



**KAMAL CEMENT**

**SHREE DIGVIJAY CEMENT CO. LTD.**

**( A VOTORANTIM GROUP COMPANY )**



**69<sup>th</sup> Annual Report and Accounts 2013**



**Votorantim**

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# SHREE DIGVIJAY CEMENT CO. LTD.

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## BOARD OF DIRECTORS

Mr. A. K. Chhatwani – Chairman  
(From 24<sup>th</sup> April 2013)

Mr. A. Kumaresan  
(From 5<sup>th</sup> June 2013)

Mr. Osvaldo Ayres Filho

Mr. Carlos Eduardo de Arruda Boggio

Mr. Sven Erik Oppelstrup Madsen

Mr. Chain Singh Jasol – Whole-time Director  
(From 1<sup>st</sup> November 2013)

## INTERIM CFO & COMPANY SECRETARY

Mr. S. N. Malpani

## EXECUTIVES

Mr. Sanjay Tyagi – Asst. V. P. (Tech.)

Mr. Sandeep Anand – Asst. V. P. (S.C.M.)

Mr. Pravin Swamy – Asst. V. P. (H.R.)

Mr. P. R. Singh – G.M (Mktg.)

## AUDITORS

M/s Price Waterhouse,  
Chartered Accountants,  
(ICAI Registration No. 301112E)  
252, Veer Savarkar Marg, Shivaji Park,  
Dadar (West)  
Mumbai - 400 028

## 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-ninth** 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 23<sup>rd</sup> April, 2014 at 02:15 PM 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 31<sup>st</sup> December, 2013 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

3. 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. A. K. Chhatwani, who was appointed by the Board of Directors to fill the casual vacancy on the Board caused by the resignation of Mr. Leonard D' Costa, 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 an Independent Director of the Company liable to retire by rotation”

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. A. Kumaresan, who was appointed by the Board of Directors to fill the casual vacancy on the Board caused by the resignation of Mr. Napoleon de la Colina, 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 an Independent 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. Carlos Eduardo de Arruda Boggio, who was appointed by the Board of Directors to fill the casual vacancy on the Board caused by the resignation of Mr. Luis Miguel Da Ponte Alves Fernandes, 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 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. Chain Singh Jasol as Whole-time Director of the Company for a period of two years with effect from 1<sup>st</sup> November, 2013 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. Chain Singh Jasol within such guidelines or amendments as may be made to the Companies Act, 1956, and/or the Companies Act, 2013 and subject to such approvals as may be required.”

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 Section 180(1) (c) and any other applicable provisions of the Companies Act, 2013 and supplemental to the Ordinary Resolution passed at the 63<sup>rd</sup> Annual General Meeting of the Company held on 15<sup>th</sup> September, 2008 under Section 293(1)(d) of the Companies Act, 1956, as was applicable at the relevant time, the consent, approval and



ratification of the Company be and is hereby accorded to the Board of Directors of the Company to borrow at any time such sum or sums of money in such manner as may be required for the purpose of business of the Company with or without security and upon such terms and conditions as may think fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed aggregate of the paid up capital of the Company and its free reserves, that is to say reserve not set apart for any specific purpose provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 500 crores (Rupees Five hundred Crores).

**“RESOLVED FURTHER THAT** the aggregate borrowing of ₹ 3094.94 lacs, borrowed under Section 293(1) (d) of the Companies Act, 1956 from CITI Bank NA under Buyers credit arrangements after 12<sup>th</sup> September, 2013 under the authorization given by the Company vide resolution passed at the 63<sup>rd</sup> Annual General Meeting as stated above be and is hereby approved and ratified under Section 180(1)(c) of the Companies Act, 2013.”

By Order of the Board

Place: Mumbai  
Date : 27<sup>th</sup> February, 2014

S. N. Malpani  
Company Secretary

#### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND THE PROXY NEED NOT BE A MEMBER.**
- 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.
- An explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items no. 3 to 7 of the Notice as set out above, is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from 15<sup>th</sup> April, 2014 to 23<sup>rd</sup> April, 2014 (both days inclusive).
- 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.
- 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: Mumbai  
Date : 27<sup>th</sup> February, 2014

