



KAMAL CEMENT

SHREE DIGVIJAY CEMENT CO. LTD.

(A VOTORANTIM GROUP COMPANY)



68th Annual Report and Accounts 2012



Votorantim

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SHREE DIGVIJAY CEMENT CO. LTD.

BOARD OF DIRECTORS

Mr. Osvaldo Ayres Filho
(From 15th October 2012)

Mr. Carlos Eduardo de Arruda Boggio
(From 15th October 2012)

Mr. Sven Erik Oppelstrup Madsen
(From 15th October 2012)

Mr. Alvaro Joao Serra Nazare
(Till 31st March 2012)

Mr. Antonio Carlos Custodio de Moraes Varela
(Till 17th July 2012)

Mr. Luis Miguel Da Ponte Alves Fernandes
(Till 24th August 2012)

Mr. Luis Filipe Sequeira Martins
(Till 15th October 2012)

Mr. Leonard D' Costa
(Till 22nd March 2013)

Mr. Napoleon De la Colina
(Till 22nd March 2013)

Mr. Robert Pavrey
(Till 22nd March 2013)

Mr. Suman Mukherjee – CEO & Managing Director

COMPANY SECRETARY

Mr. S. N. Malpani

EXECUTIVES

Mr. Pedro Silva – CFO

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

Mr. Sanjay Tyagi – 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. 117365W)
'Heritage' 3rd Floor, Near Gujarat Vidhyapith
Ashram Road,
Ahmedabad - 380 014

COST AUDITORS

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

REGISTERED OFFICE
AND WORKS

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

REGISTRAR AND SHARE
TRANSFER AGENT

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

SHREE DIGVIJAY CEMENT CO. LTD.

NOTICE

NOTICE is hereby given that the **Sixty-eighth** 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 Wednesday, the 8th day of May 2013 at 03:30 PM (15.30 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, 2012 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To note that Mr. Robert Pavrey, who retires from the office by rotation and who being eligible, offered himself for re-election vide his letter dated 20th February, 2013 has now resigned from the directorship of the Company effective from 22nd March, 2013 and would not like to be re-appointed as a Director of the Company and accordingly to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 256, 258, 259 and other applicable provisions of the Companies Act, 1956, that Mr. Robert Pavrey, a director who is liable to retire by rotation and who does not seek re-election, is not accordingly re-appointed as a Director of the Company;

RESOLVED FURTHER THAT this meeting hereby expressly resolves not to fill the vacancy so created as aforesaid”

3. 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. Price Waterhouse & Co., Chartered Accountants of Mumbai, be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s. Deloitte Haskins & Sells, Chartered Accountants of Ahmedabad, the retiring auditors, who has expressed their unwillingness in writing to be re-appointed as Auditors of the Company, to hold office from conclusion of this 68th Annual General Meeting until the conclusion of the next 69th 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:

4. To consider and if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to Article 149 of the Articles of Association of the Company and Section 262 of the Companies Act, 1956 Mr. Osvaldo Ayres Filho, who was appointed by the Board of Directors to fill the casual vacancy on the Board caused by the resignation of Mr. Luis Filipe Sequeira Martins, and is eligible for reappointment as a Director, and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation”

5. To consider and if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to Article 149 of the Articles of Association of the Company and Section 262 of the Companies Act, 1956 Mr. Sven Erik Oppelstrup Madsen, who was appointed by the Board of Directors to fill the casual vacancy on the Board caused by the resignation of Mr. Antonio Carlos Custodio de Moraes Varela, and is eligible for reappointment as a Director, and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

6. To consider and if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 314(1) (b) of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mrs. Sanchita Mukherjee, wife of Mr. Suman Mukherjee, the Managing Director of the Company, to hold an office of profit as Vice Principal in SDCCL Public School being run and managed by the Company with effect from 16th May, 2012 on a monthly salary in the range of ₹ 38000/- to ₹ 40,000/- with such annual increase from time to time and on such other terms and conditions as may be approved by the Board.”

By Order of the Board

Place: Digvijaygram
Date: 25th March, 2013

S. N. Malpani
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 / HERSELF 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. 2 to 6 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 May 1st, 2013 to May 8th, 2013 (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 re-appointment at the forthcoming Annual General Meeting is attached hereto.

