



HEMADRI CEMENTS LIMITED

31st Annual Report

2012 - 2013

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Company will be held on Thursday, 12th September, 2013 at 11 am at the Registered Office of the Company at Vedadri Village, Jaggaiahpet Mandel, 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, 2013, the Balance Sheet as at that date and the Directors and Auditors Report thereon.
02. To elect a Director in place of SRI K.GOPI PRASAD who retires by rotation and being eligible offers himself for re-appointment.
03. To elect a Director in place of SRI P. SATHYANARAYANAN, who retires by rotation and being eligible offers himself for re-appointment.
04. To appoint auditors for the current year and fix their remuneration

BY ORDER OF THE BOARD OF DIRECTORS

Place : Chennai
Date : 31.07.2013

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 Register of Members and Share Transfer Books of the Company shall remain closed from the 05th September, 2013 to 12th September 2013 (both days inclusive).

DIRECTORS' REPORT:

TO

The Members,

Your Directors have pleasure in presenting the **THIRTYFIRST ANNUAL REPORT** and the audited accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS:

Rs. In Lacs

	2012 - 2013	2011 - 2012
Sales and other Income	7325.08	8350.93
Profit/ (Loss) before Interest and Depreciation	506.61	1687.87
Interest	13.87	33.61
Profit/ (Loss) before Depreciation	492.74	1654.26
Depreciation	90.96	86.23
Profit before Extraordinary Items	401.78	1568.03
Extraordinary Items Pursuant to the Short Provision of tax in earlier years	11.22	nil
Profit after Extraordinary items	390.56	1568.03
Current Tax	141.12	531.21
Deferred Tax	(42.32)	(52.60)
Profit after Tax	291.76	1089.42

DIVIDEND :

As the company is in need of resources to spruce up the operations, your Directors feel it prudent not to declare dividend this year.

CORPORATE GOVERNANCE:

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

Management discussion and analysis

During the year under review, your company achieved a total cement tonnage of **2,45,850 MT** as against **2,52,164 MT** during the previous year. This is a remarkable achievement given the market conditions. But as the rates in the market were lower, the top line has taken a dip.

Your Company has made a Net Profit before Extraordinary Items of Rs.390.56 Lakhs during the year, as against Net Profit of Rs.1568.03 Lakhs in the previous year.

Economic Outlook

The construction activity has been growing very marginally over the recent past and the growth is sporadic. 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:

The major threats are the unprecedented increase in the cost of major raw materials.

Power continues to be major threat and your Company a being faced with a severe restriction in using the Grid Power as imposed by the APSEB, has been forced to buy power in the market under Open Access Scheme which has resulted in substantial increase in the power cost as compared to previous years. Further the imposition and recovery of Fuel Surcharge Adjustment (FSA) covering the periods from 2010 has put extra strain on the resources.

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.

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 OUT GO:

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:

Shri. K.Gopi Prasad and Dr P. Sathyanarayanan, Directors, 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 the 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 2013-14.

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 understating 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Chennai
Date : 31.07.2013

P. Ravi
Chairman

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

CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	2012-2013 Rs.	2011-12 Rs.
1. ELECTRICITY :		
a) Purchased		
Units	27,262,960	27,27,761,515
Total Amount	165,742,353	108,756,982
Average Rate / Unit	6.08	3.92
b) Own Generation		
Through Diesel Generation Unit	—	—
Units Per Ltr. Of Diesel Generation	—	—
Cost / Unit Rs.	—	—
2. COAL:		
Quantity (Tons)	48,471	50,061
Total Cost Rs.	240,759,399	253,621,718
Average Rate (Rs.)	4967.08	5066.25
3. FURNACE OIL:	NA	NA
Quantity (Tons)	—	—
Total Cost	—	—
Average Rate	—	—
4. OTHER /INTERNAL GENERATION:	NA	NA
Quantity	—	—
Total Cost Rs.	—	—
Rate / Unit	—	—

B. CONSUMPTION PER UNIT PRODUCTION :

	Standards (If any)		
Electrical Consumption Per ton of Cement	140.00 units	110.89 units	110.09 units
Coal Consumption Per ton of Cement	0.25 MTS	0.20 MTS	0.22 MTS

TECHNOLOGY ABSORPTION FROM FOREIGN COUNTRIES:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

FORM - B

A. RESEARCH AND DEVELOPMENT (R & D) :	2012-2013	2011-2012
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 :		

FOR ORDER OF THE BOARD OF DIRECTORS

Place : Chennai
Date : 31.07.2013

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.SATHYANARAYANAN	Promoter/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.Sathyanarayanan are related as brothers

