



HEMADRI CEMENTS LIMITED

30th Annual Report

2011 - 2012

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BOARD OF DIRECTORS:

SRI PACHAMUTHU RAVI	CHAIRMAN
SRI K. GOPI PRASAD	MANAGING DIRECTOR
SRI GOPALSAMY RAJAN	DIRECTOR
SRI DBN RAO	DIRECTOR
SRI B. RAMACHANDRA RAO	DIRECTOR
SRI MUTHUSAMY SUBRAMANIAN	DIRECTOR
SRI PACHAMUTHU SATYANARAYANAN	DIRECTOR

AUDIT COMMITTEE

SRI MUTHUSAMY SUBRAMANIAN
SRI B. RAMACHANDRA RAO
SRI G. RAJAN
SRI K. GOPI PRASAD

COMPANY SECRETARY

K.VENKATARAMANI

AUDITORS

M/s Purushottam & Co.
Chartered Accountants
3A, Pioneer Homes III Floor,
23A, North Boag Road,
CHENNAI 600 017

BANKERS

Axis Bank
Bank of India
City Union Bank
State Bank of India
State Bank of Hyderabad

ADMINISTRATIVE OFFICE:

No.3, Veerasamy Street,
West Mambalam,
Chennai - 600 033.

REGD. OFFICE & FACTORY

Vedadri Village
Jaggaihpeta Mandal - 521457
Krishna District, Andhra Pradesh. Ph:(08676) 284538

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Company will be held on Wednesday the 26th September 2012 at 11 am at the Registered Office of the Company at Vedadri Village, Jaggaiahpet Mandal, Krishna District A.P. to transact the following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the Statement of Profit & Loss for the year ended 31st March, 2012, the Balance Sheet as on that date and the Report of Directors and Auditors thereon.
02. To elect a Director in place of SRI D.B.N.Rao, who retires by rotation and being eligible offers himself for re-appointment.
03. To elect a Director in place of SRI B.Ramachandra Rao, who retires by rotation and being eligible offers himself for re-appointment.
04. To appoint auditors for the current year and fix their remuneration

SPECIAL BUSINESS:

05. To appoint Shri P.Ravi, as wholtime director and pass the following resolution as SPECIAL RESOLUTION with or without modification(s).

“RESOLVED THAT pursuant to Sec 198,269,309,310,311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Act, the appointment of Shri P.Ravi as wholtime director of the Company for a period of three years with effect from 1st October, 2011 on the terms and conditions as set out in the Explanatory statement annexed hereto and duly approved by the Remuneration Committee be and is hereby approved and ratified

RESOLVED Further that during any year of loss or inadequacy of profits, the salary, allowance, perquisites and benefits fixed by the Board of Directors, shall be paid as minimum remuneration subject to the ceiling prescribed by Schedule XIII of the Companies Act, 1956 or any statutory modifications thereof and that the Board of Directors be and are hereby authorized to apply to the designated authorities as may be necessary if such minimum remuneration exceeds the ceiling fixed under Schedule XIII of the Companies Act, 1956 or any statutory modifications thereof.

RESOLVED further that the Board of Directors be and are hereby authorized to revise the remuneration of Shri P.Ravi from time to time within the ceiling prescribed under Sec 198, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act that my be in force from time to time.

Place:Chennai
Date:6.08.2012

BY ORDER OF THE BOARD OF DIRECTORS

K.VENKATARAMANI
COMPANY SECRETARY

NOTES:

01. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Proxy need not be a member.
02. Members/proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
03. The Share Transfer Books of the Company shall remain closed from the 20st September,2012 to 26th September, 2012 both days inclusive.

Explanatory Statement under Sec 173(2) of the Companies Act, 1956

Item No. 5:

Appointment of Shri P. Ravi as a wholetime Director:

Shri P. Ravi was first appointed as Director on 29.12.2010 at the AGM held on that date. It is now proposed to appoint him as wholetime director with effect from 1st October, 2011.

Profile:

Shri P.Ravi aged about 46 years is a Post Graduate in Management(MBA). He has vast experience of more than 20 years in managing different business entities viz, hotels, transport, construction besides having thorough understanding of running Educational Institutions.

REMUNERATION:

1. Salary : Rs. 2,50,000/- per month (Rupees two lakhs fifty thousand only)
2. Productivity Incentive : 1% of the pre-tax profit of the Company as declared in the Audited Accounts of the Company (with effect from 1.4.2012)
3. Perquisites : No specific perquisites as the salary is consolidated

These may be taken as abstract of the terms of Appointment to be circulated to Members as provided under Sec. 302 of the Companies Act, 1956

Shri P.Satyanarayanan, Director being the brother of Shri P.Ravi is deemed to be interested in this resolution.

Place:Chennai
Date:6.08.2012

BY ORDER OF THE BOARD OF DIRECTORS

K.VENKATARAMANI
COMPANY SECRETARY

DIRECTORS' REPORT:

TO

The Members,

Your Directors have pleasure in presenting the **THIRTIETH ANNUAL REPORT** and the audited accounts for the financial year ended March 31, 2012.

FINANCIAL RESULTS:

Rs. Lacs

	2011 - 2012	2010 - 2011
Sales and other Income	8350.93	5247.89
Profit/ (Loss) before Interest and Depreciation	1687.87	1088.92
Interest	33.61	4.62
Profit/ (Loss) before Depreciation	1654.26	1084.30
Depreciation	86.23	84.65
Profit / (Loss) before tax	1568.03	999.65
Tax Expenses -		
Current Tax	531.21	368.16
Deferred Tax	(52.60)	(12.77)
Profit/ (Loss) after Tax	1089.42	644.26

DIVIDEND:

As the company is in need of resources to provide for balancing equipments and to undertake extensive process upgradation to maintain the product quality, your directors feel it prudent to conserve own resources for this purpose. Hence no dividend is proposed for the year under review.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance is attached in the Annexure.

Management discussion and analysis

The Company has achieved a milestone by reaching the mark of 2.5 lakh tones of cement production. During the year under review your company achieved a total cement tonnage of **2,52,164 MT** as against **2,05,418 MT** during the previous year.

Your Company has made a Net Profit before Extraordinary Items of Rs. 1568.03 Lakhs during the year, as against Net Profit of Rs. 999.65 Lakhs in the previous year.

Your company could ride on the short term buoyancy in the market and despite increasing input costs, could post a decent profit during the year under review.

Economic Outlook

The construction activity has been growing very marginally over the recent past and the growth is sporadic. The market, of late, is unable to absorb the price increases which is necessitated owing to increase in input costs, but this trend is likely to be short-lived. Moreover, further capacities have been added particularly in the state of A.P. which would make the market more competitive. Shortage of other input materials for construction activity is also a limiting factor which we need to contend with.

Opportunities and Threats:

Your company, riding the swing of good market, has been able to sustain itself during the last couple of years.

The major threats are the unprecedented increase in the cost of major raw materials like coal and power. There is also a shortage of availability of coal which would continue to exert pressure on the economic viability of your company.

Power continues to be another major threat as there is a high possibility of the same getting scarce and more expensive as the year progresses.

Further as new capacities are being added, the market competition is likely to be more intense which might result in affecting the price line for the end produce.

INDUSTRIAL RELATIONS AND STAFF WELFARE:

Industrial relations with staff and workmen remained harmonious and cordial. Wage agreement with the Workers' Union for the period 2011-13 has been amicably settled and has come into force from June 2011.

