering/ updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialized form) or with the Company/Registrar and Share Transfer Agent of the Company (in case of Shares held in physical form).

By Order of the Board

Place : Mumbai S. N. Malpani  
Date : 2<sup>nd</sup> February, 2012 Company Secretary

## EXPLANATORY STATEMENT:

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item no. 4:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, vide their letter dated 18<sup>th</sup> January, 2012 have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company. It is therefore proposed to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as Statutory Auditors in their place as stated in the resolution under the above item of the Notice.

It is not wholly clear as to whether a special notice in terms of Section 225(1) of the Companies Act, 1956 is required even when the retiring auditors has given a notice in writing of his unwillingness to be reappointed. Nevertheless, such a Special Notice has been received by the Company from a member of his intention to move the resolution as in the accompanying Notice.

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad has given a certificate of their eligibility and willingness to act as the Company's Statutory Auditors, if appointed by the members at the Annual General Meeting.

### Item no. 5 and 6:

Mr. Antonio Carlos Custodio de Morais Varela and Mr. Luis Miguel Da Ponte Alves Fernandes were appointed as Additional Directors of the Company by the Board of Directors in their meeting held on 2nd February, 2012, pursuant to the provisions contained in Article 149 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and Section 260 of the Companies Act, 1956, they hold office up to the date of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notices have been received from Members along with a deposit of Rs. 500/- each proposing their candidature for the office of Director of the Company.

Mr. Antonio Carlos Custodio de Morais Varela and Mr. Luis Miguel Da Ponte Alves Fernandes are well versed in corporate management and are members of the Board of various Companies. It is desirable that the Company should continue to avail of the benefit of their rich experience. Accordingly the resolutions under item no. 5 and 6 are commended for your acceptance.

As per the requirement of the Listing Agreement with the Stock Exchange, details of Directors seeking appointment/re-appointment at the Annual General Meeting are set out in the Annexure hereto.

None of the Directors except Mr. Antonio Carlos Custodio de Morais Varela and Mr. Luis Miguel Da Ponte Alves Fernandes are interested in the resolutions.

### Item no. 7

Mr. Chain Singh Jasol working with the Company as Sr. Vice President (PA & Mines) was appointed as a Whole-time Director of the Company for a period of one year effective from 20<sup>th</sup> October, 2011. The appointment was made by the Board of Directors of the Company in their meeting held on 20<sup>th</sup> October, 2011 subject to the approval of the shareholders. The abstract of the terms of appointment of Mr. Chain Singh Jasol as Whole-time Director under Section 302 of the Companies Act, 1956 was sent to the shareholders on 1<sup>st</sup> November, 2011. The remuneration and other terms and conditions of his appointment, as approved by the Board of Directors on the recommendation of the Remuneration Committee of Directors are as under:

#### 1. Remuneration:

- a) Basic Salary: Rs. 1,26,336/- (Rs. One lac twenty six thousand

three hundred thirty six only) per month, with such increase as the Board/Committee of Directors may decide from time to time.

- b) Special allowance: Rs. 94,041/- (Rs. Ninety four thousand forty one only) per month, with such increase as the Board/Committee of Directors may decide from time to time.
- c) Statutory Allowances: Rs. 58,930/- (Rs. Fifty eight thousand nine hundred thirty only) covering personal car pay-out, education, uniform, Leave Travel assistance, Medical and retrials, to be bifurcated as per mutual understanding, per month with such increase as the Board/Committee of Directors may decide from time to time.
- d) Performance linked variable pay: Rs. 6,93,739/- (Rupee Six lacs ninety three thousand seven hundred thirty nine only) per annum, or such amount as the Board/Committee of Directors may decide from time to time.
- e) Temporary overload allowance: Rs. 41,667/- (Rs. Forty one thousand six hundred sixty seven only) per month till Mr. C. S. Jasol occupy the position of whole-time Director.

#### 2. Perquisites:

- a) A suitably furnished residential accommodation shall be provided at Digvijaygram (Sikka), as also a service car with driver and fuel and the same shall be valued as per Income Tax Rules.
- b) Medical (including hospitalization) and accident coverage through specific insurance policies.

Where in any financial year, the Company has no profit or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to Mr. Chain Singh Jasol subject to the applicable provisions of Schedule XIII of the said Act. Further, Mr. C. S. Jasol shall not be paid any sitting fee to attend Board/Committee meetings of the Directors.

Mr. Chain Singh Jasol stepped down from the position of Whole-time Director of the Company effective from 2<sup>nd</sup> February, 2012 after working hours. However he continues on the position of Sr. Vice President (PA & Mines). Although he has relinquished the position of Whole-time Director before completion of the term for which he was appointed, approval of the shareholders is being sought for his appointment and for the remuneration paid to him for the said period.

The Board recommends the resolution for approval of the shareholders.

None of the Directors is interested or concerned in the proposed resolution.

#### Item no. 8

Mr. Suman Mukherjee was appointed in the Company on 20th November, 2011, and was designated as a Chief Executive Officer [CEO] with effect from 15<sup>th</sup> December, 2011. The Board of Directors of the Company vide resolution dated 19<sup>th</sup> December, 2011 has appointed Mr. Mukherjee as "Managing Director" for a period of three years with effect from 20<sup>th</sup> December, 2011, subject to the approval of the shareholders and other necessary approvals as may be required to be obtained.

Mr. Mukherjee is of 41 years age and is a qualified Engineer - B. E. [Elect.] and is also holding PGDBM and DIS (Gold Medalist) degrees. He has requisite experience and qualifications and is competent to shoulder this responsibility. The resolution is commended for your acceptance.

The remuneration and other terms and conditions of his appointment, as approved by the Board of Directors on the recommendation of the

Remuneration Committee of Directors are as under and the same is available for inspection by the Members at the Registered Office of the Company during the business hours on any working day prior to the date of the meeting.

1. **Period of Appointment :** For a period of **Three** years with effect from **20<sup>th</sup> December, 2011**

2. **Nature of Duties:** Mr. Mukherjee shall devote full time attention to the work of the Company and shall carry out the instructions of the superiors and abide by all general rules and regulations of the Company, and shall not undertake any direct / indirect business of work, honorary or remunerative, except with the written permission of the employer.

3. **Remuneration:**

- Basic Salary: Rs. 1,25,000/- (Rs. One lac twenty five thousand only) per month, with such increase as the Board/ Committee of Directors may decide from time to time.
- Provident Fund: 12% of the basic Salary
- Position allowance: Rs. 75,000/- (Rs. Seventy five thousand only) per month, with such increase as the Board / Committee of Directors may decide from time to time.
- Statutory Allowances: Rs. 50,000/- (Rs. Fifty thousand only) per month covering personal car pay-out, education, uniform, Leave Travel assistance, Medical and retrials, to be bifurcated as per mutual understanding, per month with such increase as the Board / Committee of Directors may decide from time to time.
- Performance linked variable pay: Not less than Rs. 9,20,000/- (Rupee Nine lacs twenty thousand only) per annum provided only one time and according with performance and targets achieved.

4. **Other benefits:**

- A fully furnished air conditioned accommodation, one Company car with chauffeur and fuel, one attendant, one gardener, one security guard and the same shall be valued as per Income Tax Rules.
- Free medical and hospitalization insurance for self, wife and dependents under 18 years old.
- Leaves and Gratuity: As per the Rules of the Company.

This appointment may be terminated by either party by giving to the other party six months' notice of such termination or payment of basic salary in lieu thereof on either side.

Where in any financial year, the Company has no profit or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to Mr. Mukherjee subject to the applicable provisions of Schedule XIII of the said Act. Further, Mr. Mukherjee shall not be paid any sitting fee to attend Board / Committee meetings of the Directors.

The Board recommends the resolution for approval of the shareholders.

None of the Directors except Mr. Mukherjee is interested or concerned in appointment and remuneration payable to him.

**Information required under Clause (IV) of the proviso to paragraph 1(B) of section II of part II of Schedule XIII of the Companies Act, 1956.**

1. **General Information**

- Nature of Industry  
The Company is engaged in manufacture and sale of Clinker and Cement.

- Date of commencement of commercial production:  
Since 1951
- In case of new Companies, expected date of commencement of activities:  
Not applicable, as the Company is an existing Company.
- Financial performance based on given indicators:

(Rs. In lacs)

Years	31.03.2009 (Apr. 2008 to Mar. 2009) – 12 months	31.12.2009 (Apr. 2009 to Dec. 2009) 9 months	31.12.2010 (Jan. 2010 to Dec. 2010) 12 months
Turnover (Gross)	34192	28571	32453
Profit before Tax	2185	3599	206
Profit after Tax	2166	3570	100

Note: For further details/performance please refer Annual Report.

- Export Performance and foreign exchange collaborations:  
The FOB Value of export was Rs. 2039.59 lacs in 2008-09 and Rs. 1443.72 lacs in 2009, and Rs. 826.80 lacs in 2010.
- Foreign investments or collaborators if any.  
NIL

2. **Information about appointee:**

- Background details:  
Mr. Suman Mukherjee is of 41 years in age and is qualified Engineer with PGDBM and DIS (Gold Medalist) degrees with requisite experience.
- Past Remuneration:  
Mr. Suman Mukherjee has joined the Company on 20<sup>th</sup> November, 2011 and has been paid remuneration of Rs. 3.55 lacs for the financial year 2011.
- Recognition or awards / job profile and his suitability:  
With requisite experience and qualifications, the Board is of the opinion that he is suited for the position.
- Remuneration proposed:  
As set out above.
- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:  
The remuneration of Mr. Suman Mukherjee is not out of tune with the remuneration in similar sized industries in the same segment of business.
- Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any:  
Other than the remuneration stated above, Mr. Suman Mukherjee has no other pecuniary relationship directly or indirectly with the Company.

3. **Other Information:**

Reasons for inadequate profits/steps taken for improvement etc. Elaborated in Directors' Report and Management Discussions and Analysis.

By Order of the Board

Place : Mumbai  
Date : 2<sup>nd</sup> February, 2012

S. N. Malpani  
Company Secretary

# SHREE DIGVIJAY CEMENT CO. LTD.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 67<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> December, 2011.

### FINANCIAL RESULTS

The financial results for the year under report are as under:

(Rs. In lacs)

	Current Year Ended 31.12.2011	Previous Year Ended 31.12.2010
<b>Gross Turnover</b>	<b>37060</b>	32453
<b>Profit before Interest Depreciation, Exceptional Items &amp; Tax [PBIDT]</b>	<b>1981</b>	2424
Less: Interest	29	34
Less: Depreciation	1007	938
<b>Profit after Interest &amp; Depreciation but before Exceptional Item &amp; Tax</b>	<b>945</b>	1452
Less: Exceptional Item	0	1246
<b>Profit from ordinary activities before Tax</b>	<b>945</b>	206
Less: Provision for Current Tax(MAT)	0	106
<b>Net Profit for the year</b>	<b>945</b>	100
Balance brought forward from previous year	(5555)	(5655)
<b>(LOSS) CARRIED OVER</b>	<b>(4610)</b>	(5555)

### FINANCIAL PERFORMANCE

The Gross Turnover of the Company during the year under report at Rs. 37060 lacs was higher by about 14% against the turnover of Rs. 32453 lacs in previous year. But for hefty increase in the overall manufacturing cost, the benefits of increased volume and improvement in Cement prices in comparison with previous year could not help in maintaining the operating profit [PBIDT] at previous year level.

Other items of the working results are dealt with under Management Discussions and Analysis, forming part of the Report.

### DIVIDEND

In view of accumulated losses, the Board of Directors does not recommend any dividend on Share Capital.

## PRODUCTION AND SALES

Production and Sales during the year under review are as under:

(In lacs MT)

	Current Year ended 31.12.2011	Previous Year ended 31.12.2010
<b>Production:</b>		
• Clinker	7.25	9.09
• Cement	9.27	9.05
<b>Sales:</b>		
• Clinker	0.00	0.47
• Cement	9.27	9.02

Clinker production was lower by about 20.24 % over previous year.

In order to improve upon the technical performance of the plant [as was reported in previous year's Directors' Report], your Company took some steps to strengthen consistency in Plant operation as also to liquidate the heavy built-up process stock for effective inventory management. To attain the goal and to achieve the improvements, Clinkerisation was restrained to match with the Cement demand. This has resulted in lower clinker out put in comparison with the previous year. However it had not left any adverse effect on Cement production, as evident from the details herein above.

Your Company has not made any export during the year under report because on un-realistic prices. In the previous year Clinker export was for 0.47 lacs MT.

## DIRECTORS

Mr. Leonard D' Costa and Mr. Napoleon De la Colina, directors of the Company who retire by rotation under Article 167 of the Articles of Association of the Company, being eligible, offer themselves for re-appointment. A brief resume of the above mentioned Directors being appointed are attached to the Notice for the ensuing Annual General Meeting.

Mr. P. A. Nair – CEO & Whole-Time Director resigned from the service of the Company with effect from 2<sup>nd</sup> August, 2011. Mr. Chain Singh Jasol – Sr. Vice President (PA & Mines) was appointed as a Whole-Time Director of the Company with effect from 20<sup>th</sup> October, 2011 for a period of one year. An abstract of the terms and conditions governing his appointment was circulated to the Shareholders as required under section 302 of the Companies Act, 1956. Mr. Jasol has been relieved from the office of Whole-time Director with effect from 2<sup>nd</sup> February, 2012 and accordingly he ceased to be a Whole-Time Director of the Company with effect from that day.