BOARD MEETINGS AND ATTENDANCE

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

30th May, 2012

06th August 2012

07th November 2012 and

09th February 2013

Particulars of Attendance

Name of Director	Attendance	Other Directorship / Committee Membership			
		Last AGM	Board	Other Directorship	Committee Mem
Mr. K.Gopi Prasad	No	3	2	2	1
Mr. Gopalsamy Rajan	Yes	4	1	3	-
Mr. P.Ravi	Yes	4	8	-	-
Mr. P.Sathyanarayanan	No	3	8	-	-
Mr. D.B.N.Rao	Yes	4	3	2	1
Mr. B.Ramachandra Rao	Yes	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 D.B.N. 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 Uses 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 4 times during the year on 30th May 2012, 6th August 2012, 7th November 2012 and 9th February 2013

DIRECTORS' REMUNERATION

			Remuneration	Commission	Total
P. Ravi	Chairman	Rs.	30,00,000	4,01,777	34,01,777
K. Gopi Prasad	Managing Director	Rs.	6,00,000	----	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. Shri K.Gopi Prasad:

Shri K.Gopi Prasad , 56 years, is a qualified Mechanical Engineer. He worked for the Indian Navy till 1985 and joined the Company as Executive Director. He took charge as Managing Director from the year 2009.

He has in the past contributed a lot for this Company .

He is a Director of Sai Hemaja Aerobricks (P) Limited.

None of the Directors is deemed to be interested in his appointment

2. Dr. P.Sathyanarayanan

Dr. P.Sathyanarayanan, aged about 41 years is a graduate in Engineering, besides holding a Master Degree from Boston University, USA.

He has more that 15 years' experience in managing varied business portfolios and is the President of SRM University, a premier Educational Institution in India. He also is associated with Pudhiya Thalaimurai a Tamil Regional Channel of high acclaim.

He is a Director of
HCL Agro Power Limited
SRM Engineering Construction Corporation Limited
Newgeneration Media Corporation P Ltd

He is brother of Shri P.Ravi, Chairman, who is deemed to be interested in his appointment.

GENERAL BODY MEETINGS

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

29.12.2010	Venue :	Regd Office of the Company at
12.09.2011		Vedadri Village, Jaggiapet Mandal
26.09.2012		Krishna District, Andhra Pradesh

DISCLOSURES:

- Related Party Disclosures:
During the year under review, certain transaction of material nature has 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 interest of the Company. Such contracts

have been entered into at arms 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 : Thursday the 12th September 2013
 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	15 th August	II	15 th October
	III	15 th February	IV	15 th 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.

d) Distribution of Shareholding as on 31.3.2013

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

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 2013 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, 2013.

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
31.07.2013

B.S. PURSHOTHAM
Partner
M.No. 026785

INDEPENDENT AUDITOR'S REPORT

To the Members of

HEMADRI CEMENTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HEMADRI CEMENTS LIMITED** ("the Company"), which comprise the Balance Sheet as at **March 31, 2013**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

B.S. PURSHOTHAM
PARTNER
M No. 026785

Place : Chennai.
Date : 31-7-2013

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of under 'Report on Other Legal and Regulatory Requirements' section 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) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Material discrepancy noticed between book balance and physical assets of fixed assets have been properly dealt with in the books of accounts.
- 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 procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) According to the information and explanations given to us, the Company has granted Interest Free Loan to three parties and Interest bearing Loan to one party covered under the register maintained under section 301 of the Companies Act, 1956. The maximum outstanding during the year including the opening Balance is Rs. 1,526.86 Lakhs and the year end balance is Rs. 1,115.57 Lakhs.
- b) In our opinion and according to the explanation given to us, the aforesaid loans and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- c) The said interest free loans have no repayment schedule and Interest bearing loan has schedule.
- d) The interest free loans given by the Company is repayable on Demand.
- e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956. Accordingly, clauses iii(f) and iii(g) of Para 4 of the Order, are not applicable.
- 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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 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 and exceeding the value of Rupees five lakhs 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) In our opinion and according to the information and explanations given to us, 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 regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Excise Duty, cess and other material statutory dues applicable with appropriate authorities.
- b) According to the information and explanation given to us no undisputed amounts payable in respect of Income tax, Sales tax, wealth tax, Service tax, Customs Duty and Excise Duty and Cess were in arrears, as at 31-03-2013 for a period of more than six months from the date they became payable.
- c) According to the information given to us, there no dues of Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty and Cess which have not been deposited on account of any dispute expect 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 Tribunal, Vizag, Appeal no. VJA 1/41/08-09	20.06 Lakhs	2006-07	

- x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the Management, 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) In our opinion, the company is not a Chit Fund or a Nidhi /Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 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. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us the company did not avail of any term loans during the year under report.
- 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 no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year under report.
- 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 during the year.
- 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)