By Order of the Board

Place: Digvijaygram
Date: 25th March, 2013

S. N. Malpani
Company Secretary

EXPLANATORY STATEMENT:

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

Re: Item no. 2

Mr. Robert Pavrey retires by rotation at the forthcoming Annual General Meeting of the Company as per the provisions of Article 167 of the Articles of Association of the Company read with Section 255 and 256 of the Companies Act, 1956. Being eligible, he had offered himself for re-election as a Director of the Company on 20th February, 2013.

Subsequently Mr. Robert Pavrey has resigned from his directorship which was accepted effective from 22nd March, 2013. Accordingly, the resolution at item no. 2 is proposed expressly resolving not to fill up the vacancy caused by his retirement and is recommended for the acceptance by the members.

Re: Item no. 3

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, vide their letter dated 20th February, 2012 have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company. It is therefore proposed to appoint M/s. Price Waterhouse & Co., Chartered Accountants, Mumbai 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. Price Waterhouse & Co., Chartered Accountants, Mumbai 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.

Re: Item nos. 4 & 5

Mr. Osvaldo Ayres Filho and Mr. Sven Erik Oppelstrup Madsen were appointed as directors by the Board of Directors of the Company on 15th October, 2012 to

fill the casual vacancy caused by the resignation of Mr. Luis Filipe Sequeira Martins and Mr. Antonio Carlos Custodio de Moraes Varela respectively. Pursuant to Section 262 of the Companies Act, 1956 and Article 149 of the Articles of Association of the Company, both Mr. Osvaldo Ayres Filho and Mr. Sven Erik Oppelstrup Madsen will cease to hold their office of directors at the ensuing Annual General Meeting. Notices have been received from members, together with the requisite deposit under Section 257 of the Companies Act, 1956 proposing the candidatures of Mr. Osvaldo Ayres Filho and Mr. Sven Erik Oppelstrup Madsen for the office of the Directors of the Company. In view of the wide global experience, it is considered desirable that the Company should avail the benefits of their association with the Company. Their appointment as directors is therefore recommended.

Mr. Osvaldo Ayres Filho and Mr. Sven Erik Oppelstrup Madsen are interested in the resolution.

Re: Item no. 6

Mrs. Sanchita Mukherjee – wife of Mr. Suman Mukherjee, the M. D. & CEO of the Company was appointed as Vice Principle in SDCCL Public School. The appointment was made by the Board of Directors in their meeting held on 15th May, 2012, subject to approval of the Shareholders of the Company. Accordingly the special resolution as required under section 314 (1) (b) of the Companies Act, 1956 is placed before the Shareholders for their consent. Considering the high academic qualification and having a rich teaching experience in various International Schools, the approval to the appointment is recommended.

Mr. Suman Mukherjee, being husband of Mrs. Sanchita Mukherjee be considered as interested in the resolution.

By Order of the Board

Place: Digvijaygram
Date: 25th March, 2013

S. N. Malpani
Company Secretary

SHREE DIGVIJAY CEMENT CO. LTD.

DIRECTORS' REPORT

Dear Shareholders

Your Directors present the 68th Annual Report together with the Audited Accounts of the Company for the year ended 31st December, 2012.

CHANGE IN THE PROMOTERS OF THE COMPANY:

As you all are aware that Cimpor Inversiones S. A. [Cimpor] was holding 104,091,537 equity shares, representing 73.63% of the Company's outstanding voting Equity Share Capital.

Pursuant to the restructuring agreement dated June 25, 2012 between Votorantim Cimentos S.A. [Votorantim], InterCement Austria Holding GmbH and Camargo Correa Cimentos Luxembourg Sarl, 73.63 % of the shares of the Company has been transferred indirectly from Cimpor to a non-resident holding entity i.e. Votorantim through another non-resident holding entity i.e. Cementos EAA Inversiones, S.L. as part of a bundle of multi-jurisdictional assets by way of transfer of shares and two swaps of shares outside India. Pursuant to the aforesaid, Cimpor has ceased to be a Promoter of your Company and Votorantim and Cementos EAA are now the Promoters of the Company.