Mr. Suman Mukherjee was appointed as a Managing Director of the Company with effect from 20<sup>th</sup> December 2011 subject to approval of shareholders in general meeting, for a period of three years. An abstract of the terms and conditions governing his appointment was circulated to the shareholders as required under section 302 of the Companies Act, 1956.

The Board has appointed Mr. Antonio Carlos Custodio de Morais Varela and Mr. Luis Miguel Da Ponte Alves Fernandes as Additional Directors on the Board. They hold office up to the date of the ensuing Annual General Meeting and are eligible for re-appointment. Notices have been received under section 257 of the Companies Act, 1956 from Members of your Company proposing their appointment as Directors.

#### **AUDITORS' REPORT**

The observations made in the Auditors' Report are self explanatory and do not call for any further comments u/s 217(3) of the Companies Act, 1956.

#### **AUDITORS**

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, the existing Auditors retire at the ensuing Annual General Meeting of your Company. They have however, intimated the Company that they do not wish to seek re-appointment. It is therefore proposed to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, **Ahmedabad** as statutory Auditors in their place. M/s. Deloitte Haskins & Sells, Chartered Accountants, **Ahmedabad** have indicated their availability and willingness to be appointed as Statutory Auditors of your Company. A resolution seeking your approval for the appointment of the said auditors has been included in the Notice convening the Annual General Meeting.

#### **COST AUDITORS**

Pursuant to Section 233B of the Companies Act, 1956, your Directors have appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as Cost Auditors to conduct the Cost Audit for the year ended 31<sup>st</sup> December 2011. The appointment has been approved by the Central Government.

#### **PARTICULARS OF EMPLOYEES**

The Company has no employee in the category specified under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

#### **ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

Information relating to conservation of Energy, Technology Absorption and Foreign Exchange

Earning and Outgo, required under Section 217(1) (e) of the Companies Act, 1956 are annexed and form part of this report.

#### **HUMAN RESOURCES**

Your Company encourages and provides regular training to employees to improve skills. Your Company has performance appraisal system for senior employees and junior management staff. In-house news letters provide forum for information sharing. Rewarding individuals for their contribution is part of motivation towards Excellence.

#### **CORPORATE GOVERNANCE**

A separate section on Corporate Governance, in line with Clause 49 of the Listing Agreement with the Stock Exchange, forms part of this Report. The relevant Certificate from practicing Company Secretary is annexed and forms part of this report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

As stipulated in Section 217(2AA) of the Companies Act, 1956, Directors subscribe to the "Directors Responsibility Statement" and confirm that:

- (i) in preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) the accounting policies have been consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> December 2011 and of the profit of the Company for that Year;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts of the Company are prepared on a going concern basis.

#### **SOCIAL REPORT**

Your Company is regularly working in the areas of Health Care, Education etc. in discharging of its social obligations. During the year under report, it has conducted Medical Camps, Rural Education and various awareness programmes benefiting to the residents of nearby areas, from time to time in partnership with the District Authorities, Village Panchayat etc.

#### **ENVIRONMENT REPORT**

##### **Environment conservation – A way of life**

We believe in sustainable development. We regard

social, economic and environmental responsibility as integral element of our business.

Your Company is ISO 14001 Environment Management system Certified and adhere to OHSAS 18001 standards of Safety and Occupational Health. Professional Environment Auditors such as Det Norske Veritas, the State Pollution Board's certified auditors and Environmental System Auditors conduct periodic in-depth environmental audit on our plant. The Audit Reports validate our commitment to environmental conservation. Large scale plantations in the mines, plant, colonies and surrounding areas provide a lush green cover and are reflection of our respect for the environment.

## **ACKNOWLEDGEMENT**

The Directors take this opportunity to express their appreciation for the support and co-operation received from the State and Central Government and Lenders. The Directors also recognize the commitment and dedication of the Company's employees.

For and on behalf of the Board

(Alvaro Joao Serra Nazare)  
Director

(Suman Mukherjee)  
CEO & Managing Director

Place : Mumbai,

Date : 2<sup>nd</sup> February, 2012

## MANAGEMENT DISCUSSIONS & ANALYSIS

### BUSINESS & FINANCIAL PERFORMANCE REVIEW

#### Capacity utilization

	Current year Ended 31.12.2011	Previous year Ended 31.12.2010
Installed Capacity (Lac. TPA)	10.75	10.75
Production (Lac. TPA)		
Clinker	7.25	9.09
Cement	9.27	9.05
Effective Capacity utilization@	86.27%	88.60%
Sales Volume (Lac. Ton)	9.27	9.49
Domestic ---- Cément	9.27	9.02
Export ---- Clinker	0.00	0.47
Net Cement Sales Realization (Rs./ MT)	3602	3163

@ Effective capacity utilization = Cement Production+ Clinker sold

As reported under the Directors' Report, the clinker production was lower during the year under report because your Company took some steps to strengthen consistency in Plant operation as also to liquidate the heavy built-up process stock for effective inventory management. Accordingly the Clinkerisation was restrained to match with the Cement demand. This has resulted in lower clinker out put in comparison with the previous year. Cement production was marginally higher to match with the market demand.

Effective utilization is lower by 2.33 % because of NIL Clinker sales. Your Company has not made any export during the year under report because on unrealistic prices. In the previous year Clinker export was for 0.47 lacs MT.

#### FINANCIAL HIGHLIGHTS

(In Rs. Lacs)

	Current year Ended 31.12.2011	Previous year Ended 31.12.2010
Net Sales/Income from Operations	33374	29366
Add: Other operating Income	294	343
Less: Total Expenditure	31881	27413
<b>Profit from operations before other income, interest, Depreciation &amp; Exceptional items</b>	<b>1787</b>	<b>2296</b>
Add: Other Income	194	128
Profit before interest, Depreciation & Exceptional items	1981	2424
Less: Interest	29	34
Less: Depreciation	1007	938

	Current year Ended 31.12.2011	Previous year Ended 31.12.2010
<b>Profit after interest, Depreciation but before Exceptional items</b>	<b>945</b>	<b>1452</b>
Less: Exceptional items	0	1246
Profit from ordinary activities before Tax	945	206
Less: Provision for current tax (MAT)	0	106
<b>Net Profit for the year after tax</b>	<b>945</b>	<b>100</b>

Previous year figures have been regrouped wherever necessary.

#### Turnover, Operating Profit (PBIDT) & Margin

Net Sales turn over is higher by about 14% in comparison with previous year. Domestic Cement prices started reviving from depressed level. This coupled with the little increase in Cement sales volume has resulted in increased turnover. However these benefits could not have been retained owing to inflationary pressure in economy and rising infrastructure charges. These adversities were accentuated with over all rises in cost of production squeezing margin. The rises were felt more specifically and steeply in Power cost by about 24 %, Fuel Cost by about 26 % and in Raw materials cost by about 9 % over previous year. The said hefty and steep rise in the Cost has eaten away the benefits derived from the improved unit realisation.

#### Income Tax

No provision for Tax has been considered in absence of taxable profit during the year under report.

#### Cash Flow Analysis

(In Rs. Lac)

	Current year Ended 31.12.2011	Previous year Ended 31.12.2010
<b>Source of Cash</b>		
Cash from Operation before working capital changes	1622	2325
Non-operating Cash flow	160	126
Proceeds from borrowings	2381	0
Decrease/(increase) in Working Capital	2960	(2486)
<b>Total</b>	<b>7123</b>	<b>(35)</b>

Use of Cash		
Capital Expenditure (net)	4537	1669
Decrease in Debt	0	131
Taxes Paid	40	121
Interest paid on borrowings	115	0
Investment (Net)	2294	(2187)
Increase / (Decrease) in Cash equivalents	137	231
<b>Total</b>	<b>7123</b>	<b>(35)</b>

(Previous year figures have been regrouped wherever necessary)

### Non-operating Cash flow

Non-operating Cash flow of Rs. 160 lacs includes dividend income of Rs. 147 lacs.

### Capital Expenditure

During the year under report, the Company has incurred capital expenditure of Rs. 4537 lacs for installation of Dust collectors, SAP (BCS and CO Modules) implementation and Waste Heat Recovery Power project. The Waste Heat Recovery Project is expected to be commissioned by early 2012.

### Increase in Working Capital

Increase in working capital is on account of reduction in inventory of Coal, Clinker and other process materials (net of reduction in Debtors and Advances).

### Finance

Your Company has raised Rs. 2380.76 lacs as an un-secured loan from CITI Bank N. A. to finance ongoing projects of Waste Heat Recovery Power Project.

### SEGMENT REVIEW AND ANALYSIS

It is a single product Company

### OUTLOOK

Looking at the prevailing scenario, anticipated good monsoon and ongoing developmental activities in Infrastructural segment, the demand for Cement in the year 2012 is likely register a moderate growth in the State of Gujarat – the home market for your Company. However, new entrants with increased capacities in the State/ adjoining States will have adverse effect on inter regional movement as also on price sentiments.

### RISK AND CONCERN

New capacities likely to come in operation can have a significant impact on the quantum of supply over demand and with it the risk of a drop in realization. The volatility in Coal and energy prices can adversely impact the cost structure of your Company.

### MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATION FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Industrial relations during the year under report remained cordial. Variable pay scheme is in place to reward employees for their performance, linked with the performance of the Company.

The total number of employees in the Company as on 31<sup>st</sup> December, 2011 was 481 employees. (Previous year as on 31<sup>st</sup> December, 2010 was 503)

### RISK MANAGEMENT

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same. Your Company's Risk management framework ensures compliance with the provisions of Clause 49 of the Listing Agreement.

Your Company has institutionalized the process for identifying, minimizing and mitigating risks which is periodically reviewed. Some of the risks identified and been acted upon by your Company are: Securing critical resources; ensuring sustainable plant operations; ensuring cost competitiveness including logistics; completion of CAPEX; maintaining and enhancing customer service standards and resolving environmental and safety related issues.

### INTERNAL CONTROL SYSTEM

The Company has an appropriate internal control system commensurate with the size of its business. Appropriate internal audit further strengthens internal control system.

### CAUTIONARY STATEMENTS

Forward-looking statements are based on certain assumptions and expectations of future events. Actual results may differ from those expressed or implied. Important factors that could influence the Company's operations include demand and supply conditions, availability of inputs and their prices both domestic and global, changes in government regulations, tax laws, natural calamities, monsoon, economic developments within the country and other factors.





**Information Under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31<sup>st</sup> December, 2011.**

**A. CONSERVATION OF ENERGY**

a. Energy conservation measures taken	<ol style="list-style-type: none"> <li>1. Replacement of Raw Mill Inlet Duct to reduce the entry of false air. Benefits: The loading on Raw Mill exhaust fan reduced by 90 KW. Annual saving of Rs. 28.24 lacs.</li> <li>2. Relocation of truck un-loader of additive circuit. Benefits: The loading on Raw Mill exhaust fan reduced by 35.21 KW. Annual saving of Rs. 3.76 lacs.</li> <li>3. Installation of zero leakage damper in Raw Mill outlet duct which resulted in reduction in electrical power of kiln in case Raw Mill stopped.</li> <li>4. Trial taken for adding "Grinding Aid" in cement mill to improve consumption of fly ash in &amp; CKK ratio.</li> </ol>
b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.	Installation of waste heat recovery power plant of capacity 8.25 MW.
c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	Saving of Rs. 32 lacs.

**B. TECHNOLOGY ABSORPTION**

Research & Development (R&D)

a. Specific areas in which R&D carried out by the Company.	<ol style="list-style-type: none"> <li>1. Company is associated with National Council for cement &amp; Building Materials for research and development activities.</li> <li>2. Process study had been carried out by Cimpor Tec –Lisbon and findings had been implemented.</li> <li>3. In co-operation with Regional Training Centre, technical employees are being trained in various fields where latest technology is being taught and employees are trained to be utilized.</li> </ol>
b. Benefits derived as a result of the above R&D	<ol style="list-style-type: none"> <li>1. Enhancement of product quality and enhanced consistency of product quality.</li> <li>2. Manufacturing of special cements as import substitutes and for specific customers requirements.</li> <li>3. Motivation towards technical knowledge and competency development of employees.</li> </ol>
c. Future plan of action	<ol style="list-style-type: none"> <li>1. Commissioning of waste heat recovery power plant.</li> <li>2. Increase in quantity of PPC cement thus consuming more fly-ash and helping in conservation of minerals required for cement production.</li> </ol>
d. Expenditure on R&D	<ol style="list-style-type: none"> <li>1. Capital - Rs. 42.42 Lacs</li> <li>2. Recurring - Rs. 6.96 lacs</li> <li>3. Total R&amp;D expenditure as a percentage of turnover- 0.13%</li> </ol>

# SHREE DIGVIJAY CEMENT CO. LTD.

## FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy

		Current Year 2011	Previous Year 2010
<b>A) POWER &amp; FUEL CONSUMPTION:</b>			
1) <b>Electricity:</b>			
(a) <b>Purchased (PGVCL)</b>			
Unit KWH	Lacs	<b>387</b>	342
Amount (Including Connection & Demand charges)	Rs. Lacs	<b>2495</b>	2121
Rate per Unit	Rs	<b>6.44</b>	6.20
(b) <b>Own Generation:</b>			
Through Diesel / Furnance Oil Genset			
Units KWH (Gross)	Lacs	<b>518</b>	703
Units per Ltrs of Furnance Oil	Kwh	<b>4.27</b>	4.35
Cost per Unit (Net)	Rs.	<b>8.41</b>	6.24
(Furnace Oil, Electricity duty & Green Cess )			
2) <b>Coal for Kilns (Various grades)</b>			
Quantity	In Thousand Tonne	<b>106</b>	132
Total Cost	Rs. In lacs	<b>6723</b>	6610
Average Rate	Rs Per tonne	<b>6326</b>	5011
3) <b>Furnance Oil / HSD (For power generation)</b>			
Quantity	K Ltrs	<b>12144</b>	16187
Total FO Cost	Rs. In lacs	<b>3975</b>	3959
Average Rate	Rs./ Ltr	<b>32.73</b>	24.46
<b>B) CONSUMPTION PER UNIT OF PRODUCTION:</b>			
	Standard (if any)		
a) <b>Electricity / kwh / Tonne of Cement</b>	120	<b>101.54</b>	103.81
b) <b>Coal</b>			
Clinker (K.Cal/kg Clinker)	800	<b>854</b>	835

## REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

### Company's philosophy on code of governance:

The Company believes in adopting the best Corporate Governance practices. The Company further believes that the shareholders have the right to know complete information on the Board of Directors and the Management, their interest in the Organization as well as governance practices followed by them.

