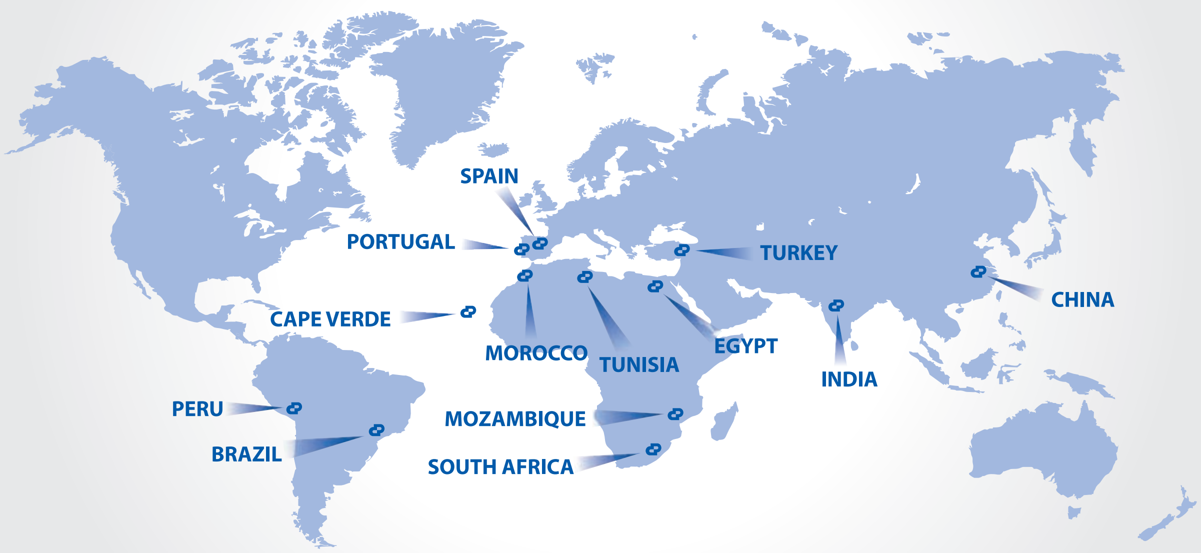
KAMAL CEMENT

SHREE DIGVIJAY CEMENT CO. LTD.

(A CIMPOR GROUP COMPANY)

Global Presence of Cimpor



65th Annual Report and Accounts 2009

CIMPOR GROUP

CONTENTS

BOARD OF DIRECTORS

Mr. Leonard D' Costa - Chairman

Mr. Jorge Manuel Tavares Salavessa Moura

Mr. Alvaro Joao Serra Nazare

Mr. Robert Pavrey

Mr. Napoleon De la Colina

Mr. Luis Filipe Sequeira Martins

Mr. P. A. Nair – C.E.O & Whole-Time Director

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Napoleon De la Colina – Chairman

Mr. Leonard D' Costa

Mr. Robert Pavrey

Mr. Jorge Manuel Tavares Salavessa Moura

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. Jorge Manuel Tavares Salavessa Moura

Mr. P. A. Nair

COMPANY SECRETARY

Mr. S. N. Malpani

EXECUTIVES

Mr. Rui Duarte	–	Finance Head
Mr. C. S. Jasol	–	Sr. Vice President (Personnel, Admn. & Mines)
Mr. P. B. Patel	–	Asst. V. P. (Tech.)
Mr. Prateek Gaur	–	Asst. V. P. (Mktg.)
Mr. G. D. Gupta	–	Asst. V. P. (F & C)

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 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

NOTICE

NOTICE is hereby given that the **Sixty-fifth** Annual General Meeting of the Members of **SHREE DIGVIJAY CEMENT CO. LTD.** will be held at the Registered Office of the Company at **DIGVIJAYGRAM** 361 140 Via: Jamnagar, Gujarat on Monday, the 19th day of April, 2010 at 03:00 PM (15:00 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 31st December, 2009 and the Audited Balance Sheet as at that date together with the Report 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 himself 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 himself for re-appointment.

4. To appoint a Director in place of Mr. Luis Filipe Sequeira Martins, who retires from office by rotation, and being eligible, offers himself for re-appointment.

5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

6. 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 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 and subject to the approval by Shareholders of the Company and such other approvals, as may be necessary, Mr. Penarveettil Achuthan Nair *alias* Mr. P. A. Nair, be and is hereby appointed as the **Whole Time Director** of the Company for a period of **Two years** with effect from 25th March, 2010 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. Nair 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: Digvijaygram, **S. N. Malpani**
Date: 9th March, 2010 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 The Register of Members and Share Transfer Books of the Company will remain closed from 12th April 2010 to 19th April 2010 (both days inclusive).

4 Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

5 Members can avail facility of nomination in respect of shares held by them 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 re-appointment at the forthcoming Annual General Meeting is attached hereto.

By Order of the Board

Place: Digvijaygram, **S. N. Malpani**
Date: 9th March, 2010 Company Secretary

EXPLANATORY STATEMENT

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

Item no. 6

The Board of Directors have re-appointed Mr. P. A. Nair, as a Whole-time Director of the Company in their meeting held on 9th March, 2010, for a period of two years with effect from 25th March, 2010 subject to the approval in General Body meeting and other necessary approvals as may be required.

Mr. Nair is of 62 years age and is a qualified Engineer with vast experience in Cement Industry. 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 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. **Remuneration:**
   a) Basic salary: Rs. 1,75,000/- (Rupees One lac seventy five thousand only) per month, with such annual increase as the Board/Committee of Directors may decide from time to time.
   b) Special Allowance: Rs. 85,000/- (Rupees Eighty five thousand only) per month with such increase as the Board/Committee of Directors may decide from time to time.
   c) Statutory Allowances: Rs. 71,000/- (Rupees Seventy one thousand only) covering personal allowance, conveyance allowance, education, uniform, medical, leave travel assistance 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. 5,00,000/- (Rupees Five lacs only) per annum, or such higher amount as the Board/Committee of Directors may decide from time to time.
2. **Perquisites:**
   a) A suitably furnished Residential accommodation shall be provide 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. P. A. Nair subject to the applicable provisions of Schedule XIII of the said Act. Further, Mr. Nair shall not be paid any sitting fee to attend Board/Committee meetings of the Directors.

Except Mr. Nair, no other Director is in any way concerned or interested in the proposed resolution.

Information required under Clause (iv) of proviso to paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956

1. **General Information**
   (i) Nature of Industry
   The Company is engaged in manufacture and sale of Clinker and Cement
   (ii) Date of commencement of commercial production. Since 1951
   (iii) In case of new Companies, expected date of commencement of activities.
   Not applicable, as the Company is an existing Company.
   (iv) Financial performance based on given indicators
   (Rs. in lacs)

Years	31.03.2007	31.03.2008	31.03.2009
Turnover (Gross)	29596	28851	34192
Profit/(Loss) before Tax	5413	(1372)	2185
Profit/(Loss) after Tax	5404	(1402)	2166

   Note: For further details/performance please refer Annual Report.
   (v) Export Performance and foreign exchange collaborations
   The FOB value of export was Rs. 176.69 lacs in 2006-07 and Rs. 485.85 lacs in 2007-08 and Rs. 2039.59 lacs in 2008-09.
   (vi) Foreign investments or collaborators if any
   NIL
2. **Information about appointee**
   (i) Background details
   Mr. P. A. Nair is of 62 years in age and is a qualified Engineer with vast experience in Cement Industry.
   (ii) Past Remuneration
   Mr. P. A. Nair has joined the Company w.e.f. 17th March, 2008 and has been paid remuneration of Rs. 1.29 lacs for the Financial Year 2007-08, Rs. 46.67 lacs for the Financial Year 2008-09 and Rs. 35.91 lacs for the 9 months period of Financial Year ended on 31st December 2009.
   (iii) 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.
   (iv) Remuneration proposed
   As set out above.
   (v) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.
   The remuneration of Mr. P. A. Nair is not out of tune with the remuneration in similar sized industries in same segment of business.
   (vi) Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any.
   Other than the remuneration stated above, Mr. P. A. Nair 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 the Directors' Report and Management Discussion and Analysis.

The remuneration and other terms and conditions of his appointment as are setout under the explanatory statement should also be considered as the relevant abstract required to be circulated to the members under Section 302 of the Companies Act, 1956.

By Order of the Board

Place: Digvijaygram,
Date: 9th March, 2010

S. N. Malpani
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 65th Annual Report together with the Audited Accounts of the Company for the year ended 31st December, 2009.

FINANCIAL RESULTS

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

(Rs. In lacs)

	Current Year Ended 31.12.2009 (9 months)	Previous Year Ended 31.03.2009 (12 months)
Gross Turnover	**28571**	34192
PBIDT (Profit before Interest, Depreciation and Tax)	**4397**	3951
Less: Interest	**176**	1095
Gross Profit	**4221**	2856
Less: Depreciation	**622**	671
Profit before Tax	**3599**	2185
Fringe Benefit Tax/MAT	**(29)**	(19)
Net Profit during the year	**3570**	2166
Balance brought forward from previous year	**(9225)**	(11391)
(LOSS) CARRIED OVER	**(5655)**	(9225)

CHANGE IN ACCOUNTING YEAR:

Accounting year of the Company for the period under report consists of nine months, ended on 31st December 2009 [1st April 2009 to 31st December 2009]. Hereafter, the accounting year will be for 12 months period ending on 31st December every year, to coincide with the accounting year of Cimpor Inversiones S. A., the Holding Company. For this change, the financial results for the period under report are not comparable with the previous year.

DIVIDEND:

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

FINANCIAL PERFORMANCE:

The turnover and working result show improvement over previous year. But for pressure on unit realization in the last quarter of the year, the profitability would have further contributed to the strength of the Company.

