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PROXY FORM

ATTENTION

If Undelivered Please return to :  
M/s. Sri Chakra Cement Limited  
Admn. Off : 6-3-668/1/66, Durganagar Colony,  
Punjagutta, Hyderabad - 500082.  
Phone : 66612374 / 66614633  
Email : sccl@rediffmail.com

28<sup>th</sup>

# Annual Report 2009-2010



## SRI CHAKRA CEMENT LIMITED

**BOARD OF DIRECTORS**

SRI V V S R ANJANEYULU - MANAGING DIRECTOR  
SRI K VIJAY KUMAR - JOINT MANAGING DIRECTOR  
SRI N KRISHNA MOHAN - DIRECTOR

**AUDITORS :**

M/s. G SATYANARAYANA & CO,  
CHARTERED ACCOUNTANTS,  
5-5-8/5, AMAR MANSION,  
RANIGUNJ,  
SECUNDERABAD- 500 003

**COST AUDITORS**

M/S. A.V.N.S. NAGESWARA RAO  
COST ACCOUNTANTS,  
30-1569/2, PLOT NO. 35,  
ANANTA NAGAR COLONY, NEREDMET,  
SECUNDERABAD-56

**BANKERS :**

AXIS BANK,  
SRINAGAR COLONY,  
HYDERABAD.

**REGISTERED OFFICE/ ADMINISTRATIVE OFFICE / SECRETARIAL DEPARTMENT**

6-3-668/10/66,  
DURGANAGAR COLONY,  
PUNJAGUTTA,  
HYDERABAD-500 082.  
PH: 040-66614633, 66612374  
Email : sccl@rediffmail.com

**WORKS :**

**UNIT 1:** NARASIMHAPURI,  
KARAMPUDI,  
GURAJALA TALUQ, A.P. \*

**Unit 2:** ANNAMARAJUPETA,  
ALAMANDA,  
VIZIANAGARAM DISTRICT, A.P.

**DEMAT AGENTS**

M/S VENTURE CAPITAL AND CORPORATE INVESTMENTS PRIVATE LIMITED  
12-10-134, (MIG- 134),  
BHARATNAGAR COLONY, HYDERABAD- 500 038

## **NOTICE TO SHARE HOLDERS**

Notice is hereby given that the 28th Annual General Meeting of the Members of the Company will be held on Thursday the 30th day of September 2010 at 11.00 A.M. at the Registered Office of the Company situated at 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 082, to transact the following Business.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit & Loss Account for the Year ended 31st March 2010 and the Balance Sheet as on that date and the Auditors and Directors Report thereon.
2. To appoint a Director in place of Sri N Krishna Mohan, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the retiring Auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting and to fix their remuneration.

By Order of the Board

For Sri Chakra Cement Limited

-Sd/-

K Vijay Kumar

Joint Managing Director

Place: Hyderabad

Date: 28.08.2010

## **NOTES**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The Proxy form, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.
- 3) The Register of Members and Share Transfer Books will remain closed from 28th day of September 2010 to 30th September 2010. (Both days inclusive).
- 4) Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents quoting their Folio number.
- 5) Members holding shares in Electronic form are requested to inform the Changes, if any, in their address to the Depository Participant with whom the Demat Account is maintained.

## DIRECTORS REPORT

Dear Shareholder

Your Directors have pleasure in presenting the 28th Annual Report and the Audited Statement of Accounts of your Company for the year ended 31st March 2010.

### I Financial Performance

The financial results for the year ended 31st March 2010 are given below:

(Rs. In Lakhs)

Particulars	31.03.2010	31.03.2009
Sales Income	10635	9556
Profit (Loss) before interest and Depreciation	1066	576
Financial Charges	348	25
Depreciation	323	233
Profit (Loss) after tax	394	318
Profit (Loss) carried forwarded to Balance Sheet	(3704)	(4056)

### II. Present Status With The BIFR:

Pursuant to the directions of the Hon'ble Board for Industrial and Financial Reconstruction, New Delhi, your Company has submitted the revival scheme with the Hon'ble BIFR during November 2009 which is under active consideration of the Hon'ble Board. Your directors are expecting that the scheme will be approved soon.