### I. BOARD OF DIRECTORS

- Composition and provisions as to Board and Committees**

The Board should have an optimum combination of executive and non-executive directors with not less than 50% of the Board comprising non-executive directors. Further, at least one-third

of the Board should comprise of independent directors if the Chairman is non-executive and at least half of the Board should be independent in case of an executive Chairman. Further in case of non-executive Chairman is a promoter of the Company or related to any promoter half of the Board of the Company shall consist of independent directors. Also a Director shall not be a member in more than 10 committees or act as Chairman of more than 5 committees across all Companies in which he is a director.

*Your Company's existing Board comprises of 7 (Seven) directors. Of these, 3 (three) are independent directors and two are executive Director. The Chairman is an independent director. The details of the directors with regard to outside directorships, committee positions as well as attendance at Board/General meetings are as follows:*

Director	Executive/ Non-Executive/ Independent	No. of Outside Directorship(s) Held@		No. of Outside Committee Positions Held@		No. of Board Meetings (During tenure of respective Directors)		Attended Last AGM \$
		Public	Private	Member	Chairman	held	attended	
Mr. Leonard D' Costa	Independent	-	-	-	-	6	6	Yes
Mr. Napoleon De la Colina	Independent	-	3	-	-	6	6	Yes
Mr. Robert Pavrey	Independent	1	10	-	-	6	6	Yes
Mr. Luis Filipe Sequeira Martins	Non-Executive	23	-	-	-	6	2	Yes
Mr. Alvaro Joao Serra Nazare	Non-Executive	2	-	-	-	6	5	Yes
Mr. P. A Nair (up to 1 <sup>st</sup> August 2011)	Executive	-	-	-	-	5	5	Yes
Mr. Chain Singh Jasol (from 20 <sup>th</sup> October 2011 to 2nd February 2012)	Executive	-	-	-	-	1	1	No
Mr. Suman Mukherjee (from 20 <sup>th</sup> December 2011)	Executive	-	-	-	-	0	0	No

\$ held on 28<sup>th</sup> April, 2011. @ including foreign Companies.

- Non Executive Directors' compensation and disclosure**

All fees/compensation, (except sitting fees) paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require shareholders' approval. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors.

*Independent Directors were paid sitting fee of Rs. 15,000 for attending Each Meeting of Board and Committees during the year under review are as follows:*

Name of Director	Sitting fees paid (Rs.)
Mr. Leonard. D' Costa	2,10,000
Mr. Napoleon De la Colina	2,10,000
Mr. Robert Pavrey	2,40,000

*Apart from sitting fees for attending Board/Committee Meetings, no other fees compensation is paid to the Directors. Your Company does not have any stock option scheme for its Directors and employees.*

*Mr. Alvaro Joao Serra Nazare and Mr. Luis Filipe Sequeira Martins are not accepting any sitting fee for attending Board/Committee meetings.*

# SHREE DIGVIJAY CEMENT CO. LTD.

- **Other provisions of the Board and Committees**

The Board shall meet at least four times a year, with a maximum time gap of four months between any two meetings. The minimum information to be made available to the Board should be as prescribed in Annexure IA of Clause 49 of the Listing Agreement.

*Your Company's Board plays a primary role in ensuing good governance and functioning of the Company. The Board consists of professionals from diverse fields and has vast experience in their respective areas. The Board's role, functions, responsibility are clearly defined. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board guides the management in achieving its goal and creating value for all stock holders.*

*The details of Board Meetings held during FY 2011 (January to December) are as follows:*

Date of Board Meeting	City	No. of Directors Present
8 <sup>th</sup> February, 2011	Mumbai	5
23 <sup>rd</sup> February, 2011	Mumbai	5
28 <sup>th</sup> April, 2011	Digvijaygram	6
13 <sup>th</sup> May, 2011	Mumbai	4
28 <sup>th</sup> July, 2011	Mumbai	5
20 <sup>th</sup> October, 2011	Mumbai	6

- **Code of Conduct**

The Board shall lay down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct shall be posted on website of the Company. All Board members and Senior Management Personnel shall affirm compliance with the code on annual basis. The Annual Report of the Company shall contain a declaration signed by the CEO.

*The Board of Directors of Your Company have laid down a Code of Conduct applicable to all Board Members and Senior Management personnel of your Company. A declaration from C.E.O of your Company to the effect that all Board Members and Senior Management personnel of your Company have affirmed compliance with the Code of Conduct, forms a part of this report. The Code of Conduct has been posted on the website of your Company – [www.digvijaycement.com](http://www.digvijaycement.com)*

### **DECLARATION**

*As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and the Senior Management*

*Personnel have affirmed compliance with the Code of Conduct for the period ended 31<sup>st</sup> December 2011*

*Place: Mumbai*

*Suman Mukherjee*

*Dare: 2nd Feb. 2012*

*C. E.O & M. D.*

## II. **AUDIT COMMITTEE**

A qualified and independent Audit Committee shall be set up and should meet at least four times in a year. The Audit Committee shall have minimum three directors as member, with two-thirds of its members being independent directors. All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. The Chairman of the Audit Committee shall be an independent director and shall be present at Annual General Meeting to answer shareholder queries. The Company Secretary shall act as secretary to the Committee.

*Your Company has an Audit Committee at the Board level which acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors and overseas the financial reporting process. The Audit Committee has three Independent Directors as members. All the Members of the Audit Committee are financially literate. Mr. Napoleon De la Colina is the Chairman of the Committee and was present at Annual General Meeting of the Company. During the Period, the Audit Committee met six times to deliberate on various matters. The meetings were held on 8<sup>th</sup> February, 2011; 23<sup>rd</sup> February, 2011; 28<sup>th</sup> April, 2011; 13<sup>th</sup> May 2011; 28<sup>th</sup> July, 2011 and 20<sup>th</sup> October, 2011. The details of attendance are as follows:*

Name of Audit Committee Member	No. of Meetings	
	Held	Attended
Mr. Napoleon De la Colina	6	6
Mr. Leonard D' Costa	6	6
Mr. Robert Pavrey	6	6

1. *Mr. Chain Singh Jasol – Whole Time Director, Mr. Suman Mukharjee - CEO & Managing Director and Mr. Pedro Silva – Finance Head are permanent invitees to the Audit Committee. The Statutory, Internal as well as the Cost Auditors of Your Company are also invited to the Audit Committee Meetings.*
2. *Mr. S. N. Malpani, Company Secretary, acts as the Secretary to the Committee.*

*The Audit Committee has the following powers:*

- a. *To investigate any activity within its terms of reference,*



- b. To seek information from any employee,
- c. To obtain outside legal or other professional advice,
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee includes following:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and the fixation of audit fee and also approval for payment for any other services,
- c. Reviewing with Management, the annual financial statements before submission to the Board for approval, with particular reference to;
  - Matters required to be included in the Directors' responsibility statement to be included in the Boards' report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Changes, if any, in accounting policies and practices and reasons for the same,
  - Major accounting entries involving estimates based on exercise of judgment by Management,
  - Significant adjustments made in the financial statements arising out of audit findings,
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualification in the draft audit report.
- d. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- e. Reviewing with the Management, performance of statutory and Internal Auditors, adequacy of internal control systems.
- f. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit,
- g. Discussion with Internal Auditors any significant findings and follow up there on.
- h. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularity or a failure of internal control

systems of a materials nature and reporting the matter to the Board,

- i. Discussion with statutory Auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern,
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, share holders (in case of non-payment of declared dividends) as creditors.
- k. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee reviews the following information:

- a. Management discussion and analysis on financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by Management;
- c. Management letters / letters of internal control weaknesses issued by the statutory Auditors, if any;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor

Remuneration Committee has met on 28<sup>th</sup> April 2011 and 20<sup>th</sup> October 2011. All the Committee Members were present at the meetings.

### III. DISCLOSURES

#### (A) Basis of related party transactions

A statement in summary form of transactions with related parties in the ordinary course of business, details of material individual transactions with related parties that are not in the normal course of business and details of material individual transactions with related parties that are not on an arm's length basis is required to be placed before the Audit Committee.

Your Company places all the aforesaid details before the Audit Committee.

Particulars of related party transactions are listed out in Note no. 11 of Schedule 20-. However, all these transactions are on normal commercial arm's length basis.

#### (B) Disclosure of Accounting treatment

Your Company has followed all relevant Accounting Standards while preparing the financial statements.

#### (C) Risk Management

The Company shall lay down procedures to inform Board members about the risk

assessment and minimization procedures. These procedures shall be reviewed to ensure that executive management controls risk through means of properly defined framework.

*Your Company is aware of the risks associated with the business. It regularly analysis the risks and takes corrective actions for managing/mitigating the same. Your Company has developed risk management policy.*

**(D) Proceeds from public issues, rights issues, preferential issues etc.**

If any capital is raised through an issue, the Company needs to disclose to the Audit Committee, the uses/applications of funds on a quarterly basis. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and place it before the Audit Committee. This statement shall be certified by the Statutory Auditors of the Company.

*The Company did not raise any capital during the year under report.*

**(E) Remuneration of Directors and details of Directors' shareholding**

- The Company needs to disclose all pecuniary relationship or transactions of the non-executive directors' vis-à-vis the Company.

*Apart from sitting fees that are paid to the Directors for attending Board / Committee meetings, no significant material transactions have been made with the non-executive Directors vis-à-vis the Company.*

- The Company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.

*Details of Directors shareholding in the Company was / is as follows:*

<b>Name of Director</b>	<b>No. of shares</b>
Mr. Leonard D' Costa	2000
Mr. Napoleon De la Colina	500
Mr. Alvaro Joao Serra Nazare	500
Mr. Luis Filipe Sequeira Martins	500
Mr. Chain Singh Jasol	1510

**(F) Management**

- As part of the Directors' Report or as an additional thereto, a Management Discussion and Analysis Report should form part of the Annual Report to the shareholders.

*The Management Discussion and Analysis Report forms part of Annual Report and in accordance with the requirements laid out in Clause 49 of the Listing Agreement.*

- Senior management shall make disclosures to the Board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)

*No material transactions has been entered in to by your Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc., that may have a potential conflict with interest of your Company.*

**(G) Shareholders**

- In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the details of Directors.

*Details of Directors seeking appointment / re-appointment at the ensuing AGM are provided in the Notice convening the AGM.*

- Quarterly results and presentations made by the Company to analysts shall be put on Company's website, or shall be sent in such a form so as to enable the stock exchange on which the Company is listed to put it on its own website.

*Financial results are made available on the website of your Company - www.digvijaycement.com*

- Share Transfer and Shareholders / Investors Grievance Committee

Ashareholders' Grievances Committee under the Chairmanship of a non-executive director shall be formed to specifically look in to the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. To expedite the process of share transfers, the Board of the Company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in fortnight.

*Your Company has a "Share Transfer and Shareholders / Investors Grievance Committee" at the Board level, under the Chairmanship of a non-executive director. The Committee looks into issues relating to share holders, including transfer/transmission of shares, issue of duplicate share/debenture certificates, non receipt of Annual Report, shares after transfer and delays in transfer of shares. The Committee met on 28th April, 2011 and 20th October 2011 to review the status of investor grievances,*

dematerialization / rematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Company's shares are compulsorily traded and delivered in the dematerialized form. The equity shares of the Company have been admitted with National Securities Depository Limited and Central Depository Services (I) Limited, bearing ISIN No. **INE232A01011**.

To expedite the transfer in the physical segment, necessary authority has been delegated by your Board to Officers of the Company, to approve issue of share certificates, approve transfer/transmission of shares, consolidation, subdivision, split of share certificates etc. Details of transfer/transmission of shares approved by the officers are placed before the Board.

Details of complaints received, number of shares transferred during the year, time taken for affecting these transfers and the number of share transfer pending are furnished in the "Shareholder Information" section of this Annual Report.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by stock exchange or SEBI or any other statutory authority, on any matter relating to capital market during the year.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the year under review and hence no strictures/penalties have been imposed on the Company by the SEBI or any statutory authority.