B.S. PURSHOTHAM
PARTNER
M No. 026785

Place : Chennai.
Date : 31-7-2013

BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note	As at end of current reporting period ending 31.03.13		As at end of previous reporting period ending 31.03.12	
		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	249,183,675	315,883,675	221,080,561	287,780,561
(2) Non-Current Liabilities					
(a) Deferred tax liabilities (Net)	3	3,217,252		7,448,011	
(b) Long term provisions	4	2,380,177	5,597,429	2,228,435	9,676,446
(3) Current Liabilities					
(a) Short term borrowings	5	-		7,107,078	
(b) Trade payables	6	42,312,669		54,237,014	
(c) Other current liabilities	7	72,194,522		66,881,720	
(d) Short term provisions	8	21,824,677	136,331,868	62,443,860	190,669,672
TOTAL			457,812,972		488,126,679
II. ASSETS					
(1) Non - current assets					
(a) Fixed Assets					
(i) Tangible assets	9	74,842,514		66,115,282	
(ii) Capital work in progress	10	34,777,047		6,150,350	
		109,619,561		72,265,632	
(b) Non - current investments	11	6,000,000		6,000,000	
(c) Long term loans and advances	12	55,346,889	170,966,450	29,231,604	107,497,236
(2) Current Assets					
(a) Inventories	13	63,106,785		45,844,389	
(b) Trade receivables	14	26,050,785		16,285,389	
(c) Cash & Bank Balances	15	64,499,632		105,162,673	
(d) Short term loans and advances	16	113,769,662		163,059,382	
(e) Other current assets	17	19,419,658	286,846,522	50,277,610	380,629,443
TOTAL			457,812,972		488,126,679

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
SECRETARY

M. SUBRAMANIAN
DIRECTOR

PLACE : CHENNAI
DATE : 31.07.2013

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note	current reporting period		Previous reporting period	
		Rs	Rs	Rs.	Rs.
I Revenue from Operations	18		723,285,336		829,957,301
II Other Income	19		9,222,619		5,135,659
III Total revenue (I + II)			732,507,955		835,092,960
IV Expenses					
Cost of materials consumed	20	432,615,252		453,901,625	
Changes in inventories of finished goods, work in progress and stock in trade	21	(18,242,295)		(5,775,210)	
			414,372,957		448,126,416
Power Charges	22		165,742,353		108,756,982
Employee benefits expense	23		61,639,453		55,346,319
Finance costs	24		386,956		3,361,259
Depreciation and amortization expense	25		9,095,824		8,623,333
Other expenses	26		40,092,673		54,075,863
Total Expenses			692,330,216		678,290,172
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			40,177,739		156,802,788
VI Exceptional Items			-		-
VII Profit/(Loss) before extraordinary items and tax (V-VI)			40,177,739		156,802,788
VIII Extraordinary Items			-		-
IX Profit before tax (VII-VIII)			40,177,739		156,802,788
X Tax expense:					
(1) Current tax		14,111,810		53,120,848	
(2) Deferred tax		1,120,700		-	
(3) Deferred tax		(4,230,759)		(5,259,904)	
XI Profit/(Loss) for the period from continuing operations (VII-VIII)			11,001,751		47,860,944
XII Profit/(loss) from Previous year			29,175,988		108,941,844
XIII Profit/(Loss) for the period			29,175,988		108,941,844
XIV Earning per equity share:					
(1) Basic			4.37		16.33
(2) Diluted			4.37		16.33

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)