POLLUTION CONTROL:

The Company has adequate pollution control equipments and also has developed various plantations around the factory premises. Recently, in line with the requirement of the Pollution Control Regulations, online chimney monitoring system has been installed and the same is working satisfactorily.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Statement containing particulars pursuant to section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

DIRECTORS:

During the year Shri P.Ravi was appointed as wholetime director with effect from 1st October, 2011. He has further been elected as Chairman of the Board of Directors since April 2012. The terms of appointment of Shri P.Ravi have been set out in the notice read with the Explanatory statement

Shri. D.B.N.Rao and Shri B.Ramachandra Rao, Directors, who retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to section 217(2AA) of the Companies (Amendment) Act 2000, the Board of Directors confirms that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. Such accounting policies were selected and applied consistently and judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of state of affairs and Profit of the company for the period.
3. Proper and sufficient care has been taken to safeguard the assets and for preventing and detecting fraud and other irregularities.
4. The annual accounts are prepared on a going concern basis.

PARTICULARS OF EMPLOYEES:

There are no employees falling within the purview of Section 217(2A) of the Companies Act, 1956 during the year.

DEPOSITS AND LOANS/ADVANCES:

Your Company has not invited or accepted any fixed deposits and hence no amount of principal or interest was outstanding as on the date of the Balance Sheet.

AUDITORS:

M/s. B.Purushottam & Co, Chartered Accountants, Chennai who retire at the conclusion of this General meeting have offered to be re-appointed.

COST AUDITOR:

The Company has engaged Shri R. Srinivasa Rao as the Cost Auditor for the year 2012-13.

ACKNOWLEDGEMENT:

Your directors would like to place on record their appreciation for the guidance and support received from various departments of State and Central Governments.

Banks and Financial Institutions have shown cordial understanding and support and your Directors place on record their appreciation for the same

Your directors also place on record their appreciation of the services rendered and co-operation extended by all the employees of the Company.

Place:Chennai
Date:6.08.2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

P. Ravi
Chairman

**ANNEXURE TO DIRECTORS' REPORT
FORM- A**

CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	2011-2012	2010-11
	Rs.	Rs.
1. ELECTRICITY:		
a) Purchased		
Units	27,761,515	23,002,518
Total Amount	108,756,982	86,196,660
Average Rate / Unit	3.92	3.75
b) Own Generation		
Through Diesel Generation Unit	—	—
Units Per Ltr. Of Diesel Generation	—	—
Cost / Unit	—	—
2. COAL:		
Quantity (Tons)	50,061	42,677
Total Cost	253,621,718	140,533,990
Average Rate	5066.25	3293.00
3. FURNACE OIL:	NA	NA
Quantity (Tons)	—	—
Total Cost	—	—
Average Rate	—	—
4. OTHER /INTERNAL GENERATION:	NA	NA
Quantity	—	—
Total Cost	—	—
Rate / Unit	—	—

B. CONSUMPTION PER UNIT PRODUCTION :

	Standards (If any)		
Electrical Consumption Per ton of Cement	140.00 units	110.09 units	119.69 units
Coal Consumption Per ton of Cement	0.25 MTS	0.22 MTS	0.22 MTS

TECHNOLOGY ABSORPTION FROM FOREGIN COUNTRIES:

During the year the Company had no occasion to absorb any foreign technology.

FOREIGN EXCHANGE EARINGS AND OUTGO:

During the year, the Company had no foreign exchange earnings and outgo.

FORM - B

A. RESEARCH AND DEVELOPMENT (R & D) :	2011-2012	2010-2011
1. Specific areas in which R & D carried out by the Company	NIL	NIL
2. Benefits derived as a result of the above R & D	NIL	NIL
3. Future plan of action	NIL	NIL
4. Expenditure on R & D	NIL	NIL
a) Capital		
b) Recurring		
c) Total		
d) Total R & D expenditures as a percentage of total turnover	NIL	NIL
 B. TECHNOLOGY ABSORPTION, ADOPTION INNOVATION :		
1. Efforts, in brief, made towards Technology absorption, adoption and innovation	NIL	NIL
2. Benefits derived as a result of the above efforts e. g., product Improvement, cost reduction, Products development, import substitution etc.	NIL	NIL
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year). Following information may be furnished	NIL	NIL
a) Technology imported	:	
b) Year of import	:	
c) Has technology been fully absorbed	:	
d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action	:	

Place : Chennai
Date : 6.08.2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

P. Ravi
Chairman

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

Your Board of Directors view their role as trustees for various stakeholders and the society at large and it is their endeavour to observe the best corporate governance practices which *inter alia* include transparency, accountability and fairness in all dealings and pursuing a policy of corporate disclosures and communication.

BOARD OF DIRECTORS

Your Board consists of 7 directors and is in conformity with clause 49 of the Listing Agreement. The composition of the Board is given below

Mr. P. RAVI	Promoter/ Executive	Chairman
Mr. K. GOPIPRASAD	Promoter/ Executive	Managing Director
Mr. GOPALSAMY RAJAN	Independent/non-executive	Director
Mr. P.SATYANARAYANAN	Independent/non-executive	Director
Mr. D.B.N. RAO	Independent/non-executive	Director
Mr. B.RAMACHANDRA RAO	Independent/non-executive	Director
Mr. M. SUBRAMANIAN	Independent/non-executive	Director

Mr P.Ravi and Mr P.Satyanarayanan are related as brothers

BOARD MEETINGS AND ATTENDANCE

The Board of the Company met 4 times during the year under review on

23rd May, 2011

10th August 2011

10th November 2011 and

7th January 2012

Particulars of Attendance

Name of Director	Attendance	Other Directorship / Committee Membership			
		Last AGM	Board	Other Directorship	Committee Mem Committee Chair
Mr. K.Gopi Prasad	No	1	2	2	1
Mr. Gopalsamy Rajan	No	3	1	3	-
Mr. P.Ravi	No	3	8	-	-
Mr. P.Satyanarayanan	No	2	8	-	-
Mr. D.B.N.Rao	Yes	4	3	2	1
Mr. B.Ramachandra Rao	No	3	2	3	-
Mr. M.Subramanian	Yes	4	1	2	1

COMMITTEES OF THE BOARD

The following is the composition of various committees.

A. SHARE TRANSFER COMMITTEE

- I. Shri K.Gopi Prasad
- II. Shri M.Subramanian
- III. Shri G.Rajan

B. AUDIT COMMITTEE

- I. Shri M.Subramanian - Chairman
- II. Shri K.Gopi Prasad
- III. Shri G. Rajan
- IV. Shri B.Ramachandra Rao

C. INVESTORS' GRIEVANCES COMMITTEE

- I. Shri K.Gopi Prasad
- II. Shri M.Subramanian
- III. Shri G.Rajan

Shri K.Venkataramani, Company Secretary would be the Convenor and Compliance Officer

D. MANAGEMENT COMMITTEE

- I. Shri K.Gopi Prasad
- II. Shri G.Rajan
- III. Shri M.Subramanian
- IV. Shri P.Ravi
- V. Shri P.Satyanarayanan

E. TECHNICAL COMMITTEE

- I. Shri P.Ravi
- II. Shri M.Subramanian
- III. Shri D.B.N. Rao

The Board was further authorized that the technical committee could co-opt any officer of the Company from time to time for conduct of its business

F. REMUNERATION COMMITTEE

- I. Shri G. Rajan
- II. Shri M. Subramanian
- III. Shri B. Ramachandra Rao

Audit Committee:

The function of the Audit committee is to review the accounting policies and to oversee the process of Financial Reporting by the Company so as to ensure that the financial statements are correct and credible.

The responsibility of the Audit committee, inter alia, are

- Reviewing with the management-
 - i. The Annual financial statements before submission to the Board for approval with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement
 - b. Changes, if any, in the accounting policies and practices and reason for the same
 - c. Major accounting entries involving estimates based on judgement by the management
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions and
 - g. Qualifications in the draft audit report
 - ii. The quarterly financial statements before submission to the Board for approval
 - iii. The statement of sources and application of funds
 - iv. Performance of statutory and internal auditors and adequacy of the internal control systems.
- Discussion with
Internal Auditors on any significant findings and follow up thereon
Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

The Audit committee met 3 times during the year on 10.08.2011, 10.11.2011 and 07.02.2012

REMUNERATION COMMITTEE

The remuneration committee evaluates the performance of Directors and senior Executives and fixes their remuneration. The committee met on 1.10.2011 to fix the remuneration for Shri P.Ravi.