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

PRODUCTION AND SALES

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

(In lacs MT)

	Current period ended 31.12.2009 (Apr. 09 to Dec. 09)	**Corresp-onding Period of previous year**	**Previous Year ended 31.03.2009 (Apr. 08 to Mar. 09)**
Production:			
• **Clinker**	**7.54**	**6.46**	8.87
• **Cement**	**7.58**	**6.12**	8.98
Sales:			
• **Clinker**	**0.77**	**0.49**	0.49
• **Cement**	**7.64**	**6.14**	8.99

Plant operations present performance improvement. Cement demand in the State of Gujarat (home market for your Company) has registered growth by about 16.12% during the period under review. Your Company has achieved growth in cement sales by about 24% over corresponding period. Consequentially, Cement production was also at higher side i.e. by about 23% over corresponding period.

Your Company has exported 0.77 lacs MT clinker (as against 0.48 lacs MT in the corresponding period) registering an increase of 60% over corresponding period. There was no Cement export during the period. (Previous year 0.26 lacs MT)

DIRECTORS

Mr. Leonard D' Costa, Mr. Napoleon De la Colina and Mr. Luis Filipe Sequeira Martins, 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.

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

Your Directors request you to appoint Auditors for current accounting year and fix up their remuneration. M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, the existing

Auditors of the Company retiring at the ensuing Annual General Meeting are available for a fresh term and have furnished certificate of their eligibility for re-appointment.

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 31st December 2009. The appointment has been approved by the Central Government.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

The Particulars of employees, required under section 217(2A) of the Companies Act, 1956, and 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 provides 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 31st December 2009 and of the profit of the Company for that period;

(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 various Medical Camps, awareness programme on HIV, Swine Flue etc, 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)	**(P. A. Nair)**
Director	Whole Time Director

Place : Digvijaygram,
Date : 9th March, 2010

MANAGEMENT DISCUSSIONS & ANALYSIS

BUSINESS & FINANCIAL PERFORMANCE REVIEW

Capacity utilization

	Current year (9 Months)	Previous year (12 Months)
Installed Capacity (Lac. TPA)*	**8.06**	10.75
Production (Lac. TPA)		
Clinker	**7.54**	8.87
Cement	**7.58**	8.98
Effective Capacity utilization@	**103.64%**	88%
Sales Volume (Lac. Ton)	**8.41**	9.48
Domestic — Cement	**7.64**	8.73
Export — Cement	**0.00**	0.26
— Clinker	**0.77**	0.49
Net Sales Realization excluding Excise Duty (Rs./ MT)	**3256**	3269

* Includes Wet process for 2.00 lac TPA (not in operation)

@ Effective capacity utilization = Cement Production + Clinker sold

Financial Highlights

(In Rs. Lacs)

	Current year (9 Months)	Previous year (12 Months)
Net Turnover	26328	30626
Other Income	340	308
Total Expenditure	22271	26983
Operating Profit (PBIDT)	**4397**	**3951**
Operating Margin (%)	17	13
Interest	176	1095
Gross Profit (PBDT)	**4221**	**2856**
Depreciation	622	671
Profit before tax	3599	2185
Fringe Benefit tax/MAT	(29)	(19)
Net Profit after tax	**3570**	**2166**

Previous year figures have been regrouped wherever necessary.

Net Turnover

Effective capacity utilization stood at 103.64% (previous year 88%). Net turnover has registered an increase by about 15% (on annualized base) as compared with previous year.

Operating Profit (PBIDT) & Margin

Operating margin was higher by about 4% during the year under report, as compared with previous year. Increase in sales volume coupled with higher operating margin has resulted in to higher operating profit. Benefits derived from Fuel cost and volume rise could not be retained fully, and have substantially eaten in to with un-remunerative Clinker export (consequent to international market price weakening), and unabated rise in input cost of raw material and other overheads.

Income Tax

A sum of Rs. 29 lacs has been provided towards Minimum Alternate Tax (MAT) for the year under report.

Cash Flow Analysis

(In Rs. Lac)

	Current year (9 Months)	Previous year (12 Months)
Source of Cash		
Cash from Operations	4229.89	3819.37
Non-operating Cash flow	117.81	65.83
Issue of Preferential Share Capital	0	8700.00
(Increase)/Decrease in Working Capital (net)	720.83	(345.88)
Decrease in cash equivalents	8750.68	(7318.49)
Total	**13819.21**	**4920.83**
Use of Cash		
Capital Expenditure (net)	1697.95	2001.40
Decrease in Debt	10000.00	0
Interest Paid	196.43	1094.94
Taxes Paid	173.69	37.72
Investment (net)	1751.14	1786.77
Total	**13819.21**	**4920.83**

Cash from Operations

Cash from operation during the period under report was at Rs. 4229.89 lacs as against Rs. 3819.37 lacs in previous year represents higher volume of turnover.

Non-operating Cash Flow

Non operating cash flow of Rs. 117.81 lacs includes miscellaneous interest income (Rs.16.67 lacs) and Dividend Income on short term investment (Rs.101.14 lacs).

Capital Expenditure

During the year under report, the Company has incurred a sum of Rs. 1697.95 lacs towards capital expenditures on construction of Clinker Storage Silo and Fly ash feeding/handling systems etc.

Finance

The Company had raised Rs. 8700 lacs in the previous year through preferential allotment of 6% Non-cumulative Compulsory Convertible Preference Shares to Cimpor Inversiones S.A, the Holding Company. The proceeds were fully utilized in pre-payment of working capital loan to Citi Bank NA from whom the Company had availed working capital loan of Rs. 10000 lacs. Balance amount was generated through internal accruals. This has resulted in substantial reduction in interest cost.

SEGMENT REVIEW AND ANALYSIS

It is a single product Company

OUTLOOK

Gujarat has an installed capacity of 20 million mt. with an average demand of about 14 million mt. With the export volume decreasing substantially and the prices no longer remaining lucrative, the domestic cement market is full of surplus capacity. This has built up pressure on manufacturers for evacuation.

While demand continues to grow, new capacities in 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 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 31st December, 2009 was 537 employees. (Previous year as on 31st March 2009 was 549)

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 31st December, 2009

Particulars

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken

1 Revival of SPRS in PH and Raw Mill Ex. Fan.
2 Replacement of Raw mill six Cyclone structure.
3 Replacement of inlet and out let Cone Area of the Raw Mill ESP.
4 Strict control on the running hours of Coal Belts, avoiding idle running.
5 Replacement of HT motor of cooler ID fan by DC motor for smooth Speed control of RPM.
6 Took the Stacker No Material tripping into Circuit to avoid idle running of Stacker.
7 Provision of stepped chute for clinker feeding to PG so as to remove the belt conveyor.
8 Omission of two RAL from PG BH discharge
9 Commissioning of VFD for Fly ASH hopper bag filter Fan.
10 Repaired the LT Capacitor Banks of 400 KVAR of KCP section.
Benefit: Improved the Power Factor from 0.89 to 0.92
11 Repaired the 200 KVAR LT Capacitor in crusher section.
Benefit : Improved the Power Factor from 0.67 to 0.92
12 Erection and commissioning of mechanized Fly Ash Feeding System and Clinker Storage Silo.
Benefit: reduction in idle running of KCP Mill due to break down in Cranes. Reduction in Kiln down times due to problems in clinker belts.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Installation of Waste Heat Recovery Power Plant

c. Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Reduction in electrical load of around 251.2 KW (1.88 units/ton of Cement)

Generation of 7 MW electricity from Waste Heat of Plant.

B. TECHNOLOGY ABSORPTION:

Research & Development (R&D)

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

1 Company is associated with National Council for Cement & Building Materials for research and development activities.
2 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 in their application.

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

1 Enhancement of product quality & enhanced consistency of quality.
2 Manufacturing of Special Cements as import substitutes & for specific customer requirement.
3 Motivation towards technical knowledge & competency development of employees.

c. Future plan of action

1 Fly ash transporting system from Near by Thermal power station to cement mill fly ash silo is under construction.
2 Installation of Oil Well Clinker Silo & Reject Quality Clinker Silo in process, nearing completion.

d. Expenditure on R & D

		(Rs. In Lacs)
1	Capital	Nil
2	Recurring	Negligible
3	Total R & D expenditure As a percentage of total turnover	Negligible

FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy

			Current Year 2009 (9 Month)	Previous Year 2008-09 (12 Month)
A)	**POWER & FUEL CONSUMPTION:**			
	1) Electricity:			
	(a) Purchased (PGVCL)			
	Unit KWH	Lacs	**32**	0
	Total Amount	Rs. Lacs (Including Connection & Demand charges)	**278**	28
	Rate per Unit	Rs	**8.64**	0.00
	(b) Own Generation:			
	Through Diesel/Furnance Oil Genset			
	Units KWH (Gross)	Lacs	**825**	1034
	Units per Ltrs of Diesel/Furnance Oil	Kwh	**4.36**	4.38
	Cost per Unit (Net)	Rs.	**5.81**	5.87
	2) Coal for Kilns (Various grades)			
	Quantity	In Thousand Tonne	**109**	121
	Total Cost	Rs. In lacs	**4914**	7353
	Average Rate	Rs Per tonne	**4516**	6076
	3) Furnance Oil / HSD (For power generation)			
	Quantity	K Ltrs	**18915**	23611
	Total Cost	Rs. In lacs	**3858**	5289
	Average Rate	Rs./ Ltr	**20.40**	22.40
B)	**CONSUMPTION PER UNIT OF PRODUCTION:**	Standard (if any)		
	a) Electricity / kwh / Tonne of Cement	120	**102**	105
	b) Coal			
	Clinker (K.Cal/kg)	825	**811**	802

INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 (AS AMENDED) AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2009

[A] Employed throught the Financial Year under review and were In receipt of remuneration for the financial period in aggregate of not less than Rs. 18,00,000/- p.a.