B.S. PURSHOTHAM

PARTNER
M No. 026785

K. VENAKATARAMANI
SECRETARY

P. RAVI
CHAIRMAN

M. SUBRAMANIAN
DIRECTOR

PLACE : CHENNAI
DATE : 31.07.2013

HEMADRI CEMENTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH, 2013

Particulars	current reporting period		Previous reporting period	
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Profit before taxation		40,177,739		156,802,788
Adjustments for:				
Depreciation and amortization expense	9,095,824		8,623,333	
Foreign exchange loss/(gain)	-			
Interest received	(8,240,985)		(5,048,664)	
Dividends received	-			
Interest expenses	1,163,098		3,013,313	
		2,017,937		6,587,982
		42,195,676		163,390,770
(Increase)/ decrease in trade and other receivables	(35,880,681)		(6,605,197)	
(Increase)/ decrease in inventories	(17,262,396)		(14,482,233)	
(Increase)/ decrease in current Assets	50,551,738		(53,070,977)	
Increase/ (decrease) in trade payables	(11,924,345)		44,400,060	
Increase/ (decrease) in other Current Liabilities Provisions	3,854,401	(10,661,283)	3,861,660	(25,896,130)
		31,534,393		137,494,640
Income taxes paid		24,645,611		70,364,679
<i>Net cash from operating activities</i>		6,888,782		67,129,961
Cash flows from investing activities				
Purchase of property, plant and equipment	(47,522,634)		(15,054,000)	
Proceeds from sale of property, plant and equipment	-		-	
Purchase of investments	-		-	
Proceeds from sale of investments	-		-	
Interest received	8,240,985		5,048,664	
Dividend received	-		-	
<i>Net cash from investing activities</i>		(39,281,649)		(10,005,336)
Cash flows from financing activities				
Proceeds from issue of share capital	-		-	
Proceeds from long term borrowings	-		-	
Proceeds from short term borrowings	(7,107,078)		-	
Proceeds of finance lease obligation	-		-	
Repayment of long term borrowings	-		-	
Repayment of short term borrowings	-		-	
Repayment of finance lease obligation	-		-	
Interest paid	(1,163,098)		(3,013,313)	
Dividend paid	-		-	
<i>Net cash from financing activities</i>		(8,270,176)		(3,013,313)
Net increase/(decrease) in cash and cash equivalents		(40,663,041)		54,111,312
Cash and cash equivalents at the beginning of reporting period		105,162,673		51,051,361
Cash and cash equivalents at the end of reporting period		64,499,632		105,162,673

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:

Particulars	current reporting period		Previous reporting period	
	Rs.	Rs.	Rs.	Rs.
Cash on hand and bank balances		64,499,632		105,162,673
Short term investments		-		
Cash and cash equivalents as reported		64,499,632		105,162,673
Effect on exchange rate changes		-		
Cash and cash equivalents as restated		64,499,632		105,162,673

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 : 31.07.2013

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:

	as on 31-3-2013	as on 31-3-2012
a. K GOPI PRASAD	10.64%	10.64%
b. S N KILARU	13.94%	13.94%
c. KILARU ARUNA	9.41%	9.41%
d. KILARU PADMAJA	7.55%	7.55%
e. SRM CIVIL WORKS PVT LTD	29.07%	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	2,508,565	974,250	204,246,159	221,080,561
Transferred from/to Profit & Loss Account	-	(1,072,875)	-	29,175,988	28,103,113
Allocation towards allotment of bonus Shares	-	-	-	-	-
Proposed Dividends	-	-	-	-	-
Provision towards dividend distribution tax	-	-	-	-	-
At the close of the reporting period	13,351,587	1,435,690	974,250	233,422,147	249,183,675
<i>At the close of the previous reporting period</i>	<i>13,351,587</i>	<i>2,508,565</i>	<i>974,250</i>	<i>204,246,159</i>	<i>221,080,561</i>

3. Net Deferred tax (liability)/asset

Particulars	As at end of current reporting period	As at end of previous reporting period
i) Deferred tax liability:		
a) On account of depreciation on fixed assets	6,038,848	10,331,894
b) On account of timing differences in recognition of expenditure		
Total	6,038,848	10,331,894
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure	2,821,596	2,883,883
b) On account disallowance under section 40 (ia)		
c) On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961		
Total	2,821,596	2,883,883
Net Deferred tax liability/(asset) (i-ii)	3,217,252	7,488,011

4. Long term Provisions

	As at end of current reporting period	As at end of previous reporting period
a) Provisions for employee benefits	2,380,177	2,228,435
b) Others (specify nature)	-	-
Total	2,380,177	2,228,435

5. Short term Borrowings		
Particulars	As at end of current reporting period	As at end of previous reporting period
1) Secured Loans:	NIL	NIL
2) Unsecured Loans:		
a) Loans and advances from related parties	-	7,107,078
b) Other Loans and Advances	-	7,107,078
Total	-	7,107,078
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	42,312,669	54,237,014
	42,312,669	54,237,014
7. Other current liabilities:		
Particulars	As at end of current reporting period	As at end of previous reporting period
Statutory Liabilities	29,221,684	29,404,584
Advance from Customers	20,012,698	14,688,268
Amount Payable to Employees	2,960,089	3,059,928
Out standing Expenses	574,074	704,740
Commission to Director	401,777	-
Others	19,024,200	19,024,200
	72,194,522	66,881,720
8. Short term provisions:		
Particulars	As at end of current reporting period	As at end of previous reporting period
a) Provision for employee benefits	7,712,867	9,323,012
b) Provision for Incometax	14,111,810	53,120,848
	21,824,677	62,443,860

