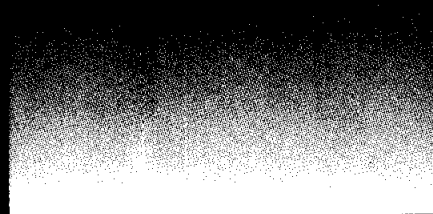
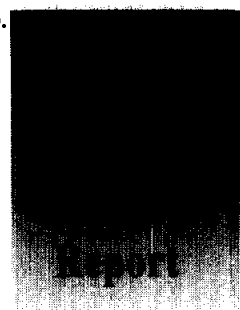


*ANNUAL  
REPORT  
2000-2001*



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*SAURASHTRA CEMENT LIMITED.*



## Board of Directors

(As on 25.01.2002)

**Mr. M. N. Mehta**

*Chairman*

**Mr. D. N. Mehta**

*Deputy Chairman*

**Mr. Jay Mehta**

*Executive Vice Chairman*

**Mr. H. D. Mehta**

**Mr. M. N. Rao**

*Directors*

**Mr. S.V.S. Raghavan**

**Mrs. Savita V. Pittie**

**Mr. Jesper Horsholt**

*F.L. Smidth & Co. A/S, Denmark, Nominee*

**Mr. Sridhar Sampath**

*Industrialization Fund for Developing*

*Countries, Denmark, Nominee*

**Mr. M. K. Chanduka**

*IFCI, Nominee*

**Mr. S. Ramjee**

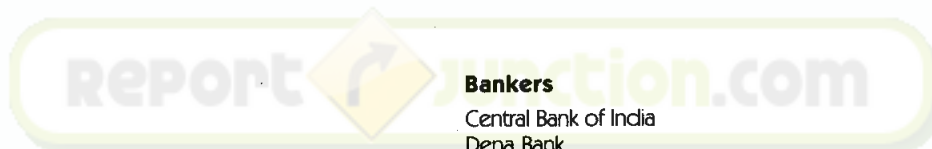
*UTI, Nominee*

**Mr. M.S. Gilotra**

*Managing Director*

**Mr. R. K. Poddar**

*Dy. Managing Director*



### Bankers

Central Bank of India

Dena Bank

Vijaya Bank

The Saraswat Co-operative Bank Ltd.

Inclusind Bank Ltd.

Rajkot Nagarik Sahakari Bank Ltd.

### Auditors

Messrs Bansi S. Mehta & Company

Chartered Accountants

### Registered Office

Near Railway Station,

Ranavav - 360 560

(Gujarat)

### Corporate Office

Agriima Business Centre

3rd Floor, N.K. Mehta International House

178 Backbay Reclamation

Mumbai - 400 020.

### Share Department

5th Floor, N.K. Mehta International House

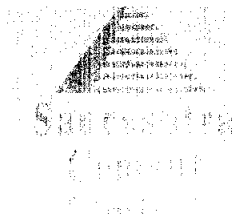
178 Backbay Reclamation

Mumbai - 400 020.

**Mr. A. M. Fadia**

*Director (Legal & Secretarial)*





## NOTICE

Notice is hereby given that the 44<sup>th</sup> ANNUAL GENERAL MEETING of the Members of the Company will be held at 10.00 a.m. on Tuesday the 26th February 2002, at the Registered Office of the Company, near Railway Station, RANAVAV 360 560 (Gujarat), to transact the following business:

### ORDINARY BUSINESS :

1. To consider & adopt the Directors' Report and Audited Profit & Loss Account for the year ended 30th June 2001, and the Balance Sheet as on that date.
2. To appoint a Director in place of Mr. S.V.S. Raghavan, who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Mr. Jesper Horsholt, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Mr. Sridhar Sampath, who retires by rotation and being eligible offers himself for re-election.
5. To appoint a Director in place of Mrs. Savita Pittie, who retires by rotation and being eligible offers herself for re-election.
6. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, the Company hereby accords its consent to the reappointment of Mr. R.K. Poddar as Deputy Managing Director of the Company for a period of three years with effect from 29<sup>th</sup> April, 2002 on the terms and conditions as given in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter, amend or vary the terms and conditions of appointment as may be agreed to between the Board of Directors and Mr. R.K. Poddar and in accordance with the Companies Act, 1956."

"RESOLVED FURTHER THAT he shall cease to be a Director of the Company, if he ceases to be a Deputy Managing Director of the Company."