### III. Directors:

#### Reappointment of Directors

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 Sri. N Krishna Mohan, Director who retires at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

### IV. Directors Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956.

- 1). That in the preparation of the annual accounts for the year ended March 31st, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 2). That such accounting policies as mentioned in Schedule 14 to the Annual Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the year ended on March 31st, 2010 and of the Profit of the Company for that period.
- 3). That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.
- 4). That the Annual Accounts for the year ended March 31st, 2010 have been prepared on a going concern basis.

### V. Deposits:

Your Directors wish to inform you that the Company has not accepted any Deposits from the public covered by the provisions of Section 58A of the Companies Act, 1956.

### VI. Auditors:

M/s. Satyanarayana & Company, Chartered Accountants, Statutory Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and eligible for re-appointment

### VII. Cost Audit:

Pursuant to section 233B of the Companies Act, 1956, the Central Government has prescribed cost Audit of the Company. Subject to the approval of Central Government, the Board has appointed M/s. AVNS Nageswara Rao & Co., cost Accountants as cost Auditors of the Company for the financial year 2009-10.

### VIII Dividend:

The Company is a sick company within the meaning of sick industrial Companies (Special Provisions) Act, 1985 and has accumulated losses. Therefore during the year under review the Directors do not recommend any dividend to the shareholders.

### IX. Report on Corporate Governance:

A separate report on Corporate Governance is included as part of this Annual Report.

### X. Related Party Transaction:

As a matter of policy, your company carries out transactions with related parties, a statement of which is given in the Item 15 of Notes to Accounts attached in compliance of Accounting Standard No AS - 18.

### XI. Conservation of energy, Technology absorption, Foreign Exchange and Outgo:

Particulars required under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in the Form-A and Form-B to this Annual Report.

### XII Particulars of employees:

None of the employees is in receipt of remuneration in excess of the limits as prescribed under section 217 (2A) of the Companies Act, 1956. Hence, the information required under the said section read with Companies (Particulars of Employees) Rules, 1975

### XIII. Human Resource Development And Industrial Relations:

The company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human Resource Development and training opportunities to equip them with skill which enables them to adopt to contemporary technological advancements.

Industrial Relations during the year continued to be cordial and the Company is committed to maintain good industrial relations through negotiations and meetings etc.

### XIV Acknowledgements:

Your Directors take this opportunity to place on record their appreciation and gratitude for the whole-hearted support, co-operation the Central, State Government and local authorities. The Company thanks the Shareholders and Depositors for the confidence reposed by them in the Company.

By Order of the Board  
For Sri Chakra Cement Limited

Place : Hyderabad

Date : 28-08-2010

Sd/-  
**V. V. S. R. ANJANEYULU**

Managing Director

Sd/-  
**K.VIJAY KUMAR**

Joint Managing Director

## REPORT ON CORPORATE GOVERNANCE

### THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and about ethical business conduct. The importance of corporate governance has always been recognized by your company and is manifest in its vision. In accordance with the Listing Agreement, a certificate from the Auditors of the Company for compliance of corporate Governance by the Company for the year ended 31st March 2010 has been inserted elsewhere in this Annual Report. A report in line with the requirements of the Stock Exchanges, on the practices followed by the Company and other voluntary compliance is given below.

#### 1. Board of Directors

The Board meets in executive session at least four times in a year at quarterly intervals and more frequently if deemed necessary, to transact its business. The agenda and relevant enclosures are distributed sufficiently in advance of the meeting. The meetings of the Board of Directors are generally held at the Company's registered office at Hyderabad and are scheduled well in advance.

