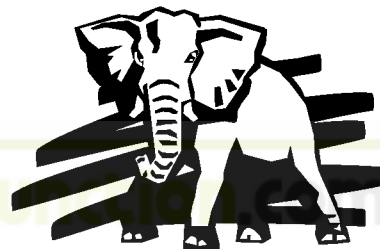


Saurashtra Cement Limited



HATHI
CEMENT

49th
Annual Report
2005 - 2006



Saurashtra Cement Limited

BOARD OF DIRECTORS

(As on 31-10-2006)

Mr. M. N. Mehta	<i>Chairman</i>
Mr. D. N. Mehta	<i>Dy. Chairman</i>
Mr. Jay Mehta	<i>Executive Vice Chairman</i>
Mr. H. D. Mehta	
Mr. M. N. Rao	
Mr. S. V. S. Raghavan	
Mrs. Savita V. Pittie	
Mr. K. N. Bhandari	
Mr. Anish Modi	
Mr. Denys Firth	
Mr. Alexander Shaik	<i>Nominee – ADM Maculus Fund II LP</i>
Ms. Mary Schroeder (Mr. Chetan Jain)	<i>(Alternate Director to Ms. Mary Schroeder)</i>
Mr. B. P. Deshmukh	<i>Nominee, UTI</i>
Mr. M. S. Gilotra	<i>Managing Director</i>
Mr. R. K. Poddar	<i>Dy. Managing Director</i>

Bankers

Central Bank of India
Dena Bank
The Saraswat Co-operative Bank Ltd.
Rajkot Nagarik Sahakari Bank Ltd.

Auditors

Messrs Bansi S. Mehta & Co.
Chartered Accountants

Mr. A. S. Khandwala

V.P. (Legal) & Company Secretary

Registered Office

Near Railway Station,
Ranavav-360 560
(Gujarat)

Corporate Office

Agrima Business Centre
N. K. Mehta International House
178, Backbay Reclamation
Mumbai-400 020.

Share Department

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



Saurashtra Cement Limited

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

NOTICE

Notice is hereby given that the 49th ANNUAL GENERAL MEETING of the Members of the Company will be held on **Monday, the 11th December 2006 at 10.30 a.m.** at the Registered Office of the Company, near Railway Station, RANAVAV 360 560 (Gujarat), to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt Audited Profit & Loss Account for the year ended 30th June, 2006 and Balance Sheet as on that date and Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. S.V.S. Raghavan who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. M.N.Rao, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mrs. Savita Pittie, who retires by rotation, and being eligible, offers herself for reappointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Bansil S. Mehta & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company for audit of accounts for the financial year 2006-07 and they shall hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company, plus Service Tax and reimbursement of travelling and out of pocket expenses actually incurred."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Kailash Nath Bhandari who was appointed as an Additional Director of the Company with effect from 28.10.2005 pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company"
7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Anish Modi who was appointed as an Additional Director of the Company with effect from 21.2.2006 pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company"
8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Denys Firth who was appointed as an Additional Director of the Company with effect from 21.2.2006 pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company"

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

"RESOLVED THAT Mr. Alexander Shaik who was appointed as an Additional Director of the Company with effect from 21.2.2006 pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company"

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

"RESOLVED THAT Ms. Mary Schroeder who was appointed as an Additional Director of the Company with effect from 21.2.2006 pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company"

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), or re-enactment(s) thereof for the time being in force) and in accordance with the scheme approved by Corporate Debt Restructuring cell (CDR Scheme), SEBI (Disclosure and Investor Protection) Guidelines, 2000 (as amended), hereinafter referred to as 'SEBI DIP Guidelines, 2000' and all other applicable rules, guidelines and regulations of the Securities and Exchange Board of India (SEBI), The Reserve Bank of India (RBI), Government of India and enabling provisions in the Memorandum and Articles of Association of the Company and subject to such terms, conditions and modifications as may be considered appropriate and approved by the Board and/or its duly constituted Committee thereof (hereinafter referred to as 'the Board') and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof, or modifications to the terms contained therein), if any, required of the appropriate authorities, Corporate Debt Restructuring Cell (CDR), Debenture Trustees, Financial Institutions, Banks and such terms and conditions, if any, as may be prescribed while granting such consents, approvals, permissions and sanctions which may be agreed to by the Board, the Board be and is hereby authorized to allot upto 15,17,518 fully paid Equity Shares of face value Rs. 10 each at Rs. 73 per Equity Share computed under SEBI DIP Guidelines, 2000, including a Share Premium of Rs. 63 per share to the lenders/debenture holders (acceding lenders) upto 10% of the principal amount due to the lenders, as on the date of exercise of option of conversion under Series 'B' of the approved CDR Scheme, which computes to Rs. 11,07,78,770 on such terms and conditions contained in CDR approval letters and as may be deemed appropriate by the Board".