DIRECTORS' REMUNERATION

P. Ravi	Chairman	Rs. 15,00,000
K. Gopi Prasad	Managing Director	Rs. 6,00,000

The Company pays sitting fee of Rs. 5000/- per meeting to non-executive directors for the meetings of the Board and Rs. 2000/- for meetings of various committees

The Non-executive directors are not paid any other remuneration.

PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT:**1. Sri D.B.N.Rao**

Sri D.B.N. Rao is a qualified Engineer and has more than 40 years Experience in Cement, Cement Products and Mining.

He has held various positions in the past like

CHAIRMAN, Civil Engineering Divisional Council for Cement and Concrete, Bureau of Indian Standards (BIS), Ministry of Consumer Affairs, NEW DELHI.

DIRECTOR GENERAL (DG), Building Materials & Technology Promotion Council (BMTPC), Ministry of Urban Employment & Poverty Alleviation, NEW DELHI.

DIRECTOR GENERAL (DG), National Council for Cement & Building Materials (NCBM), Ministry of Industries & Commerce, NEW DELHI.

He had also worked in various companies engaged in production of Cement and allied products.

Presently, Mr D.B.N.Rao is director in the following Companies besides this company:

Sanghi Cements Ltd, Guntur ,
Sanghi Industries Ltd., Kutch, Gujarat,
Lalitha Cements Ltd, Nalgonda

2. Sri B.Ramachandra Rao

Mr. B. Ramachandra Rao graduated in Mechanical Engineering from Andhra University .

He joined BHEL-Hyderabad Unit, and worked in various Product Groups and functions like Technology, Manufacturing of Condensers & 500 Mw HP Heaters, LP Heaters, Storage Tanks, Oil Rigs, Coal Pulverizers both Ball & Bowl Mills (Reymond Mills, with Planetary gear boxes), GT, Maintenance & Services, and Human Resources Management. Developed good vendor base for the fabrication & machining areas. He is an expert in electrical technology.

He grew with BHEL and was eventually appointed as Executive Director and worked as such in its Jhansi and Hyderabad units.

After retirement, Shri Ramachandra Rao has been providing technical consultancy to various Industries.

GENERAL BODY MEETINGS

Particulars of the General Body Meetings held for the last 3 years are given below:

30.10.2009
29.12.2010
12.09.2011

Venue : Regd Office of the Company at
Vedadri Village, Jaggiapet Mandal
Krishna District, Andhra Pradesh

DISCLOSURES:

● **Related Party Disclosures:**

During the year under review, certain transactions of material nature have been entered into by the Company with its promoters, the directors or the management, their subsidiaries or relatives, etc that may have a potential to be in conflict with the interests of the Company. Such contracts have been entered into at arm's length and at prevailing market prices. The register of contracts containing transactions in which directors are interested, is placed before the Board regularly.

The particulars of transactions between the Company and its related parties as per Accounting Standard 18(AS 18) is set out in the Annual Report.

● **Compliance by the Company:**

There has been no instance of non-compliance by the Company on any matter relating to Capital Markets during the last three financial years. The Bombay Stock Exchange had suspended trading in the shares of the Company for non-payment of listing fee, which has since been paid with interest. The Company may not be able to fulfil the conditions for re-listing.

● **Compliance of Mandatory requirements :**

The Company has complied with all major mandatory requirements as per clause 49 of the Listing Agreement.

SHAREHOLDERS' GENERAL INFORMATION:

a) **Date, time and venue of the Annual General Meeting:**

Date : Wednesday 26th September 2012
Venue : Regd. Office of the Company at Vedadri Village,
Jaggiahpet Mandal, Krishna District, A.P.
Time : 11 A.M.

b) **Financial Calender :**

Financial Year : April – March
Quarterly Results : I 15th August
II 15th October
III 15th February
IV 15th May

c) **Arrangements for Share Transfers :**

Registrars & Share Transfer Agents :
XL SOFTECH SYSTEMS LIMITED
#3, Sagar Society, Road No.2
Banjara Hills, HYDERABAD 500 034
Phones: 23545913/14/15 Fax 040-23553214
Email: xlfield@rediffmail.com

Share transfers are generally done within 30 days of receipt of the Transfer Deeds .

a) Distribution of Shareholding as on 31.3.2012

Nominal Value	No. of Shareholders	% to total No. of Shareholders	Value	% to total Value
0 – 5000	3294	83.41	5906940	8.86
5001- 10000	400	10.13	3207270	4.81
10001- 20000	135	3.42	2068180	3.10
20001 – 30000	55	1.39	1418160	2.13
30001 – 40000	10	0.25	358250	0.54
40001 – 50000	16	0.41	769620	1.15
50001 – 100000	13	0.33	989000	1.48
100001 & above	26	0.66	51982580	77.93
TOTAL	3949	100.00	66700000	100.00

CFO CERTIFICATION:

As required by Clause 49 of the Listing Agreement, the CFO has submitted his certification with respect to the Financial Statements for the year ended 31.3.2012.

Auditors' Certification

To The Members of Hemadri Cements Limited

We have examined the compliance of conditions of Corporate Governance by Hemadri Cements Limited for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances, there was no grievance received during the year ended 31st March, 2012.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

B. PURUSHOTTAM & CO.
Chartered Accountants
Firm Reg. No. 002808S

Chennai
06.08.2012

B.S. Purshotham
Partner
M.No. 026785

AUDITOR'S REPORT

To
The Shareholders of HEMADRI CEMENTS LIMITED,

1) We have audited the attached Balance Sheet of HEMADRI CEMENTS LIMITED., as at 31st March 2012, Statements of Profit and Loss and Funds Flow for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4) Further to our comments in the Annexure referred to above, we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

iii) The Balance Sheet, Statements of Profit and Loss account and Cash Flow dealt with by this report are in agreement with the books of account;

iv) In our opinion, the Balance Sheet, Statements of Profit and Loss account and Cash Flow dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;

v) On the basis of written representations received from the directors, of the company as at 31st March, 2012 and taken on record by the board of directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of under clause (g) of sub section (1) of section 274 of the companies act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with its notes and Accounting Policies give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012 and

b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

c) In case of Cash Flow Statement, of the cash flows for the period ended on that date.

For B.PURUSHOTTAM & CO
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

B.S. PURSHOTHAM
PARTNER
M No. 026785

Place : Chennai.
Date : 06.08.2012.

**ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN
PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a program of Physical verification of Fixed Assets over a three year period. No material discrepancies were noticed by the company upon verification.
- c) During the year, the Company has not disposed off any substantial part of Fixed Assets.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedure of physical verification of inventory followed by the management, are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) a) According to the information and explanations given to us, the Company has granted interest free loans to HCL Agro Power Ltd Company covered under the register maintained u/s.301 of the Companies Act, 1956. The Maximum amount outstanding during year is Rs.1287.31 Lakhs and the yearend balance is Rs.1287.31 Lakhs.
- b) In our opinion and according to the explanation given to us, the aforesaid loan is interest free and other terms and conditions of the loan given are not prima facie prejudicial to the interest of the Company.
- c) The said Interest free loan has no repayment schedule.
- d) The loan given by the company is repayable on Demand.
- e) According to the information and explanations given to us, the Company has taken interest free loan from one party covered under the register maintained u/s.301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs.19.84 Lakhs and the yearend balance is Rs.19.84 lakhs.
- f) In our opinion and according to the explanation given to us, the aforesaid loan is interest free and other terms and conditions of the loan taken are not prima facie prejudicial to the interest of the Company.
- g) The loans taken are re-payable on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the company. The loan given is interest free.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, for sale of goods and services

- v) a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of Companies Act have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956, in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from public within the meaning of Section 58A and 58AA or any other provisions of the Companies Act and the rules framed there under, hence the paragraph (4) (vi) is not applicable to the company for the year;
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix) a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues of Income tax, Provident fund, Employee state Insurance, Sales tax, VAT, Wealth Tax, Excise duty, Customs duty, Investor Education and protection Fund, Cess etc. as applicable with appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Provident fund, Employee state Insurance, Sales tax, VAT, Wealth Tax, Excise duty, Customs duty, Investor Education and protection Fund, Cess etc. were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of Income tax, Customs duty, Wealth tax, Service tax, Excise duty which have not been deposited on account of any dispute except for :-

S.No.	Nature of the Dues	Forum where Dispute is pending	Amount (Rs.)	Period to Which amount relates	Status of Payment
1	AP VAT	Sales Tax Appellate Teibunal, Vizage, Appeal no. VJA 1/41/08-09	20.06 Lakhs	2006-07	Status of Payment

- x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) The Company has no borrowings from Financial Institutions, Banks or Debentures and hence we have no comments to offer.
- xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of special statute applicable to Chit Fund, Nidhi or Mutual Benefit fund/Society are not applicable to the company.
- xiv) The nature of Company's business/activities during the year does not include dealing in shares, securities, debentures or other investments, hence the requirement of offering comments on this clause is not applicable.
- xv) According to the information and explanations given to us and records made available to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, hence the terms and conditions of guarantees given by the Company is not applicable for the year.
- xvi) According to the information and explanations given to us, no term loans were availed by the Company during the year. Accordingly, clause 4(xvi) of the companies (Auditor's Report) Order 2003 is not applicable to the company.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not raised any funds during the year; as such this clause is not applicable.
- xviii) The Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) During the period covered by our audit report, the Company has not issued any debentures requiring report under the clause.
- xx) The Company has not raised any money by way public issue during the year and hence the question of disclosure and verification of end use of such moneys does not arise.
- xxi) Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For B.PURUSHOTTAM & CO
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

Place : Chennai.
Date : 06.08.2012.

B.S. PURSHOTHAM
PARTNER
M No. 026785

BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note	As at end of current reporting period ending 31.3.12		As at end of previous reporting period ending 31.3.11	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	66,700,000		66,700,000	
(b) Reserves and Surplus	2	221,080,561	287,780,561	115,707,231	182,407,231
(2) Share application money pending allotment					
(3) Non - current liabilities					
(a) Deferred tax liabilities (Net)	3	7,448,011		12,707,915	
(b) Long term provisions	4	2,228,435	9,676,446	1,122,836	13,830,751
(4) Current Liabilities					
(a) Short term borrowings	5	7,107,078		7,107,078	
(b) Trade payables	6	54,237,014		9,836,408	
(c) Other current liabilities	7	66,881,720		68,582,941	
(d) Short term provisions	8	62,443,860	190,669,672	71,181,385	156,707,812
TOTAL			488,126,679		352,945,794
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	9	66,115,282		69,217,612	
(ii) Capital work in progress	10	6,150,350		185,868	
		72,265,632		69,403,480	
(b) Non - current investments	11	6,000,000		6,000,000	
(c) Long term loans and advances	12	29,231,604	107,497,236	28,815,946	104,219,426
(2) Current Assets					
(a) Inventories	13	45,844,389		31,362,166	
(b) Trade receivables	14	16,285,389		10,095,850	
(c) Cash & Bank Balances	15	105,162,673		51,051,361	
(d) Short term loans and advances	16	163,059,382		117,067,600	
(e) Other current assets	17	50,277,610	380,629,443	39,149,391	248,726,368
TOTAL			488,126,679		352,945,794

The notes attached form an integral part of the Balance Sheet in Accordance with our Report attached

for and on behalf of the Board

For B.PURUSHOTTAM & CO
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

P. RAVI
CHAIRMAN

B.S. PURSHOTHAM
PARTNER
M No. 026785

K. VENAKATARAMANI
COMPANY SECRETARY

M. SUBRAMANIAN
DIRECTOR

PLACE : CHENNAI
DATE : 06.08.2012

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note	current reporting period		Previous reporting period	
		Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	18		829,957,301		522,779,546
II Other Income	19		5,135,659		2,009,625
III Total revenue (I + II)			835,092,960		524,789,171
IV Expenses					
Cost of materials consumed	20	454,488,920		249,939,232	
Changes in inventories of finished goods, work in progress and stock in trade	21	(5,775,210)		9,747,520	
			448,713,710		259,686,752
Power Charges	22		108,756,982		86,196,660
Employee benefits expense	23		55,346,319		40,727,239
Finance costs	24		3,361,259		461,659
Depreciation and amortization expense	25		8,623,333		8,465,246
Other expenses	26		53,488,569		29,286,622
Total Expenses			678,290,172		424,824,178
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			156,802,788		99,964,993
VI Exceptional Items			-		-
VII Profit/(Loss) before extraordinary items and tax (V-VI)			156,802,788		99,964,993
VIII Extraordinary Items			-		-
IX Profit before tax (VII-VIII)			156,802,788		99,964,993
X Tax expense:					
(1) Current tax		53,120,848		36,815,655	
(2) Deferred tax		(5,259,904)		(1,277,099)	
			47,860,944		35,538,556
XI Profit/(Loss) for the period from continuing operations (IX-X)			108,941,844		64,426,437
XII Profit/(loss) from Previous year			-		30,877,878
XIII Profit/(Loss) for the period (XI + XII)			108,941,844		95,304,315
XIV Earning per equity share:					
(1) Basic			16.33		9.66
(2) Diluted			16.33		9.66

The notes attached form an integral part of the Statement of Profit and Loss

In Accordance with our Report attached

for and on behalf of the Board

For B.PURUSHOTTAM & CO
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

P. RAVI
CHAIRMAN

B.S. PURSHOTHAM
PARTNER
M No. 026785

K. VENAKATARAMANI
SECRETARY

M. SUBRAMANIAN
DIRECTOR

PLACE : CHENNAI
DATE : 06.08.2012

HEMADRI CEMENTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	current reporting period		Previous reporting period	
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Profit before taxation		156,802,788		99,964,992
Adjustments for:				
Depreciation and amortization expense	8,623,333		8,465,246	
Loss on Sale of Fixed Assets			410,871	
Profit on Sale of Fixed Assets			(52,550)	
Foreign exchange loss/(gain)	-			
Interest received	(5,048,664)		(1,390,657)	
Dividends received	-			
Interest expenses	3,013,313			
		6,587,982		7,432,910
		163,390,770		107,397,902
(Increase)/ decrease in trade and other receivables	(6,605,197)		(30,169,480)	
(Increase)/ decrease in inventories	(14,482,223)		4,583,610	
(Increase)/ decrease in current Assets	(53,070,977)			
Increase/ (decrease) in trade payables	44,400,606		(26,258,717)	
Increase/ (decrease) in other Current Liabilities Provisions	3,861,661	(25,896,130)		(51,844,587)
		137,494,640		55,553,315
Income taxes paid		70,364,679		30,355,947
<i>Net cash from operating activities</i>		67,129,961		25,197,368
Cash flows from investing activities				
Purchase of property, plant and equipment	(15,054,000)		(7,660,293)	
Proceeds from sale of property, plant and equipment	-		3,016,950	
Purchase of investments	-			
Proceeds from sale of investments	-			
Interest received	5,048,664		1,390,657	
Dividend received	-			
<i>Net cash from investing activities</i>		(10,005,336)		(3,252,686)
Cash flows from financing activities				
Proceeds from issue of share capital	-			
Proceeds from long term borrowings	-			
Proceeds from short term borrowings	-			
Proceeds of finance lease obligation	-			
Repayment of long term borrowings	-			
Repayment of short term borrowings	-			
Repayment of finance lease obligation	-			
Interest paid	(3,013,313)			
Dividend paid	-			
<i>Net cash from financing activities</i>		(3,013,313)		-
Net increase/(decrease) in cash and cash equivalents		54,111,312		21,944,682
Cash and cash equivalents at the beginning of reporting period		51,051,361		29,106,680
Cash and cash equivalents at the end of reporting period		105,162,673		51,051,362