#### IV. CEO/CFO CERTIFICATION

Mr. Suman Mukherjee - CEO and Mr. Pedro Silva – Finance Head have certified to the Board that:

1. They have reviewed the balance sheet and profit and loss account and all its schedules and notes to accounts, as well as the cash flow statement;
2. Based on their knowledge, information and belief, these statements do not contain any untrue statement of a material fact or omit to state material fact that might be misleading with respect to the statements made;
3. Based on their knowledge, information and belief, the financial statements and other

financial information included in this Report present a true and fair view of the Company's affairs for the period presented in this Report and are in compliance with the existing accounting standards, applicable laws and regulations;

4. To the best of their knowledge, information and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
5. They are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting;
6. They have disclosed, based on their most recent evaluation, wherever applicable, to the Company's Auditors and Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps taken or proposed to be taken to rectify the deficiencies;

They have indicated to the Auditors and the Audit Committee:

- a) Significant changes in the Company's internal control over financial reporting during the year;
- b) All significant changes in the accounting policies during the year, if any, and the same have been disclosed in the notes to the financial statements;
- c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.

#### V. GENERAL BODY MEETINGS

Details of Annual General Meetings;

Location and time, where last three Annual General Meetings (AGM's) were held:

Financial Year	Location of the Meeting	Date & Time
2008-09	Registered Office, Digvijaygram	24 <sup>th</sup> June , 2009 – 03:00 P.M.
2009	Registered Office, Digvijaygram	19 <sup>th</sup> April, 2010 – 03:00 P. M.
2010	Registered Office, Digvijaygram	28 <sup>th</sup> April, 2011 – 04:30 P. M.

Whether special resolution passed in the previous 3 AGMs?	Yes
Whether any special resolution passed last year through postal ballot:	No
Details of voting pattern:	N.A.
Person who conducted the postal ballot exercise:	N.A.
Whether any special resolution is proposed to be conducted through Postal ballot:	N.A.
Procedure for postal ballot:	N.A.

## VI. MEANS OF COMMUNICATION

### Quarterly results

- a. Which news papers normally published in
- *Financial Express – All India Edition*
  - *Financial Express - Gujarati*
- Any website, where displayed
- [www.digvijaycement.com](http://www.digvijaycement.com)
- Whether MD&A is part of Annual Report
- Yes
- b. Whether Shareholder Information Section forms part of the Annual Report.
- Yes

## SHAREHOLDER INFORMATION

### 1. Annual General Meeting

Date & Time: **15th May 2012 at 4.00 PM**

Venue : Digvijaygram-361 140,  
Via. Jamnagar (Gujarat)

### 2. Financial Calender

- Financial reporting and Limited Review for the quarter ending 31st March 2012 - up to 15th May, 2012
- Financial reporting and Limited Review for the quarter ending 30th June 2012 - up to 14th August, 2012
- Financial reporting and Limited Review for the quarter ending 30th September 2012 - up to 15th November, 2012
- Financial reporting for the Year ending 31st December 2012 - By end of February 2013
- Annual General Meeting for the year ending 31st December 2012 - By end of May 2013

### 3. Dates of Book Closure

7th May 2012 to 15th May 2012  
(both days inclusive)

### 4 Registered Office & Works

Digvijaygram – 361 140,  
Via. Jamnagar (Gujarat)  
Telephone: (0288) 2344272-2344275  
Fax No. (0288) 2344092 & 2344214  
Website: [www.digvijaycement.com](http://www.digvijaycement.com)

### 5 Listing on Stock Exchanges & Stock Code No.

Bombay Stock Exchange Ltd  
P.J .Towers, Dalal Street, Mumbai – 400 001  
(Stock Code-502180)  
Note: The annual listing fee has been paid to the above Stock Exchange.

### 6 Stock Price Data

Price on Bombay Stock Exchange Ltd.

Month	High(Rs.)	Low(Rs.)
January, 2011	12.84	9.90
February, 2011	11.25	8.81
March, 2011	11.00	9.00
April, 2011	12.98	10.51
May, 2011	11.95	9.91
June, 2011	10.78	9.03
July, 2011	10.42	9.20
August, 2011	10.00	7.61
September, 2011	11.00	8.71
October, 2011	10.48	9.10
November, 2011	10.24	8.03
December, 2011	9.24	7.53

### 7 Registrars and Share Transfer Agents

Link Intime India Pvt. Ltd.  
(Unit : Shree Digvijay Cement Co.Ltd.)  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078  
Tel No.(022) 2596 3838  
Fax No.(022) 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### 8 Investors Correspondence

A) For any assistant regarding dematerialization of shares, share transfers,transmission,change of address or any other quarry relating to shares, please write to

Link Intime India Pvt. Ltd.  
(Unit :Shree Digvijay Cement Co.Ltd.)  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai 400 078

B) For General Correspondence:

The Company Secretary,  
Shree Digvijay Cement Co., Ltd.  
Digvijaygram 361 140,  
Via. Jamnagar (Gujarat)  
Telephone: (0288) 2344272-2344275  
Fax No. (0288) 2344092 & 2344214  
Email: [snmalpani@cimpur.com](mailto:snmalpani@cimpur.com)





## 9 Share Transfer System

The Share Transfers and Shareholders Grievance Committee meets every fortnight. Share transfer in physical form are re-registered or returned within a period of 15-20 days from the date of receipt in case documents are completed in all respects.

## 10 Distribution of Shareholding as on 31st December, 2011

Holding	Shareholders		No. of Shares	% of Shareholdings
	Nos.	%age		
1 - 500	19933	67.94	4265071	3.02
501 - 1000	4222	14.39	3705844	2.62
1001 - 5000	4064	13.85	9468548	6.70
5001 - 10000	630	2.15	4741845	3.35
10001 & above	491	1.67	119192970	84.31
<b>Total</b>	<b>29340</b>	<b>100.00</b>	<b>141374278</b>	<b>100.00</b>

## 11 Dematerialisation of Shares & Liquidity

The shares of the company are in compulsory demat sagement, and are available for demat both with the NSDL & CDSL. International Securities Identification Number (ISIN allotted to the equity shares of the company is INE232A01011.

As on 31st December 2011, 140336992 Equity Shares of the Company representing 99.27 % have been dematerialised.

## 12 Registered Office & Works

Digvijaygram 361 140,  
Via. Jamnagar (Gujarat)

Telephone: (0288) 2344272-2344275

Fax No. (0288) 2344092 & 2344214

Website: www.digvijaycement.com

## 13 Categories of Shareholding as on 31st December, 2011

Category	No. of shares held	% of Shareholding
Promoters	104091537	73.63
NR & NRIs	1309827	0.93
Fin.Inst.& Banks etc.	31807	0.02
Corporates	3770796	2.67
Public	32170311	22.75
<b>Total</b>	<b>141374278</b>	<b>100</b>

## 14 Nomination facility

Share holders are eligible to file their nominations against shareholding for smooth transmission process. Nomination forms are available at the Investors Service Division. Those interested in getting the facility of informations may write to the Company Secretary for a copy of the prescribed Nomination Form

## CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

**SHREE DIGVIJAY CEMENT COMPANY LIMITED**

We have examined the compliance conditions of Corporate Governance by **Shree Digvijay Cement Company Limited ("the Company")** for the period ended 31<sup>st</sup> December, 2011 as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We 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.

Dinesh Kumar Deora  
Company Secretary in Practice

Membership No. FCS 5683  
CP No. 4119

Place: Mumbai  
Date: 9<sup>th</sup> January, 2012

<b>Details of Directors seeking Appointment/Re-appointment in Annual General Meeting fixed for 15th May 2012</b>					
<b>Name of Director</b>	Mr. Napoleon De la Colina	Mr. Leonard D' Costa	Mr. Luis Miguel Da Ponte Alves Fernandes	Mr. Antonio Carlos Custodio de Morais Varela	
<b>Date of Birth</b>	10th April 1967	24th January 1951	22nd September 1956	3rd June 1956	
<b>Date of Appointment</b>	19th May 2008	19th May 2008	2nd February 2012	2nd February 2012	
<b>Qualification</b>	Civil Engineering-Structural	B.Sc. Hons Post Graduate Diploma Hons industrial Relations and Welfare, XLRI, FHCIMA UK	Mechanical Engineering	Degree in Business Organization and management. MSc in Industrial Relations and Personnel Management.	
<b>Experience in specific functional area</b>	Management Consultant	Management Consultant	Cement Industry	Regulation ,Banking and Financial Management.	
<b>List of outside Company Directorship held.</b>	Member of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors	
	Managing Director: ICM- Asiapacific Civil Consultants	NIL	Director: (1) Amreyah Cement Company(Egypt). (2) Amreyah Cimpor Cement Company (Egypt). (3) Cimpsac Company ( Egypt). (4) Amreyah Cimpor Ready Mix (Egypt).	Chairman: (1) Cimpor Egypt for Cement Co. (2) Cimpor Reinsurance, S.A. Director: (1) Cimpor – Cimentos de Portugal, SGPS,S.A. (2) Cimpor Inversioes S.A. (3) Cimpor – Servicos de Apoio a Gestao de Empresas,S.A. (4) Asment De Temara (5) Cimpor Yibitas Cimento Sanayi Ve Ticaret A.S. (6) C+ PA – Cimeento e Produtos Associados ,S.A.( outside the group Cimpor)	
<b>Chairman/Member of the Committee of the Board of Directors of the Company</b>	Audit Committee – Chairman Remuneration Committee - Chairman	Audit Committee – Member Remuneration Committee - Member	NIL	NIL	NIL
<b>Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a Director.</b>	NIL	NIL	NIL	NIL	NIL



## AUDITORS' REPORT

### To The Members of Shree Digvijay Cement Company Limited

1. we have audited the attached Balance Sheet of **SHREE DIGVIJAY CEMENT COMPANY LIMITED** ("the Company") as at 31<sup>st</sup> December, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2011;
  - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> December, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> December, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No.117366W)

Sanjiv V Pilgaonkar  
Partner  
(Membership No. 39826)

Mumbai  
2<sup>nd</sup> February, 2012

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) In respect of the Company's fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of paragraph 4(iii) (a) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. According to the information and explanations given to us, the Company does not sell services in the normal course of business. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of all contracts or arrangements referred to in Section 301 that need to be entered in the Register maintained under the said Section have been so entered.
  - (b) The services procured are of special nature and comparable quotations are not available with the Company and therefore we are unable to comment on reasonability of prices.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of the provisions of Sections 58 and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. According to the information and explanations given to us, no Order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the 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 Companies Act, 1956 in respect of cement companies and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Scheme, Income-tax, Wealth Tax, Custom Duty, Excise Duty,





Cess and other material statutory dues in arrears as at 31st December, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales tax, Excise Duty and Service tax which have not been deposited as on 31<sup>st</sup> December, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (net off amount deposited with Court) (Rs. in lakhs)
Motor Spirit Act	Sales Tax	Deputy Commissioner	1992-1995	2.41
Central Excise Act, 1944	Excise Duty	CESTAT (Tribunal)	2002-03, 2006-2007 to 2010-11	2,534.10
		Commissioner Appeal	2007-08 & 2008-09	766.75
The Finance Act, 1994	Service Tax	Commissioner	2004-05 to 2007-08	119.87
		CESTAT (Tribunal)	2005-2006	17.63
		Deputy Commissioner	2006-07 to 2010-11	1.16

- (x) The accumulated losses of the Company at the end of the financial year have not exceeded fifty percent of its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of paragraph 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund, nidhi or a mutual benefit society. Therefore, the provisions of paragraph 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Therefore, the provisions of paragraph 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the period for long term investment.
- (xviii) According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act. Therefore, the provisions of paragraph 4(xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us, there were no amounts outstanding in respect of secured debentures during the year. Therefore, the provisions of paragraph 4 (xix) of the Order are not applicable to the Company.
- (xx) According to the information and explanation given to us, the Company has not raised any money by public issue, during the period covered by our audit.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells  
chartered Accountants  
(Registration No.117366W)

Sanjiv V Pilgaonkar  
Partner  
(Membership No. 39826)

Mumbai  
2<sup>nd</sup> February, 2012

# SHREE DIGVIJAY CEMENT CO. LTD.

## BALANCE SHEET AS AT 31ST DECEMBER 2011

	Schedules	As at 31-12-2011	(Rs. in lacs) As at 31-12-2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	14,137.51	14,137.51
Reserves and Surplus	2	8,842.30	8,842.30
<b>Loan Funds</b>			
Unsecured Loans	3	2,814.85	-
<b>TOTAL</b>		<b><u>25,794.66</u></b>	<b><u>22,979.81</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	24,604.32	24,575.85
Less : Depreciation		13,693.85	13,051.45
Net Block		10,910.47	11,524.40
Capital Work-in-Progress (including Capital advances)		6,730.62	1,276.21
		<b><u>17,641.09</u></b>	<b><u>12,800.61</u></b>
<b>Investments</b>	5	<b>3,532.18</b>	1,349.41
<b>Current Assets, Loans and Advances</b>			
Inventories	6	4,804.00	7,861.05
Sundry Debtors	7	542.15	270.18
Cash and Bank Balances	8	711.36	462.95
Other Current Assets	9	23.17	7.86
Loans and Advances	10	2,096.47	1,242.73
		<b><u>8,177.15</u></b>	<b><u>9,844.77</u></b>
Less :			
<b>Current Liabilities and Provisions</b>			
Current Liabilities	11	7,711.62	6,079.13
Provisions	12	453.92	490.43
		<b><u>8,165.54</u></b>	<b><u>6,569.56</u></b>
<b>Net Current Assets</b>		<b>11.61</b>	3,275.21
<b>Balance as per attached Profit and Loss Account</b>		<b>4,609.78</b>	5,554.58
<b>TOTAL</b>		<b><u>25,794.66</u></b>	<b><u>22,979.81</u></b>
<b>Accounting Policies and Notes to the Financial Statements 20</b>			

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner

Antonio Carlos Custodio de Morais Varela  
Luis Miguel Da Ponte Alves Fernandes  
Alvaro Joao Serra Nazare  
Robert Pavrey  
Napoleon De la Colina

Directors

Suman Mukherjee  
CEO & Managing Director

C.S. Jasol  
Whole Time Director

G.D. Gupta  
AVP (Comm.& Finan.)