In compliance with the SEBI guidelines under take over regulations, Votorantim has also acquired 2,321,645 equity shares constituting 1.64 % of the Company's outstanding voting Equity Share Capital under open offer from the shareholders of the Company. The details of the transaction were elaborated in the Letter of Offer dated 6th July, 2012 sent to the shareholders.

FINANCIAL RESULTS

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

(₹ In lacs)

	Current Year Ended 31.12.2012	Previous Year Ended 31. 12. 2011
Gross Turnover	42918	37060
Profit before Interest Depreciation, Exceptional Items & Tax [PBIDT]	4942	1981
Less: Interest	77	29
Less: Depreciation	987	1007
Profit after Interest & Depreciation but before Exceptional Item & Tax	3878	945

	Current Year Ended 31.12.2012	Previous Year Ended 31. 12. 2011
Add: Exceptional Item	1215	0
Profit from ordinary activities before Tax	5093	945
Less: Provision for Current Tax (MAT)	(967)	0
Net Profit for the year	4126	945
Balance brought forward from previous year	(4610)	(5555)
(LOSS) CARRIED OVER	(484)	(4610)

FINANCIAL PERFORMANCE

The Gross Turnover of the Company during the year under report at ₹ 42918 lacs was higher by about 13% against the turnover of ₹ 37060 lacs in previous year.

Domestic market revived and the prices firmed up during the year under report, resulted in higher PBIDT. However, price benefit coupled with efficiency gains had been largely affected with hefty increase in input cost.

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 31.12.2012	Previous Year Ended 31. 12. 2011
Production		
• Clinker	7.47	7.25
• Cement	9.26	9.27
Sales		
• Clinker	0.00	0.00
• Cement	9.30	9.27

Plant operation presents consistence performance and is well comparable with the previous year.

DIRECTORS

Mr. Robert Pavrey, a director of the Company who retire by rotation under Article 167 of the Articles of Association of the Company and being eligible, offers himself for reappointment.

Mr. Luis Filipe Sequeira Martins, Mr. Luis Miguel Da Ponte Alves Fernandes and Mr. Antonio Carlos Custodio de Moraes Varela tendered their resignations from the directorship of the Company. The Board filled up these vacancies by co-opting Mr. Osvaldo Ayres Filho, Mr. Carlos Eduardo de Arruda Boggio and Mr. Sven Erik Oppelstrup Madsen respectively in their places.

While welcoming the new directors, the Board places on record their appreciation of matured advice and guidance of the outgoing directors during their association with the Company.

Mr. Osvaldo Ayres Filho and Mr. Sven Erik Oppelstrup Madsen, the directors of the Company who retire by rotation under Article 167 of the Articles of Association of the Company are available for 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

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, 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. Price Waterhouse, Chartered Accountants, Mumbai as Statutory Auditors in their place, who 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 2012. 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 2012 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.

SHREE DIGVIJAY CEMENT CO. LTD.

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

Sven Erik Oppelstrup Madsen
Director

Suman Mukherjee
Managing Director & CEO

Place: Mumbai
Date: 20th February, 2013

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS & FINANCIAL PERFORMANCE REVIEW

Capacity utilization

	Current year Ended 31.12.2012	Previous Year Ended 31.12.2011
Installed Capacity (Lac. TPA)	10.75	10.75
Production (Lac. TPA)		
Clinker	7.47	7.25
Cement	9.26	9.27
Effective Capacity utilization@	86.12%	86.27%
Sales Volume (Lac. Ton)	9.30	9.27
Domestic — Cément	9.30	9.27
Export — Clinker	0.00	0.00
Net Cement Sales Realization (₹/ MT)	4121	3602

@ Effective capacity utilization = Cement Production + Clinker sold

FINANCIAL HIGHLIGHTS

(In ₹ Lacs)

	Current year Ended 31.12.2012	Previous Year Ended 31.12.2011
Net Sales/Income from Operations	38322	33374
Add: Other operating Income	505	294
Less: Total Expenditure	34257	31881
Profit from operations before other income, interest, Depreciation & Exceptional items	4751	1787
Add: Other Income	372	194
Profit before interest, Depreciation & Exceptional items	4942	1981
Less: Interest	77	29
Less: Depreciation	987	1007
Profit after interest, Depreciation but before Exceptional items	3878	945
Add: Exceptional items	1215	0
Profit from ordinary activities before Tax	5093	945
Less: Provision for current tax (MAT)	(967)	0
Net Profit for the year after tax	4126	945

Previous year figures have been regrouped wherever necessary.