Particulars	current reporting period		Previous reporting period	
	Rs.	Rs.	Rs.	Rs.
Cash & Bank Balances				
Cash and Bank balances consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:				
Cash on hand and bank balances		105,162,673		51,051,362
Short term investments		-		
Cash and cash equivalents as reported		105,162,673		51,051,362
Effect on exchange rate changes		-		
Cash and cash equivalents as restated		105,162,673		51,051,362

In Accordance with our Report attached

for and on behalf of the Board

For B.PURUSHOTTAM & CO
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

P. RAVI
CHAIRMAN

B.S. PURSHOTHAM
PARTNER
M No. 026785

K. VENAKATARAMANI
SECRETARY

M. SUBRAMANIAN
DIRECTOR

PLACE : CHENNAI
DATE : 06.08.2012

NOTES TO FINANCIAL STATEMENTS

1. Share Capital:

Particulars	As at end of current reporting period		As at end of previous reporting period	
	Number	Rs.	Number	Rs.
Authorized:				
Equity shares of Rs. 10/- each	10,000,000	100,000,000	10,000,000	100,000,000
Total	10,000,000	100,000,000	10,000,000	100,000,000
Issued, subscribed and fully paid up:				
<i>Equity shares of Rs. 10/- each</i>				
At the beginning of the reporting period	6,670,000	66,700,000	6,670,000	66,700,000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	6,670,000	66,700,000	6,670,000	66,700,000

Other Information:

I. Equity shares include:

- a. Shares allotted pursuant to a contract without consideration being received in cash. - -
- b. Shares allotted by way of bonus shares - -
- c. Shares held by the holding company/ultimate holding company/subsidiaries or associates of the holding company/ultimate holding company, in aggregate - -

Equity shares bought back during the five years immediately preceding the date of the balance sheet - -

II. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

a. K GOPI PRASAD	10.64%	27.86%
b. S N KILARU	13.94%	15.89%
c. KILARU ARUNA	9.41%	9.71%
d. KILARU PADMAJA	7.55%	9.05%
e. SRM CIVIL WORKS PVT LTD	24.38%	-

NOTES TO FINANCIAL STATEMENTS

2. Reserves and Surplus:

Particulars	Capital Reserve Rs.	Revaluation Reserve Rs.	Other reserves Rs.	Surplus i.e. balance in Statement of Profit & Loss Rs.	Total Rs.
At the beginning of the reporting period	13,351,587	6,077,079	974,250	95,304,315	115,707,231
Transferred from/to Profit & Loss Account	-	(3,568,514)	-	108,941,844	105,373,330
At the close of the reporting period	13,351,587	2,508,565	974,250	204,246,159	221,080,561
<i>At the close of the previous reporting period</i>	<i>13,351,587</i>	<i>6,077,079</i>	<i>974,250</i>	<i>95,304,315</i>	<i>115,707,231</i>

3. Net Deferred tax (liability)/asset

i) Deferred tax liability:			
a) On account of depreciation on fixed assets		10,331,894	13,985,014
b) On account of timing differences in recognition of expenditure			
Total		10,331,894	13,985,014
ii) Deferred tax asset:			
a) On account of timing differences in recognition of expenditure		2,883,883	1,277,099
b) On account disallowance under section 40 (ia)			
c) On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961			
Total		2,883,883	1,277,099
Net Deferred tax liability/(asset) (i-ii)		7,448,011	12,707,915

4. Long term Provisions

a) Provisions for employee benefits	2,228,435	1,122,836
Total	10,331,894	13,985,014

5. Short term Borrowings

1) Secured Loans:	NIL	NIL
2) Unsecured Loans:		
a) Loans and advances from related parties	7,107,078	7,107,078
	26,131,278	26,131,278
Total	26,131,278	26,131,278

Additional Information:
A. No loans have been guaranteed by directors or others
6. Trade Payables

Particulars	As at end of current reporting period	As at end of previous reporting period
i) To Micro, Small and Medium Enterprises	-	-
ii) Others	54,237,014	9,836,408
	54,237,014	9,836,408

7. Other current liabilities:

Particulars	As at end of current reporting period	As at end of previous reporting period
a Other payables		
Statutory Liabilities	29,404,584	23,408,721
Trade Advace	14,688,268	23,419,564
Amount Payable to Employees	3,059,928	2,422,143
Out standing Expenses	704,740	308,313
Others	19,024,200	19,024,200
	66,881,720	68,582,941

8. Short term provisions:

Particulars	As at end of current reporting period	As at end of previous reporting period
a) Provision for employee benefits	9,323,012	4,865,730
b) Provision for Incomtax	53,120,848	66,315,655
	62,443,860	71,181,385

9. Fixed Assets:

HEMADRI CEMENTS LIMITED
NOTES TO FINANCIAL STATEMENTS

Particulars	Gross Block			Depreciation				Net Block	
	As at beginning of current reporting period	Additions for the year	Deductions during the year	As at end of current reporting period	As at beginning of current reporting period	For the year	Deductions	As at end of current reporting period	As at end of previous reporting period
Tangible Assets									
Own assets									
Land									
- Free Hold	8,771,936			8,771,936	-	-		8,771,936	8,771,936
- Lease Hold	6,823,290			6,823,290	-	-		6,823,290	6,823,290
Buildings	42,295,889			42,295,889	24,031,575	1,095,081		17,169,233	18,264,314
Plant & Machinery	264,829,260	5,943,556		270,772,816	231,938,217	9,890,668		28,943,931	32,891,043
Electrical Installations	37,360,281			37,360,281	37,309,677	28,135		22,469	50,604
Furniture & Fixtures	1,906,576	669,057		2,575,633	1,008,481	395,260		1,171,892	898,095
Vehicles	4,523,709	2,476,901		7,000,610	3,017,820	780,974		3,201,816	1,505,889
Construction Machinery	480,450			480,450	474,385	843		5,222	6,065
Work Shop Equipment	389,730			389,730	383,356	886		5,488	6,374
Others (Specify nature)									
Assets given on operating lease									
Assets taken on finance lease									
	367,381,121	9,089,514	-	376,470,635	298,163,511	12,191,847	-	66,115,282	69,217,612
Intangible assets									
TOTAL	367,381,121	9,089,514	-	376,470,635	298,163,511	12,191,847	-	66,115,282	69,217,612

None of the Assets have been revalued during the year

10. Capital work in progress:

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Plant and Machinery	6,150,350	185,868
ii) Building under Construction	-	-
	6,150,350	185,868

11. Non Current Investments:

a) Investment in Property NIL NIL

b) Investment in Equity Instruments:

i) Associates			
Fully paid up	HCL Agro Power Limited	6,000,000	6,000,000
Partly paid up		-	-
	Total	6,000,000	6,000,000

Less:

Provision for diminution in value of investments		-	-
	Total	6,000,000	6,000,000

Additional Information:
1. Aggregate value of unquoted investments:

Cost		6,000,000	6,000,00
Share Capital in HCL Agro Power Ltd (600,000 Equity Shares of Rs.10/- each Fully Paid up)			