#### 2. Composition:

The Board of Directors consists of an optimum combination of executive and non executives directors with not less than fifty percent of the board of directors comprising of non-executive directors. The Chairman is an executive and 2/3rd of the Directors are Non executive Independent Directors. The Board consists of the following Directors. During the year under review the Boards met 5 times.

S No	Name of the Director	Category	Designation	No. of Other Directorships / Memberships in Committees / Chairmanships in other Companies		
				Other Directorships	Committee Memberships	Committee Chairmanships
1	Sri. N. Krishna Mohan	Promoter Director	Director	4	NIL	NIL
2	Sri. V V S R Anjaneyulu	Non Executive Director	Managing Director	4	NIL	NIL
3	Sri K Vijay Kumar	Non Executive Independent Director	Joint Managing Director	4	NIL	NIL

#### 3. Reappointment of Directors

Pursuant to the provisions of sections 255 & 256 of the Companies Act, 1956, Sri N Krishna Mohan, Director retires at the ensuing annual general meeting and being eligible offers himself for reappointment.

#### 4. Committees of Board

##### a). Audit Committee

The primary objective of the Audit Committee of the Company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting. The committee met 5 times during the year.

SI No	Name	Designation
1	Sri. N Krishna Mohan	Chairman
2	Sri. K. Vijay Kumar	Member
3	Sri. V V S R Anjaneyulu	Member

#### b) Remuneration Committee

As per Schedule XIII of the Companies Act, 1956 and in accordance with the provisions contained in Clause 49 of the listing agreement a Remuneration Committee was reconstituted with the following directors as its members.

SI No	Name	Designation
1	Sri N Krishna Mohan	Chairman
2	Sri. V V S R Anjaneyulu	Member
3	Sri. K Vijay Kumar	Member

#### c) Shareholders / Investors Grievance Committee

The Shareholders Grievance Committee constituted by the Board of Directors comprises of the following Directors. The Committee inter alia looks into the redressal of shareholders / investors grievances and complaints regarding non-receipt of dividends, Annual Reports etc and reviews all matters connected with the share transfers.

SI No	Name	Designation
1	Sri K Vijay Kumar	Chairman
2	Sri. V V S R Anjaneyulu	Member
3	Sri. N. Krishna Mohan	Member

During the year under review, few complaints were received from investors and were replied / resolved to the satisfaction of the investors and there are no complaints pending as on 31st March 2010

#### 5. Disclosure on Legal Proceedings pertaining to Shares

There are no pending cases relating to dispute over title to shares, in which the company may be made a party.

#### 6. Subsidiaries

There are no subsidiary Companies to the company with in the meaning of section 4 of the Companies Act, 1956.

## 7. GENERAL BODY MEETING (S)

The particulars of the last three Annual General Meetings are given below

AGM	Year ended	Venue	Date	Time
27th	31.03.2009	6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad -500 082	30.09.2009	11.A. M
26th	30.06.2008		31.12.2008	
25th	30.06.2007		31.03.2008	

## 8. BOARD DISCLOSURES

### a) Disclosures of materially significant related party transactions

The Company does not have any related party transactions, which may have potential conflict with the interest of the company. Other related party transactions have been reported at item No 15 of notes to accounts.

### b) Listing of Shares

The Company's equity shares are listed on the Stock Exchange Mumbai and Hyderabad. The shares are traded on the stock exchange (s) in the Dematerialized form with effect from 28th June 2002. Presently the listing has been suspended by the Stock Exchange.

## 9. General Shareholder Information

Annual General Meeting	: 30.09.2010
Venue	: 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad – 500 082
Financial Year	: 1st April 2009 to 31st March 2010
Book Closure Date	: 28th September 2010 to 30th September 2010

## 10. Share Transfer System

Presently, the share transfers which are received in physical form are processed and the share certificates returned with in a period of 30 days from the date of receipt, subject to the valid and complete in all respects of the documents. The company has as per the SEBI notification dematerialized its shares and then offering the facility of transfer cum demat.