S.N. Malpani  
Co.Secretary

Pedro Silva  
Finance Head

Mumbai  
Date : 2nd February 2012



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2011

(Rs. in lacs)

	Schedules	January 2011 to December 2011	January 2010 to December 2010
<b>INCOME</b>			
Sales		37,060.12	32,453.39
Less : Excise Duty		3,686.57	3,087.58
Net Sales		33,373.55	29,365.81
Other Income	13	487.52	470.82
		<b>33,861.07</b>	<b>29,836.63</b>
<b>EXPENDITURE</b>			
(Increase) / Decrease in Stocks	14	1,011.23	(1,527.28)
Raw Materials Consumed	15	2,221.21	2,011.79
Manufacturing Expenses	16	19,936.64	19,256.67
Payments to and Provisions for employees	17	2,228.53	2,169.50
Selling, Distribution, Administration and Other Expenses	18	6,537.74	5,516.43
Interest	19	28.89	33.66
Depreciation	4	1,006.77	938.05
		32,971.01	28,398.82
Less: Self Consumption of Cement		54.74	14.22
		<b>32,916.27</b>	<b>28,384.60</b>
<b>Profit before exceptional item</b>		<b>944.80</b>	1,452.03
Exceptional item (Refer Note No. 3 of Schedule 20)		-	1,245.55
<b>Profit before tax</b>		<b>944.80</b>	206.48
<b>Provision for Taxation</b>			
Current Tax		-	106.23
<b>Profit after tax</b>		<b>944.80</b>	100.25
<b>Balance brought forward from Previous Year</b>		<b>(5,554.58)</b>	(5,654.83)
<b>Balance Carried to Balance Sheet</b>		<b>(4,609.78)</b>	(5,554.58)
<b>Basic and Diluted Earning Per Share (in Rs.) (Face Value Rs.10)</b>			
Basic Earning Per Share (in Rs.) (Face Value Rs.10)		<b>0.67</b>	0.07
Diluted Earning Per Share (in Rs.) (Face Value Rs.10)		<b>0.67</b>	0.05
<b>Accounting Policies and Notes to the Financial Statements 20</b>			

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner

Antonio Carlos Custodio de Morais Varela  
Luis Miguel Da Ponte Alves Fernandes  
Alvaro Joao Serra Nazare  
Robert Pavrey  
Napoleon De la Colina

Directors

Suman Mukherjee  
CEO & Managing Director

C.S. Jasol  
Whole Time Director

G.D. Gupta  
AVP (Comm.& Finan.)

S.N. Malpani  
Co.Secretary

Pedro Silva  
Finance Head

Mumbai  
Date : 2nd February 2012

# SHREE DIGVIJAY CEMENT CO. LTD.

## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST DECEMBER 2011

(Rs. in lacs)

	Year ended 31st December 2011	Year ended 31st December 2010
<b>(A) Cash flow from Operating Activities</b>		
a. Net Profit / (Loss) before tax :	944.80	206.48
Adjustment for:		
Depreciation	1,006.77	938.05
Provisions/write off for doubtful bad debts and advances	1.45	(1.95)
Liabilities no longer required w/back	(66.11)	(75.67)
Exchange (Gain) / Loss	(2.81)	9.29
(Profit) / Loss on sale/discard of fixed assets / Stock (Net)	32.36	66.13
(Profit)/Loss on sale / discard of Investment	-	4.26
Interest Income	(28.55)	(18.21)
Dividend Income	(147.00)	(109.69)
Self Consumption of Cement	(33.12)	-
Provisions for Employee Benefits	(79.52)	63.66
Provision for Mines Reclamation	(5.91)	(2.41)
Provision for interest & penalty on electricity duty	-	1,245.55
b. Operating profit before working capital changes	1,622.36	2,325.49
Adjustment for:		
Trade and other receivables	(616.34)	1,465.05
Inventories	3,057.06	(3,379.20)
Trade payables	529.03	(572.00)
c. Cash generated from operations	4,592.11	(160.66)
Direct taxes paid	(39.64)	(120.79)
Cash from operating activities before exceptional items	4,552.47	(281.45)
d. Exceptional item (Refer Note No. 3 of Schedule 20)		
Liability on account of amount received for payment of Electricity Duty	1,215.10	-
Payment of Electricity Duty	(1,225.61)	-
<b>Net cash flow from operating activities</b>	<b>4,541.96</b>	<b>(281.45)</b>
<b>(B) Cash flow from Investing Activities</b>		
Sale of Fixed Assets	0.02	5.51
Interest received	13.24	15.99
Dividend Income	147.00	109.69
Purchase of mutual funds	(28,870.00)	(32,345.19)
Proceeds from mutual funds	26,687.24	34,531.08
Purchase of Fixed Assets	(4,537.03)	(1,674.60)
Fixed Deposits (created)/matured placed as Margin Money to bank guarantees	(18.46)	(0.51)
Fixed Deposits (created)/matured having original maturity of more than 3 months	(93.15)	1.27
<b>Net Cash used in Investing Activities</b>	<b>(6,671.14)</b>	<b>643.24</b>



	Year ended 31st December 2011	Year ended 31st December 2010
<b>(C) Cash flow from Financing Activities</b>		
Proceeds from borrowings	2,380.76	-
Interest Paid on Borrowings	(114.77)	-
Increase/(Decrease) in overdrawn balance as per books of accounts	-	(130.73)
<b>Net Cash flow from Financing Activities</b>	<b>2,265.99</b>	(130.73)
<b>(D) Net increase/(decrease) in Cash &amp; Cash equivalents</b>	<b>136.81</b>	231.06
<u>Cash &amp; Cash equivalents at beginning of the year</u>		
Cash balance & Cheque on hand	2.09	3.73
Bank balance in current account	311.69	78.99
	<b>313.78</b>	82.72
<u>Cash &amp; Cash equivalents at end of the year</u>		
Cash balance & Cheque on hand	2.42	2.09
Bank balance in current account	448.17	311.69
	<b>450.59</b>	313.78
<b>Net Increase/ (decrease) in Cash &amp; Cash equivalents during the year</b>	<b>136.81</b>	231.06
Cash and cash equivalents as above	<b>450.59</b>	313.78
Balances with Scheduled Banks :		
In Fixed Deposit Accounts (over three months maturity)	<b>93.65</b>	0.51
In Fixed Deposit Accounts as Margin Money against Bank Guarantees	<b>167.12</b>	148.66
<b>CASH AND BANK BALANCE AS PER SCHEDULE 8</b>	<b>711.36</b>	462.95

#### Accounting Policies and Notes to the Financial Statements - Schedule 20

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Sanjiv V. Pilgaonkar  
Partner

Antonio Carlos Custodio de Morais Varela	}	Directors
Luis Miguel Da Ponte Alves Fernandes		
Alvaro Joao Serra Nazare		
Robert Pavrey		
Napoleon De la Colina		

Suman Mukherjee CEO & Managing Director	C.S. Jasol Whole Time Director	G.D. Gupta AVP (Comm.& Finan.)	S.N. Malpani Co.Secretary	Pedro Silva Finance Head
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Mumbai  
Date : 2nd February 2012



# SHREE DIGVIJAY CEMENT CO. LTD.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in lacs)

SCHEDULE - 1	As at 31-12-2011	As at 31-12-2010
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
150,000,000 (Previous Year 150,000,000) Equity Shares of Rs. 10/- Each	15,000.00	15,000.00
10,000,000 (Previous Year 10,000,000) Compulsory Convertible Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	<u>25,000.00</u>	<u>25,000.00</u>
<b>Issued</b>		
141,643,645 (Previous Year 141,643,645) Equity Shares of Rs. 10/- each	14,164.36	14,164.36
	<u>14,164.36</u>	<u>14,164.36</u>
<b>Subscribed &amp; Paid-up</b>		
141,375,398 (Previous Year 141,375,398) Equity Shares of Rs. 10/- each fully paid	14,137.54	14,137.54
Less: 1,120 Equity Shares of Rs. 10/- each forfeited	(0.11)	(0.11)
	<u>14,137.43</u>	<u>14,137.43</u>
Add: Forfeited Shares (amount originally paid-up on Equity Shares)	0.07	0.07
Add: Application and Allotment money on 21 Equity Coupons not due for refund	0.01	0.01
<b>TOTAL</b>	<u><u>14,137.51</u></u>	<u><u>14,137.51</u></u>

### Foot notes

- 1) Of the above subscribed & paid up Share Capital -
  - (i) 997,540 Equity Shares (Previous Year 997,540) were allotted as fully paid-up bonus shares by capitalisation of General Reserve.
  - (ii) 400,000 Equity Shares (Previous Year 400,000) were allotted pursuant to a contract without payment being received in cash.
  - (iii) 67,855,392 Equity Shares (Previous Year 67,855,392) were allotted as rights shares, without payment being received in cash and appropriated against its dues to the shareholders.
  - (iv) 104,091,537 Equity Shares (Previous Year 104,091,537) are held by the holding company Cimpor Inversiones S.A. (the ultimate holding company is Cimpor Cimentos De Portugal SGPS, S.A.)
- 2) 265,212 Equity Shares (Previous Year 265,212) are kept in abeyance out of the Rights Issue entitlement pending settlement of disputes.

SCHEDULE - 2	As at 31-12-2011	As at 31-12-2010
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	86.87	86.87
Capital Reserve on extinguishment of Compulsorily Convertible Preference Shares (See note no. 13 in Schedule 20)	8,700.00	8,700.00
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	35.00	35.00
<b>Securities Premium</b>		
As per last Balance Sheet	20.43	20.43
<b>TOTAL</b>	<u><u>8,842.30</u></u>	<u><u>8,842.30</u></u>



<b>SCHEDULE - 3</b>		(Rs. in lacs)	
		As at 31-12-2011	As at 31-12-2010
<b>UNSECURED LOANS</b>			
<b>Other Loans</b>			
Term Loan from a Bank		2,814.85	-
<b>TOTAL</b>		<b>2,814.85</b>	<b>-</b>

<b>SCHEDULE - 4</b>		(Rs. in lacs)									
<b>FIXED ASSETS</b>		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at 01/01/2011	Additions	Adjustments/ Deductions	As at 31/12/2011	Upto 31/12/2010	For the Year	Adjustments/ Deductions	Upto 31/12/2011	As at 31/12/2011	As at 31/12/2010
<b>INTANGIBLE ASSETS</b>											
1	COMPUTER SOFTWARE LICENSES	259.41	86.54	-	345.95	65.70	72.23	-	137.93	208.02	193.71
<b>SUB TOTAL - A</b>		<b>259.41</b>	<b>86.54</b>	<b>-</b>	<b>345.95</b>	<b>65.70</b>	<b>72.23</b>	<b>-</b>	<b>137.93</b>	<b>208.02</b>	<b>193.71</b>
<b>TANGIBLE ASSETS</b>											
1	FREEHOLD LAND (See Footnote 1)	34.33	-	-	34.33	-	-	-	-	34.33	34.33
2	BUILDINGS	759.08	66.66	18.94	806.80	419.14	18.29	10.90	426.53	380.27	339.94
3	RAILWAY SIDINGS	167.07	-	-	167.07	157.71	0.23	-	157.94	9.13	9.36
4	PLANT AND MACHINERY	21,506.61	263.78	358.53	21,411.86	11,296.18	835.48	336.46	11,795.20	9,616.66	10,210.43
5	ELECTRIC INSTALLATIONS	754.14	-	-	754.14	473.90	20.07	-	493.97	260.17	280.24
6	ROLLING STOCKS AND LOCOMOTIVES	74.79	-	0.16	74.63	71.10	-	0.15	70.95	3.68	3.69
7	FURNITURE, FIXTURES & OFFICE EQUIPMENTS	426.59	8.24	14.70	420.13	269.76	29.95	12.64	287.07	133.06	156.83
8	VEHICLES ETC.	46.39	-	4.42	41.97	27.23	4.46	4.22	27.47	14.50	19.16
9	JETTY & WHARF (See Footnote 2)	547.44	-	-	547.44	270.73	26.06	-	296.79	250.65	276.71
<b>SUB TOTAL - B</b>		<b>24,316.44</b>	<b>338.68</b>	<b>396.75</b>	<b>24,258.37</b>	<b>12,985.75</b>	<b>934.54</b>	<b>364.37</b>	<b>13,555.92</b>	<b>10,702.45</b>	<b>11,330.69</b>
<b>TOTAL :- (A + B)</b>		<b>24,575.85</b>	<b>425.22</b>	<b>396.75</b>	<b>24,604.32</b>	<b>13,051.45</b>	<b>1,006.77</b>	<b>364.37</b>	<b>13,693.85</b>	<b>10,910.47</b>	<b>11,524.40</b>
Previous Year		23,032.32	1,779.46	235.93	24,575.85	12,277.69	938.05	164.29	13,051.45	11,524.40	
Capital Work-in-Progress (including advances) - (See Footnote 3)										<b>6,730.62</b>	1,276.21
<b>GRAND TOTAL :-</b>										<b>17,641.09</b>	<b>12,800.61</b>

**Footnotes:**

1. Leasehold Land (in respect of which the Company pays Ground Rent) is not included above.
2. The Gujarat Maritime Board holds the titles to the jetty / wharf in respect of which capital cost was paid by the Company.
3. Interest on Term Loan capitalised during the year Rs 133.26 lacs (Previous Year Rs. NIL).