Sl. No.	Name	Age (Yrs)	Qualification	Designation	Date of Commencement of Employement	Experience as on 31.12.2009	Gross Remuneration (Rs.)	Particulars of Last Employement, Employer, Last Post, No. of Years.
1	Mr. P. A. Nair	62	B.Sc.(Engg.) D.M.M., F.I.E. (India), C. Engr.	C. E. O.	17th March, 2008	38	35,91,270	Grasim Industries Ltd. Birla PlusCement, Bhatinda Unit Head 11.5 years
2	Mr. C. S. Jasol	54	B.A.(Hons.), M.A. Diploma in Business Management	Sr.Vice President (P.A. & Mines)	16.06.1983	27	23,70,962	Shree Cement Ltd. Establishment Assistant 1 Year

[B] Employed for part of the financial year under review and were in receipt of remuneration at the rate which, in the aggregate, was not less than Rs. 2,00,000/- per month.

-NIL-

Notes:

1 Remuneration received includes salary with allowances, performance linked payment, contribution to provident fund, superannuation fund, reibursement of cash perks, LTA and other value of amenities provided as per Income tax rules.

2 Employement of the above named executives are non-contractual, subject to three months notice from either side. In addition to being C. E. O., Mr. P. A. Nair is also the Whole Time Director of the Company on Term Appointment of two years.

3 The employees are not related with any Director of the Company.

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 one is 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. Alvaro Joao Serra Nazare	Non-Executive	2	-	-	-	4	4	Yes
Mr. Jorge Manual Salavessa Moura	Non-Executive	43	-	-	-	4	1	Yes
Mr. Robert Pavrey	Independent	-	24	-	-	4	4	Yes
Mr. P. A Nair	Executive	-	-	-	-	4	4	Yes
Mr. Leonard D' Costa	Independent	-	-	-	-	4	3	Yes
Mr. Napoleon De la Colina	Independent	-	-	-	-	4	4	Yes
Mr. Luis Filipe Sequeira Martins	Non-Executive	24	-	-	-	4	1	Yes

$ held on 24th June, 2009. @ 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.

  Details of sitting fees paid to the Directors for attending Board meetings during the period under review are as follows:

Name of Director	*Sitting fees paid (Rs.)*
Mr. Leonard. D' Costa	*35,000*
Mr. Napoleon De la Colina	*50,000*
Mr. Robert Pavrey.	*50,000*

  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, Mr. Jorge Manuel Tavares Salavessa Moura and Mr. Luis Filipe Sequeira Martins are not accepting any sitting fee for attending Board/ Committee meetings.

- **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 stack holders.*

The details of Board meetings held during FY 2009 (April to December) are as follows:

Date of Board Meeting	City	No. of Directors Present
12th May, 2009	Mumbai	5
24th June, 2009	Digvijaygram	7
21st July, 2009	Mumbai	5
27th October, 2009	Mumbai	4

- **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 Manager 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

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 31st December 2009

Place: Digvijaygram *P.A. Nair*

Dare: 9th March ,2010 *C. E. O*

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 four directors as members out of which three are independent directors. 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 4 times to deliberate on various matters. The meetings were held on 12th May, 2009 ; 24th June,2009; 21st July 2009 and 27th October 2009. The details of attendance and sitting fee paid are as follows:

Name of Audit Committee Member	*No. of Meetings*		*Sitting Fees paid (Rs.)*
	Held	*Attended*	
Mr. Napoleon De la Colina	*4*	*4*	*50,000*
Mr. Leonard D' Costa	*4*	*3*	*35,000*
Mr. Robert Pavrey	*4*	*4*	*50,000*
Mr. Jorge Manuel Tavares Salavessa Moura	*4*	*1*	*-*

1. *Mr. P. A. Nair – Whole Time Director and Mr. Rui Duarte – 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*

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. 13 of Schedule 19. 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 period 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:

Name of Director	*No. of shares*
Mr. Leonard D' Costa	*2000*
Mr. Napoleon De la Colina	*500*
Mr. Alvaro Joao Serra Nazare	*500*
Mr. Jorge Manual Salavessa Moura	*500*
Mr. Luis Filipe Sequeira Martins	*500*
Mr. P. A. Nair	*500*

(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

  A shareholders' 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 Shareholder / 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, i ssue of duplicate share/debenture certificates, non receipt of Annual Report, shares after transfer and delays in transfer of shares. The Committee meets 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, sub-division, 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. P. A. Nair - CEO and Mr. Rui Duarte – 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
2006-07	Registered Office, Digvijaygram	29th August, 2007 – 11.30 A. M.
2007-08	Registered Office, Digvijaygram	15th September, 2008 – 11:00 A.M.
2008-09	Registered Office, Digvijaygram	24th June, 2009 – 03:00 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*

b. Any website, where displayed
   - *www.digvijaycement.com*

c. Whether MD&A is part of Annual Report
   - *Yes*

d. Whether Shareholder Information Section forms part of the Annual Report.
   - *Yes*

SHARE HOLDER INFORMATION

1. Annual General Meeting

Date & Time : **19th April 2010 at 3 PM**

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

2. Financial Calender

- Financial reporting and Limited Review for the quarter ending 31st March 2010 - End April 2010
- Financial reporting and Limited Review for the quarter ending 30th June 2010 - End July 2010
- Financial reporting and Limited Review for the quarter ending 30th September 2010 - End October 2010
- Financial reporting for the Year ending 31st December 2010 - End March 2011
- Annual General Meeting for the year ending 31st December 2010 - End May 2011

3. Dates of Book Closure

12th April 2010 to 19th April 2010
(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

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.)
April-09	10.00	6.80
May-09	15.25	8.25
June-09	16.2	11.93
July-09	17.98	10.67
August-09	19.00	15.90
September-09	22.90	16.90
October-09	22.00	15.15
November-09	17.70	14.55
December-09	17.50	15.00

7 Registrars and Share Transfer Agents

Link Intime India Pvt. Limited
(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
e.mail : mumbai@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. Limited
(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
e.mail : mumbai@linkintime.co.in

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

e.mail: snmalpani@cimpor.com

9 Share Transfer System

The Share Transfers and Shareholders Grievance Committee meets every fornight. 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, 2009

Holding	Shareholder		No. of Shares	% of age Share holdings
	Nos.	%age		
0 - 500	21848	69.13	4682417	3.31
501 - 1000	4370	13.83	3839138	2.72
1001 - 5000	4336	13.72	10144403	7.18
5001 - 10000	617	1.95	4693293	3.31
10001 & above	432	1.37	118015027	83.48
TOTAL	**31603**	**100.00**	**141374278**	**100.00**

11 Dematerialisation of Shares & Liquidity

The shares of the company are in compulsary 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 2009, 140300210 equity shares of the company representing 99.24 % 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 31.12.2009

Category	No.of shares held	% of Shareholding
Promoters	104091537	73.63
NR & NRIs	697429	0.49
Fin.Inst.& Banks etc.	31837	0.02
Corporates etc.	4904173	3.47
Public	31649302	22.39
Total	**141374278**	**100.00**

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 31st December, 2009 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.

For DSU & Associates
Company Secretaries

Dinesh Kumar Deora
Partner

Place: Mumbai
Date: 11th January, 2010

Membership No. FCS 5683
CP No. 4119

Details of Directors seeking Appointment/Re-appointment in Annual General Meeting fixed for 19th April, 2010

Name of Director	Mr.Napoleon de La Colina	Mr.Leonard D'Costa	Mr.Luis Filipe Sequeira Martins
Date of Birth	10th April 1967	24th January 1951	4th June 1947
Date of Appointment	19th May 2008	19th May 2008	19th May 2008
Qualification	Civil Engineering-Structural	B.Sc.Hons, P.G Diploma Hons in Human Resource	Chemical Engineering
Experience in specific functional area	Management Consultant	Management Consultant	Cement Industries
List of outside Company Directorship held.	**CEO and Founder** ICM(Ingenireira Civil Montojes S.A)		**Chairman** 1. Cimpor Tec-Engenharia e Services Tecnicos de Apio ao GrupoS.A (Portugal) 2. Cimpor Egypt S.A.E(Egypt) 3. Cimpor Yibitas Muhendislik Makina Sanayi ve Ticaret ,A.S(Turkey) 4. Amreyah Cement Company.S.A.E(Egypt) 5. Amreyah Dekheila Terminal Co.S.A.E(Egypt) 6. Cement Services Company S.A.E(Egypt) 7. Amreyah Cimpor Ready Mix Company S.A.E(Egypt) 8. Cimpor Sacs Manufacture Co.S.A.E(Egypt) 9. Amreyah Cimpor Cement Company.S.A.E(Egypt) **Vice Chairman** Cimpor Inversiones ,S.A (Spain) **Director and Chairman of the Ex.Committee** Corporacion Noroesta, S.A(Spain) **Member of the Board of Directors:** 1. Cimpor-Cimentos de Portugal SGPS ,S.A(Portugal) 2. Cimpor Portugal SGPS ,S.A(Portugal) 3. Cimpor Internacional ,SGPS,S.A(Portugal) 4. Granulats Jbel Oust,S.A.(Tunisia) 5. Cimpor -Industria de Cimentos ,S.A.(Portugal) 6. Asment de Temara,S.A(Morocco) 7. Asment du Centre,S.A(Morocco) 8. CJO-Societe Les Ciments de Jbel Oust ,S.A(Tunisia) 9. Natal Portland Cement Co.(Pty)Ltd.(South Africa) 10. NPC-Cimpor(Pty)Ltd.(South Africa) 11. Yibitas Holding,A.S(Turkey) 12. Cimpor Yibitas Cimento Sanayi ve Ticaret,A.S(Turkey) 13. Beton Jbel Oust,S.A.(Tunisia) **Chairman of the Committee** Laison Committee of CEMBUREAU-Eurpoian Cement Association. **Member of the Committee** Advisory Committee of the Luso Carbon Fund Management Board of BCSD Portugal Executive Committee of ATIC -Associacao Tecnica da Industria do Cimento
Chairman/Member of the Committee of the Board of Directors of the Company.	Audit Committee - Chairman Remuneration Committee - Chairman	Audit Committee - Member Remuneration Committee - Member	NIL
Chairman/Member of the Committee of the Board of Directors of other Companies in which he is a Director.	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 31st December 2009, the Profit and Loss Account of the Company and the Cash Flow Statement of the Company for the nine months period 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 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 misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;

   (c) 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;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956; and

   (e) 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:

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2009;

      ii. in the case of the Profit and Loss Account, of the profit of the Company for the period from 1st April, 2009 to 31st December, 2009; and

      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the period from 1st April, 2009 to 31st December, 2009.