## 11. Dematerialization of Shares and Liquidity

The Company's Shares have been mandated for compulsory trading in demat form. Valid demat requests received by the Company's Depository Registrar are confirmed within the Statutory period.

The International Securities Number (ISIN) allotted for the Company by NSDL is INE827DO1012. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant (DP) to the Registrar, M/S. Venture Capital and Corporate Investments Private Limited, Hyderabad

The Company's Depository Registrars promptly intimate the DPs in the event of any deficiency and the Shareholders is also kept abreast. Pending demat requests in the records of the Depositories, if any, are continually reviewed and appropriate action initiated.

## 12. Plant Location

Unit – I Narasimhapuri, Karampudi, Gurajala Taluk, Andhra Pradesh  
Unit – II Annamrajupeta, Alamanda, Vijayanagaram Dist, A. P

Address for Correspondence:	Depository Registrar and Transfer Agent
Secretarial Department	M/s. Venture capital and corporate investments Pvt ltd
Sri Chakra Cement Limited	12-10-134, (MIG - 134)
6-3-668/10/66,	2nd floor, Bharath nagar,
Durganagar Colony, Pujnagutta, Hyderabad 500 082	- Hyderabad – 500 038.
E-Mail: sccl@rediffmail.com	E-Mail :

For and on behalf of Board  
Sri Chakra Cement Limited.

Sd/-

**K Vijay Kumar**  
Joint Managing Director

Place: Hyderabad

Date: 28.08.2010

### Annexure to the Directors' Report

Information as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars of the Report of Board of Directors) Rules 1988.

#### FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy.

S No	Particulars	Current Yr.	Previous
		ended	Period (9 Months) ended
		31-03-2010	31-03-2009
<b>A. Power and Fuel Consumption</b>			
<b>1) Electricity</b>			
a)	Purchases (units in Lakhs)	327.68	252.27
	Total Amount (Rs in Lakhs)	1137.81	850.53
	Rate / Unit (Rs.)	3.47	3.37
b)	Own Generation:		
i)	Through Diesel Generator (Unit Nos) in Lakhs	0.48	0.06
	Units per Ltr. of Diesel Oil	2.84	1.68
	Cost / Unit (Rs)	15.06	26.97
ii)	Through Steam Turbine / Generator		
	Unit (Nos)	NIL	NIL
	Units per Ltr of Fuel Oil		
	Gas		
	Cost / Unit (Rs)		
<b>2) Coal (Slack Coal used in Kiln)</b>			
	Quantity (M.T)	57645	47274
	Total Cost (Rs. In Lakhs)	1657.60	1659.17
	Average Rate / MT (Rs)	2876.00	3510.00
<b>3) Furnace Oil</b>			
		NIL	NIL
<b>4) Others/ Internal Generation</b>			
		NIL	NIL
<b>B. Consumption per Unit of Production:</b>			
	Electricity (Units / MT of Cement)	91.54	93.87
	Coal % per M.T of Clinker	23%	22%

#### FORM - B

Form of Disclosure of particulars with respect to conservation of absorption of research and Development (R&D)

No R & D was carried out and no expenses were incurred on R & D

#### FORM - C

FOREIGN EXCHANGE EARNINGS & OUTGO

1	Activities relating to exports, initiatives taken to increase exports, development if new export markets for products, services and export plans	: NIL	NIL
2	Total foreign exchange used and earned	: NIL	NIL

By Order of the Board  
For Sri Chakra Cement Limited

Place : Hyderabad	Sd/-	Sd/-
Date : 28-08-2010	V. V. S. R. ANJANEYULU Managing Director	K.VIJAY KUMAR Joint Managing Director

## AUDITOR'S REPORT

To

The Members of

Sri Chakra Cement Limited  
Hyderabad

We have audited the Balance Sheet and the Cash flow statement of Sri Chakra Cement Limited as at 31st March, 2010 and the Profit and Loss account for year ended 31st March, 2010 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.