"RESOLVED FURTHER THAT the Equity Shares to be issued to the acceding lenders shall rank pari passu in all respects with the existing Equity Shares of the Company (including as to dividends), from the date of allotment of Equity Shares of the Company."

"RESOLVED FURTHER THAT the Equity Shares to be issued to the acceding lenders will be subject to lock-in for a period of one year from date of allotment of Equity Shares as per existing SEBI DIP Guidelines, 2000."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to enter into and execute all such contracts/arrangements/undertakings/ deeds and documents with any of the acceding Lenders as may be involved or concerned and also to seek listing of such Equity Shares with the Stock Exchange".



"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board, be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment of equity shares and further to do all such acts, deeds, matters and things to finalize and execute all documents and writings as it may deem fit and necessary."

By Order of the Board of Directors

A.S. KHANDWALA

V. P. (Legal) & Company Secretary

Place : MUMBAI,
Dated : November 14, 2006
Registered Office :
Near Railway Station
Ranavav 360 560 (Gujarat)

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE ANNUAL GENERAL MEETING.**
2. Re-appointment/Appointment of Directors :
At the ensuing Annual General Meeting Mr. S.V.S. Raghavan, Mr. M.N. Rao and Mrs. Savita Pittie shall retire by rotation and being eligible, offer themselves for re-appointment. Mr. Kailash Nath Bhandari, Mr. Anish Modi, Mr. Denys Firth, Mr. Alexander Shaik and Ms. Mary Schroeder were appointed as Additional Directors during the year and proposed to be appointed at the Annual General Meeting. Pursuant to Clause 49 of the Listing Agreement relating to Code of Corporate Governance, the profile of the Directors is given under para (8) of Corporate Governance Report annexed to Directors Report.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from Wednesday the 6th December, 2006 to Monday the 11th December, 2006 (both days inclusive) in connection with AGM.
4. 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.
5. (a) Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DPs) in respect of their shares held in demat account, and
 - (ii) to the Registrar and Transfer Agents at : Intime Spectrum Registry Ltd., C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West) Mumbai 400 078, in respect of their physical share folios, if any.
 (b) In case the mailing address mentioned on this Annual Report is without Pincode, members are requested to kindly inform their Pincode immediately.
6. Non-resident Indian Shareholders are requested to inform immediately the change in the residential status.
7. Members desiring any information on the Accounts are requested to write to the Company at least one week before the AGM so as to enable the Management to keep the information ready and replies will be provided only at the meeting.
8. Equity Shares of the Company are required to be compulsorily traded in demat form from 22nd March, 2000. If you have not demated your shares, you are requested to please do the same at the earliest.
9. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on any working days between 9.30 A.M. to 11.30 A.M. upto the date of the Annual General Meeting.

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

Item Nos. 6 to 10

Mr. Kailash Nath Bhandari was appointed w.e.f 28.10.2005 and Mr. Anish Modi, Mr. Denys Firth, Mr. Alexander Shaik, and Ms. Mary Schroeder were appointed w.e.f 21.2.2006 as Additional Directors on the Board of Directors of the Company, pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company. They hold office as Director upto the date of this Annual General Meeting of the Company. A Notice together with requisite deposit under Section 257 of the Companies Act, 1956 has been received by the Company from a Member proposing the appointment of Mr. Kailash Nath Bhandari, Mr. Anish Modi, Mr. Denys Firth, Mr. Alexander Shaik and Ms. Mary Schroeder as Directors of the Company.

The Board commend the resolutions for your approval.

No other Director, except the abovementioned Directors are concerned or interested in the respective Resolutions.

Item No. 11.

The Company had restructured its outstanding secured debts pursuant to the Corporate Debt Restructuring Mechanism (CDR) of Reserve Bank of India (RBI) and the scheme was approved by CDR Empowered Group (EG) vide its letters dated 26th December, 2005 and 17th February, 2006. This was approved by majority of the lenders and all debenture holders (acceding lenders).

The CDR approved scheme, provides two options to the lenders under Series A for one time payment and under Series B the acceding lenders have a right to convert upto 10% of the outstanding principal amount into fully paid equity shares of Rs. 10 each at a price to be determined as per SEBI DIP Guidelines, 2000 and balance amount to be restructured for payment over a period of 10 years and on such terms and conditions as per the scheme. Accordingly, the acceding lenders who have exercised the option to convert upto 10% of their outstanding principal amount as on the date of the exercise computes to Rs. 11,07,78,770.