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

"RESOLVED THAT in accordance with the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment or re-enactment thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, Guidelines issued by the Securities and Exchange Board of India (SEBI), Listing agreement entered into with the Stock Exchanges and their regulations, and subject to such consents, approvals, permissions or sanctions as may be required under any legislation or rules and regulations or agreements for the time being in force and subject to the necessary approval of the Government of India, Reserve Bank of India and all other appropriate authorities and subject further to such other terms, conditions, stipulations, alterations, amendments or modifications as may be specified or suggested by any of the concerned authorities or bodies, which stipulations, alterations, amendments or modifications, Board of Directors (hereinafter referred to as "the Board") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board to be conferred by the Board (hereinafter referred to as "the committee"), is authorised to accept as it deem fit, and the approval/consent of the members be and is hereby accorded to issue and allot in one or more tranches on preferential basis not exceeding 6,87,595 13% Optionally Convertible Cumulative Preference Shares (OCCPS) of Rs.100/- each at par aggregating Rs. 6,87,59,500 and 13% loan instruments not exceeding 52,388 of Rs. 100/- each at par aggregating to Rs. 52,38,800/- to be issued and allotted to the 18% Non Convertible Debenture holders of the Company, in consideration of the 75% of the outstanding interest as on date of maturity of the said debentures i.e. 27/11/2000 and 11/11/2000 respectively. Repayment of the said OCCPS/Loan instruments along with dividend/interest due thereon will be made on 31.3.2003."



"RESOLVED FURTHER THAT if the Company fails to repay the said OCCPS/Loan instruments and dividend/interest thereon, the registered holders thereof shall have an option to convert the unpaid amount into equity shares of the Company at a price to be determined as per the SEBI formula/guidelines for preferential allotments, subject to requisite approvals. The relevant date for the purpose will be 1<sup>st</sup> March, 2003."

"RESOLVED FURTHER THAT the Board and/or Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all matters arising with respect to the issue of securities, execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps as required for the allotment and listing of the securities to be thus issued and to make such modifications in the foregoing as may be considered desirable by the Board and/or the Committee in the best interest of the Company and its shareholders."

By Order of the Board of Directors

**A.M. Fadia**

Director (Legal & Secretarial)

Mumbai,

Dated : 22nd January, 2002

Registered Office :

Near Railway Station,

Ranavav - 360 560 (Gujarat).

#### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 for Special Business mentioned in the above Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 18<sup>th</sup> February, 2002 to 26<sup>th</sup> February, 2002 (both days inclusive) and will reopen on 27<sup>th</sup> February, 2002.
4. Members are requested to notify immediately any change of address to the Company quoting their Folio number to ensure prompt receipt of communications, etc. at the following address:
5. Members who have multiple account in identical names or joint accounts in same order are requested to send all the share certificates to the Company for consolidation of all such shareholdings into one account to facilitate better service.
6. Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
7. The Company has entered into agreements with NSDL and CDSL to facilitate investors to dematerialise their shares. Investors are requested to note that the shares of the Company are to be compulsorily traded in dematerialised form w.e.f. 8th May, 2000. Members are therefore requested to get the shares dematerialised.

Share Department

Saurashtra Cement Limited

Agrima Business Centre

N.K.Mehta International House, 5<sup>th</sup> floor

178, Backbay Reclamation

Mumbai 400 020.



#### EXPLANATORY STATEMENT :

##### Item No. 7

Mr. Poddar was appointed as Deputy Managing Director for three years with effect from 29.4.1999. It is proposed to re-appoint him for further period of three years from 29.4.2002 as Deputy Managing Director. Mr. Poddar is qualified Chartered Accountant and he has got 26 years of experience.

Mr. Poddar shall not draw any remuneration from Saurashtra Cement Limited as Deputy Managing Director.

Mr. Poddar will be reimbursed actual expenses incurred by himself and his spouse for Company's business including travel, hotel and other related expenses in India and abroad on Company's work.

No sitting fees shall be paid/payable for attending the meetings of the Board of Directors/Committees thereof.

Either side can terminate the above arrangement by giving three months notice in writing.

Mr. Poddar is also Deputy Managing Director of Gujarat Sidhee Cement Limited.

He shall not be liable to retire by rotation till he continues as Deputy Managing Director of the Company.

None of the directors except Mr. R.K.Poddar is concerned or interested in the Resolution.

This may be treated as an abstract of the Agreement as required under section 302 of the Companies Act, 1956.

The Board commends the resolution for your approval.