S. N. Malpani  
Company Secretary

#### EXPLANATORY STATEMENT

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

##### Item Nos. 3 to 5

Mr. A. K. Chhatwani, Mr. A. Kumaresan and Mr. Carlos Eduardo de Arruda Boggio were appointed as directors by the Board of Directors of the Company to fill the casual vacancy caused by the resignation of Mr. Leonard D 'Costa, Mr. Napoleon de la Colina and Mr. Luis Miguel Da Ponte Alves Fernandes respectively. Pursuant to Section 262 of the Companies Act, 1956 and article 149 of the Articles of Association of the Company, Mr. A. K. Chhatwani, Mr. A. Kumaresan and Mr. Carlos Eduardo de Arruda Boggio will cease to hold their office of director 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. A. K. Chhatwani, Mr. A. Kumaresan and Mr. Carlos Eduardo de Arruda Boggio for the

office of the Directors of the Company. In view of the wide experience in the Corporate Management, 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. A. K. Chhatwani and Mr. A. Kumaresan are Independent Directors. Under Section 149 (10) of the Companies Act, 2013, the Independent Director shall hold office for a term up to five consecutive years on the Board of the Company. However, since the provisions of this section are yet to be made effective, the appointment of Mr. A. K. Chhatwani and Mr. A. Kumaresan is proposed to be made under the provisions of Section 255 and Section 256 of the Companies Act, 1956, liable to retire by rotation in terms of the existing provisions of the Companies Act, 1956 as aforesaid.

# SHREE DIGVIJAY CEMENT CO. LTD.

Mr. A. K. Chhatwani, Mr. A. Kumaresan and Mr. Carlos Eduardo de Arruda Boggio are interested in the resolution.

## Item No. 6

Mr. Chain Singh Jasol working with the Company as Sr. Vice President (PA & Mines) was appointed as a Whole-time Director of the Company by the Board of Directors of the Company in their meeting held on 31<sup>st</sup> October, 2013 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 14<sup>th</sup> November, 2013. 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. **Period of Appointment:** For a period of two years with effect from 1<sup>st</sup> November, 2013.

## 2. Remuneration:

A. **Emoluments:** ₹ 4,500,000/- [Rupees Forty five lacs] per annum, interalia covering the following specified payments and statutory allowances and the remaining balance to be bifurcated under various heads in mutual consent with the appointee in line with the Company's governing Rules:

- a. **Basic salary:** ₹ 2,500,000/- [Rupees Twenty five lacs] per annum, with such increase as the Board/Committee of Directors may decide from time to time.
- b. **Contribution toward Provident fund:** @12% of the basic salary [subject to the revision in line with the notification(s) as may be promulgated by the Government during the tenure of the appointment].
- c. **Contribution towards Superannuation account:** @15% of the basic salary. On the proposed basic, contribution to provident fund and to superannuation fund, it will be at ₹ 6, 75,000/- together annually.
- d. **Leave Travel Concession:** ₹ 50,000/- annually.
- e. **Medical Expenses reimbursement:** up to ₹ 16,000/- annually

B. **Variable pay system of the Company:** Based on the achievement of pre-established goals, he will be entitled with a compensation of 40% of emoluments (annual base). Overachievement is

allowed up to 150% of objectives achievement which could represent a maximum of 60% of emoluments.

## 3. Other benefits:

- a) Fully furnished residential accommodation.
- b) One Company Car with chauffeur and fuel for office use.
- c) PDA + Laptop.
- d) Free medical and hospitalization insurance for self, wife and dependent parents.
- e) Leave and Gratuity: As per the rules of the Company.

## 4. Taxation:

He will be bearing the entire tax liability on the income from the employment.

This appointment may be terminated by either party giving to the other party 90 days' notice of such termination or payment of basic salary in lieu thereof.

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. Jasol shall not be paid any sitting fee to attend Board/Committee meetings of the Directors.

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

Mr. Jasol has requisite experience and qualifications and is competent to shoulder this responsibility. The Board recommends the resolution for approval of the shareholders.

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 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.

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

### I General Information

1. Nature of Industry  
The Company is engaged in manufacture and sale of Clinker and Cement.
2. Year of commencement of commercial production:  
Since 1951

3. In case of new Companies, expected date of commencement of activities:

Not applicable, as the Company is an existing Company.

4. Financial performance based on given indicators:  
(₹ In lacs)

Years	2013	2012	2011
Turnover (Gross)	37287	42918	37060
Profit/(loss) before Tax	(3469)	5093	945
Profit/(Loss) after Tax	(3552)	4126	945

5. Export Performance and foreign exchange collaborations:

The FOB Value of export was ₹ NIL in the year 2011, ₹ 2.45 lacs in the year 2012 and ₹ NIL in the year 2013.

6. Foreign investments or collaborators if any.  
NIL

## II Information about appointee:

1. Background details:

Mr. Chain Singh Jasol is of 58 years in age and is qualified as B. A. (Hons.), M. A. and Diploma in Business Management with requisite experience.

2. Past Remuneration:

Mr. Chain Singh Jasol has joined this Company on 16<sup>th</sup> June, 1983 and has been paid remuneration of ₹ 47.97 lacs for the financial year 2013, which includes remuneration paid to him in his capacity as Sr. Vice President [PA and Mines].