5. On the basis of written representations received from the directors of the Company as on 31st December, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Sanjiv V. Pilgaonkar
Partner
Membership No.: 39826

Mumbai,
9th March, 2010

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 fixed assets.

(b) According to the information and explanations given to us, the Company has a programme for physical verification of fixed assets in a phased manner designed to cover all items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As per the programme some part of the fixed assets has been physically verified during the period. No material discrepancies were noticed on such verification.

(c) In our opinion, the fixed assets disposed off during the period, 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 inventories:

(a) As explained to us, inventories of the Company were physically verified by the Management at reasonable intervals during the period and as at the period end.

(b) In our opinion and according to the information and explanations 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 explanation given to us, the Company has maintained proper records of inventory. The differences noticed on verification between physical stocks and book records were not material.

(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered 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 explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, the Company has adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. 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 neither come across nor have been informed of any continuing failure to correct major weaknesses in such internal control system.

(v) According to the information and explanations given to us, there were no contracts or arrangements of the kind referred to in Section 301 of the Companies Act, 1956, that were required to be entered in the Register maintained in pursuance of Section 301 of the Companies Act 1956. Accordingly, the provisions of paragraph 4 (v) of the Order is not applicable to the Company.

(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 in this respect in the case of the Company.

(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 and records maintained by the Company relating to the manufacture of cement, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed records have been made and maintained and the prescribed accounts are under compilation. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) In respect of statutory dues:

a. In our opinion and according to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues relating to Provident Fund, Income Tax, Sales Tax, State Value Added Tax, Service Tax, Custom Duty, Excise Duty, Wealth Tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities during the period. Further, as explained to us, no dues were payable during the period in respect of the Employees State Insurance Scheme and Investors Education and Protection Fund.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, State Value Added Tax, Service Tax, Customs Duty, Excise Duty, Wealth Tax, Investors Education and Protection Fund, Cess and other material statutory dues applicable to the Company were in arrears as at 31st December, 2009 for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us, there were no dues in respect of Income Tax, Wealth Tax, Customs Duty and Cess which were not deposited on account of disputes; the details of dues of sales tax, excise duty and service tax which have not been deposited as at 31st December, 2009 on account of disputes are given below:

Name of statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Gujarat Sales Tax Act, 1969	Sales Tax	2.41	1992-1995	Deputy Commissioner
Rajasthan Sales Tax	Sales Tax	5.74	1995-96 1997-98	High Court – Jodhpur
Central Excise Act, 1944	Excise Duty	4.10	2002-03	Additional Commissioner, Rajkot
		87.20	2002-03	Joint Commissioner, Rajkot
	Service Tax	17.63	2005-06	Additional Commissioner

(x) The accumulated losses of the Company have not exceeded fifty per cent of its net worth as at the end of the period covered by our audit. The Company has not incurred cash losses during the financial period covered by our audit or in the immediately preceding financial year.

(xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. There were no amounts payable to any financial institution during the period. There were no amounts outstanding on account of debentures during the period.

(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) To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were obtained by the Company during the period.

(xvii) According to the information and explanations given to us, and on an 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, 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 during the period. Therefore, the provisions of paragraph 4(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us, there are no amounts outstanding in respect of secured debentures during the period. 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 belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period covered by our audit.

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

Sanjiv V. Pilgaonkar
Partner
Membership No.: 39826

Mumbai,
9th March, 2010

BALANCE SHEET AS AT 31ST DECEMBER, 2009

(Rs. in lacs)

	Schedules	As At 31/12/2009	As At 31/03/2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**22,837.51**	22,837.51
Reserves and Surplus	2	**142.30**	142.30
Loan Funds			
Unsecured Loans	3	**130.73**	10,069.53
TOTAL		**23,110.54**	33,049.34
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		23,032.32	19,378.88
Less : Depreciation		12,277.69	11,771.87
Net Block		10,754.63	7,607.01
Capital Work-in-Progress (including Capital advances)		1,381.08	3,459.21
		12,135.71	11,066.22
Investments	5	**3,539.56**	1,788.42
Current Assets, Loans and Advances			
Inventories	6	4,481.85	4,303.38
Sundry Debtors	7	1,689.00	1,425.95
Cash and Bank Balances	8	232.65	8,983.33
Other Current Assets	8A	5.64	10.20
Loans and Advances	9	1,272.44	1,134.01
		7,681.58	15,856.87
Less :			
Current Liabilities and Provisions			
Current Liabilities	10	5,344.05	4,423.58
Provisions	11	557.09	463.83
		5,901.14	4,887.41
Net Current Assets		**1,780.44**	10,969.46
Balance as per attached Profit and Loss Account		**5,654.83**	9,225.24
TOTAL		**23,110.54**	33,049.34
Accounting Policies and Notes on Accounts	19		

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai
9th March, 2010

Leonard D' Costa
Napoleon De la Colina
Robert Pavrey
Alvaro Joao Serra Nazare
} Directors

P. A. Nair - CEO & Whole time Director

Digvijaygram	G.D. Gupta	S.N. Malpani	Rui Duarte
9th March, 2010	AVP (Comm & Finan.)	Co.Secretary	Finance Head

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2009

(Rs. in lacs)

	Schedules	**April 2009 to December 2009**	April 2008 to March 2009
INCOME			
Sales		28,571.48	34,191.71
Less : Excise Duty		2,243.77	3,566.01
Net Sales		**26,327.71**	30,625.70
Other Income	12	**339.90**	308.42
		26,667.61	30,934.12
EXPENDITURE			
(Increase) / Decrease in Stocks	13	(11.71)	(260.86)
Raw Materials Consumed	14	4,332.24	4,832.61
Manufacturing Expenses	15	12,053.44	15,782.22
Payments to and Provisions for employees	16	1,630.61	2,033.81
Selling, Distribution, Administration and Other Expenses	17	4,281.10	4,624.40
Interest (Net)	18	176.29	1,094.85
Depreciation	4	622.25	671.11
		23,084.22	28,778.14
Less: Self Consumption of Cement		16.40	29.10
		23,067.82	28,749.04
Profit/(Loss) before tax		**3,599.79**	2,185.08
Provision for Taxation			
Fringe Benefit Tax		-	(18.63)
Provision for current tax (MAT)		(29.38)	-
Profit/(Loss) after tax		**3,570.41**	2,166.45
Balance Loss brought forward		**(9,225.24)**	(11,391.69)
Balance Loss Carried forward to Balance Sheet		**(5,654.83)**	(9,225.24)
Basic Earning Per Shares (in Rs.) (Face Value Rs.10)		2.52	1.53
Diluted Earning Per Shares (in Rs.) (Face Value Rs.10)		1.56	1.47
Accounting Policies and Notes on Accounts	19		

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai
9th March, 2010

Leonard D' Costa
Napoleon De la Colina
Robert Pavrey
Alvaro Joao Serra Nazare
} Directors

P. A. Nair - CEO & Whole time Director

Digvijaygram	G.D. Gupta	S.N. Malpani	Rui Duarte
9th March, 2010	AVP (Comm & Finan.)	Co.Secretary	Finance Head

SCHEDULES FORMING PART OF ACCOUNTS

(Rs. in lacs)

SCHEDULE - 1	As At 31/12/2009	As At 31/03/2009
SHARE CAPITAL		
Authorised		
150,000,000 (31st March, 2009 : 150,000,000) Equity Shares of Rs. 10/- Each	15,000.00	15,000.00
10,000,000 (31st March, 2009 : 10,000,000) Compulsory Convertible Preference Shares of Rs. 100/- each	10,000.00	10,000.00
	25,000.00	25,000.00
Issued		
141,643,645 (31st March, 2009 : 141,643,645) Equity Shares of Rs. 10/- each	14,164.36	14,164.36
8,700,000 (31st March, 2009 : 8,700,000) Compulsory Convertible Preference Shares of Rs. 100/- each	8,700.00	8,700.00
	22,864.36	22,864.36
Subscribed & Paid-up		
141,375,398 (31st March, 2009 : 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)
	14,137.43	14,137.43
Add: Forfeited Shares (amount originally paid-up on Equity Shares)	0.07	0.07
Add: Application and Allotment money on 21 Equity Coupons	0.01	0.01
	14,137.51	14,137.51
8,700,000 (31st March, 2009 : 8,700,000) 6% Non-Cumulative Compulsory Convertible Preference Shares of Rs. 100/- each fully paid.	**8,700.00**	8,700.00
TOTAL	**22,837.51**	22,837.51

Foot Notes :

A In respect of Equity Share Capital:

1) Of the above subscribed & paid up share capital -

(i) 997,540 (31st March, 2009 : 997,540) Equity Shares were alloted as fully paid-up bonus shares by Capitalisation from General Reserve.