Net Sales/Income from operations

The net sales/income from operation increased by about 15% over previous year mainly because of improved unit realization.

Profit from operations

Profit from operation has registered an increase by about 1.56 times over previous year. This was despite of hefty increase in various inputs. Consistency in plant operations resulting improved specific power consumption and heat value followed by the improved price has contributed in the profitability of the Company.

Input Cost

Increases in the cost of majority of ingredients were felt during the year under report. The effect was more on:

1. Coal cost – the cost increase per MT was about 14.27% over the previous year,
2. Power [Electricity Cost] – the cost increase per unit was about 6.73% over previous year. Combined efforts to bring down the per unit consumption along with the appropriate mixing of power sources through open access had by and large mitigated the negative impact of cost increase.
3. Employees cost including provisions for retirement benefits, royalty, financial guarantee commission, water charges, etc., were higher by about 20.19%.
4. Repairs and maintenance cost to machineries was higher by about 39% due to major repairs & maintenance carried out in the plant for efficiency improvement.
5. Logistic cost also increased by about 11% due to consequential impact of rise in fuel prices.

Other operating Income

Other operating income includes Foreign Exchange gain (net) of ₹ 236 lacs and other miscellaneous income.

Exceptional items

This has been elaborated under the notes forming part of the financial statements.

Income Tax

A sum of ₹ 967 lacs is provided towards MAT [₹ 894 lacs] and Deferred Tax liability [₹ 73 lacs]

Cash Flow Analysis

(In ₹ Lac)

	Current year Ended 31.12.2012	Previous Year Ended 31.12.2011
Source of Cash		
Cash from Operation before working capital changes	4722	1622
Non-operating Cash flow	349	160

SHREE DIGVIJAY CEMENT CO. LTD.

(In ₹ Lac)

	Current year Ended 31.12.2012	Previous Year Ended 31.12.2011
Proceeds from borrowings	0	2381
Decrease/(increase) in Working Capital	(1824)	2960
Total	3247	7123
Use of Cash		
Capital Expenditure (net)	1361	4537
Taxes Paid	894	40
Interest paid on borrowings	251	115
Investment (Net) (including income on investment)	820	2294
Increase/(Decrease) in Cash equivalents	(80)	137
Total	3247	7123

(Previous year figures have been regrouped wherever necessary)

Non-operating Cash flow

Non-operating Cash flow of ₹ 349 lacs includes dividend income of ₹ 299 lacs.

Finance

Your Company has not raised any long term finance during the year under report.

Capital Expenditure

During the year under report, the Company has incurred capital expenditure of ₹ 1361 lacs for installation of Kiln shell replacement, VVF drives, Waste Heat Recovery Power project etc. The Waste Heat Recovery Project is under trial run and is expected to get stabilized by the year 2013.

Increase in Working Capital

Increase in working capital is on account of higher inventory of Coal.

SEGMENT REVIEW AND ANALYSIS

It is a single product Company

OUTLOOK

Looking at the prevailing scenario, anticipated good monsoon and ongoing developmental activities in Infrastructural segment, the demand for Cement in the year 2013 is likely register a moderate growth in the State of Gujarat – the home market for your Company. However, new entrants with increased capacities in the State/ adjoining States will have adverse effect on overall market share as also on price sentiments.

RISK AND CONCERN

New capacities likely to come in operation can have

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

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

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

The total number of employees in the Company as on 31st December, 2012 was 449 employees. (Previous year as on 31st December, 2011 was 481)

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.

For and on behalf of the Board

Sven Erik Oppelstrup Madsen
Director

Suman Mukherjee
Managing Director & CEO

Place: Mumbai
Date: 20th February, 2013