<b>SCHEDULE - 5</b>		(Rs. in lacs)	
		As at 31-12-2011	As at 31-12-2010
<b>INVESTMENTS</b>			
<b>Current Investments</b> (at lower of cost and market value)			
Units of Mutual fund - (unquoted) (see note no. 7 in schedule 20)		3,532.18	1,349.41
<b>TOTAL</b>		<b>3,532.18</b>	<b>1,349.41</b>
<b>Footnote:</b>			
Aggregate Book Value of unquoted investments		3,532.18	1,349.41
Net Assets Value of unquoted investments		3,532.18	1,349.41

# SHREE DIGVIJAY CEMENT CO. LTD.

(Rs. in lacs)		
<b>SCHEDULE - 6</b>	<b>As at 31-12-2011</b>	<b>As at 31-12-2010</b>
<b>INVENTORIES</b>		
(At lower of cost and net realisable value unless otherwise stated)		
Stores and Spare parts, Packing Materials and Fuels	1,952.47	4,114.54
Raw materials	395.84	279.97
Process Stock	1,305.60	2,884.97
Own Mines Process Stock	823.52	254.61
Finished Goods	326.57	326.96
<b>TOTAL</b>	<b><u>4,804.00</u></b>	<b><u>7,861.05</u></b>

(Rs. in lacs)		
<b>SCHEDULE - 7</b>	<b>As at 31-12-2011</b>	<b>As at 31-12-2010</b>
<b>SUNDRY DEBTORS</b>		
Exceeding six months		
Doubtful and Unsecured	250.76	274.71
Less: Provision for Doubtful Debts	<u>(250.76)</u>	<u>(274.71)</u>
	-	-
<b>Others</b>		
Good and Secured	97.26	47.28
Good and Unsecured	444.89	222.90
<b>TOTAL</b>	<b><u>542.15</u></b>	<b><u>270.18</u></b>

(Rs. in lacs)		
<b>SCHEDULE - 8</b>	<b>As at 31-12-2011</b>	<b>As at 31-12-2010</b>
<b>CASH AND BANK BALANCES</b>		
Cash balance on hand	2.42	2.09
Bank Balances :		
With Scheduled Banks :		
In Current accounts	448.17	311.69
In Fixed deposit (FD) accounts ( See Footnote)	<u>260.77</u>	<u>149.17</u>
<b>TOTAL</b>	<b><u>711.36</u></b>	<b><u>462.95</u></b>

Footnote: Of the above term deposits Rs.167.12 lacs (previous year Rs.148.66 lacs) have been pledged with banks against guarantees issued by bank on behalf the company.

(Rs. in lacs)		
<b>SCHEDULE - 9</b>	<b>As at 31-12-2011</b>	<b>As at 31-12-2010</b>
<b>OTHER CURRENT ASSETS</b>		
Interest accrued on term deposits	23.17	7.86
<b>TOTAL</b>	<b><u>23.17</u></b>	<b><u>7.86</u></b>



(Rs. in lacs)		
<b>SCHEDULE - 10</b>	<b>As at 31-12-2011</b>	<b>As at 31-12-2010</b>
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good except stated otherwise )</b>		
Deposits and Balances with Government and other Authorities	1,123.26	682.33
<b>Advance recoverable in cash or in kind or for value to be received.</b>		
Considered Good	717.82	344.65
Considered Doubtful	18.14	18.14
Less: Provision for Doubtful advances	(18.14)	(18.14)
Advance Payment of Taxes (Net of provision)	255.39	215.75
<b>TOTAL</b>	<b><u>2,096.47</u></b>	<b><u>1,242.73</u></b>

(Rs. in lacs)		
<b>SCHEDULE - 11</b>	<b>As at 31-12-2011</b>	<b>As at 31-12-2010</b>
<b>CURRENT LIABILITIES</b>		
Sundry creditors :		
a) Dues of Micro and Small enterpries (See note no. 6 in Schedule 20)	-	-
b) Others	4,587.03	3,422.75
Security Deposits	589.61	594.75
Retention Money Payable	958.91	469.63
Advances from Customers	480.85	824.17
Other Liabilities	1,076.73	767.83
Interest Accured but not due	18.49	-
<b>TOTAL</b>	<b><u>7,711.62</u></b>	<b><u>6,079.13</u></b>

(Rs. in lacs)		
<b>SCHEDULE - 12</b>	<b>As at 31-12-2011</b>	<b>As at 31-12-2010</b>
<b>PROVISIONS</b>		
Provision for Gratuity	-	33.47
Provision for Leave Encashment	420.76	429.71
Provision for Mines Reclamation	33.16	27.25
<b>TOTAL</b>	<b><u>453.92</u></b>	<b><u>490.43</u></b>

# SHREE DIGVIJAY CEMENT CO. LTD.

		(Rs. in lacs)	
<b>SCHEDULE - 13</b>		<b>Jan. 2011 to Dec. 2011</b>	<b>Jan. 2010 to Dec. 2010</b>
<b>OTHER INCOME</b>			
<b>Others</b>			
Dividend From Others- Current Investment		147.00	109.69
Interest on Bank and Other Interest [Includes TDS Rs. 3.56 lacs (previous year Rs. 1.44 lacs)]		46.59	18.21
Liability no Longer required written back (Net)		66.11	75.67
Insurance Claims		13.76	1.16
Exchange Gain/ (Loss) Net		2.81	(9.29)
Scrap Sales		101.90	155.84
Miscellaneous Receipts		109.35	119.54
<b>TOTAL</b>		<b><u>487.52</u></b>	<b><u>470.82</u></b>

		(Rs. in lacs)	
<b>SCHEDULE - 14</b>		<b>Jan. 2011 to Dec. 2011</b>	<b>Jan. 2010 to Dec. 2010</b>
<b>(INCREASE) / DECREASE IN STOCKS</b>			
<b>Closing Stock</b>			
Process Stock		1,305.60	2,884.97
Process Stock at Owned Mines		823.52	254.61
Finished Goods		326.57	326.96
Waste / Scrap		-	-
		<u>2,455.69</u>	<u>3,466.54</u>
Less : Excise Duty on Finished Goods		44.23	43.85
		<b><u>2,411.46</u></b>	<b><u>3,422.69</u></b>
<b>Opening Stock</b>			
Process Stock		2,884.97	1,169.47
Process Stock at Owned Mines		254.61	518.56
Finished Goods		326.96	214.59
Waste / Scrap		-	16.84
		<u>3,466.54</u>	<u>1,919.46</u>
Less : Excise Duty on Finished Goods		43.85	24.05
		<b><u>3,422.69</u></b>	<b><u>1,895.41</u></b>
<b>(Increase) / Decrease in Stocks</b>		<b><u>1,011.23</u></b>	<b><u>(1,527.28)</u></b>

		(Rs. in lacs)	
<b>SCHEDULE - 15</b>		<b>Jan. 2011 to Dec. 2011</b>	<b>Jan. 2010 to Dec. 2010</b>
<b>RAW MATERIALS CONSUMED</b>			
Opening Stock		279.97	441.02
Add: Purchases and Incidental Expenses (Excludes cost of Lime Stone raised)		<u>2,337.08</u>	<u>1,850.74</u>
		2,617.05	2,291.76
Less: Closing Stock		395.84	279.97
<b>TOTAL</b>		<b><u>2,221.21</u></b>	<b><u>2,011.79</u></b>





(Rs. in lacs)		
<b>SCHEDULE - 16</b>	<b>Jan. 2011 to Dec. 2011</b>	<b>Jan. 2010 to Dec. 2010</b>
<b>MANUFACTURING EXPENSES</b>		
Consumption of Stores, Spare Parts and Components and Packing Materials	2,563.51	2,369.19
Lime Stone Mine Cost	3,334.46	3,210.44
Power and Fuel	13,471.14	13,117.51
Repairs to Building	101.13	82.35
Repairs to Machinery	452.18	456.91
Other Repairs	14.22	20.27
<b>TOTAL</b>	<b><u>19,936.64</u></b>	<b><u>19,256.67</u></b>
(Rs. in lacs)		
<b>SCHEDULE - 17</b>	<b>Jan. 2011 to Dec. 2011</b>	<b>Jan. 2010 to Dec. 2010</b>
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus, etc.	1,961.97	1,861.21
Contribution to Provident and Other funds	178.81	194.23
Employees welfare expenses	87.75	114.06
<b>TOTAL</b>	<b><u>2,228.53</u></b>	<b><u>2,169.50</u></b>
(Rs. in lacs)		
<b>SCHEDULE - 18</b>	<b>Jan. 2011 to Dec. 2011</b>	<b>Jan. 2010 to Dec. 2010</b>
<b>SELLING, DISTRIBUTION ,ADMINISTRATION AND OTHER EXPENSES</b>		
Sales Commission	395.27	342.23
Cash Discount	181.10	254.37
Freight, handling and other expenses	4,547.71	4,032.59
Sales Expenses (Including advertisement and publicity)	69.29	100.42
Insurance	112.78	114.90
Rent (including Lease Rent)	50.82	50.97
Rates and Taxes	4.21	18.05
Stationery, Printing, Postage & Telephone Expenses	63.61	71.67
Travelling & Conveyance	151.38	138.99
Legal & Professional Charges	720.25	154.37
Bad Debts / Advances / Deposit Written off	25.39	47.49
Provisions for doubtful debts no longer required	(23.94)	(49.42)
Research Contribution (including Expenses)	6.96	6.79
Loss on Sale / Discarded of Fixed Assets	32.36	66.13
(Profit) / Loss on Sale of Investment	-	4.26
Financial charges	71.71	22.67
Miscellaneous Expenses	128.84	139.95
<b>TOTAL</b>	<b><u>6,537.74</u></b>	<b><u>5,516.43</u></b>
(Rs. in lacs)		
<b>SCHEDULE - 19</b>	<b>Jan. 2011 to Dec. 2011</b>	<b>Jan. 2010 to Dec. 2010</b>
<b>INTEREST</b>		
On Liabilities other than borrowings	28.89	33.66
<b>TOTAL</b>	<b><u>28.89</u></b>	<b><u>33.66</u></b>

## SCHEDULE - 20

### NOTES TO THE FINANCIAL STATEMENTS:

#### 1 Significant Accounting Policies:

##### (a) Basis of Accounting

The financial statements are prepared as per historical cost convention and in accordance with the accounting principles generally accepted in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards, referred to in section 211(3C) of Companies Act, 1956. All income and expenditure having material bearing on the financial statements are recognised on accrual basis.

##### (b) Use of Estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

##### (c) Fixed Assets and Depreciation / Amortisation

###### (i) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition cost are delivery and handling costs, installation, legal services and consultancy services. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised upto the date when the asset is ready for its intended use.

Depreciation is provided on a straight line basis at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 unless the use of a higher rate or an accelerated charge is justified through technical estimates. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. Freehold land is not depreciated since it is deemed to have an indefinite economic life.

###### (ii) Intangible assets and amortisation

Intangible assets other than goodwill are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licenses and implement the software for internal use (including software recording, installation and testing). Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses. Amortisation takes place on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years.

##### (d) Impairment of assets

The carrying values of assets of the Company's cash-generating unit is reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

##### (e) Investments

Long term investments are stated at cost, less other than temporary diminution, in value, if any. Current investments are stated at the lower of cost and fair value.

**(f) Inventory**

Finished goods and process stock are valued at the lower of the cost and the net realisable value. Cost of finished goods and process stock are determined using the absorption costing principles. Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of finished goods. Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

Raw material and packing material are valued at the lower of cost and net realisable value. Stores and spare parts and fuel are carried at cost. Necessary provision is made and charged to the Profit and Loss Account in the case of identified obsolete and non - moving items. In the case of raw materials, packing materials, stores and spare parts and fuels, cost determined on the basis of the corresponding weighted average. Costs include the purchase price, non-refundable taxes and delivery and handling costs.

**(g) Revenue Recognition**

Sales of goods are net off trade discounts and exclude sales tax, state value added tax. Revenue is recognised when practically all risks and rights connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

**(h) Financial Income and Borrowing Cost**

Financial income and borrowing cost include interest income on bank deposits and interest expense on loans.

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised upto the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period. Interest on bank deposits is recognised evenly over the period of the instrument. Income from dividend is recognised when the right to receive dividend is established.

Borrowing costs are adjusted for the net interest accruing on the cross currency interest rate swap instruments used to hedge foreign currency floating rate loans.

**(i) Derivative instruments**

The Company has entered cross currency interest rate swap contracts with a view to hedge the risks of foreign currency and interest rate fluctuations on foreign currency borrowings. The notional amounts of instruments outstanding as at the year-end, are restated at closing-date rates and unrealised translation differences are included in the Profit and Loss Account. The net interest accruing is recorded in the Profit and Loss Account over the period of the instrument.