The price determined under SEBI DIP Guidelines, 2000 is Rs. 72.74 (rounded off to Rs. 73 per share) taking the relevant date as 12th November, 2006 (last trading day being 10th November, 2006), on the Bombay Stock Exchange which is 30 days prior to the date of the ensuing Annual General Meeting and accordingly the number of equity shares to be allotted comes to 15,17,518 and 10,62,261 (if IFCI is not considered).

The proposed allotment of equity shares on conversion of loan/debenture amounts to equity shall not result in any change in the Management/Control. However, the acceding lenders have a right to nominate directors on the Board of Directors of the Company.

Pursuant to the SEBI DIP Guidelines, 2000 the Equity Shares proposed to be allotted to the acceding lenders will have a lock-in for a period of 12 months from the respective date of allotment of the Equity shares.

Disclosures pursuant to the SEBI DIP Guidelines, 2000.

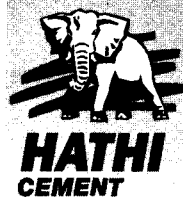
The following disclosures are made pursuant to the provisions of the SEBI DIP Guidelines, 2000:

(i) Objects of the issue:

The Company has restructured its existing debts pursuant to Corporate Debt Restructuring Scheme which inter alia provides for conversion right to the acceding lenders upto 10 % of the outstanding principal amount to equity shares of the Company and hence the proposed issue.

(ii) Intention of Promoters, Directors and Key Managerial Personnel to subscribe to the Issue:

Since the issue of Equity Shares is pursuant to conversion of part of the loan amount/debenture amounts, pursuant to CDR scheme, none of the promoters, directors and key managerial personnel intend or are entitled to subscribe to the issue.



(iii) **The consequential change in Shareholding pattern will be as follows:**

The equity shares are to be allotted to the acceding lenders who have exercise their option for conversion upto 10% of the outstanding loan/debenture amount in terms of the CDR scheme. IFCI Ltd. had exercised right of conversion option vide letter no. Muro/Gr. III/2006-1320 dated May 30, 2006. However, vide letter no. Muro/Gr. III/2006-4435 dated October 31, 2006, IFCI Ltd. has conveyed that final decision for the conversion option would be taken after receipt of clarification from SEBI/CDR. If IFCI intimates the Company before the AGM date that it desires to exercise the option to convert upto 10% of the outstanding into Equity Shares as provided in the CDR Scheme, only then they will be eligible for allotment of equity shares.

Particulars	Existing Shareholding		Post Conversion of Loan to Equity (including IFCI)		Post Conversion of Loans to Equity (excluding IFCI)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters & Associates *	3,29,84,271	82.98	3,29,84,271	79.92	3,29,84,271	80.81
Banks, Mutual Funds, Financial Institutions	5,84,317	1.47	19,87,787	4.82	15,32,530	3.76
FIs	1,810	—	1,810	—	1,810	—
NRIs	3,46,198	0.87	3,46,198	0.84	3,46,198	0.85
Bodies Corporate	20,11,163	5.06	21,25,211	5.15	21,25,211	5.21
Public	38,25,788	9.62	38,25,788	9.27	38,25,788	9.37
Total	3,97,53,547	100.00	4,12,71,065	100.00	4,08,15,808	100.00

* Of the total shareholding of the promoters, 1,22,68,521 shares are pledged with a Bank which are held in Bank's name.

(iv) **Proposed time within which the allotment will be completed:**

The Company intends to allot Equity Shares immediately to the acceding lenders on receipt of requisite approvals by reducing the outstanding loan amounts/pro-rata redemption of the debentures.

(v) **The identities of the proposed allottees and the percentages of the post preferential issue capital on conversion of loans to equity that may be held by them.**

The identities of the acceding lenders to whom the equity shares are to be allotted are:

Banks, Financial Institutions, Insurance Companies and Body Corporates, viz.