12. Long term loans and advances:

i) Capital advances		-	-
ii) Security Deposits		15,462,135	15,578,334
iii) Loans and advances to related parties		-	-
iv) Other loans & advances (specify nature)		13,769,469	13,237,612

	29,231,604	28,815,946
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Additional information:

Breakup of above :

i) Secured, considered good			
ii) Unsecured, considered good		29,231,604	28,815,946
iii) Doubtful		-	-

	29,231,604	28,815,946
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13. Inventories:

Particulars	As at end of reporting period Rs.	As at end of previous reporting period Rs.
i) Raw materials	20,119,870	11,978,136
ii) Work in progress	5,925,530	3,368,720
iii) Finished goods	3,591,000	372,600
iv) Stock in trade	-	75,223
v) Stores and spares	15,326,607	14,996,009
vi) Others- Packing Materials	881,382	571,478
	45,844,389	31,362,165

14. Trade receivables:

i) Trade receivables exceeding six months	2,454,107	2,562,149
ii) others	13,831,282	7,533,701
	16,285,389	10,095,850

Less: Provision for doubtful debts

16,285,389	10,095,850
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15. Cash & Bank Balances

i) Cash & Cash Equivalents		
- Cash on hand	91,627	3,896,811
- Balance in current Accounts	30,267,884	22,635,652
ii) Other Balances		
- In Margin Money, Security for Guarantees & other commitments	4,803,162	4,494,487
- in deposit accounts maturing in More than 3 months	70,000,000	20,024,411

105,162,673	51,051,361
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16. Cash and cash equivalents:

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Loans and advances to related parties	128,731,474	93,822,094
ii) Others Advance for Raw Material and Stores	34,327,908	23,245,506
	163,059,382	117,067,600
Additional information:		
1) Breakup of above:		
i) Secured, considered good	-	-
ii) Unsecured, considered good	163,059,382	117,067,600
2) a) Debts due by firm or private company in which any director is a partner or a director	128,731,474	93,822,094

17. Other Current Assets (specify nature)

Advance Tax, TDS and TCS Receivable	39,978,591	35,929,567
Prepaid Expenses	9,893,391	2,221,701
Staff Advance	129,653	154,623
Other receivable	275,975	843,500
	50,277,610	39,149,391

18. Revenue from operations:

i) Sale of products		
Cement	940,966,496	569,916,466
Clinker	1,297,789	18,684,003
Scrap Sales	377,293	1,603,464
Total	942,641,578	590,203,933
Less:		
Excise duty	112,684,277	67,424,387
	829,957,301	522,779,546

19. Other Income:

i) Interest income - Interest on FDR	4,472,417	1,390,657
- Interest on Electricity Deposit	576,247	455,571
ii) Profit on sale of fixed assets (Net)	-	52,550
iii) Other non operating income net of expenses directly attributable to such income	86,995	110,847
	5,135,659	2,009,625

20. Cost of materials consumed:		Rs.	Rs.
a) i)	Consumption of raw materials	388,078,890	199,418,818
ii)	Consumption of stores and spare parts	31,248,463	25,073,905
iii)	Consumption of Packing Material	35,161,566	25,446,509
		<u>454,488,919</u>	<u>249,939,232</u>
b) Consumption of major raw materials			
i)	Clinker	-	2,700,883
ii)	Clay	661,934	297,871
iii)	Coal	253,621,718	140,533,990
iv)	Fly Ash	6,158,779	2,316,604
v)	Gypsum	17,190,828	12,818,398
vi)	Iron Ore	1,670,171	2,948,041
vii)	Lateriate	13,869,741	7,022,178
viii)	Limestone	94,905,719	30,780,853
		<u>388,078,890</u>	<u>199,418,818</u>
21. Changes in inventories of finished goods, work in progress and stock in trade:			
Stocks at the end of the year			
i)	Work in progress Clinker	5,925,530	3,368,720
ii)	Finished goods Cement	3,591,000	372,600
		<u>9,516,530</u>	<u>3,741,320</u>
Less:			
Stocks at the beginning of the year			
i)	Work in progress Clinker	3,368,720	12,320,840
ii)	Finished goods Cement	372,600	1,168,000
		<u>3,741,320</u>	<u>13,488,840</u>
Increase / (decrease)		<u>5,775,210</u>	<u>(9,747,520)</u>
22. Power Charges		108,756,982	86,196,660
23. Employee Benefit Expenses:			
i)	Salaries and wages	41,124,959	32,167,212
ii)	Directors Remuneration	2,100,000	600,000
iii)	Contribution to provident and other funds	1,819,755	1,733,451
iv)	Gratuity	1,293,020	188,735
v)	Exgratia/incentive	5,631,305	2,498,882
vi)	Staff Welfare	3,377,280	3,538,959
		<u>55,346,319</u>	<u>40,727,239</u>

	Rs.	Rs.
24. Finance Costs:		
i) interest expense on others	136,105	196,065
ii) Bank Charges	347,946	265,594
iii) interest on income Tax	2,877,208	-
	3,361,259	461,659
25. Depreciation and amortization:		
i) Depreciation	8,623,333	8,465,246
ii) Amortization of intangible assets	-	-
iii) Others	-	-
	8,623,333	8,465,246
26. Other expenses:		
i) Rent	581,600	419,800
ii) Repairs to buildings	441,233	197,260
iii) Repairs to machinery	1,414,687	1,625,391
iv) Repairs others	294,240	279,546
v) Insurance	663,145	637,072
vi) Rates and taxes/Licence fee	1,853,371	1,020,976
vii) Payment to the auditors		
- as auditor	400,000	350,000
- for taxation matters	50,000	50,000
- for Cost Audit services	168,000	50,000
- for other services(Survey)	160,000	90,600
- for reimbursement of expenses	5,210	8,548
viii) Selling expenses	3,378,024	3,095,511
ix) Conveyance ,Travelling exp and others	2,199,665	2,680,416
x) Loss on sale of fixed asset (net)	-	410,871
xi) Legal and professional charges	2,143,662	2,028,960
xii) Charges for technical services	15,000,000	-
xii) Miscellaneous expenses	24,735,732	163,41,671
	53,488,569	29,286,622

27. Details of items of exceptional and extraordinary nature: NIL NIL

28. Prior period items: NIL NIL

29. Additional Information:

- a) Value of Imports calculated on CIF basis: - -
- b) Expenditure in foreign currency:
(net of withholding tax) - -

c) SI No	Particulars	Amount	Amount
i)	Value of imported raw materials, spare parts and components consumed	-	-
ii)	Value of indigenous raw materials, spare parts and components consumed	-	-

d) Details of non-resident shareholdings

i)	Number of nonresident share holders	9	9
ii)	Number of shares held by nonresident shareholders	8,269	8,269
iii)	Amount remitted during the year in foreign currency on account of dividends	-	-
		% to Total	% to Total

e) Earnings in foreign exchange:

- i) Export of goods calculated on FOB basis
- ii) Royalty, Knowhow, professional and
consultancy fees
- iii) Interest and dividends
- iv) Other Income - indicate nature

1. NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012

a. Corporation information

The company was incorporated on 20th April, 1981 under the provision of the Companies Act 1956, as a Public Limited Company. The Company suffered losses and was declared a sick Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 in the year 1998. After prolonged proceedings, the Company was declared a healthy one in the year 2011 and was discharged from the purview of the BIFR on 27th July 2011.

b. Basis of Preparation

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the accounting standards notified under section 211(3C) of the Companies Act, 1956 of India (the Act) and other relevant provisions of the Act.