(ii) 400,000 (31st March, 2009 : 400,000) Equity Shares were allotted pursuant to a contract without payment being received in cash.

(iii) 67,855,392 (31st March, 2009 : 67,855,392) Equity Shares were allotted as Rights Shares, without payment being received in cash and appropriated against its dues to the shareholders.

(iv) 104,091,537 (31st March, 2009 : 104,091,537) Equity Shares are held by the holding company viz. Cimpor Inversiones S.A. (the ultimate holding Company is Cimpor Cimentos De Portugal SGPS, S.A.)

2) 265,212 (31st March, 2009 : 265,212) Equity Shares are kept in abeyance out of the Rights Issue entitlement pending settlement of disputes.

B) In respect of Preference Share Capital:

1) 8,700,000 (31st March, 2009 : 8,700,000) 6% Non-cumulative Compulsorily convertible Preference Shares are held by the holding company viz. Cimpor Inversiones S.A. (the ultimate holding company is Cimpor Cimentos De Portugal SGPS, S.A.)

2) The Preference Shares were alloted as preferential allottment under section 81(1A) of the Companies Act, 1956, on 9th March, 2009 and are compulsorily convertible into Equity Shares, in accordance with the regulations prevailing at the time of such conversion, at any time within a period of 18 months from the date of allotment. Each preference share (subject to applicable law and requirements of the listing agreement) is to be converted in ten equity shares of nominal value of Rs. 10/- each at a price of Rs. 10/- per equity share, However if at the time of conversion of Preference Shares, such conversion will result in the minimum public shareholding falling below the minimum threshold prescribed under the provisions of Clause 40A of the Listing Agreement, the Company shall only convert the Preference Shares into such number of Equity Shares such that the minimum public shareholding of the Company is not reduced and maintained as per the provisions of Listing Agreement.

(Rs. in lacs)

SCHEDULE - 2	As At 31/12/2009	As At 31/03/2009
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	86.87	86.87
Capital Redemption Reserve		
As per last Balance Sheet	35.00	35.00
Securities Premium		
As per last Balance Sheet	20.43	20.43
TOTAL	**142.30**	142.30

(Rs. in lacs)

SCHEDULE - 3	As At 31/12/2009	As At 31/03/2009
UNSECURED LOANS		
Short Term		
Overdraft from Banks (per books of account)	130.73	69.53
Other Loans		
Term Loan from a Bank	-	10,000.00
TOTAL	**130.73**	10,069.53

SCHEDULE - 4
FIXED ASSETS

(Rs. in lacs)

		GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at 01/04/2009	Addition	Adjustments/ Deductions	Closing As at 31/12/2009	Upto 31/03/2009	For the Period	Adjustments/ Deduction	Upto 31/12/2009	As at 31/12/2009	As at 31/03/2009
	INTANGIBLE ASSETS										
1	COMPUTER SOFTWARE	175.29	0.12	6.98	168.43	28.33	28.75	2.91	54.17	114.26	146.96
	SUB TOTAL - A	**175.29**	**0.12**	**6.98**	**168.43**	**28.33**	**28.75**	**2.91**	**54.17**	**114.26**	**146.96**
	TANGIBLE ASSETS										
1	FREEHOLD LAND (See Footnote 1)	34.33	-	-	34.33	-	-	-	-	34.33	34.33
2	BUILDINGS	758.60	-	-	758.60	387.19	13.56	-	400.75	357.85	371.41
3	RAILWAY SIDINGS	167.07	-	-	167.07	157.31	0.17	-	157.48	9.59	9.76
4	PLANT AND MACHINERY	16,436.86	3,649.35	13.94	20,072.27	10,115.08	524.86	13.30	10,626.64	9,445.63	6,321.78
5	ELECTRIC INSTALLATIONS	637.93	99.92	-	737.85	442.89	11.44	-	454.33	283.52	195.04
6	ROLLING STOCKS AND LOCOMOTIVES	74.79	-	-	74.79	71.10	-	-	71.10	3.69	3.69
7	FURNITURE, FIXTURES AND OFFICE EQUIPMENTS	494.65	28.45	108.65	414.45	321.60	22.45	103.05	241.00	173.45	173.05
8	VEHICLES ETC.	51.92	5.24	0.07	57.09	23.20	4.42	0.07	27.55	29.54	28.72
9	JETTY AND WHARF (See Footnote 2)	547.44	-	-	547.44	225.17	19.50	-	244.67	302.77	322.27
	SUB TOTAL - B	**19,203.59**	**3,782.97**	**122.66**	**22,863.89**	**11,743.54**	**596.40**	**116.42**	**12,223.52**	**10,640.37**	**7,460.05**
	TOTAL (A + B)	**19,378.88**	**3,783.08**	**129.64**	**23,032.32**	**11,771.87**	**625.15**	**119.33**	**12,277.69**	**10,754.63**	**7,607.01**
	Capital Work-in-Progress (including advances)				1,381.08					1,381.08	3,459.21
	GRAND TOTAL	**19,378.88**	**3,783.08**	**129.64**	**24,413.40**	**11,771.87**	**625.15**	**119.33**	**12,277.69**	**12,135.71**	**11,066.22**
	Previous Year	**20,892.38**	**3,032.04**	**1,086.33**	**22,838.09**	**11,153.48**	**671.11**	**52.72**	**11,771.87**	**11,066.22**	**-**

Foot Notes :

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.

(Rs. in lacs)

SCHEDULE - 5	As At 31/12/2009	As At 31/03/2009
INVESTMENTS		
Long Term (At Cost)		
Government and Trust Securities		
Government Securities		
Unquoted -		
Securities deposited with Government Departments	0.62	0.62
Quoted -		
Securities deposited with Government Departments	0.00	0.00
(Rs.300 - 31st March, 2009 : Rs.300)		
	0.62	0.62
CURRENT		
Units of Mutual Fund (see note no. 8 in schedule 19)	3,538.94	1,787.80
TOTAL	**3,539.56**	1,788.42
Aggregate Book Value of :		
a) Quoted Invetments	0.00	0.00
b) Unquoted Invetments	3,539.56	1,788.42
	3,539.56	1,788.42
Aggregate Market Value of Quoted Investments	-	-

(Rs. in lacs)

SCHEDULE - 6	As At 31/12/2009	As At 31/03/2009
INVENTORIES		
(At lower of cost and net realisable value unless otherwise stated)		
Stores and Spare parts, Packing Materials and Fuel	2,121.37	1,810.67
Raw materials	959.58	1,077.48
Process Stock	1,169.47	1,017.94
Finished Goods - including in transit Rs. 6.91 lacs (31st March, 2009 : Rs. 5.01 lacs)	214.59	384.96
Waste / Scrap (at net realisable value)	16.84	12.33
TOTAL	**4,481.85**	4,303.38

(Rs. in lacs)

SCHEDULE - 7	As At 31/12/2009	As At 31/03/2009
SUNDRY DEBTORS		
Exceeding six months		
Good and Secured	-	1.22
Doubtful and Unsecured	324.14	337.64
Less: Provision for Doubtful Debts	(324.14)	(337.64)
	-	1.22
Others		
Good and Secured	39.79	86.33
Good and Unsecured	1,649.21	1,338.40
	1,689.00	1,424.73
TOTAL	**1,689.00**	1,425.95

(Rs. in lacs)

SCHEDULE - 8	As At 31/12/2009	As At 31/03/2009
CASH AND BANK BALANCES		
Cash balance on hand (Cheques on hand Rs. 1.47 lacs, 31st March, 2009 : Rs. 0.67 lacs)	3.73	2.53
Bank Balances :		
With Scheduled Banks :		
In Current accounts	78.99	211.02
In Fixed deposit (FD) accounts (See Footnote)	149.93	8,769.78
TOTAL	**232.65**	8,983.33

Footnote : Including FDR of Rs. 148.15 lacs (31st March, 2009 : Rs. 68.00 lacs) pledged with Bank for guarantees.

(Rs. in lacs)

SCHEDULE - 8A	As At 31/12/2009	As At 31/03/2009
OTHER CURRENT ASSETS		
Interest accured on term deposits	5.64	10.20
TOTAL	**5.64**	10.20

(Rs. in lacs)

SCHEDULE - 9	As At 31/12/2009	As At 31/03/2009
LOANS AND ADVANCES **(Unsecured, considered good except stated otherwise)**		
Deposits and Balances with Government and other Authorities	623.14	701.85
Other Deposits	62.58	32.45
Advance recoverable in cash or in kind or for value to be received.		
Considered Good	385.53	342.82
Considered Doubtful	18.14	21.61
Less: Provision for Doubtful advances	(18.14)	(21.61)
Tax Deducted at Source	65.76	50.68
Advance Payment of MAT/Fringe Benefit/Wealth Tax (Net)	135.43	6.21
TOTAL	**1,272.44**	1,134.01

Rs. in lacs)

SCHEDULE - 10	As At 31/12/2009	As At 31/03/2009
CURRENT LIABILITIES		
Sundry creditors :		
a) Dues of Micro and Small Enterprises	-	-
(See note no. 7 in Schedule 19)		
B) Others	2,878.03	2,639.56
Security and Other Deposits	892.48	776.60
Advances from customers	740.20	404.88
Other Liabilities	833.34	582.40
Interest Accrued but not due on Loans	-	20.14
TOTAL	**5,344.05**	4,423.58

(Rs. in lacs)

SCHEDULE - 11	As At 31/12/2009	As At 31/03/2009
PROVISIONS		
Provision for Gratuity	132.74	92.59
Provision for Leave Encashment	399.51	350.60
Provision for Mines Reclamation	24.84	20.64
TOTAL	**557.09**	463.83

(Rs. in lacs)