We conducted our audit in accordance with accounting 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.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a. 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.
  - 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 such books.
  - c. The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the Books of account.
  - d. In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report are in compliance with the Accounting Standards.

Referred to in Section 211(3C) of the Companies Act, 1956 "except AS-20 regarding earnings per share which are not in accordance with the prescribed accounting standards and generally accepted accounting principles."

- a. Reference is invited to Note No.14 regarding preparation of accounts on a going concern basis, in spite of large accumulated Losses, in view of the reasons given therein.

b. On the basis of written representations received from the Directors and placed on record, none of the Directors is disqualified as on 31st March, 2010 from being appointed as Director of this Company under Section 274(1)(g) of the Companies Act, 1956.

c. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss account subject to note 11 regarding non-provision of interest and other charges on Term Loan availed from Industrial Bank of India Limited (not quantified), note 5 non-provision of Sales tax liability amounting to Rs.60.46 lakhs, note 9 non confirmation of balances in a few cases of Sundry Debtors, Sundry Creditors the cumulative effect of which resulted in over statement of profit by a like amount to the extent quantified and note no.4 regarding information relating to dues to Micro, Small and Medium enterprises and read in conjunction with other notes thereon 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.

i. In so far as it relates to the Balance Sheet the state of affairs of the Company as at 31st March,2010 and

ii. In so far as it relates to the Profit and Loss account of the profit for the year ended on that date.

iii. In case of Cash Flow Statement of the Cash Flows for the year ended on that date.

For M/s. Satyanarayana & Co.,  
Chartered Accountants  
Firm Regn.No.003680 S

Sd/-  
**G. VENKATA RATNAM**  
Partner  
M No.19455

Place: Hyderabad  
Date :28.08.2010

## ANNEXURE TO THE AUDITOR'S REPORT

Ref: Sri Chakra Cement Limited

Referred to in paragraph 1 of our report of even date.

1. a. The Company has generally maintained proper records showing full particulars including Quantitative details and situation of fixed assets.

b. All fixed assets have been physically verified by the Management during the year and there is a regular program of verification which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were identified on such verification.

c. There was no substantial disposal of fixed assets during the year.

2. a. The management has conducted physical verification of inventory at reasonable intervals during the year.

b. The procedures 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.

3. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties. However the Company has taken loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956.

No. of parties : 4 (four)

Amount accepted : Rs.260.79 lakhs

The rate of interest and other terms and conditions of loans taken by the Company are prima facie not prejudicial to the interest of the Company. There is no stipulation as to the repayment of principal. Interest is paid regularly on such loans.

4. 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 and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.

5. a. According to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.

b. In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under 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 prima facie reasonable having regard to the market prices of similar goods / services.

6. The Company has not accepted any deposits from the public during the year.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the products of the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
9. a. According to the records of the Company apart from certain instances of minor delays, the Company was generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it except.

**(Rs.in lakhs)**

1. Sales Tax	402.26	Awaiting BIFR orders
2. Royalty & Cess	313.47	- do -

b. According to the records of the Company and the information and explanations given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of dispute are as follows.

Name of the statute	Nature of dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Tamilnadu General Sales Tax Act	Sales Tax	42.89	1983	II Jr.Civil Judge Hyderabad
APVAT	Input Tax	17.57	2005-06	STAT-HYD.

10. The Company has accumulated losses to the extent of Rs.3704.71 Lakhs at the end of the financial year which is more than fifty percent of its net worth.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayment of dues to IIBI. The Company has been registered with BIFR and one time settlement proposals with the Financial Institutions and Banks have been made. An amount of Rs.1437.00 lakhs was paid

towards one time settlement to all Financial Institutions and Banks except Industrial Bank of India Limited. The Company has not issued debentures.