9. Fixed Assets:

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	Deduct-ions	As at end of current reporting period	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	8,771,936
- Lease Hold	6,823,290	1,668,565		8,491,855	-	-		8,491,855	8,491,855	6,823,290
Buildings	42,295,889	6,268,165		48,564,054	25,126,656	1,190,480		26,317,136	22,246,918	17,169,233
Plant & Machinery	270,772,816	10,585,839		281,358,655	241,828,885	7,740,804		249,569,689	31,788,966	28,943,931
Electrical Installations	37,360,281			37,360,281	37,337,810	22,470		37,360,280	1	22,471
Furniture & Fixtures	2,575,633	373,368		2,949,001	1,403,741	384,514		1,788,255	1,160,746	1,171,892
Vehicles	7,000,610			7,000,610	3,798,794	828,943		4,627,737	2,372,873	3,201,816
Construction Machinery	480,450			480,450	475,228	726		475,954	4,496	5,222
Work Shop Equipment	389,730			389,730	384,242	763		385,005	4,725	5,488
Office Equipment										
TOTAL	376,470,635	18,895,937	-	395,366,572	310,355,356	10,168,700	-	320,524,056	74,842,514	66,115,282
Previous Year	367,381,121	9,089,514	-	376,470,635	298,163,511	12,191,847	-	310,355,358	66,115,252	69,217,612

10. Capital work in progress:

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Plant & Machinery		
Opening Balance	-	-
Add: Addition during the year	44,041,586	-
	44,041,586	-
Less: Capitalised during the year	9,264,539	-
Sub Total - A	34,777,047	-
ii) Buildings		
Opening Balance	6,150,350	185,868
Add: Addition during the year	879,686	5,964,482
Less: Reversed and debited to Repairs on Buildings	761,871	-
	6,268,165	6,150,350
Less: Capitalised during the year	6,268,165	-
Sub Total - B	-	6,150,350
TOTAL (A + B)	34,777,047	6,150,350
Less:		
Provision for impairment	-	-
	34,777,047	6,150,350

11. Non Current Investments:

Particulars	Name of the Company	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
a) Investment Property	NIL		NIL
b) Investments in Equity Instruments:			
ii) 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 dimunition in value of investments		-	-
	Total	6,000,000	6,000,000

12. Long term loans and advances:

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Capital advances	-	-
ii) Security Deposits	26,773,135	15,462,135
iii) Loans and advances to related parties	14,653,328	-
iv) Other loans & advances	13,920,426	13,769,469
	55,346,889	29,231,604
Additional information:		
Breakup of above :		
i) Secured, considered good		
ii) Unsecured, considered good	55,346,889	29,231,604
iii) Doubtful		
Total	55,346,889	29,231,604
Less :		
Provision for doubtful advances	55,346,889	29,231,604

13. Inventors :

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Raw Materials	19,324,865	20,119,869
ii) Work in progress	24,874,625	5,925,530
iii) Finished goods	2,884,200	3,591,000
iv) Stores and spares	15,664,240	15,326,608
v) Others - Packing	358,855	881,382
	63,106,785	45,844,389

14. Trade receivables:

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Trade receivables exceeding six months	2,446,165	2,454,107
ii) Others	23,604,620	13,831,282
	26,050,785	16,285,389
Less: Provision for doubtful debts		
	26,050,785	16,285,389

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
Additional information:		
Breakup of above :		
i) Secured, considered good	-	-
ii) Unsecured, considered good	26,050,785	16,285,389
iii) Doubtful	-	-
Total	26,050,785	16,285,389
Less :		
Provision for doubtful debts	-	-
	26,050,785	16,285,389

15. Cash & Cash Equivalents

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Cash & Cash Equivalents		
- Cash on hand	26,716	91,627
- Balance in current Account	46,447,872	30,267,884
- in deposit accounts maturing in less than 3 months	-	-
ii) Other Balance		
- In Margin Money, Security for Borrowings, Guarantees and other commitments	7,523,867	4,803,162
- in deposit accounts maturing in More than 3 months	10,501,177	70,000,00
	64,499,632	105,162,673

16. Short term loans and advances:

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
i) Loans and advances to related parties	96,903,286	128,731,474
ii) Others		
Advance for Raw Material and Stores	16,866,376	34,327,908
	113,769,662	163,059,382
Less : Provision for doubtful advances		
	113,769,662	163,059,382

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
Additional information:		
1) Breakup of above:		
i) Secured, considered good	-	-
ii) Unsecured, considered good	113,769,662	163,059,382
iii) Doubtful	-	-
Total	113,769,662	163,059,382
Less : Provision for doubtful amounts	113,769,662	163,059,382
2) a) Debts due by directors or other officers of the company		
b) Debts due by firm or private company in which any director is a partner or a director	96,903,286	128,731,474