SCHEDULE - 12	Apr. 2009 to Dec. 2009	Apr. 2008 to Mar. 2009
OTHER INCOME		
i) On Long Term Investments		
Interest (Gross) on :		
Investment other than Government Securities	-	0.01
ii) Others		
Dividend From Others	101.14	38.54
Bank and Other Accounts	12.10	37.27
Provision for doubtful debts written back	6.05	12.63
Liability no Longer required written back	50.56	54.46
Excess / Short Provisions (Net)	1.23	6.80
Insurance Claims	8.94	20.18
Profit / (Loss) on Sale of Investment	-	0.01
Scrap Sales	112.58	76.54
Miscellaneous Receipts	47.30	61.98
TOTAL	**339.90**	308.42

(Rs. in lacs)

SCHEDULE - 13	**Apr. 2009 to Dec. 2009**	Apr. 2008 to Mar. 2009
(INCREASE) / DECREASE IN STOCKS		
Closing Stock		
Process Stock	1,169.47	1,017.94
Finished Goods	214.59	384.96
Waste / Scrap	16.84	12.33
	1,400.90	1,415.23
Less : Excise Duty on Finished Goods	24.05	50.09
	1,376.85	1,365.14
Opening Stock		
Process Stock	1,017.94	633.20
Finished Goods	384.96	574.50
Waste / Scrap	12.33	9.64
	1,415.23	1,217.34
Less : Excise Duty on Finished Goods	50.09	113.06
	1,365.14	1,104.28
TOTAL	**(11.71)**	(260.86)

(Rs. in lacs)

SCHEDULE - 14	**Apr. 2009 to Dec. 2009**	Apr. 2008 to Mar. 2009
RAW MATERIALS CONSUMED		
Opening Stock	1,077.48	901.69
Add: Purchases and Incidental Expenses	4,214.34	5,008.40
(includes cost of Lime Stone raised)	5,291.82	5,910.09
Less : Closing Stock	959.58	1,077.48
TOTAL	**4,332.24**	4,832.61

(Rs. in lacs)

SCHEDULE - 15	**Apr. 2009 to Dec. 2009**	Apr. 2008 to Mar. 2009
MANUFACTURING EXPENSES		
Consumption of Stores, Spare Parts, Components and Packing Materials	1,726.40	1,995.70
Power and Fuel	9,849.62	13,277.09
Repairs to Building	86.80	101.92
Repairs to Machinery	388.02	370.38
Repairs - Others	2.60	37.13
TOTAL	**12,053.44**	15,782.22

(Rs. in lacs)

SCHEDULE - 16	**Apr. 2009 to Dec. 2009**	Apr. 2008 to Mar. 2009
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc.	1,416.87	1,699.34
Contribution to Provident and Other funds	162.15	268.02
Employees welfare expenses	51.59	66.45
TOTAL	**1,630.61**	2,033.81

(Rs. in lacs)

SCHEDULE - 17	**Apr. 2009 to Dec. 2009**	Apr. 2008 to Mar. 2009
SELLING, DISTRIBUTION, ADMINISTRATION AND OTHER EXPENSES		
Sales Expenses including service charges	256.15	238.78
Cash discount	166.39	260.95
Freight, handling and other expenses	3,296.05	3,332.80
Advertisement and Publicity	13.81	32.85
Insurance	75.74	78.00
Rent (including Lease Rent)	36.85	42.61
Rates and Taxes	31.91	67.31
Stationery, Printing, Postage & Telephone Expenses	62.62	72.60
Travelling & Conveyance	70.51	122.75
Legal & Professional Charges	53.01	45.02
Bad Debts/Advances/Deposit Written off	11.50	1.22
Less: Provisions for doubtful debts no longer required	(7.45)	(0.32)
Research Contribution (including Expenses)	5.68	6.74
Donation	1.00	0.09
Loss on Sale of Fixed Assets	6.22	2.96
Loss on Discarded Stock	-	17.08
Exchange loss (Net)	14.46	45.25
Financial Charges	18.18	29.44
Auditors' remuneration	13.69	17.57
Miscellaneous Expenses	149.22	210.70
Provisions for doubtful debts and advances	5.56	-
TOTAL	**4,281.10**	4,624.40

(Rs. in lacs)

SCHEDULE - 18	**Apr. 2009 to Dec. 2009**	Apr. 2008 to Mar. 2009
INTEREST		
On loan for fixed period	145.16	1,053.19
On Other Accounts	31.13	41.66
TOTAL	**176.29**	1,094.85

SCHEDULE - 19

NOTES TO THE ACCOUNTS :

1 Significant Accounting Policies :

(a) Basis of Accounting

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards.

(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 value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value 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 value 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 licences 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 revenue in the case of identified obsolete and non - moving items. In the case of raw materials, packing materials and fuels, cost is determined on the basis of quarterly weighted average. In the case of stores and spare parts, cost is determined on a continuous weighted average basis. 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 Costs

Financial income and borrowing costs 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.

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate 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 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 arising on entering into forward exchange contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Profit and Loss Account.

(j) 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.

(k) Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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 Long term employee benefits

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation carried out at the end of the year.

2 Contingent Liabilities :

		(Rs. in lacs) As at 31st Dec. 2009	*31st Mar. 2009*
(a)	Demand contested by the Company		
	- Sales tax	31.97	*26.62*
	- Excise duty	349.18	*339.53*
	- Service tax	17.63	*17.63*
	- Labour cases	209.90	*234.20*
	- Other Cases	257.26	*288.90*
	- Electricity Duty	948.85	*948.85*
(b)	Rent on water pipe lines levied by Panchayat and Irrigation Department, Government of Gujarat.	738.46	*668.94*

(c) A sum of Rs. 309.84 lacs *(previous year Rs. 309.84 lacs*) 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). *(In the previous years a sum of Rs. 1,071.21 lacs was claimed by Mumbai Port Trust)*. 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.

(d) Outstanding Bank Guarantees Rs. 875.56 lacs (*previous year Rs. 357.38 lacs*).

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

3 Estimated amount of contracts remaining to be executed on capital account is Rs. 452.32 lacs *(previous year Rs. 1,388.68 lacs),* against which advances paid aggregate Rs. 35.22 lacs *(previous year Rs. 133.78 lacs).*

4 Advances recoverable in cash or in kind includes loans and advances given to officers free of interest or at concessional rates of interest aggregating Rs. 32.69 lacs (*previous year Rs. 24.36 lacs*). Maximum amount outstanding during the year aggregated Rs. 35.89 lacs (*previous year Rs. 32.68 lacs*).

5 In compliance of High Court 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 period Apr. 09 to Dec. 09 includes Rs. 4.85 lacs (*previous year Rs. 6.34 lacs*) pertaining to depreciation on revalued portion of fixed assets.

6 The following expenses are classified under various other heads of expenditure in the Profit and Loss Account :

(Rs. in lacs)

Sr. No.	Classified as Expenses	Total	Employees welfare expenses	Repairs to Building	Stationery, Printing, Postage and Telephone Expenses	Power and Fuel	Raw material consumed	Misc. expenses	Travelling and conveyance expanses
	Apr. 2009 to Dec. 2009								
a)	Salaries,Wages and Bonus etc.	43.07	43.07	-	-	-	-	-	-
b)	Stores & spares Consumed	594.98	8.33	51.53	-	428.33	106.22	0.42	0.15
c)	Royalty and Cess Charges	486.51	-	-	-	-	486.51	-	-
d)	Power and Fuel	12.20	-	-	-	-	12.20	-	-
e)	Repair and maintenance	6.05	-	-	-	-	6.05	-	-
f)	Rates & taxes / Insurance/Rent paid/Lease Rent	0.43	-	-	-	-	0.43	-	-
g)	Miscellaneous expenses	15.55	-	-	-	-	15.55	-	-
	2008-09								
a)	*Salaries, Wages and Bonus etc.*	*49.00*	*49.00*	-	-	-	-	-	-
b)	*Stores & spares Consumed*	*408.68*	*9.66*	*44.09*	*3.17*	*177.26*	*173.32*	*0.73*	*0.45*
c)	*Royalty and Cess Charges*	*495.90*	-	-	-	-	*495.90*	-	-
d)	*Power and Fuel*	*14.21*	-	-	-	-	*14.21*	-	-
e)	*Repair and maintenance*	*3.65*	-	-	-	-	*3.65*	-	-
f)	*Rates & taxes / Insurance/Rent paid/Lease Rent*	*1.54*	-	-	-	-	*1.54*	-	-
g)	*Miscellaneous expenses*	*26.75*	-	-	-	-	*26.75*	-	-

7 There were no dues payable to Micro and Small vendors covered under Micro, Small and Medium Enterprises Development Act, 2006.