##### Item No.8

The Company had issued and allotted 42,00,000 Partly Convertible Debentures (PCDs) of Rs. 150/- each on Rights basis and 8,07,500 PCDs of Rs. 250/- each to Public through prospectus in November 1993. Out of Rs. 150/- and Rs. 250/-, Rs. 50/- was converted into one equity share of Rs. 10/- each of the company at a premium of Rs. 40/- per share and the balance amount of Rs. 100/- and Rs. 200/- was converted into one Non Convertible Debentures (NCD) portion 'B' thereof respectively aggregating to Rs. 58.15 crores. Some debentures were forfeited for non payment of allotment money and the outstanding amount remained at Rs. 57.97 crores.

As per the terms of issue, the debentures were to be redeemed by November 27, 2000 and November 11, 2000 respectively. However, due to severe drought in the State of Gujarat where main market of the Company is located, the Company incurred heavy cash losses and therefore could not repay the debentures and could not pay part of the interest on debentures on due dates. Therefore, a meeting of the debentureholders was convened on 12<sup>th</sup> April 2001 where it was unanimously resolved that the debentureholders shall have an option either to extend the repayment of debentures or ask for repayment thereof with interest due thereon. The debentureholders agreeing for roll over shall be repaid in three equal installments on 30<sup>th</sup> September 2003, 4 & 5 and the debentures shall carry interest @ 14.5% p.a. (subject to deduction of tax at source as may be applicable). Interest for the period November 27, 2000/November 11, 2000 to September 30, 2002 to be paid on September 30, 2002, thereafter each installment together with simple interest will be paid annually on September 30, 2003/4/5. The debentureholders were further given an option to convert their overdue interest as on maturity date into either Optionally Convertible Cumulative Preference Shares (OCCPS) carrying dividend @ 13% p.a. or to convert the same into loan instrument carrying interest @ 13% p.a. as per the Scheme A or B detailed hereunder:

#### Scheme 'A'

18% Secured Redeemable Non Convertible Debentures (Part B) of Rs. 200 and Rs. 100 each allotted by the Company on 27.11.1993 and 11.11.1993 respectively (hereinafter referred to as "18% NCDs") will be payable in three equal installments on September 30, 2003/4/5 from the existing repayment date



in November 2000 and rate of simple interest on the said 18% NCDs when opted for reschedulment by the debenture holder shall be 14.5% (subject to deduction of tax at source as may be applicable), interest for the period November 27, 2000/November 11, 2000 to September 30,2002 to be paid on September 30,2002, thereafter each installment will be paid annually on September 30,2003/4/5. 25% of the unpaid simple interest upto the date of maturity to be paid on or before June 15, 2001 or such other date as may be mutually agreed. The balance 75% of the unpaid simple interest amount as on 27/11/2000 or 11/11/2000 will be converted into OCCPS carrying dividend @ 13% p.a., subject to necessary approvals. The OCCPS will be redeemed on 31<sup>st</sup> March 2003. In case the Company is unable to redeem the OCCPS on March 31, 2003, the holders will have an option of converting unpaid amount of OCCPS alongwith unpaid accumulated dividend into Equity Shares of Saurashtra Cement Limited at minimum SEBI formula/guidelines price then prevailing, subject to necessary approvals.

#### Scheme 'B'

18% Secured Redeemable Non Convertible Debentures (Part B) of Rs. 200 and Rs. 100 each allotted by the Company on 27.11.1993 and 11.11. 1993 respectively (hereinafter referred to as "18% NCDs") will be payable in three equal installments on September 30, 2003/4/5 from the existing repayment date in November 2000 and rate of simple interest on the said 18% NCDs when opted for reschedulment by the debenture holder shall be 14.5% p.a. (subject to deduction of tax at source as may be applicable), interest for the period November 27, 2000/November 11, 2000 to September 30,2002 to be paid on September 30,2002, thereafter each installment will be paid annually on September 30,2003/4/5.

25% of the unpaid simple interest as on the date of maturity to be paid on or before June 15, 2001 or such other date as may be mutually agreed. The balance 75% of the unpaid simple interest as on 27/11/2000 or 11/11/2000 will be converted into 13% funded interest term loan, repayable on 31.3.2003, together with interest due thereon, subject to necessary approvals. In case the Company is unable to repay the funded interest term loan on 31.3.2003, the lenders shall have an option of converting the unpaid amount alongwith interest due thereon into Equity Shares of Saurashtra Cement Limited at minimum SEBI formula/guidelines price then prevailing, subject to necessary approvals."