17. Other Current Assets (specify nature)

Particulars	As at end of current reporting period Rs.	As at end of previous reporting period Rs.
Advance Tax, TDS and TCS Receivable	10,382,654	39,978,591
Prepaid Expenses	331,589	11,74,437
CENVAT and Service Tax Input Credit	8,368,845	87,18,954
Staff Advance	91,070	129,653
Other receivable	245,500	275,975
	19,419,658	50,277,610

18. Revenue from operations:

Particulars	For the current reporting period Rs.	For the previous reporting period Rs.
i) Sale of products		
Cement	822,440,134	940,966,496
Clinker	1,616,322	1,297,789
Scrap Sales	-	-
	824,056,456	942,641,578
Less:		
Excise duty	100,771,120	112,684,277
Total	723,285,336	829,957,301

Particulars	For the current reporting period 31-03-2013 Rs.	For the previous reporting period 31-03-2012 Rs.
19. Other Income:		
i) Interest income - Interest on FDR	7,021,312	4,472,417
- Interest on Electricity Deposit	1,219,673	576,247
- Interest on Inter Corporate Loan	725,921	
ii) Profit on sale of fixed assets (Net)		
iii) Other non operating income	255,713	86,995
	9,222,619	5,135,659
20. Cost of materials consumed:		
a) i) Consumption of raw materials	364,467,004	388,078,890
ii) Consumption of stores and spare parts	30,273,466	30,661,169
iii) Consumption of Packing Material	37,874,782	35,161,566
	432,615,252	453,901,625
b) Consumption of major raw materials		
i) Clay Consumption	864,270	661,934
ii) Coal Consumption	240,759,399	253,621,718
iii) Fly Ash Consumption	4,903,033	6,158,779
iv) Gypsum Consumption	17,770,147	17,190,828
v) Iron Ore Consumption	7,226,963	1,670,171
vi) Lateriate Consumption	10,331,658	13,869,741
vii) Limestone Consumption	82,611,534	94,905,719
	364,467,004	388,078,890
21. Changes in inventories of finished goods, work in progress and stock in trade:		
Particulars	For the current reporting period 31-03-2013 Rs.	For the previous reporting period 31-03-2012 Rs.
Stocks at the end of the year		
i) Work in progres Clinker	24,874,625	5,925,530
ii) Finished goods Cement	2,884,200	3,591,000
Total - A	27,758,825	9,516,530
Less:		
Stocks at the beginning of the year		
i) Work in progress Clinker	5,925,530	3,368,720
ii) Finished goods Cement	3,591,000	372,600
Total - B	9,516,530	3,741,320
(A - B)	18,242,295	5,775,210
22. Power Charges	165,742,353	108,756,982

Particulars	For the current reporting period 31-03-2013 Rs.	For the previous reporting period 31-03-2012 Rs.
23. Employee Benefit Expenses:		
i) Salaries and wages	41,963,768	37,442,540
ii) Directors Remuneration	3,600,000	2,100,000
iii) Directors Remuneration - Commission on Profit	401,777	-
iv) Contribution to provident and other funds	1,555,167	1,819,755
v) Gratuity	436,154	1,293,020
vi) Bonus and Incentive	5,914,270	5,631,305
vii) Earned Leaves	3,015,111	3,682,419
viii) Staff welfare expenses	4,753,206	3,377,280
	61,639,453	55,346,319
24. Finance Costs:		
i) Interest expense on others	211,852	136,105
ii) Bank Charges	223,858	347,946
iii) Interest on Income Tax	951,246	2,877,208
	1,386,956	3,361,259
25. Depreciation and amortization:		
i) Depreciation	9,095,824	8,623,333
ii) Amortization of intangible assets		
iii) Others		
	9,095,824	8,623,333
26 Other expenses:		
i) Rent	502,000	581,600
ii) Repairs & Maintenance	15,023,337	10,345,583
iii) Rates and taxes/Licence fee/Insurance	1,786,260	3,103,810
iv) Payment to the auditors		
- as auditor	400,000	400,000
- for taxation matters	50,000	50,000
v) Selling expenses	3,136,601	3,378,024
vi) Conveyance ,Travelling exp and others	1,802,449	2,199,665
vii) Legal and professional charges	2,581,729	2,476,872
viii) Technical services	1,000,000	15,000,000
ix) Freight Cooly & Cartage	4,651,655	7,035,404
x) General Expenses	-	-
xi) Security Charges	1,536,975	1,388,384
xii) Miscellaneous expenses	7,621,667	8,116,523
	40,092,673	54,075,864

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: **NIL** **NIL**

- i) Raw Materials
- ii) Components and spare parts
- iii) Capital goods

b) Expenditure in foreign currency: (net of withholding tax) **NIL** **NIL**

- i) Royalty
- ii) Know how
- iii) Professional and consultancy fees
- iv) Interest
- v) Other matters

c) Si No Particulars Amount % to total Amount % to total

- 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 -

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. NOTE ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013**a. Corporate 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 in the year 1998 under the Sick Industrial Companies (Special Provision) Act, 1985. 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 provision of the Act.