2.1 Summary of Significant Accounting Policies :

a. Presentation and Disclosure of accounting policy

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. It has significant impact on presentation and disclosures made in the financial statement. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles that require management to make estimates and assumptions that affect the reported value of assets and liabilities on the date of the financial statements and reported amount of revenue and expenditure for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c. Revenue recognition:

Revenue from sales is recognized on dispatch to customers and is recorded net of Excise Duty and Sales tax.

d. Fixed assets:

All the Fixed Assets are stated at cost together with resultant write-up due to revaluation as there may be and by reducing depreciation, wherever applicable. Cost comprises of the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

e. Depreciation:

a) Depreciation on buildings, plant & machinery and electrical installations is provided on straight-line method and on written down value method on other assets at the rates prescribed in Schedule XIV of the Companies Act, 1956.

- b) The company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.
- c) In the case of revalued assets, the difference between the depreciation based on revaluation and the depreciation charged on historical cost is transferred from revaluation reserve to profit and loss account.

f. Capital work-in-progress:

The cost incurred for fixed assets under construction/installation are included under capital work-in-progress and the same are classified to the respective assets on the completion

g. Investments:

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Investments other than Long Term Investments are stated at cost or market value whichever is less. Any increase/reduction in the carrying cost is credited / charged to the Profit and Loss account.

h. Inventories:

- a) Stock of raw materials are stated at cost and valued on weighted average basis.
- b) Stores & Spare parts are stated at cost and valued on FIFO basis.
- c) Work-in-progress is stated at cost.
- d) Finished goods are valued at the lower of costs or net realizable value.

i. Retirement Benefits:

The company does not have Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund. The Company contributes to State Plans namely Employees' State Insurance Fund and Employees Pension Scheme, 1995.

The Company does not have Defined Benefit Plan comprising of Gratuity Fund. The liability for the Gratuity Fund is determined on the basis of an independent actuarial valuation done at the year-end. Actuarial Gains and Losses comprise experienced adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Profit and Loss Account as income or expense. The Company's Leave encashment policy entitles the employees to accumulate leave for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each balance sheet date on the basis of an independent actuarial valuation.

j. Borrowing cost:

Borrowing Costs that are directly attributable to the acquisition of a fixed asset are capitalized as part of the cost of the asset till the date the asset is ready for commercial use. All other borrowing costs are charged to revenue.

k. Income Tax:

- a) The current charge for tax is calculated in accordance with relevant tax regulation applicable to the company.
- b) The deferred tax for the timing difference between the book and tax profits for the year is accounted for by using tax rates and laws that have been substantially enacted as of the Balance Sheet date.
- c) Deferred tax Assets arising from timing difference are recognized and carried forward only if there is reasonable certainty that they will be realized in future and reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

l. Earning Per Share:

The basic Earning Per Share (EPS) is computed by dividing Net Profit after tax for the year by the weighted average number of Equity Shares outstanding during the year.

m. Impairment of Assets:

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

n. Provisions and Contingent Liabilities:

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation of a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

3. NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for

Particulars	As on 31.03.2012 Rs. in Lakhs	As on 31.03.2011 Rs. in Lakhs
Sales Tax demand under Andhra Pradesh General Sales Tax Act.	-	337.97

2. Capital commitments not provided for on account of pending execution (net of advance) – Rs. NIL (Previous Year Rs. NIL).
3. There are no delays in payments to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
4. Excise Duty amounting to Rs. 77,041/- on Closing Stock of finished Goods has been provided during the year to comply with 'Guidance Note on Accounting treatment for Excise duty' issued by Institute of Chartered Accountants of India.
5. **Managerial Remuneration:**
Details of amounts paid/payable to Managing Director:

Amount in Rupees

Particulars	For the Period Ended 31.03.2012	For the Year Ended 31.03.2011
Salary & Allowances	21,00,000	600,000
Medical Reimbursement	-	-
Total	21,00,000	600,000

6. Employee Benefits:

In accordance with Accounting Standard 15 "Employees Benefits", the Company has classified various benefits provided to employees as under:

i. Defined Contribution Plans:

Contribution to defined Contribution Plan, recognized as expense for the year are as under.

Amount in Rupees

Particulars		Employer's contribution debited to P & L A/C	
		Period Ended 31.03.2012	Year Ended 31.03.2011
a	Employer's Contribution to Provident Fund	421,623	422,052
b	Employer's Contribution to Pension Scheme	1,086,013	857,134

i. Defined Benefit Plans:

Provision for Gratuity & Leave Encashment has been provided in accordance with AS-15(Revised).

- a. Disclosure relating to Employee benefits – As per AS 15 (Revised) For defined benefit plan – Gratuity (Projected Unit Credit Method)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Amount in Rupees

Particulars	For The Period Ended 31.03.2012	For The Year Ended 31.03.2011
Changes in Present Value of Obligation		
Opening defined benefit obligation	1,358,546	1,201,536
Current services cost	600,696	387,758
Interest cost	93,533	96,123
Past Service Cost	—	—
Benefits paid	(427,149)	—
Actuarial losses/ (gain) on obligation	790,500	326,871
Closing defined benefit obligation	2,415,856	1,358,546
Changes in the Fair Value of Plan Assets		
Particulars	For The Period Ended 31.03.2012	For The Year Ended 31.03.2011
Opening fair value of plan assets	—	—
Expected return on plan assets	—	—
Actuarial gains/ (losses)	—	—
Contributions by employer	427,419	—
Benefits paid	(427,419)	—
Closing fair value of plan assets	—	—
Amount Recognised in the Balance Sheet		
Particulars	For The Period Ended 31.03.2012	For The Year Ended 31.03.2011
Present Value of Obligation as at the end of the year	2,415,856	1,358,546
Fair Value of Plan Assets as at the end of the year	—	—
Liability/(Asset) recognized in the Balance Sheet	2,415,856	1,358,546
Expense recognized in statement of Profit and Loss Account		
Particulars	For The Period Ended 31.03.2012	For The Year Ended 31.03.2011
Current services cost	600,696	387,758
Interest on Defined Benefit Obligation	93,533	96,123
Past Service Cost	—	—
Expected return on plan assets	—	—
Curtailment Cost/(Credit)	—	—
Settlement Cost/(Credit)	—	—
Net actuarial losses / (gains) recognized for the period	790,500	(326,871)
Total Expenses Recognised in the Profit and Loss Account	1,484,729	157,010
Summary of Actuarial Assumptions		
Current Liability	187,421	235,710
Non Current	2,228,435	1,122,836

Financial assumptions at the valuation date:

Particulars	For The Year Ended 31.03.2012	For The Year Ended 31.03.2011
Discount Rate	8.00%	8.00%
Expected Rate of Return on Plan Assets	—	—
Rate of increase in Compensation levels	5.00%	4.00%
Expected Average remaining working lives of employees (In years)	11.36	10.35

a. Other Employee Benefit Plan

The liability for Leave Encashment as at the year end is Rs.13,04,806 (previous year Rs. 12,31,100) and the assumptions are as same as above.

7. Amount of borrowing costs capitalized during the year Rs. Nil.

8. Segmental Information:

Since the company has only one segment, i.e. Cement Manufacturing, separate information on Segment reporting as per the Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants is not required.

9. Related Party Disclosures:

As required under Accounting Standard 18 "Related party Disclosures", following are details of transactions during the year with the related parties of the Company as defined in AS 18:

a. Name of the related parties and description of their relationship:

1. Key Managerial Personnel : MR. P.Ravi, Chairman. Mr. K.Gopi Prasad, M.D.
2. Associate Companies : M/s. HCL Agro Power Limited

b. Related Party Transactions for the period ended 31st March, 2011.