It is now proposed to issue and allot upto 6,87,595 OCCPS of Rs. 100/- each not exceeding the value of Rs. 6,87,59,500 carrying dividend @ 13% p.a. and to issue and allot 52,388 funded interest loan instruments of Rs. 100/- each aggregating Rs. 52,38,800 carrying interest @ 13% p.a. repayable on 31.3.2003 together with interest. The funded interest term loan together with interest due thereon shall be paid on 31.3.2003.

As required under Guidelines for Preferential Issue of Securities Exchange Board of India (SEBI);

1. Identities of the proposed allottees is given in Annexure 'A' attached.
2. Following is the existing shareholding pattern as on 31.12.2001.

	No. of Equity shares	%
Promoters & Associates	1,77,27,855	45.16
Financial Institutions	16,51,632	4.21
Mutual Funds	150	0.00
Foreign Institutional Investors	3,460	0.01
Foreign Companies	19,05,300	4.85
Foreign Development Institution	1,11,60,216	28.43
Non Resident Shareholders	3,67,329	0.93
Banks	2,900	0.01
Others Bodies Corporate	32,83,954	8.37
Public	31,50,751	8.03
Total	3,92,53,547	100.00





3. PRE AND POST ISSUE SHAREHOLDING PATTERN (ASSUMING FULL CONVERSION OF ALL SECURITIES AT PAR) OF THE COMPANY.

Category	Pre issue Holding (No. of shares)	% to the existing Subscribed Capital	Post-issue Holding (No. of Shares)	% to the total Capital Post issue
Promoters & Associates	17727855	45.16	17727855	36.30
Financial Institutions	1651632	4.21	9022652	18.48
Foreign Development Institutions	11160216	28.43	11160216	22.85
Foreign Company and its Subsidiary company	4101200	10.45	4101200	8.40
Other (existing holding Less than 5% each)	4612644	11.75	6820954	13.97
<b>TOTAL</b>	<b>39253547</b>	<b>100.00</b>	<b>48832877</b>	<b>100.00</b>

4. CONSEQUENTIAL CHANGES IN THE BOARD OF DIRECTORS AND VOTING RIGHTS

There shall not be any change in the Constitution of Board of Directors of the Company or in the control of the company due to this preferential issue.

5. Since this is as per the scheme approved by the debentureholders, the promoters/ directors/key management personnel are not entitled to participate, except to the extent of unpaid interest on debentures held by them.

6. The allotment shall be completed within 3 months of passing of resolution u/s 81 (1A) of the Companies Act, 1956 by the shareholders at this General Meeting.

None of the directors of the Company is interested in the proposed resolution, except to the extent of debentures held by them or by companies in which they are directors or by trusts in which they are trustees.

The Board commends the resolution for your approval.

A copy of the Memorandum and Articles of Association is available for inspection between 10.00 AM to 12.00 noon on any working day, at the Registered Office of the Company upto the date of the Annual General Meeting.

By Order of the Board of Directors

**A.M. Fadia**

Director (Legal & Secretarial)

Mumbai,  
Dated : 22nd January, 2002

## ANNEXURE - A

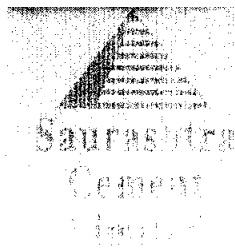
## PRESENT SHAREHOLDING OF THE PROPOSED ALLOTTEE

Name of the Shareholder	Pre Issue	% of the existing Subscribed Capital	No. of shares proposed to be allotted Rs. 10/- each	Total holding after proposed Allotment/ Conversion	% to Post Issue Subscribed
	No. of Shares held				
Unit Trust of India	142346	0.36	6690760	6833106	13.99
Morgan Stanley Dean Witter Investment Management Inc.	100	0.00	2197380	2197480	4.50
Life Insurance Corpn of India	227102	0.58	80390	307492	0.63
General Insurance Corpn of India	150199	0.38	84850	235049	0.48
New India Assurance Co. Ltd	510079	1.30	273190	783269	1.60
United India Assurance Co. Ltd	263802	0.67	119120	382922	0.78
National Insurance Co. Ltd.	281734	0.72	122710	404444	0.83
128 - Individuals	3896	0.01	10930	14826	0.03
<b>TOTAL</b>	<b>1579258</b>	<b>4.02</b>	<b>9579330</b>	<b>11158588</b>	<b>22.84</b>