3. 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.

4. Remuneration proposed:

As set out above.

5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The remuneration of Mr. Chain Singh Jasol is not out of tune with the remuneration in similar sized industries in the same segment of business.

6. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any:

Other than the remuneration stated above, Mr. Chain Singh Jasol has no other pecuniary relationship directly or indirectly with the Company.

## III. Other Information:

Reasons for inadequate profits/steps taken for improvement etc.

Elaborated in Directors' Report and Management Discussions and Analysis.

## Item No. 7

The consent of the shareholders of the Company was given to the Board of Directors (Board) of the Company under Section 293(1)(d) of the Companies Act, 1956 vide an Ordinary Resolution passed in the 63<sup>rd</sup> Annual General Meeting of the Company held on 15<sup>th</sup> September, 2008, interalia authorizing the Board to borrow, at any time, such sum or sums of money in any manner, as may be required for the purpose of the business of the company, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of the business of the Company), within an overall limit of not exceeding ₹ 500 crores (Rupees Five hundred Crores only) outstanding at any time. The Company's outstanding borrowings at the end of the financial year 2013, including the fresh borrowing of ₹ 3094.94 lacs availed during the year under report from CITI Bank NA under "Buyers Credit arrangement" are within an overall limit of said ₹ 500 crores, authorized by the Shareholders as stated herein. Since the Section 180(1)(c) of the Companies Act, 2013 which is relevant with the said borrowings being effective from 12<sup>th</sup> September, 2013 the overall borrowing limit of ₹ 500 crores (Rupees Five hundred Crores only), together with the Buyers Credit arrangement availed by the Company is commended for ratification and approval by the shareholders under Section 180 (1) (C) of the Companies Act, 2013.

By Order of the Board

Place: Mumbai  
Date : 27<sup>th</sup> February, 2014

S. N. Malpani  
Company Secretary

# SHREE DIGVIJAY CEMENT CO. LTD.

## DIRECTORS' REPORT

Dear Shareholders

Your Directors present the 69<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> December, 2013.

### FINANCIAL RESULTS

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

(₹ In lacs)

	Current Year Ended 31.12.2013	Previous Year Ended 31.12.2012
<b>Gross Turnover</b>	<b>37263</b>	42918
<b>Profit/(Loss) before Interest Depreciation, Exceptional Items &amp; Tax [PBITD]</b>	<b>(472)</b>	4969
Less: Interest	<b>263</b>	104
Less: Depreciation	<b>1319</b>	987
<b>Profit/(Loss) after Interest &amp; Depreciation but before Exceptional Item &amp; Tax</b>	<b>(2054)</b>	3878
Add/(Less): Exceptional Item	<b>(1415)</b>	1215
<b>Profit from ordinary activities before Tax</b>	<b>(3469)</b>	5093
Less: Provision for Current Tax(MAT)	<b>(83)</b>	(967)
<b>Net Profit/(Loss) for the year</b>	<b>(3552)</b>	4126
Balance brought forward from previous year	<b>(484)</b>	(4610)
<b>(Loss) Carried Over</b>	<b>(4036)</b>	(484)

(Previous figures have been regrouped wherever necessary)

### FINANCIAL PERFORMANCE

The working results depict a set back in operation. The fall in Turnover is attributable to low off take of cement coupled with fall in unit realization with consequential impact on PBITD.

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

### DIVIDEND

In view of the negative performance and 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 31.12.2013	Previous Year Ended 31.12.2012
<b>Production</b>		
• Clinker	<b>7.30</b>	7.47
• Cement	<b>8.94</b>	9.26
<b>Sales</b>		
• Clinker	<b>0.00</b>	0.00
• Cement	<b>8.95</b>	9.30

Output of the Clinker and Cement during the year 2013 was 7.30 lacs MT and 8.94 lacs MT respectively as against 7.47 lac MT and 9.26 lac MT in 2012.

Though the Clinker production during the year under report is comparable with the previous year but the same has been adversely affected due to inconsistency in plant operations more particularly in the last quarter of the year due to unprecedented heavy rainfall. Production of Cement was circumscribed by limitations on sales front.

The Company is taking major steps for stability in production line with improved capacity utilization. The benefit thereof is expected to be reflected during part of the year 2014 onwards.

## DIRECTORS

Mr. A. K. Chhatwani, Mr. A. Kumaresan and Mr. Carlos Boggio 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

Your Directors request you to appoint Auditors for current accounting year and fix up their remuneration. M/s. Price Waterhouse, Chartered Accountants, Mumbai, the existing Auditors of the Company retiring at the ensuing Annual General Meeting are available for a fresh term and have furnished certificate of their eligibility for re-appointment.