2.1 Summary of Significant Accounting policies:**a. Presentation and Disclosure of accounting policy**

Presentation of data is done as notified in the revised Schedule VI formats

b. Use of Estimates

The financial statements have been prepared 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 has 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 has 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 arriving 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.

I. 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 out standing 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.

II. NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for

Particulars	As on 31.03.2013 Rs. in Lakhs	As on 31.03.2012 Rs. in Lakhs
Sales Tax demand under Andhra Pradesh General Sales Tax Act. Interest on Sales Tax Arrears.	-	-
Counter Guarantees given to bankers in respect of Bank Guarantees	-	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. 376,200/- 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 31.03.2013	For the Year Ended 31.03.2012
Salary & Allowances	36,00,000	21,00,000
Commission	4,01,777	-
Total	40,01,777	21,00,000

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 31.03.2013	Year Ended 31.03.2012
a	Employer's Contribution to Provident Fund	3,92,855	4,21,623
b	Employer's Contribution to Pension Scheme	8,59,327	10,86,013

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 31.03.2013	For The Period Ended 31.03.2012
Changes in Present Value of Obligation		
Opening defined benefit obligation	2,415,856	1,358,546
Current services cost	569,390	600,696
Interest cost	183,477	93,533
Past Service Cost	—	—
Benefits paid	(244,786)	(427,149)
Actuarial losses/ (gain) on obligation	(316,713)	790,500
Closing defined benefit obligation	2,607,224	2,415,856
Changes in the Fair Value of Plan Assets		
Opening fair value of plan assets	—	—
Expected return on plan assets	—	—
Actuarial gains/ (losses)	—	—
Contributions by employer	244,786	427,419
Benefits paid	(244,786)	(427,419)
Closing fair value of plan assets	—	—
Amount Recognised in the Balance Sheet		
Present Value of Obligation as at the end of the year	2,607,224	2,415,856
Fair Value of Plan Assets as at the end of the year	—	—
Liability/(Asset) recognized in the Balance Sheet	2,607,224	2,415,856
Current Liability	227,047	187,421
Non Current Liability	2,380,177	2,228,435
Expense recognized in statement of Profit and Loss Account		
Current services cost	569,390	600,696
Interest on Defined Benefit Obligation	183,477	93,533
Past Service Cost	—	—
Expected return on plan assets	—	—
Curtailment Cost/(Credit)	—	—
Settlement Cost/(Credit)	—	—
Net actuarial losses / (gains) recognized for the period	(316,713)	790,500
Total Expenses Recognised in the Profit and Loss Account	436,154	1,484,729

Summary of Actuarial Assumptions
Financial assumptions at the valuation date :

Particulars	For The Year Ended	For The Year Ended
	31.03.2013	31.03.2012
Discount Rate	8.00%	8.00%
Expected Rate of Return on Plan Assets	—	—
Rate of increase in Compensation levels	5.00%	5.00%
Expected Average remaining working lives of employees (In years)	11.35	11.36

b. Other Employee Benefit Plan

The liability for Leave Encashment as at the year end is Rs.53,82,724 (PREVIOUS YEAR Rs. 54,94,554) 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
Mr. K. GOPI PRASAD
Mr. M. SUBRAMANIAN
Mr. G. RAJAN
2. ASSOCIATE COMPANIES : M/s. HCL AGRO POWER LIMITED
M/s. SRM TRANSPORT INDIA PVT LTD
M/s. SRM CIVIL WORKS PVT LTD
M/s. SRM GLOBAL CEMENT CORPORATION LTD

b. Related Party Transactions for the period ended 31st March, 2013

Amount in Rupees

Transactions	Associate Companies / Relatives		Key Management Personnel	
	Period Ended 31.03.2013	Period Ended 31.03.2012	Period Ended 31.03.2013	Period Ended 31.03.2012
Remuneration	-	-	36,00,000	21,00,000
Commission	-	-	4,01,777	-
Loan Taken	-	5,123,100	-	1,938,978
Loans Given	111,556,614	128,731,474	-	-

10. Earnings Per Share is calculated as follows:

Rupees in Lakhs

Particulars	For The Year Ended 31.03.2013	For The Year Ended 31.03.2012
Net Profit after Tax and before extraordinary items	40,177,739	156,802,788
	-	-
Net Profit after tax available for Equity shareholders	29,175,988	108,941,944
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	4.37	16.33
After Extraordinary Items (Rs.10/- Face Value)	4.37	16.33