**IDENTITY OF THE PROPOSED ALLOTTEE AND THE PERCENTAGE TO THE POST ISSUE CAPITAL AFTER THE PROPOSED ALLOTMENT / CONVERSION OF SECURITY INTO EQUITY SHARES, ON THE ASSUMPTION THAT ALL PROPOSED ALLOTTEES WILL OPT FOR CONVERSION AS PER S E B I GUIDELINES.**

Sr. No.	Name of the Proposed Allottee/Shareholders	% to Subscribed Capital Post Issue	Sr. No.	Name of the Proposed Allottee/Shareholders	% to Subscribed Capital Post Issue
A	Unit Trust of India	13.99	14	Manjit Rai Pruthi	*
B	Morgan Stanley Dean Witter } Investment Management Inc. }	4.50	15	Veena Pruthi	*
C	Life Insurance Corpn of India	0.63	16	Manohar D Kirange	*
D	General Insurance Corpn of India	0.48	17	Francis D'souza	*
E	New India Assurance Co. Ltd.	1.60	18	Kirit Khandwala	*
F	United India Assurance Co. Ltd.	0.78	19	Malti Kirit Khandwala	*
G	National Insurance Co. Ltd.	0.83	20	Sandip Kumar Kadam	*
1	Deepak Merchant	*	21	Dinkar Madhav Parande	*
2	Nayan Navinchandra Merchant	*	22	Sheth B J	*
3	Anthony D'souza	*	23	Sheth J K	*
4	Bhagawat Jayaram Mahajan	*	24	Jayant Kantilal Sheth	*
5	Ramkishore Saboo	*	25	Bhavana Jayant Sheth	*
6	Shilpkumar B Purohit	*	26	Bhavana Jayant S	*
7	Rajeev Aggarwal	*	27	Annapurna G Walavalkar	*
8	Swati A Supe	*	28	Kanaiyalal Keshavlal Shah	*
9	Mira Arya	*	29	Kashibhai P Sawale	*
10	Mira Arya	*	30	Virendra Harsukhlal Vora	*
11	Mira Arya	*	31	Shashikala Sahakari	*
12	Mira Arya	*	32	Laxmichand Harishanker Pania	*
13	Vishwa Prakash Arya	*	33	Ramkrishna Chaudhari	*
			34	Rekha M Kamat	*





Sr. No.	Name of the Proposed Allottee/Shareholders	% to Subscribed Capital Post Issue	Sr. No.	Name of the Proposed Allottee/Shareholders	% to Subscribed Capital Post Issue
35	Bhavana Sheth	*	83	Rajani Sadashiv Marathe	*
36	Sheth M J	*	84	Sarosh Patel	*
37	Jayant Kantilal	*	85	Kanaiyalal Pandya	*
38	Pratima A Vyas	*	86	Sunil Nangalia	*
39	Soonu Patel	*	87	Leslie Mathias	*
40	Mrudula R Sonaiya	*	88	Vashram Shamji Tumbadia	*
41	Anand Prabhakar Khodwe	*	89	Hutoxi Dara Mehta	*
42	Hilesh Mehta	*	90	Hiraben L Joshi	*
43	Rekha Raghupati Kulkarni	*	91	Renuka Trivedi	*
44	Bharti Doshi	*	92	Nalini Shah	*
45	Khushalbhaji Doshi	*	93	Mahendra Shah	*
46	Jayantilal Raghavji Shah	*	94	Bhaakti Bharat Parekh	*
47	Rachana Jayantilal Shah	*	95	Ramesh K Shah	*
48	Neha Jayantilal Shah	*	96	Sudhaben Shah	*
49	Vijaya Govind Gadher	*	97	Kusumben Shastri	*
50	Sudha Doshi	*	98	Rohit Samani	*
51	Maldev Viran Sisodia	*	99	Deepak Merchant	*
52	Ganpat Rai	*	100	Ramji Dass Bunjahi	*
53	Savitaben Thoria	*	101	Annapurna G Walavalkar	*
54	Sarita Sadanand Naik	*	102	Sheth B J	*
55	Carmeline Monteiro	*	103	Bhavana Jayant Sheth	*
56	Jagdish Dasani	*	104	Sheth J K	*
57	Ragini H Darbari	*	105	Kalindi H Bhuta	*
58	Nisha Krishnakumar	*	106	Anilkumar Govindbhai Gadher	*
59	Malatiben Atulkumar Shah	*	107	Jyotiben A Gadher	*
60	Bhineshkumar H Shah	*	108	Ashokkumar Doshi	*
61	Harish Pawani	*	109	Manguben Doshi	*
62	Subhash V Pawani	*	110	Sudha Doshi	*
63	Sanjiv A Shah	*	111	Anilbhai Vimalal	*
64	Keshav Tukaram Sonawane	*	112	Anilabai Vimalal Dalai	*
65	Paras P Shah	*	113	Sunanda Shah	*
66	Neha P Shah	*	114	Ramesh P Shah	*
67	Vinod Alwyn Rego	*	115	Rameshkumar Chunilal Shah	*
68	Hemlata Gangani	*	116	Vinod Nahata	*
69	Anton D'souza	*	117	R A Varma	*
70	Daksha Bipin Thakkar	*	118	Vandraman Vallabhdas Lakhani	*
71	Nergish Dara Mehta	*	119	Vikram Manyal	*
72	Ashwin Shah	*	120	Kishor Jayantilal Patel	*
73	Jagannath Uma Devi Sar. Pub. Trust	*	121	Edgar Joseph Menezes	*
74	Jagannath Uma Devi	*	122	Cyntilla Maria Menezes	*
75	Nayan Mehta	*	123	Pinky Mathuradas Majithia	*
76	Bhagwanji Prabhudas Jadhav	*	124	Vijay Vasant Puranik	*
77	Ramchandra Buddhadas Jainpure	*	125	Azim Akbarali Charania	*
78	Suman Khanna	*	126	Govind Karsan Gadher	*
79	Meenaben H Kamdar	*	127	Alkeshkumar G Gadher	*
80	Mulshankar V Modha	*	128	Govindbhai K Gadher	*
81	Kshama Agarwal	*		<b>Total % of Individual holders</b>	0.03
82	Runa Gupta	*		<b>TOTAL :</b>	<b>22.84</b>