12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. 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.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
16. Based on information and explanations given to us by the management, the Company did not take any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow statement of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. 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.
19. The Company did not issue debentures during the year.
20. The Company has not raised money by Public Issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the 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 M/s. Satyanarayana & Co.,  
Chartered Accountants  
Firm Regn.No.003680 S

Sd/-

**G. VENKAT RATNAM**  
Partner  
M No.19455

Place: Hyderabad  
Date :28.08.2010

### CASH FLOW CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. Sri Chakra Cement Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the listed Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For M/s. Satyanarayana & Co.,  
Chartered Accountants  
Firm Regn.No.003680 S

Sd/-

Place: Hyderabad  
Date :28.08.2010

**G. VENKATA RATNAM**  
Partner  
M No.19455

### AUDITOR'S CERTIFICATE REGARDING CORPORATE GOVERNANCE

To

The Members of  
Sri Chakra Cement Limited  
Hyderabad.

We have examined the compliance of conditions of corporate governance by Sri Chakra Cement Limited, for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

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.

For M/s. Satyanarayana & Co.,  
Chartered Accountants  
Firm Regn.No.003680 S

Sd/-

**G. VENKATA RATNAM**  
Partner

Place: Hyderabad  
Date :28.08.2010

<b>SRI CHAKRA CEMENT LIMITED</b>				
<b>BALANCE SHEET AS AT 31ST MARCH, 2010</b> (Rs. In Lakhs)				
PARTICULARS	SCHEDULE	AS AT 31/03/2010	AS AT 31/03/2009	
<b>I SOURCES OF FUNDS</b>				
1. Shareholders' Funds :				
a) Share Capital	1	1612.96	1612.96	
b) Reserves & Surplus	2	<u>10.00</u>	1622.96	1622.96
2. Loan Funds:				
a) Secured Loans	3	4440.44	4440.44	
b) Unsecured Loans	4	<u>3104.39</u>	7544.83	6684.80
3. Deferred Tax Liability			483.05	439.55
<b>TOTAL</b>			<u>9650.84</u>	<u>8747.31</u>
<b>II APPLICATION OF FUNDS</b>				
1. Fixed Assets:	5			
a) Gross Block		8171.02	8145.17	
b) Less: Accumulated Depreciation		<u>3965.32</u>	<u>3642.19</u>	
c) Net Block		4205.70	4502.98	
d) Capital Work in Progress		<u>892.68</u>	5098.38	4744.06
2. Current Assets				
Loans and Advances:	6			
a) Inventories		962.73	856.89	
b) Sunday Debtors		356.08	660.10	
c) Cash and Bank Balances		151.15	101.73	
d) Loans and Advances		2142.71	2053.25	
e) Payment against OTS		<u>1437.00</u>	<u>1415.28</u>	
		5049.67	5087.25	
Less : Current Liabilities & Provisions	7	<u>4201.92</u>	<u>5140.02</u>	
Net Current assets		847.75	(52.77)	
3. PROFIT & LOSS ACCOUNT		3704.71	4056.02	
<b>TOTAL</b>		<u>9650.84</u>	<u>8747.31</u>	