Particulars	Existing Shareholding	Proposed Allotment		Post Allotment (including IFCI)		Post Allotment (excluding IFCI)	
	No. of Shares	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dena Bank	0	4,20,335	27.70	4,20,335	20.02	4,20,335	25.57
Bank of India	1,000	1,29,452	8.53	1,30,452	6.21	1,30,452	7.94
Life Insurance Corporation of India	46,650	2,26,087	14.90	2,72,737	12.99	2,72,737	16.59
The New India Assurance Co. Ltd.	300	54,237	3.58	54,537	2.60	54,537	3.32
General Insurance Corporation of India	150	35,381	2.33	35,531	1.69	35,531	2.16
National Insurance Company Ltd.	2,14,579	35,066	2.31	2,49,645	11.89	2,49,645	15.18
United India Insurance Company Ltd.	2,43,768	28,477	1.88	2,72,245	12.97	2,72,245	16.56
The Oriental Insurance Co Ltd.	75,320	19,178	1.26	94,498	4.50	94,498	5.75
Bajaj Auto Ltd.	0	1,00,349	6.61	1,00,349	4.79	1,00,349	6.10
Baroda Industries Ltd.	0	13,699	0.90	13,699	0.65	13,699	0.83
IFCI Ltd.	0	4,55,257	30.00	4,55,257	21.69	0	0
Grand Total	5,81,767	15,17,518	100.00	20,99,285	100.00	16,44,028	100.00

The percentage of acceding lenders in post preferential issue capital on conversion of loan to equity comes to 5.09% and 4.03% (if IFCI is not consolidated for allotment of equity shares).

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M/s. Bansl S. Mehta & Co, Chartered Accountants, Mumbai, the Auditors of the Company, have certified that the aforesaid issue is being made in accordance with the requirements contained in SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended.

In terms of provisions of Section 81(1A) of the Companies Act, 1956 and Listing Agreement, consent of the members is required for issue of Equity Shares of the Company to persons other than the existing members and hence the special resolution is proposed under item No. 11 of the Notice. The Board of Directors recommends the special resolution for approval by the members.

The copy of the letters dated BY: CDR(AG)/No 1127/2005-06 dated December 26, 2005 and BY: CDR(AG)/No.1329/2005-06 dated February 17, 2006 received from Corporate Debt Restructuring Cell(CDR), letters from acceding lenders opting for conversion, letter no. Muro/Gr. III/2006-4435 dated October 31, 2006 from IFCI Ltd., and a copy of the certificate dated 10th November, 2006 issued by M/s. Bansl S. Mehta & Co., Chartered Accountants, Statutory Auditors of the Company, are available for inspection at the Registered Office of the Company on any working days between 9.30 A.M. to 11.30 A.M. upto the date of the aforesaid meeting and will also be available for inspection at the meeting.

None of the directors of the Company is directly or indirectly concerned or interested in this resolution.

By Order of the Board of Directors

A.S. KHANDWALA

V. P. (Legal) & Company Secretary

Place : MUMBAI,
Dated : November 14, 2006
Registered Office :
Near Railway Station
Ranavav 360 560 (Gujarat)



DIRECTORS' REPORT

Dear Members,

The Directors present the 49th Annual Report, Audited Accounts and Auditors Report for the year ended 30th June, 2006.

The financial results of the Company for the year ended 30th June 2006 are given below:

FINANCIAL RESULTS:

	In Million Rupees	
	Current Year 2005-2006	Previous Year 2004-2005
Sales & Other Receipts	2805.93	2221.96
Profit before interest, depreciation, misc. expenses written off and extraordinary items	192.40	111.98
Interest	221.68	434.22
Profit/(Loss) before depreciation & misc. expenses written off.	(29.28)	(322.23)
Depreciation, misc. expenses written off and losses of subsidiaries	166.98	176.55
Profit/(Loss) before extraordinary items and deferred tax assets	(196.26)	(498.78)
Extra-ordinary Item	457.45	-
Deferred Tax Assets/Provision of Income Tax W/Back/Provision for Wealth Tax	121.45	(16.39)
Profit/(Loss) after tax	139.74	(515.17)
Brought forward Profit/(Loss) from earlier years	(2321.98)	(1806.81)
Balance of Profit/(Loss) carried forward	(2182.24)	2321.98

DIVIDEND:

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

PERFORMANCE REVIEW:

Production and Despatches:

The production of Clinker for the year under review (July-June) was 1.15 million tonnes against 1.12 million tonnes for the previous year and production of Cement was 1.18 million tonnes as compared to 0.86 million tonnes in the previous year. The sale of Clinker during the year 2005-06 was 0.04 million tonnes as compared to 0.38 million tonnes in the previous year and sale of Cement was 1.17 million tonnes in 2005-06 as compared to 0.85 million tonnes in the previous year.

Exports and Marketing:

Demand for Cement in the Domestic markets has grown by 9.1 per cent over the last year and has been supplemented by strong demand in the Gulf Region. During the year under review, the total sales including exports were 1.22 million tonnes as compared to 1.26 million tonnes in the previous year.