\* Less than 0.01 %

## Directors' Report

Dear Members,

The Directors present the 44th Annual Report along with the audited accounts for the year ended 30<sup>th</sup> June, 2001.

During the year under review, the Gujarat State suffered adverse conditions due to the massive earthquake on 26.1.2001 and the subsequent disruption in the economic activity in large parts of Kutch, Saurashtra and Ahmedabad areas.

Consumption of cement fell to 6.6 million tonnes as compared to 7.23 million tonnes in the previous year. The consumption of cement during the year was thus lower than that prevailing two years ago at 8.45 million tonnes registering a drop of about 22%. The drought previous years and the earthquake resulted in poor economic growth across all sectors.

### FINANCIAL RESULTS

The highlights of the financial results of the corporate Financial Year ended 30<sup>th</sup> June, 2001 are:

	<b>2000-2001</b>	1999-2000
	<b>Current</b>	Previous
	<b>Year</b>	Year
	<b>(Rs.millions)</b>	<b>(Rs.millions)</b>
Sales	<b>1851.69</b>	2053.01
Gross Profit	<b>101.64</b>	36.87
Net Interest	<b>288.02</b>	246.66
(Loss) before Depreciation	<b>(186.38)</b>	(209.79)
Depreciation	<b>161.30</b>	153.53
Misc. Expenses and other adjustment	<b>30.90</b>	37.14
Net Loss after tax (after adjustments		
For earlier years)	<b>378.58</b>	400.47
Carried forward (Loss) of earlier years	<b>(415.48)</b>	(15.01)
Balance (Loss) carried to Balance Sheet	<b>(794.06)</b>	(415.48)

### PERFORMANCE REVIEW

Sales realisation went down due to drop in consumption in the State of Gujarat. As members are aware, our Company depends on the Gujarat Market for most of its profitability. Although Company maintained its sales outside the State of Gujarat, the high cost of transportation resulted in lower profitability. The earthquake also affected the Company's production facilities and the Company has sought reliefs and concessions from the banks and State Government of Gujarat as per eligibility of the unit.

### PROJECTS

The jetty being built at Porbandar port has been commissioned. Mechanisation of cargo handling facilities is now under progress and is expected to be completed in the next year. The completion of the project would help in reducing cost of transportation from our factory to markets along the West Coast of India. The Company's expansion project and the installation of two additional D.G. sets were delayed. The project execution is likely to recommence during the next year. The completion of these projects would help the Company to reduce costs, achieve economies of scale and better profitability.