Changes in fair values of other derivative instruments that do not qualify for hedge accounting are recognised in the Profit and Loss Account as they arise.

**(j) Foreign Currency Transactions**

Transactions in foreign currencies are initially translated to the reporting currency based on the exchange rate prevailing on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expense in the Profit and Loss Account. Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies, outstanding as at the year-end, are valued at closing-date rates, and unrealised translation differences are included in the Profit and Loss Account.

The premium (or discount) on forward exchange contracts is amortised and recognised in the Profit and Loss Account over the period of the contract. Forward exchange contracts outstanding as at the balance sheet date are stated at their fair values and gains or losses are recognised in the Profit and Loss Account as exchange differences.

## **(k) Taxes on Income**

The Company's income taxes include taxes on the Company's taxable profits, minimum alternate tax (MAT), adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

## **(l) Provisions and Contingencies**

A provision is recognised when the Company has a present legal obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value, and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

## **(m) Cash Flow Statements**

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard (AS-3) on Cash Flow Statements.

## **(n) Cash and Cash Equivalents**

Cash and bank balances and current investments that have insignificant risk of change in value and which have original contractual maturity of up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

## **(o) Earnings per Share**

Basic Earnings per Share (before dilution) is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the period.

Diluted earnings per share is calculated by adjusting the net profit after tax for the year attributable to equity shareholders and the weightage average number of equity shares outstanding during the year for the effects of all dilutive potential equity shares.

## **(p) Employee Benefits**

### **(i) Short Term Benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

### **(ii) Long Term Benefits**

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or similar securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

### Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

### Defined-benefit plans

Expenses for defined-benefit gratuity plan is calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

### (iii) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which employee perform the services that the benefit covers and liabilities are recorded at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefits or where the availment or encashment is otherwise not expected to wholly occur in next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

## 2 Contingent Liabilities: (Rs. in lacs)

	As at	
	31st Dec 2011	31st Dec 2010
(a) Demand contested by the Company		
- Sales tax	25.81	25.81
- Excise duty	3,310.86	607.06
- Service tax	138.66	17.63
- Labour cases	278.20	248.25
- Other Cases	163.45	166.25
(b) Rent on water pipe lines levied by Panchayat and Irrigation Department, Government of Gujarat.	816.43	737.34
(c) A sum of Rs. 309.84 lacs ( <i>previous year Rs. 309.84 lacs</i> ) determined as payable on account of arrears, rent, service charges, way leave fees payable in respect of certain leasehold property, consequent to the Order of the Estate Officer of Mumbai Port Trust (MPT) dated 28th February, 2007, has not been provided for as the said property was assigned in an earlier year to M/s Dinbandhu Estate Pvt. Ltd. (the Assignee). The assignment was subject to the approval of MPT which was to be arranged by the Assignee. The Company is contesting the said Order before the High Court.		

The Company does not expect any liability to devolve on it in respect of the above.

- 3 The Company received a claim for a sum of Rs. 1,253 lacs towards dues on account of interest on electricity duty and penalty thereon for the period commencing on 1st October, 2000 and ending on 12th January, 2011. The cost relating to earlier period was charged to the Profit and Loss Account of the previous year as an "exceptional item". A sum of Rs. 1,215 lacs was received during the period by the Company from Grasim Industries Ltd. ("Grasim" - the erstwhile holding company) in accordance with directions of Cimpor Inversiones SA ("Cimpor" - the present holding company) based on a claim made on Grasim by Cimpor, under the Share Purchase Agreement between Grasim and Cimpor. Supported by legal advice, the sum of Rs. 1,215 lacs has been recorded as a liability of the Company and the Company has sought the approval from the Reserve Bank of India.



# SHREE DIGVIJAY CEMENT CO. LTD.

- 4 Estimated amount of contracts remaining to be executed on capital account is Rs. 482.31 lacs (*previous year Rs. 6,417.46 lacs*), against which advances paid aggregate Rs. 33.16 lacs (*previous year Rs. 1,022.69 lacs*).
- 5 In compliance of High Court's orders and pursuant to scheme of arrangement between the Company and Gujarat Composite Ltd, loss incurred from transfer of units was adjusted against the Reserve on Revaluation of Fixed Assets in an earlier year. Consequently, depreciation for the year includes Rs. 6.63 lacs (*Previous year Rs. 6.80 lacs*) pertaining to depreciation on revalued portion of fixed assets.
- 6 The information given in Schedule 11 "Current Liabilities" regarding Micro and Small Enterprises has been determine to the extent such parties have been identified on the basis of information available with the Company.

Included in Sundry Creditors are amounts aggregating Rs.1,176.22 lacs (as at 31st December 2010 Rs Nil) being amounts due against purchase of capital assets. This sum has been adjusted in determining the cash flows arising from investing activities relating to acquisition of fixed assets. Cash flows from investing activities relating to cost of acquisition of fixed assets have been adjusted for Rs. 33.12 lacs (previous year Rs Nil) being cement produced by the Company and used in the construction of capital assets.

## 7 Statement of purchase and sales of units of mutual funds

(Rs. in lacs)

Particulars of Investment	Jan. 2011 to Dec. 2011		Jan. 2010 to Dec. 2010	
	No. of Units	Cost	No. of Units	Cost
<b>a) Acquired and sold during the year</b>				
HDFC CMF - Treasury Advantage Plan - Wholesale - DDR	53,378,747	5,354.69	76,705,113	7,694.67
HDFC CMF - Saving Plan - DDR	187,874,984	19,983.13	200,011,491	21,274.02
HDFC CMF - High Interest Fund Short Term Plan Div	-	-	19,112,178	2,027.08
<b>b) Acquired during the year and retained as at the year end</b>				
HDFC CMF - Treasury Advantage Plan - Wholesale - DDR	5,052,012	506.79	3,946,941	395.94
HDFC CMF - Saving Plan - DDR	28,443,703	3,025.39	8,964,271	953.48
<b>c) Sold out of acquisition of an earlier year</b>				
HDFC CMF - Treasury Advantage Plan - Wholesale - DDR	3,946,941	395.94	27,797,460	2,788.50
HDFC CMF - Saving Plan - DDR	8,964,271	953.48	7,055,352	750.44

- 8 Managerial Remuneration  
(Remuneration paid to Whole time Director and CEO & Managing Director)

(Rs. in lacs)

Name of Account**	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Salary	18.15	23.00
Contribution to Provident & other funds	2.18	2.76
Other benefits in cash and kind *	34.89	34.71
Total	<u>55.22</u>	<u>60.47</u>

\* excluding provision for compensated absences and gratuity as this amount is determined for the Company as a whole and figures for the Whole Time Director, CEO & Managing Director are not separately available.

\*\* As commission is not payable to the Whole time director or CEO & Managing Director, computation of net profit under section 349 of The Companies Act, 1956 has not been disclosed.

9 Deferred tax:-

The Company has recognised Deferred Tax Assets and Deferred Tax Liabilities as under :

(Rs. in lacs)

Deferred Tax arising from	(Liabilities) / Assets as at 31st Dec. 2011	(Liabilities) / Assets as at 31st Dec. 2010
<b>Deferred Tax Liabilities</b>		
Timing differences on account of Depreciation	2,215.37	2,278.76
<b>Deferred Tax Assets</b>		
Unabsorbed depreciation restricted upto the amount of Deferred Tax Liabilities	2,215.37	2,278.76
<b>Net Deferred Tax Liabilities</b>	<i>NIL</i>	<i>NIL</i>

Deferred tax asset in respect of unabsorbed depreciation is recognised considering the deferred tax liability in respect of timing differences arising in respect of depreciation, the reversal of which is virtually certain. Additional deferred tax assets have not been recognised in the absence of virtual certainty of future profits against which such assets could be offset.

10 Segment information:-

The Company has been operating largely in one business segment viz. Manufacturing and Sales of Cement and Clinker and its only production facility is located in India. Therefore the disclosure requirements relating to primary and secondary segments required under Accounting Standard (AS) 17 are not applicable.

11 "Related Party Disclosures" is as follows:

a) Names of the related parties and description of relationship:

Related Party	Relationship
Cimpor Inversiones S.A.	Holding Company
Cimpor Cimentos De Portugal SGPS, S. A.	Ultimate Holding Company
Cimpor Trading S. A. Vigo (Spain)	Fellow Subsidiary
Cimpor Services S. A. Lisboa Portugal	Fellow Subsidiary
Mr. P. A.Nair	Whole Time Director (Up to 1st Aug. 2011)
Mr. C. S Jasol	Whole Time Director (From 20th Oct. 2011)
Mr. Suman Mukherjee	CEO & Managing Director (From 20th Dec. 2011)

b) Details of Transactions:

(Rs. in lacs)

Nature of Transactions	Cimpor Inversiones S. A.	Cimpor Trading S. A. Vigo (Spain)	Key Management Personnel	Cimpor Services S. A. Lisboa (Portugal)	Total
Sales of Goods	-	-	-	-	-
		<i>826.80</i>	-	-	<i>826.80</i>
Purchase of Fixed assets (Implementation of ERP software system)	-	-	-	86.54	86.54
Information Services	-	-	-	45.24	45.24
				<i>16.68</i>	<i>16.68</i>
Technical and other managerial services	471.53	-	-	-	471.53
	-	-	-	-	-
Gurantees Commission Expense	47.10	-	-	-	47.10
	-	-	-	-	-
Gurantees provided by Cimpor on behalf of the Company	6,531.96	-	-	-	6,531.96
	-	-	-	-	-
Remuneration Paid (Refer note 8 in Schedule 20)	-	-	55.22	-	55.22
	-	-	<i>60.47</i>	-	<i>60.47</i>
Receivable as at the year end	-	-	-	-	-
	-	-	<i>0.21</i>	-	<i>0.21</i>
Payables as at the year end	465.21	-	-	106.41	571.62
	-	-	-	<i>3.71</i>	<i>3.71</i>
Extinguishment of Compulsory Convertible Preference Shares	-	-	-	-	-
	<i>8,700.00</i>	-	-	-	<i>8,700.00</i>

Figures in italics relate to the previous year.

# SHREE DIGVIJAY CEMENT CO. LTD.

12 Information pursuant to the provisions of Part II of Schedule VI to The Companies Act, 1956.

a) Licensed and installed capacity and production :

	Jan. 2011 to Dec. 2011		Jan. 2010 to Dec. 2010	
	Installed*	Production	Installed*	Production
Cement (Tonnes)	1,075,000	927,400	1,075,000	905,220
Total	1,075,000	927,400	1,075,000	905,220

Notes:

- Licensed capacity per annum has not been indicated due to abolition of Industrial license as per Notification No. S.O. 477(E) dt. 25th July, 1991, issued under the Industrial (Development and Regulation) Act, 1951.
- \* As certified by the Management and accepted by the Auditors without verification as it is a technical matter.

b) Sales:

	Jan. 2011 to Dec. 2011		Jan. 2010 to Dec. 2010	
	Quantity (Tonnes)	Value (Gross Revenue) (Rs. in lacs)	Quantity (Tonnes)	Value (Gross Revenue) (Rs. in lacs)
Cement *	926,637	37,060.12	902,151	31,626.15
Clinker	-	-	47,274	827.24
Total	926,637	37,060.12	949,425	32,453.39

\* Excludes Cement Samples, Transit loss, damages/ shortages 21 MT (Previous year 1 MT) and Clinker 0 MT (Previous year 355 MT).

\* Excludes self consumption for internal consumption 1972 MT (Previous year 551 MT).

c) Stock:

	Opening Stock				Closing Stock			
	01.01.2011		01.01.2010		31.12.2011		31.12.2010	
	Quantity (Tonnes)	Value (Rs. in lacs)	Quantity (Tonnes)	Value (Rs. in lacs)	Quantity (Tonnes)	Value (Rs. in lacs)	Quantity (Tonnes)	Value (Rs. in lacs)
Cement	11,361	326.96	8844	214.59	10,131	326.57	11,361	326.96
Clinker	*	*	*	*	*	*	*	*
Total		326.96		214.59		326.57		326.96

\* held as stock in trade for captive consumption.

d) Raw materials consumed

	Jan. 2011 to Dec. 2011		Jan. 2010 to Dec. 2010	
	Quantity (Tonnes)	Value (Rs. in lacs)	Quantity (Tonnes)	Value (Rs. in lacs)
Lime Stone ( Outside purchase)	192,721	571.55	173,289	499.11
Sand stone	56,086	224.67	75,139	272.76
Iron Ore	11,677	290.49	14,659	295.08
Gypsum	64,475	615.80	56,835	503.34
Pozollona material	53,150	440.49	57,457	366.60
Others	*	78.21	*	74.91
Total		2,221.21		2,011.79

\* Comprise dissimilar items which cannot be practicably aggregated.