Amount in Rupees

Transactions	Associate Companies / Relatives		Key Management Personnel	
	Year Ended 31.03.2012	Year Ended 31.03.2011	Period Ended 31.03.2012	Year Ended 31.03.2011
Remuneration	-	-	21,00,000	600,000
Loans Given	128,731,474	93,822,094	-	-
Loan Taken	5,123,100	5,123,100	1,938,978	1,938,978

10. Earnings Per Share is calculated as follows:

Amount in Rupees

Particulars	For The Year Ended 31.03.2012	For The Year Ended 31.03.2011
Net Profit after Tax and before extraordinary items	156,802,788	99,964,992
Net Profit after tax available for Equity shareholders	108,941,844	64,426,442
Weighted average of number of Equity shares outstanding during the year	6,670,000	6,670,000
Basic and Diluted Earnings per Equity share (in Rs.)		
Before Extraordinary Items	16.33	9.66
After Extraordinary Items (Rs.10/- Face Value)	16.33	9.66

11. Deferred Tax Liabilities / Deferred Tax Assets :

Amount in Rupees

Particulars	As At 31st March, 2012	As At 31st March, 2011
Deferred Tax Assets		
On account of :		
Provision for Gratuity and Leave Encashment	2,883,883	399,275
Disallowances U/s 43B	-	-
TOTAL	2,883,883	399,275
Deferred Tax Liabilities		
On account of depreciation	14,092,204	13,107,190
TOTAL	10,331,894	13,107,190
Net Deferred Tax Asset / (Liability)	(7,448,011)	(12,707,915)

12. Information pursuant to the provisions of paragraphs, 3, 4C and 4D of part-II of schedule VI of the Companies Act, 1956 (As certified by the management to the extent applicable).

a. Production

Amount in Rupees

Description	Current Period	Previous Year
	Quantity MT.	Quantity MT.
a) Installed Capacity	247,500 Mts Per Annum	247,500 Mts Per Annum
b) Cement Actual Production	252,164.50	205,418.31

b. Turnover

Amount in Lakhs

Description	Current Period		Previous Year	
	Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a) Cement (including self consumption)	250,376.50	8,284.81	206,671.31	5,053.39
b) Clinker Sales	415.49	10.99	7,152.03	158.37
Total	250,791.99	8,295.80	213,823.34	5,211.76

c. Stocks - Finished Goods

Amount in Lakhs

Description	Current Period		Previous Year	
	Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a) Opening Stock of Finished Goods	207.00	3.72	1460.00	11.68
b) Closing Stock of Finished Goods	1995.000	35.91	207.00	3.72

d. Material Consumed

Amount in Lakhs

Description	Current Period		Previous Year	
	Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a) Lime Stone	315,627.00	949.06	246,850.00	307.81
b) Gypsum	11,817.00	171.91	8,971.00	128.18
c) Laterite	16,291.00	138.70	7,094.00	70.22
d) Others	28,602.00	84.9	26,491.00	82.63
Total	372,337.00	1344.57	325,924.00	588.84

e. Packing Materials and Stores & Spares

Amount in Lakhs

Description	Current Period		Previous Year	
	Quantity No. of Bags	Value Rs.	Quantity No. of Bags	Value Rs.
a) Packing Materials	5,005,502	351.62	4,126,783	254.47
b) Stores & Spares	-	312.48	-	250.74

f. Value of Imported and Indigenous Raw Materials Stores and Spares consumed and percentage of each to total consumption.

Amount in Lakhs

Description	Current Period		Previous Year	
	Value Rs.	% to Total Rs.	Value Rs.	% to Total Rs.
a) Raw Materials:				
i) Imported	Nil	Nil	Nil	Nil
ii) Indigenous	1344.57	100%	588.84	100%
b) Spare Parts & Other materials:				
i) Imported	Nil	Nil	Nil	Nil
ii) Indigenous	664.25	100%	505.21	100%

13. Notes 1- 29 and the notes an Accounts form an integral part of the accounts.

14. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date

for and on behalf of the Board

For B.PURUSHOTTAM & CO
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

P. RAVI
CHAIRMAN

B.S. PURSHOTHAM
PARTNER
M No. 026785

K. VENAKATARAMANI
COMPANY SECRETARY

M. SUBRAMANIAN
DIRECTOR

PLACE : CHENNAI
DATE : 06.08.2012

**ADDITIONAL INFORMATION REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACTS, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS:

A. Registration No	2995
B. State Code	01
C. Balance Sheet date	31 st March, 2012

II. CAPITAL RAISED DURING THE YEAR**Rupees**

A. Public issue	Nil
B. Right issue	Nil
C. Bonus issue	Nil
D. Private placement of non Convertible debentures	Nil

III. POSITION OF MOBILISATION AND DEVELOPMENTS OF FUNDS

		Current Period Rs.	Previous Year Rs.
A.	Total Liabilities	488,126,679	352,945,794
B.	Assets	488,126,679	352,945,794
C.	Sources of funds:		
	1. Paid-up capital	66,700,000	66,700,000
	2. Reserves and surplus	221,080,561	115,707,231
	3. Secured loans		
	a. Debentures	-	-
	b. Term loans and working Capital facilities	-	-
	4. Current Liabilities	190,669,672	156,707,812
	5. Deferred Tax Liability	7,448,011	12,707,915
	6. Long Term Provision		
D.	Application of Funds:	2,228,435	1,122,836
	1. Net fixed assets (including capital WIP)	72,265,632	69,403,480
	2. Investments	6,000,000	6,000,000
	3. Net Current assets	380,629,443	248,726,368
	4. Long Term loans and advances	29,231,604	28,815,946
	5. Accumulated losses	-	-

IV. PERFORMANCE OF COMPANY

		Current Period Rs.	Previous Year Rs.
A.	Turnover	855,092,960	524,789,171
B.	Total Expenditure	416,159,185	406,891,645
C.	Deferred tax	(5,259,904)	(1,277,099)
D.	Provision for Income Tax	53,120,848	36,855,655
E.	Profit / (Loss)	108,941,844	95,304,315
F.	Earning per share	16.33	9.66
G.	Dividend rate	-	-

V. GENERIC NUMBERS OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY:

- A.
- | | |
|------------------------|-----------|
| 1. Item Code | 252329-10 |
| 2. Product Description | CEMENT |
- B.
- | | |
|------------------------|-----------|
| 1. Item Code | 252910-00 |
| 2. Product Description | CLINKER |

As per our report of even date

for and on behalf of the Board

For B.PURUSHOTTAM & CO
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

P. RAVI
CHAIRMAN

B.S. PURSHOTHAM
PARTNER
M No. 026785

K. VENAKATARAMANI
SECRETARY

M. SUBRAMANIAN
DIRECTOR

PLACE : CHENNAI
DATE : 06.08.2012

HEMADRI CEMENTS LIMITED

Regd Office & Factory: Vedadri Village,
Jaggiahpet Mandal, Krishna District, Andhra Pradesh

PROXY FORM

I/We _____ in the district
of _____ being a member(s) of the above Company,
hereby appoint _____ or _____ in the district
_____ as my/our Proxy to attend and vote for me/us on my/our behalf at the Annual
General Meeting of the Company to be held on the 26th September, 2012 at 11 A.M and/or at any
adjournment thereof

Signed _____

Date _____ No _____

Affix
1 Rupee
Revenue
Stamp

Note: Proxies, to be effective, should reach the Company's Regd. Office not less than 48 hours
before the time fixed for the meeting.

HEMADRI CEMENTS LIMITED

Regd Office & Factory: Vedadri Village,
Jaggiahpet Mandal, Krishna District, Andhra Pradesh

ATTENDANCE SLIP

Name and address of the Shareholder

Folio No. _____

I here by record my presence at the 30th Annual General meeting of the Company held at the Regis-
tered Office of the Company at Vedadri Village, Jaggiahpet Mandal, Krishna Dist. A.P. at 11 A.M. on
26th September 2012

SIGNATURE OF SHAREHOLDER/ PROXY



If Undelivered, please return to :

XL Softech Systems Ltd.

Unit : Hemadri Cements Ltd)

3, Sagar Society, Road No. 2

Banjara Hills, Hyderabad - 500 034.

Andhra Pradesh.