11. Deferred Tax Liabilities / Deferred Tax Assets :

Rupees in Lakhs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Deferred Tax Assets		
On account of :		
Provision for Gratuity and Leave Encashment Disallowances U/s 43B	2,821,596	2,883,883
TOTAL	4,210,367	2,883,883
Deferred Tax Liabilities		
On account of depreciation	6,038,848	10,331,894
TOTAL	6,038,848	10,331,894
Net Deferred Tax Asset / (Liability)	(3,217,252)	(7,448,011)

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**

Rupees in Lakhs

Description	Current Period	Previous Period
	Quantity MT.	Quantity MT.
a) Installed Capacity	247,500 Mts Per Annum	247,500 Mts Per Annum
b) Cement Actual Production	245,849.84	252,164.50

b. Turnover

Rupees in Lakhs

Description	Current Period		Previous Period	
	Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a) Cement (including self consumption)	246,590.84	7,218.47	250,376.50	8,284.81
b) Clinker Sales	551.38	14.38	415.49	10.99
Total	247,142.22	7,232.85	250,791.99	8,295.80

c. Stocks - Finished Goods

Rupees in Lakhs

Description	Current Period		Previous Period	
	Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a) Opening Stock of Finished Goods	1995.00	35.91	207.00	3.72
b) Closing Stock of Finished Goods	1254.00	28.84	1995.00	35.91

d. Material Consumed

Rupees in Lakhs

Description	Current Period		Previous Period	
	Quantity MT.	Value Rs.	Quantity MT.	Value Rs.
a) Lime Stone	315,662.000	826.11	315,627.00	949.06
b) Gypsum	11,943.000	177.70	11,817.00	171.91
c) Laterite	9,235.362	103.32	16,291.00	138.70
d) Others	34,877.638	129.94	28,602.00	84.90
Total	371,718.000	1237.07	372,337.00	1344.57

e. Packing Materials and Stores & Spares

Rupees in Lakhs

Description	Current Period		Previous Period	
	Quantity No. of Bags	Value Rs.	Quantity No. of Bags	Value Rs.
a) Packing Materials	4,890.711	378.75	5,005,502	351.62
b) Stores & Spares	-	302.73	-	312.48

f. Value of imported and indigenous Raw Materials Stores and Spares consumed and percentage of each to total consumption.

Rupees in Lakhs

Description	Current Period		Previous Period	
	Value Rs.	% to Total Rs.	Value Rs.	% to Total Rs.
a) Raw Materials:				
i) Imported	Nil	Nil	Nil	Nil
ii) Indigenous	1237.07	100%	1344.57	100%
b) Spare Parts & Other materials:				
i) Imported	Nil	Nil	Nil	Nil
ii) Indigenous	681.48	100%	664.10	100%

13. Schedule A to O from an integral part of 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 **B.PURUSHOTTAM & CO**
CHARTERED ACCOUNTANTS
(FIRM REGN. No. 002808S)

B.S. PURSHOTHAM
PARTNER
M No. 026785

K. VENAKATARAMANI
SECRETARY

for and on behalf of the Board
P. RAVI
CHAIRMAN

M. SUBRAMANIAN
DIRECTOR

**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, 2013

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 MOBLISATION AND DEPLOYMENT OF FUNDS

		Current Period Rs.	Previous Period Rs.
A.	Total Liabilities	457,812,972	488,126,679
B.	Assets	457,812,972	488,126,679
C.	Sources of funds:		
	1. Paid-up capital	66,700,000	66,700,000
	2. Reserves and surplus	249,183,675	221,080,561
	3. Secured loans		
	a. Debentures	-	-
	b. Term loans and working Capital facilities	-	-
	4. Current Liabilities	136,331,868	190,669,672
	5. Deferred Tax Liability	3,217,252	7,448,011
	6. Long Term Provision	2,380,177	2,228,435
D.	Application of Funds:		
	1. Net fixed assets (including capital WIP)	109,619,561	72,265,632
	2. Investments	6,000,000	6,000,000
	3. Net Current assets	286,846,522	380,629,443
	4. Long Term loans and advances	55,346,889	29,231,604
	5. Accumulated losses	-	-

IV. PERFORMANCE OF COMPANY

		Current Period Rs.	Previous Period Rs.
A.	Turnover	732,507,955	835,092,960
B.	Total Expenditure	692,330,216	678,290,172
C.	Deferred tax	(4,230,759)	(5,259,904)
D.	Provision for Income Tax	14,111,810	53,120,848
E.	Profit / (Loss)	29,175,988	108,941,844
F.	Earning per share	4.37	16.33
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 : 31-07-2013

If Undelivered, please return to :
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