Own Mines / crushed Lime stone consumption 808,453 MT (Previous year 1,078,209 MT)

e) Value of imported and indigenous raw materials, spare parts and components consumed:

	Jan. 2011 to Dec. 2011				Jan. 2010 to Dec. 2010			
	Raw Material (Outside Parties)		Stores, Spare Parts & Components etc.		Raw Material (Outside Parties)		Stores, Spare Parts & Components etc.	
	Value (Rs. in lacs)	% of total Consumption	Value (Rs. In lacs)	% of total Consumption	Value (Rs. in lacs)	% of total Consumption	Value (Rs. in lacs)	% of total Consumption
Imported	-	-	184.97	7.22	-	-	173.30	7.31
Indigenous	2,221.21	100.00	2,378.54	92.78	2,011.79	100.00	2,195.88	92.69
<b>Total</b>	<b>2,221.21</b>	<b>100.00</b>	<b>2,563.51</b>	<b>100.00</b>	<b>2,011.79</b>	<b>100.00</b>	<b>2,369.18</b>	<b>100.00</b>

Note: Disclosure relating to imported raw material, spare parts and components consumed are restricted to items directly imported by the Company.

f) C.I.F.Value of Imports:

Rs. in lacs

	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Coal	3,721.78	7,810.85
Components & Spare parts	247.66	157.07
Capital Goods	158.22	-

Note: Disclosure relating to imported raw material, spare parts and components are restricted to items directly imported by the Company.

g) Expenditure in foreign currencies (in rupee equivalent):

Rs. in lacs

	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Travelling Expenses	1.76	2.52
Information Services	77.68	18.18
Consultancy fees	37.04	-
Professional Services	471.53	-
Financial Charges	47.10	-
Interest	33.28	-
Others	5.01	-

Note : The aforesaid disclosure are restricted to amount disbursed in foreign currency by the company.

h) Earnings in foreign currency:

F.O.B. value of Exports Rs.Nil (Previous year Rs. 826.80 lacs).

Interest Income on ECB Loan Rs.33.28 lacs (Previous year Rs NIL).

13 Earnings per Share:-

(Rs. in lacs)

	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Profit/(loss) attributable to Equity Shareholders	944.80	100.25
Weighted average No. of Equity Share for Basic EPS (Nos)	141,639,490	141,639,490
Nominal Value of Equity Per Share (in Rs.)	10	10
Basic Earning Per Share (in Rs.)	0.67	0.07
Profit/(loss) attributable to Equity Shareholders	944.80	100.25
Weighted average No. of Potential Equity Share for Diluted EPS (Nos) (Refer Foot Note)	141,639,490	200,036,750
Nominal Value of Equity Per Share (in Rs.)	10	10
Diluted Earning Per Share (in Rs.)	0.67	0.05

Note:

The 8,700,000 6% Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 100 each ("CCPS"), which were allotted to the promoters viz. Cimpor Inversiones S.A., on a preferential basis, were due for conversion on 8th of September, 2010. To prevent a reduction in the proportion of public shareholding below the minimum threshold specified under the provisions of the Listing Agreement, the promoters allowed their conversion right to lapse. Consequently, the sum of Rs. 8,700 lacs has been transferred to Capital Reserve on extinguishment of 6% Non-Cumulative Compulsory Convertible Preference Shares of Rs. 100 each.

# SHREE DIGVIJAY CEMENT CO. LTD.

## 14 Auditors' Remuneration included under Miscellaneous Expenses in Schedule 18 :-

(Rs. in lacs)

Particulars	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Audit Fees	9.52	8.00
Tax Audit Fees	1.25	1.25
Reimbursement of expenses	0.73	0.28
Other Services	8.25	8.25
Total	<u>19.75</u>	<u>17.78</u>

Note : The figures exclude service tax as the same has been claimed as input tax credit by the Company.

## 15 Employee Benefit Obligations:-

### Defined-Contribution Plans

The Company offers its employees defined contribution plans in the form of contribution to provident fund, family pension and superannuation fund. Provident fund and family pension fund cover substantially all regular employees while the superannuation fund covers certain executives. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund and the superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

A sum of Rs.163.63 lacs (*Previous year Rs. 160.76 lacs*) has been charged to the revenue account in this respect.

### Defined-Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefits plans are typically based either on years of service and the employee's compensation (generally immediately before retirement.) Gratuity substantially covers all regular employees. The Company contributes funds to a Gratuity Trust, which is irrevocable. Commitments are actuarially determined at year-end. On adoption of revised Accounting Standard (AS)-15 on "Employee Benefits" actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Profit and Loss Account.

The net value of the defined-benefit commitment is details below:

(Rs. In lacs)

Particulars	Gratuity (Funded Plan)	
	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Present Value of Commitments	994.26	956.46
Fair Value of Plan Assets	1,031.36	922.99
Net Assets / (liability) in the balance sheet	37.09	(33.47)

Defined benefit commitments:

(Rs. in lacs)

Particulars	Gratuity (Funded Plan)	
	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Opening balance as at 1 <sup>st</sup> Jan, 2011	924.70	869.99
Current Service Cost	58.94	58.60
Interest expenses	73.98	64.93
Paid benefits	(99.70)	(39.27)
Actuarial (gain) / loss	25.77	(29.55)
Closing balance - As per Actuarial Valuer Certificate	983.69	924.70
Add : Unpaid Gratuity as at 31st Dec., 2011	10.57	31.76
Closing Liability	994.26	956.46





Plan assets: Gratuity (Rs. in lacs)

Particulars	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Opening balance as at 1 <sup>st</sup> Jan, 2011	922.99	753.65
Expected return on scheme assets	88.53	78.02
Contributions by the Company	85.74	132.74
Paid funds	(99.70)	(39.27)
Actuarial gain / (loss)	33.80	(2.15)
Closing balance - As per Actuarial Valuer Certificate	1,031.36	922.99

Return on plan assets: - Gratuity (Rs. in lacs)

Particulars	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Expected return on plan assets	88.53	78.02
Actuarial gain / (loss)	33.80	(2.15)
Actual return on plan assets	122.33	75.87

Investment Details % Invested

Particulars	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Government of India Securities	20.62	23.35
Public Sector Unit Bonds	30.05	31.42
State / Central Guaranteed Securities	8.29	5.96
Private Sector Bonds	13.96	11.92
Other (including balances with bank and Life Insurance Corporation of India)	27.08	27.35
	100.00	100.00

Details of investments made by the Life Insurance Corporation of India have not been received by the Company.

Expenses on defined benefit plan: (Rs. in lacs)

Particulars	Gratuity (Funded Plan)	Gratuity (Funded Plan)
	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Current service costs	58.94	58.60
Past service cost	-	-
Interest expenses	73.98	64.93
Expected return on investment	(88.53)	(78.02)
Net actuarial (gain) / loss	(8.03)	(27.40)
Expenses charged to the profit and loss account	36.36	18.11
Add : Change in unpaid gratuity liability of Trust	(21.18)	15.36
Expense charged to the profit and loss account	15.18	33.47

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

Particulars	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010
Rate for discounting liabilities	8.50%	8.00%
Expected salary increase rate	7%	7%
Expected return on scheme assets	9.00%	9.12%
Mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table
Withdrawal rate	1%	1%

The estimates of future salary increases, considered in the actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

# SHREE DIGVIJAY CEMENT CO. LTD.

## Experience adjustment:

(a) Gratuity

(Rs. in lacs)

Particulars	Jan. 2011 to Dec. 2011	Jan. 2010 to Dec. 2010	Apr. 2009 to Dec. 2009	Apr. 2008 to Mar. 2009	Apr. 2007 to Mar. 2008
	Defined benefit obligation	994.26	956.46	886.39	769.73
Plan asset	1,031.36	922.99	753.65	692.96	616.69
Surplus /(Deficit)	37.09	(33.47)	(132.74)	(76.77)	(81.19)
Experience adjustment on plan assets	33.80	(2.15)	39.81	(56.20)	(9.23)
Experience adjustment on plan liabilities	127.93	0.81	41.09	(7.68)	108.57

The contributions expected to be made by the Company during the financial year ending 31st December, 2011 amounts to Rs. 138.32 lacs.

- 16 The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below. Amounts payable in foreign currency on account of the following : -

Particulars	As at			
	31st Dec. 2011		31st Dec. 2010	
	Rupees lacs	Fx lacs	Rupees lacs	Fx lacs
Import of goods & services	575.64	EUR 8.19	3.71	EUR 0.07
Import of goods & services	2.96	GBP 0.04	-	-
Import of goods & services	4.50	USD 0.08	-	-

Note : Fx = Foreign Currency; EUR = Euro, GBP: Great Britian Pound, USD = US Dollar

The year end foreign currency exposures that were hedged by a derivative instrument or otherwise are given below:

Particulars	As at					
	31st Dec. 2011			31st Dec. 2010		
	No. of Contracts	USD Equivalent (lacs)	Equivalent Rs. in lacs	No. of Contracts	USD Equivalent (lacs)	Equivalent Rs. in lacs
ECB Loan	2	53.00	2,814.85	-	-	-

- 17 Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the classification of the current year.

Signature to Schedules 1 to 20

Antonio Carlos Custodio de Morais Varela  
Luis Miguel Da Ponte Alves Fernandes  
Alvaro Joao Serra Nazare  
Robert Pavrey  
Napoleon De la Colina

} Directors

Suman Mukherjee      C.S. Jasol      G.D. Gupta      S.N. Malpani      Pedro Silva  
CEO & Managing Director      Whole Time Director      AVP (Comm.& Finan.)      Co.Secretary      Finance Head

Mumbai  
Date : 2nd February 2012



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	749/TA	State Code	04
Balance Sheet Date	31.12.2011		

### II. Capital Raised during the period (Amount in Rs. Thousands)

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

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

Total Liabilities	2579466	Total Assets	2579466
<b>Sources of Funds</b>			
Paid up Capital	1413751	Reserves & Surplus	884230
Secured Loans	Nil	Unsecured Loans	281485
<b>Application of Funds</b>			
Net Fixed Assets	1764109	Investments	353218
Net Current Assets	1161	Misc. Expenditure	Nil
Deferred Tax Assets (Net)	Nil	Accumulated Losses	460978

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover	3706012	Total Expenditure	3611532
Profit before Tax	94480	Profit after Tax	94480
Earning Per Share (in Rs.)	0.67	Dividend Rate %	Nil

### V. Generic Names of three Principal Products of the Company

<u>Item Code No. (ITC Code)</u>	<u>Products Description</u>
1. 252329.01	Grey Portland Cement
2. 252310.00	Cement, Clinker

Antonio Carlos Custodio de Morais Varela	} Directors
Luis Miguel Da Ponte Alves Fernandes	
Alvaro Joao Serra Nazare	
Robert Pavrey	
Napoleon De la Colina	

Suman Mukherjee CEO & Managing Director	C.S. Jasol Whole Time Director	G.D. Gupta AVP (Comm.& Finan.)	S.N. Malpani Co.Secretary	Pedro Silva Finance Head
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Mumbai  
Date : 2nd February 2012



**SHREE DIGVIJAY CEMENT CO. LTD.**

Registered Office: Digvijaygram 361 140  
Via: Jamnagar (Gujarat)

**ATTENDANCE SLIP**

[To be handed over at the entrance of the Meeting Hall]

Name of the Attending Member .....

Name of the Proxy .....

[To be filled in, if the Proxy attends the meeting instead of the member]

I / We hereby record my/our presence at the 67<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday , the 15<sup>th</sup> May 2012 at 04:00 PM at Digvijaygram, Via: Jamnagar (Gujarat)

Member's Folio No. / Client ID No. /DP ID No.....

Number of Shares held .....

(Member's / Proxy's Signature)

Note: Members are requested to bring their copy of the Annual Report at the meeting.



**SHREE DIGVIJAY CEMENT CO. LTD.**

Registered Office: Digvijaygram 361 140  
Via: Jamnagar (Gujarat)

**FORM OF PROXY**

I / We ..... of ..... being a member / members of Shree Digvijay Cement Co. Ltd., hereby appoint .....of ..... or failing him ..... of ..... as my / our proxy to vote for me / us on my / our behalf at the 67<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday , the 15<sup>th</sup> May 2012 at 04:00 PM or on any adjournment thereof.

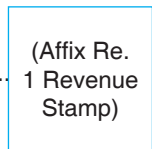
Signed this ..... day of ..... 2012

Proxy No. ....

Member's Folio No. / Client ID No. / DP ID No.....

Number of Shares held .....

Signature.....



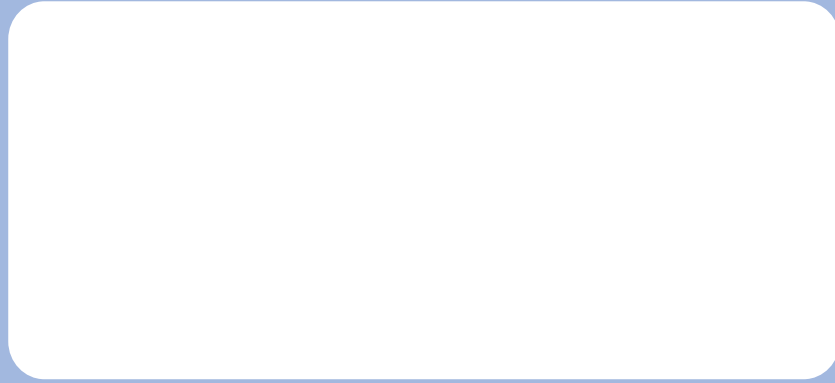
Note: The Proxy duly completed must be returned so as to reach at the Registered Office of the Company not less than 48 hours before the time of holding of the aforesaid meeting. The Proxy need not be a member of the Company.







**BOOK - POST**



**If undelivered, please return to :**

**SHREE DIGVIJAY CEMENT CO. LTD.**

**Digvijaygram - 361 140**

**Via : Jamnagar (Gujarat)**