## **COST AUDITORS**

Pursuant to Section 233B of the Companies Act, 1956, your Directors have appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as Cost Auditors to conduct the Cost Audit for the year ended 31<sup>st</sup> December 2013. The appointment has been approved by the Central Government.

## **PARTICULARS OF EMPLOYEES**

The particulars of employee required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time forms part of this report. However in pursuance of Section 219(1)(b)(iv) of the Act, this report is being sent to all shareholders of the Company excluding the aforesaid information and the said particulars are available at the Registered Office of the Company. The members interested in obtaining such particulars may write to the Secretarial Department at the Registered Office of the Company.

## **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 31<sup>st</sup> December 2013 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

Sven Erik Oppelstrup Madsen Director	Chain Singh Jasol Whole-Time Director
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Place : Mumbai  
Date : 27<sup>th</sup> February, 2014

# SHREE DIGVIJAY CEMENT CO. LTD.

## MANAGEMENT DISCUSSION & ANALYSIS

### BUSINESS & FINANCIAL PERFORMANCE REVIEW

#### CAPACITY UTILIZATION

	Current Year Ended 31.12.2013	Previous Year Ended 31.12.2012
<b>Installed Capacity (Lac. TPA)</b>	<b>10.75</b>	10.75
<b>Production (Lac TPA)</b>		
Clinker	7.30	7.47
Cement	8.94	9.26
Effective Capacity utilization@	83.17%	86.12%
<b>Sales Volume (Lac Ton)</b>	<b>8.95</b>	9.30
Domestic – Cement	8.95	9.30
Export – Clinker	0.00	0.00
Net Cement Sales Realization (₹/ MT) (Net sales Revenue/ Cement sales qty)	3705	4121

@ Effective capacity utilization = Cement Production  
+ Clinker sold / Installed capacity

#### FINANCIAL HIGHLIGHTS

(₹ In lacs)

	Current Year Ended 31.12.2013	Previous Year Ended 31.12.2012
Net Sales / Income from Operations	33180	38342
Add: Other operating Income	185	485
Less: Total Expenditure	34256	34230
<b>Profit/(Loss) from operations before other income, interest, Depreciation &amp; Exceptional items</b>	<b>(891)</b>	4597
Add: Other Income	419	372
<b>Profit/(Loss) before interest, Depreciation &amp; Exceptional items</b>	<b>(472)</b>	4969
Less: Interest	263	104
Less: Depreciation	1319	987
<b>Profit/(Loss) after interest, Depreciation but before Exceptional items</b>	<b>(2054)</b>	3878
Add : Exceptional items	(1415)	1215
<b>Profit/(Loss) from ordinary activities before Tax</b>	<b>(3469)</b>	5093
Less: Tax Expenses	(83)	(967)
<b>Net Profit/(Loss) for the year after tax</b>	<b>(3552)</b>	4126

Previous year figures have been regrouped wherever necessary.

### NET SALES/INCOME FROM OPERATIONS

The net sales/income from operations decreased by about 13% over previous year mainly because of decreased unit realization and volume.

### PROFIT FROM OPERATIONS

Profit from operation has turned negative at ₹ 891 lacs as against profit of ₹ 4597 lacs in the previous year. The composite impact on this front by ₹ 5488 lacs during the year under report has adversely affected the bottom line. Main factors attributable for these upheavals are:

- Lower volume of Cement sales coupled with heavy reduction in net realization.
- Increase in Raw material cost by more than 16% over previous year,
- Increase in Packing cost by 12%, Logistic cost by more than 9% and repairs to plant and machinery and other repairs by about 8%,
- Heavy negative impact on account of foreign exchange loss towards coal import, and
- Inconsistency in plant operations resulting in high operating cost.

There has been considerable savings of about 16% and 13% on power and fuel cost in respectively in comparison with the previous year. However the same was more than eaten away by hefty increase in all round cost escalation coupled with lower sales realization as stated above.

### OTHER OPERATING INCOME

Other operating income includes dividend on mutual funds and interest on various deposits.

### EXCEPTIONAL ITEMS

During the year under report, the Company had introduced Voluntary Retirement Scheme -2013 ("VRS Scheme") elaborated under the notes forming part of the financial statements. 135 employees had opted for the benefits of this separation scheme resulting in an over- all pay out of ₹ 1415 lacs, appearing under this head.

### TAX EXPENSES

The tax expenses of ₹ 83 lacs is net of Deferred Tax.

### CASH FLOW ANALYSIS

(₹ In lacs)

	Current Year Ended 31.12.2013	Previous Year Ended 31.12.2012
<b>Source of Cash</b>		
Cash from Operation before working capital changes	(943)	4635
Non-operating Cash flow	400	349