The above information and that given Schedule 10 " Current Liabilities " regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

8 **Statement of purchase and sales of units of mutual funds**

(Rs. in lacs)

Particulars of Investment	Apr. 2009 to Dec. 2009		*2008-09*	
	No. of Units	Cost	*No. of Units*	*Cost*
a) Acquired and sold during the year				
HDFC CMF - Treasury Advantage Plan - Wholesale - DDR	77,882,510	7,813.00	*8,480,189*	*850.69*
HDFC CMF - Saving Plan - DDR	174,085,104	18,515.97	*54,999,812*	*5,850.00*
b) Acquired during the year and retained as at the year end				
HDFC CMF - Treasury Advantage Plan - Wholesale - DDR	27,797,460	2,788.50	*15,323,890*	*1,537.22*
HDFC CMF - Saving Plan - DDR	7,055,352	750.44	*2,355,881*	*250.58*
c) Sold out of acquisition of an earlier year				
HDFC CMF - Treasury Advantage Plan - Wholesale - DDR	15,323,890	1,537.22	-	-
HDFC CMF - Saving Plan - DDR	2,355,881	250.58	-	-

9 Prior period expenses/(income) included in the other head of expenses are as under:

(Rs. in lacs)

Name of Account	Apr. 2009 to Dec. 2009	*2008-09*
Temporary Electricity connection charges	-	72.93
Repairs to machinery	-	*4.53*
Miscellaneous Expenses	*8.22*	*0.76*
Salaries, Wages, Bonus, Gratuity etc.	-	-
Total	8.22	*78.22*

Had these items been accounted for in earlier financial years the profit for the period would have been higher by Rs. 8.22 lacs *(loss for the pervious year would have been lower by Rs. 78.22 lacs).*

10 Managerial Remuneration *

(Remuneration paid to Whole time Director) (Rs. in lacs)

Name of Account	Apr. 2009 to Dec. 2009	*2008-09*
Salary*	15.00	*19.42*
Contribution to Provident & other funds	1.80	*2.33*
Other benefits in cash and kind	22.44	*24.92*
Total	39.24	*46.67*

*excluding provision for gratuity and compensated absences as these amount are determined for the Company as a whole and figures for the Whole Time Director are not separately available.

11 Deferred tax :

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

Deferred Tax arising from	(Liabilities) / Assets as at 31st December, 2009	*(Liabilities) / Assets as at 31st March, 2009*
Deferred Tax Liabilities		
Timing differences on account of Depreciation	1,190.23	*1,575.46*
Deferred Tax Assets		
Unabsorbed depreciation restricted upto the amount of Deferred Tax Liabilities	1,190.23	*1,575.46*
Net Deferred Tax Liabilities	NIL	*NIL*

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.

12 Segment information :

The Company is in the business of manufacturing and sale of cement and clinker which is considered to constitute one single primary (business) segment.

In respect of geographical segments: (Rs. in lacs)

	Apr. 2009 to Dec. 2009		*2008 - 2009*	
	In India	*Outside India*	*In India*	*Outside India*
Revenue *	27,127.76	1,443.72	*32,152.12*	*2,039.59*
Assets (Debtors)	242.76	1446.24	*592.36*	*833.59*
Capital Expenditure	1,381.08	Nil	*3,459.21*	*Nil*

* Excludes self consumption for capital and revenue jobs Rs. 22.17 lacs (Previous Year Rs. 33.49 lacs)

13 "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 De Apoio A Gesto De Em (Portugal)	Fellow Subsidiary
Mr. P. A. Nair	Whole Time Director

b) Details of Transactions: (Rs. in lacs)

Nature of Transactions	Cimpor Inversiones S.A.	Cimpor Trading S. V. Vigo (Spain)	Key Management Personnel	Cimpor Services De Apolo A Gesto De Em (Portugal)	Scanang Trading Activities S. A. (Spain)	Total
Sale of Goods	-	1,443.72	-	-	-	1,443.72
	-	-	-	-	*818.41*	*818.41*
Information Services	-	-	-	14.39	-	14.39
	-	-	-	-	-	-
Reimbursement of Travelling Exp.	-	-	-	-	-	-
	-	-	-	*5.57*	-	*5.57*
Remuneration Paid (Refer note 10)	-	-	39.24	-	-	39.24
	-	-	*46.67*	-	-	*46.67*
Issue of Preference Shares	-	-	-	-	-	-
	8,700.00	-	-	-	-	*8,700.00*
Receivables as at the period/year end	-	1,446.24	-	-	-	1,446.24
	-	-	-	-	*821.31*	*821.31*
Payables as at the period/year end	-	-	-	4.69	-	4.69
	-	-	-	-	-	-

Figures in italics relate to the previous year.

* From 3rd November, 2009 the name of the Company has changed to Cimpor Trading S.A. Vigo as per records in the Registro Mercantil de Pontevedra

14 Quantitative Information pursuant to the provisions of part II of Schedule VI to The Companies Act, 1956.

a) Licensed and installed capacity and production :

	Apr. 2009 to Dec. 2009 Installed*	Apr. 2009 to Dec. 2009 Production	2008 - 2009 Installed*	2008 - 2009 Production
Cement (Tonnes) Dry Process Unit	656,250	757,915	875,000	898,244
Cement (Tonnes) Wet Process Unit	150,000	-	200,000	-
Total	806,250	757,915	1,075,000	898,244

Notes:

1 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.

2 * As certified by the Management and accepted by the Auditors without verification as it is a technical matter.

3 The installed capacity reported above for the period April ’09 to December ’09 has been prorated for 9 months.

b) Sales:

	Apr. 2009 to Dec. 2009 Quantity (Tonnes)	Apr. 2009 to Dec. 2009 Value (Rs. in lacs)	2008 - 2009 Quantity (Tonnes)	2008 - 2009 Value (Rs. in lacs)
Cement *	764,147	27,127.76	899,456	32,970.53
Clinker	77,455	1,443.72	48,566	1,221.18
Total	841,602	28,571.48	948,022	34,191.71

* Excludes Cement Samples, Transit loss, damages/shortages 2 MT (*Previous Year 15 MT*) and Transit loss of Clinker 1,004 MT (*Previous Year 27 MT*).

* Excludes self consumption for Capital and Revenue Jobs 931 MT (*Previous Year 1,158.86 MT*).

c) Stock:

	Opening Stock				Closing Stock			
	01.04.2009		01.04.2008		31.12.2009		31.03.2009	
	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	16,009	384.96	18,394	574.50	8,844	214.59	16009	384.96
Clinker	*	*	*	*	*	*	*	*
Total		384.96		574.50		214.59		384.96

* held as stock in trade for captive consumption.

d) Raw materials consumed:

	Apr. 2009 to Dec. 2009 Quantity (Tonnes)	Apr. 2009 to Dec. 2009 Value (Rs. in lacs)	2008 - 2009 Quantity (Tonnes)	2008 - 2009 Value (Rs. in lacs)
Lime Stone	1,007,793	3,024.41	1,209,585	3,573.30
Gypsum	49,280	416.02	52,808	417.72
Others	*	891.81	*	841.59
Total		4,332.24		4,832.61

* comprise dissimilar items which cannot be practicably aggregated.

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

	Apr. 2009 to Dec. 2009				2008-2009			
	Raw Material		Stores, Spare Parts & Components etc.*		Raw Material		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	-	-	133.55	5.75	-	-	72.28	3.01
Indegeneous	4,332.24	100.00	2,187.84	94.25	4,832.61	100.00	2,332.10	96.99
Total	4,332.24	100.00	2,321.39	100.00	4,832.61	100.00	2,404.38	100.00

f) C.I.F.Value of Imports: Rs. in lacs

	Apr. 2009 to Dec. 2009	2008 - 2009
Coal	4,983.08	5,006.64
Components & Spare parts	326.21	393.97

g) Expenditure in foreign currencies (in rupee equivalent): Rs. in lacs

	Apr. 2009 to Dec. 2009	2008 - 2009
Travelling Expenses	12.08	23.96
Others	16.56	8.20

h) Earnings in foreign currency:

F.O.B. value of Exports Rs. 1,443.72 lacs (*Previous Year Rs. 2,039.59 lacs*)

15 Earnings per Share:

(Rs. in lacs)

	Apr. 2009 to Dec. 2009	*2008 - 2009*
Profit/(loss) attributable to Equity Shareholders	3,570.41	*2,166.45*
Weighted average No. of Equity Share for Basic EPS (Nos)	141,640,610	*141,640,610*
Nominal Value of Equity Per Share (in Rs.)	10	*10*
Basic Earning Per Share (in Rs.)	2.52	*1.53*
Profit/(loss) attributable to Equity Shareholders	3,570.41	*2,166.45*
Weighted average No. of Potential Equity Share for Diluted EPS (Nos)	228,640,610	*147,122,802*
Nominal Value of Equity Per Share (in Rs.)	10	*10*
Diluted Earning Per Share (in Rs.)	1.56	*1.47*

16 Auditors' Remuneration

(Rs. in lacs)

	Apr. 2009 to Dec. 2009	*2008 - 2009*
Audit Fees	6.00	*6.00*
Tax Audit Fees	-	*1.00*
Other Services	7.00	*8.75*
Reimbursement of expenses	0.69	*1.82*
Total	13.69	*17.57*

Note : Above figures are excluding service tax as the same has been claimed as input tax credit by the Company.

17 **Employee Benefit Obligations :**

Defined-Contribution Plans

The Company offers its employees defined contribution plan in the form of 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 period into separate funds under certain 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. 120.28 lacs (Previous Year Rs. 141.15 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 details of the Company's defined-benefit commitments are given below:

(Rs. In lacs)

Particulars	Apr. 2009 to Dec. 2009	*2008-2009*
Present Value of Commitments	886.39	*805.85*
Fair Value of Plan Assets	(753.65)	*(713.21)*
Net liability in the balance sheet	132.74	*92.64*

Defined benefit commitments : Present value obligation (Rs. In lacs)

Particulars	Apr. 2009 to Dec. 2009	*2008-09*
Opening balance as at 1st April, 2009	769.73	*697.88*
Current Service Cost	44.34	*53.51*
Interest expenses	43.30	*55.83*
Paid benefits	(28.47)	*(57.28)*
Actuarial (gain) / loss	41.09	*19.79*
Closing balance - As per Actuarial Valuer Certificate	869.99	*769.73*
Add : Unpaid Gratuity as at 31st December, 2009	16.40	*36.12*
Closing Liability	886.39	*805.85*

Plan assets (Rs. In lacs)