The Company exported 0.78 million tonnes of Cement against 0.38 million tonnes in the previous year, registering a growth of 105 per cent. The Company exported 0.04 million tonnes of Clinker against 0.36 million tonnes in the previous year. Clinker exports were replaced by exports of Cement both in bulk and bagged, which offered a higher contribution to the Company.

Future Outlook:

The outlook for Cement industry looks positive. The thrust by the Government of India on infrastructure projects such as expressway, airports and ports coupled with industrial development lend well to the

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growth in demand for Cement. This increase in demand along with the financial restructuring of the Company will lead to higher profitability in the coming years.

PROJECTS:

Own Jetty:

The Company's Jetty at Porbandar is fully operational.

The Company has installed a second silo having a capacity of 8000 MT at the jetty along with mechanized facility to load cement thereby improving the efficiency of the jetty. This will help in reducing the loading time leading to better margins in the export markets.

Captive Power Plant:

In order to insulate itself with the increased grid power cost and power cost produced by DG sets, the Company has decided to set up a 25MW Captive Thermal Power Plant at the Ranavav Plant. The Company has placed an order on EPC basis with Thermax Ltd./Thermax Instrumentation Ltd and the plant is expected to be operational by May 2008. The power plant will reduce the cost of energy substantially.

APPLICABILITY OF SICA 1985:

The Company's net worth as at 30th June, 2005 had been completely eroded and the Company was registered under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 with the Board for Industrial & Financial Reconstruction (BIFR). The Hon'ble BIFR has since declared the Company as a sick industrial undertaking vide its order dated 21st September 2006. The Board has also appointed IFCL Ltd as the Operating Agency for this purpose.

CORPORATE DEBT RESTRUCTURING:

The Company has restructured its debts under the Corporate Debt Restructuring mechanism (CDR) of Reserve Bank of India with a view to balance the cash flows. The restructuring shall enable the Company to overcome its liquidity constraints and shall ensure service of its debts as per the revised schedule in line with the expected cash flow from the operations. The restructuring package was approved by the Empowered Group of CDR vide its letter dated 26th December 2005. The restructuring scheme has resulted into waiver of part of interest, compounded interest, penal interest and liquidated damages. However, the lenders opting for series B will have the right of recompense in respect of the sacrifices/waivers made by them under the restructuring package as per the CDR scheme. The lenders opting for series B will also have the right to convert upto 10 per cent of outstanding principal into equity at SEBI formula price. The scheme has since been approved by most of the lenders and is under implementation. Under the said package two options were given for (i) One Time Settlement and (ii) restructuring of its debts bearing an average rate of interest of 8.5 per cent per annum on ballooning basis. Barring any unforeseen circumstances, the Board of Directors expect the Company to fulfill its revised commitments to its lenders.

PREFERENTIAL ISSUE:

As required and as per the scheme sanctioned by CDR and approved at the EGM held on 7th February, 2006, the Company has made a Preferential Issue of Equity Warrants of

Rs. 103 million to TORO Managers Limited and Brescon Corporate Advisors Limited and Convertible Debentures of Rs. 931.25 million to ADM Maculus Fund II L. P. aggregating to Rs. 1034.25 million.

In addition to the aforesaid, the Company has also tied up a term loan of Rs. 990 million from India Debt Management Ltd. pursuant to the sanctioned scheme.

The funds raised shall be utilized for setting up Captive Thermal Power Plant (CPP), settlement of the dues to the Government of Gujarat under GR dated 12.5.2004 in respect of BIFR companies and settlement with those lenders who want to opt for a one time settlement in terms of sanctioned scheme, and also for margin money for working capital.

REDEMPTION AND ROLL OVER OF DEBENTURES:

Pursuant to the CDR Scheme and option exercised by the debenture holders, the Company has redeemed 2,80,000 – 14% Non Convertible Debentures of Rs. 100/- each aggregating to Rs 280 million and 10,48,000 – 14.5% Non Convertible Debentures (NCD) of face value of Rs. 100/- each aggregating to Rs. 104.8 million and has restructured (rolled over) of 10,00,000 – 16% NCD of Rs. 100 each aggregating to Rs 100 million, 4,24,600 – 14.5% NCD of Rs. 200 each aggregating to Rs 84.9 million and 28,74,447 – 14.5% NCD of Rs 100 each aggregating to Rs 287.4 million at revised average interest rate of 8.5% per annum in terms of Series B of the CDR scheme. The said debentures are repayable over a period of 10 years with a moratorium of 3 years.