



KAMAL CEMENT

SHREE DIGVIJAY CEMENT CO. LTD.

(A CIMPOR GROUP COMPANY)



67th Annual Report and Accounts 2011



CIMPOR

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

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SHREE DIGVIJAY CEMENT CO. LTD.

BOARD OF DIRECTORS

Mr. Leonard D' Costa - Chairman

Mr. Napoleon De la Colina

Mr. Robert Pavrey

Mr. Luis Filipe Sequeira Martins

Mr. Alvaro Joao Serra Nazare

Mr. Antonio Carlos Custodio de Moraes Varela

(from 2nd February 2012)

Mr. Luis Miguel Da Ponte Alves Fernandes

(from 2nd February 2012)

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

(Till 1st August 2011)

Mr. Chain Singh Jasol – Whole-Time Director

(Till 2nd February 2012)

Mr. Suman Mukherjee – CEO & Managing Director

(from 20th December 2011)

BOARD COMMITTEES:

AUDIT COMMITTEE

Mr. Napoleon De la Colina – Chairman

Mr. Leonard D' Costa

Mr. Robert Pavrey

REMUNERATION COMMITTEE

Mr. Napoleon De la Colina – Chairman

Mr. Leonard D' Costa

Mr. Robert Pavrey

SHARE TRANSFER AND SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Mr. Robert Pavrey - Chairman

Mr. Chain Singh Jasol

(Till 2nd February 2012)

Mr. Suman Mukherjee

COMPANY SECRETARY

Mr. S. N. Malpani

EXECUTIVES

Mr. Pedro Silva – Finance Head

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

Mr. P. B. Patel – Asst. V. P. (Tech.)

Mr. G. D. Gupta – Asst. V. P. (F & C)

Mr. P.R.Singh – G. M (Mktg.)

AUDITORS

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

COST AUDITORS

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

REGISTERED OFFICE AND WORKS

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

REGISTRAR AND SHARE TRANSFER AGENT

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

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board

Place : Mumbai S. N. Malpani
Date : 2nd February, 2012 Company Secretary

NOTES:

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

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

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

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

By Order of the Board

Place : Mumbai S. N. Malpani
Date : 2nd February, 2012 Company Secretary

EXPLANATORY STATEMENT:

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

Item no. 4:

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

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

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

Item no. 5 and 6:

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

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

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

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

Item no. 7

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

1. Remuneration:

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

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

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

2. Perquisites:

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

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

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

The Board recommends the resolution for approval of the shareholders.

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

Item no. 8

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

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

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

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

1. **Period of Appointment :** For a period of **Three** years with effect from **20th December, 2011**
2. **Nature of Duties:** Mr. Mukherjee shall devote full time attention to the work of the Company and shall carry out the instructions of the superiors and abide by all general rules and regulations of the Company, and shall not undertake any direct / indirect business of work, honorary or remunerative, except with the written permission of the employer.
3. **Remuneration:**
 - a) Basic Salary: Rs. 1,25,000/- (Rs. One lac twenty five thousand only) per month, with such increase as the Board/ Committee of Directors may decide from time to time.
 - b) Provident Fund: 12% of the basic Salary
 - c) Position allowance: Rs. 75,000/- (Rs. Seventy five thousand only) per month, with such increase as the Board / Committee of Directors may decide from time to time.
 - d) Statutory Allowances: Rs. 50,000/- (Rs. Fifty thousand only) per month covering personal car pay-out, education, uniform, Leave Travel assistance, Medical and retrials, to be bifurcated as per mutual understanding, per month with such increase as the Board / Committee of Directors may decide from time to time.
 - e) Performance linked variable pay: Not less than Rs. 9,20,000/- (Rupee Nine lacs twenty thousand only) per annum provided only one time and according with performance and targets achieved.
4. **Other benefits:**
 - a) A fully furnished air conditioned accommodation, one Company car with chauffeur and fuel, one attendant, one gardener, one security guard and the same shall be valued as per Income Tax Rules.
 - b) Free medical and hospitalization insurance for self, wife and dependents under 18 years old.
 - c) Leaves and Gratuity: As per the Rules of the Company.

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

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

The Board recommends the resolution for approval of the shareholders.

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

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

1. General Information

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

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

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

2. Information about appointee:

- i) Background details:
Mr. Suman Mukherjee is of 41 years in age and is qualified Engineer with PGDBM and DIS (Gold Medalist) degrees with requisite experience.
- ii) Past Remuneration:
Mr. Suman Mukherjee has joined the Company on 20th November, 2011 and has been paid remuneration of Rs. 3.55 lacs for the financial year 2011.
- 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. Suman Mukherjee is not out of tune with the remuneration in similar sized industries in the 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. Suman Mukherjee has no other pecuniary relationship directly or indirectly with the Company.

3. Other Information:

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

By Order of the Board

Place : Mumbai
Date : 2nd February, 2012

S. N. Malpani
Company Secretary

SHREE DIGVIJAY CEMENT CO. LTD.

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL RESULTS

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

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

FINANCIAL PERFORMANCE

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

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

DIVIDEND

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

PRODUCTION AND SALES

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

(In lacs MT)

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

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

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

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

DIRECTORS

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

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

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

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

AUDITORS' REPORT

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

AUDITORS

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

COST AUDITORS

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

PARTICULARS OF EMPLOYEES

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

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

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

HUMAN RESOURCES

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

SOCIAL REPORT

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

ENVIRONMENT REPORT

Environment conservation – A way of life

We believe in sustainable development. We regard

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

(Alvaro Joao Serra Nazare)
Director

(Suman Mukherjee)
CEO & Managing Director

Place : Mumbai,

Date : 2nd February, 2012