Particulars	Apr. 2009 to Dec. 2009	*2008-09*
Opening balance as at 1st April, 2009	692.96	*616.69*
Expected return on scheme assets	49.36	*58.47*
Contributions by the Company (including cheque in transit)	-	*131.28*
Paid funds	(28.48)	*(57.28)*
Actuarial gain / (loss)	39.81	*(56.20)*
Balance with the Trust as at 31st December, 2009	753.65	*692.96*
Add : Cash & Bank Balance (incl. Cheques on Hand) as at 31st December, 2009	-	*20.25*
Closing balance - As per Actuarial Valuer Certificate	753.65	*713.21*

Return on plan assets: (Rs. in lacs)

Particulars	Apr. 2009 to Dec. 2009	*2008-09*
Expected return on plan assets	49.36	58.47
Actuarial gain / (loss)	39.81	(56.20)
Actual return on plan assets	89.17	2.27

Investment Details % Invested

	As at Dec. 31, 2009	As at Mar. 31, 2009
Government of India Securities	27.56	*29.01*
Public Sector Unit Bonds	39.88	*42.00*
State / Central Guaranteed Securities	13.47	*10.71*
Private Sector Bonds	14.67	*15.44*
Other (Including bank balances)	4.42	*2.84*
	100.00	*100.00*

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

Particular	Apr. 2009 to Dec. 2009	*2008-2009*
Current service costs	44.34	*53.51*
Past service cost	-	-
Interest expense	43.30	*55.83*
Expected return on investment	(49.36)	*(58.47)*
Net actuarial (gain) / loss	1.28	*76.00*
Expenses charged to the profit and loss account	39.56	*126.87*
Add : Payment made directly by the company	2.31	*0.00*
Expense charged to the profit and loss account	41.87	*126.87*

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.

Particulras	Apr. 2009 to Dec. 2009	*2008-2009*
Rate for discounting liabilities	7.50%	7.50%
Expected salary increase rate	7%	7%
Expected return on scheme assets	9.11%	9.35%
Mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table

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

Experience adjustment :
Gratuity

Rs. in lacs

	Apr. 2009 to Dec. 2009	*2008-09*	*2007-08*
Defined benefit obligations	886.39	769.73	697.88
Plan assets	753.65	692.96	616.69
Experience adjustment on Plan assets	39.81	(56.20)	(9.23)
Experience adjustment on Plan liabilities	41.09	19.79	176.02

The contributions expected to be made by the Company during the financial year 2010-11 amounts to Rs. 123.01 lacs.

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

Particulars	As at			
	31.12.2009		*31.03.2009*	
	Rupees lacs	Fx lacs	*Rupees lacs*	*Fx lacs*
Export of goods and services	-	-	821.31	USD 16.12

Amounts payable in foreign currency on account of the following :

Particulars	As at			
	31.12.2009		*31.03.2009*	
	Rupees lacs	Fx lacs	*Rupees lacs*	*Fx lacs*
Internet/ Information Services	4.69	EUR 0.07	5.19	EUR 0.08
Purchase of Software	-	-	41.90	EUR 0.62

Note : Fx = Foreign Currency; USD = US Dollar; EUR = Euro

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to receivables from debtors. The Company does not use forward contracts for speculative purposes.

The following forward contracts entered into by the Company to hedge its foreign exchange receivables are outstanding at the period end:

Foreign Currency	As at					
	31.12.2009			31.03.2009		
	No. of Contracts	Us Dollar Equivalent	Equivalent Rs. In lacs	No. of Contracts	US Dollar Equivalent	Equivalent Rs. in lack
U. S. Dollar	2	31.00	1,451.25	-	-	-

19 The Company changed its financial year end from 31st March to 31st December annually, with effect from current financial year. Accordingly, the financial statements for the current financial are made up from 1st April, 2009 to 31st December, 2009. The corresponding figured for the previous year relate to the period 1st April, 2008 31st March, 2009. Therefore, the two are not comparable.

20 Previous year's figures have been regrouped / rearranged wherever necessary to conform to the classification of the current period.

Signature to Schedules 1 to 19

Leonard D' Costa
Napoleon De la Colina
Robert Pavrey
Alvaro Joao Serra Nazare
} Directors

P. A. Nair - CEO & Whole time Director

Digvijayagram	G.D. Gupta	S.N. Malpani	Rui Duarte
9th March, 2010	AVP (Comm & Finan.)	Co.Secretary	Finance Head

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD APRIL 2009 TO DECEMBER 2009

(Rs. in lacs)

		April 2009 to December 2009		2008-09	
(A)	**Cash flow from Operating Activities**				
	a. Net Profit /(Loss) before tax and exceptional items:	3,599.79		2,185.08	
	Adjustment for:				
	Depreciation	622.25		671.11	
	Interest	176.29		1,094.85	
	Provisions/write off for doubtful bad debts and advances	9.61		0.90	
	Liabilities no longer required w/back	(50.56)		(54.46)	
	Excess/(short) provisions (Net)	(1.23)		(6.80)	
	Exchange (Gain)/Loss	(7.62)		(2.90)	
	(Profit)/Loss on sale/discard of fixed assets/ Stock (Net)	6.22		20.04	
	Interest/Dividend Income	(113.25)		(75.82)	
	Provisions for doubtful debts written back	(6.05)		(12.63)	
	b. Operating profit before working capital changes	4,235.45		3,819.37	
	Adjustment for:				
	Trade and other receivables	(260.75)		(398.75)	
	Inventories	(178.47)		(424.86)	
	Trade payables	1,093.27		512.10	
	Fixed Deposits (created)/matured placed as Margin Money to bank guarantees/having maturity of more than 3 months	(80.16)		(2.22)	
	c. Cash generated from operations	4,809.34		3,550.64	
	Direct taxes paid	(173.69)		(17.09)	
	Fringe Benefit Tax Paid	-		(20.63)	
	Net cash flow from operating activities		**4,635.65**		3,467.92
(B)	**Cash flow from Investing Activities**				
	Sale of Fixed Assets	0.02		14.05	
	Interest received	16.67		27.28	
	Dividend received	101.14		38.54	
	(Purchase)/Sale of Investment	(1,751.14)		(1,786.77)	
	Purchase of fixed assets	(1,697.94)		(2,015.45)	
	Net Cash used in Investing Activities		**(3,331.25)**		(3,722.35)
(C)	**Cash flow from Financing Activities**				
	Issue of Shares	-		8,700.00	
	Repayment for borrowings	(10,000.00)		-	
	Increase/(Decrease) in overdrawn bank balance as per books	61.20		(34.37)	
	Interest paid	(196.43)		(1,094.94)	
	Net Cash flow from Financing Activities		**(10,135.23)**		7,570.69

(D)	**Net increase/(decrease) in Cash & Cash equivalents**		**(8,830.83)**		7,316.26
	Cash & Cash equivalents at beginning of the year				
	Cash balance & Cheque on hand	2.53		22.06	
	Bank balance in current account	211.02		1,575.23	
	Bank balance in Fixed Deposit account	8,700.00	**8,913.55**	-	1,597.29
	Cash & Cash equivalents at end of the year				
	Cash balance & Cheque on hand	3.73		2.53	
	Bank balance in current account	78.99		211.02	
	Bank balance in Fixed Deposit account	-	**82.72**	8,700.00	8,913.55
	Net Increase/ (decrease) in Cash & Cash equivalents during the period/year		**(8,830.83)**		7,316.26
	Cash and cash equivalents as above		**82.72**		8,913.55
	Balances with Scheduled Banks :				
	In Fixed Deposit Accounts (over three months maturity)		**1.78**		1.78
	In Fixed Deposit Accounts as Margin Money against Bank Guarantees		**148.15**		68.00
	CASH AND BANK BALANCE AS PER SCHEDULE 8		**232.65**		8,983.33

Footnote : Previous year figures have been regrouped /rearranged wherever necessary.

As per our separate report attached
For Deloitte Haskins & Sells
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai
9th March, 2010

Leonard D' Costa
Napoleon De la Colina
Robert Pavrey
Alvaro Joao Serra Nazare
} Directors

P. A. Nair - CEO & Whole time Director

Digvijaygram	G.D. Gupta	S.N. Malpani	Rui Duarte
9th March, 2010	AVP (Comm & Finan.)	Co.Secretary	Finance Head

BALANCE SHEEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	749/TA	State Code	04
Balance Sheet Date	31.12.2009		

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	2311054	Total Assets	2311054
Sources of Funds			
Paid up Capital	2283751	Reserves & Surplus	14230
Secured Loans	Nil	Unsecured Loans	13073
Application of Funds			
Net Fixed Assets	1213571	Investments	353956
Net Current Assets	178044	Misc. Expenditure	Nil
Deferred Tax Assets (Net)	Nil	Accumulated Losses	565483

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

Turnover	2857148	Total Expenditure	2497169
Profit/Loss before Tax	359979	Profit/(Loss) after Tax	357041
Earning Per Share (in Rs.)	2.52	Dividend Rate %	Nil

V. Generic Names of three Principal Products of the Company

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

Leonard D' Costa
Napoleon De la Colina
Robert Pavrey
Alvaro Joao Serra Nazare

} Directors

P. A. Nair - CEO & Whole time Director

Place : Digvijaygram	G.D. Gupta	S.N. Malpani	Rui Duarte
Date : 9th March, 2010	AVP (Comm & Finan.)	Co.Secretary	Finance Head

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 65th Annual general Meeting of the Company to be held on Monday, the 19th April, 2010 at 03:00 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 65th Annual General Meeting of the Company to be held on Monday, the 19th April, 2010 at 03:00 PM or on any adjournment thereof.

Signed this …………………………….. day of ……………………………… 2010

Proxy No. ………….

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

Number of Shares held ………………………..

Signature.......... (Affix Re. 1 Revenue Stamp) ....

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.

NOTES

NOTES

BOOK - POST

If undelivered, please return to :

SHREE DIGVIJAY CEMENT CO. LTD.

Digvijaygram - 361 140

Via : Jamnagar (Gujarat)