The Schedules referred to above form an integral part of the Balance Sheet

As Per our report of even date attached

For M/s. Satyanarayana & Co  
Chartered Accountants

Sd/-  
G Venkata Ratnam  
Partner  
Member Ship No. 19455

Place : Hyderabad  
Date : 28.08.2010

For and on behalf of the Board  
Sri Chakra Cement Limited

Sd/-  
VVS ANJANEYULU  
MANAGING DIRECTOR

Sd/-  
K VIJAY KUMAR  
JOINT MANAGING DIRECTOR

<b>SRI CHAKRA CEMENT LIMITED</b>				
<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010</b> (Rs. In Lakhs)				
PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31/03/2010	FOR THE 9 MONTHS PERIOD ENDED 31/03/2009	
<b>INCOME</b>				
Sales	8	13012.67	11918.25	
Less: Taxes & Duties		<u>2376.83</u>	<u>2361.49</u>	
Net Sales		10635.84	9556.75	
Increase/(Decrease) in Stocks	9	(45.11)	13.85	
Other Income	10	<u>338.04</u>	<u>243.96</u>	
<b>TOTAL</b>		<u>10928.77</u>	<u>9814.56</u>	
<b>EXPENDITURE</b>				
Material Consumption	11	4755.34	4072.94	
Manufacturing Administrative & Selling Expenses	12	5107.47	5164.92	
Interest & other Finance Charges	13	348.03	25.39	
Depreciation		<u>323.12</u>	<u>233.27</u>	
<b>TOTAL</b>		<u>10533.96</u>	<u>9496.52</u>	
Profit for the year		394.81	318.04	
Profit before Tax		394.81	318.04	
Provision for Taxation				
Deferred Tax (Income) / Expenditure		43.50	-	
Profit after Tax		<u>351.31</u>	<u>318.04</u>	
Balance brought forward		4056.02	4374.06	
<b>Balance Carried to Balance Sheet</b>		<u>3704.71</u>	<u>4056.02</u>	
Notes to the Accounts	14			
Basic Earnings				
Per Equity Share of Rs.10/-each. Annualised (Rs.)		2.30	2.47	

The Schedules referred to above form an integral part of the profit & Account

As Per our report of even date attached

For M/s. Satyanarayana & Co  
Chartered Accountants

Sd/-  
G Venkata Ratnam  
Partner  
Member Ship No. 19455

Place : Hyderabad  
Date : 28.08.2010

For and on behalf of the Board  
Sri Chakra Cement Limited

Sd/-  
VVS ANJANEYULU  
MANAGING DIRECTOR

Sd/-  
K VIJAY KUMAR  
JOINT MANAGING DIRECTOR

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Rs in Lakhs)

Particulars	AS AT 31/03/2010	AS AT 31/03/2009
<b>SCHEDULE-1 :</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
20000000 Equity Shares of Rs.10 each	2000.00	2000.00
<b>TOTAL</b>	<b>2000.00</b>	<b>2000.00</b>
<b>Issued, Subscribed and Paid Up</b>		
17190080 Equity Shares of Rs.10 each fully paid up	1719.01	1719.01
Less : Calls in Arrears - by Directors - by Others	106.05	106.05
<b>TOTAL</b>	<b>1612.96</b>	<b>1612.96</b>
<b>SCHEDULE-2 :</b>		
<b>RESERVES &amp; SURPLUS</b>		
Subsidy - from Govt of A.P	10.00	10.00
<b>TOTAL</b>	<b>10.00</b>	<b>10.00</b>
<b>SCHEDULE-3 :</b>		
<b>SECURED LOANS</b>		
Term Loan	4220.44	4220.44
Working Capital	220.00	220.00
<b>TOTAL</b>	<b>4440.44</b>	<b>4440.44</b>
<b>SCHEDULE-4 :</b>		
<b>UNSECURED LOANS</b>		
Unsecured Loans		
- From Directors	260.79	24.46
- Security Deposit from Dealers	206.25	
- From Others	2637.35	2219.90
<b>TOTAL</b>	<b>3,104.39</b>	<b>2,244.36</b>

**SCHEDULE: 5  
FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 01.04.2009 Rs.	Additions during the Year Rs.	As At 31.03.2010 Rs.	Up To 31.03.2009 Rs.	For The Year Rs.	-Up To 31.03.2010 Rs.	As At 31.03.2010 Rs.	As At 31.03.2009 Rs.	
Lease Hold Land	-	-	-	-	-	-	-	-	
Buildings	639.75	14.85	654.59	320.62	19.99	340.61	313.98	319.12	
Plant and Machinery	6096.88	-	6096.88	2656.20	241.74	2897.94	3198.94	3440.68	
Electrical Machinery	1075.89	-	1075.89	523.47	41.17	564.64	511.25	552.42	
Office Equipment	54.90	5.14	60.04	22.51	2.51	25.02	35.01	32.39	
Furniture and Fixtures	36.25	5.57	41.82	25.14	1.43	26.56	15.25	11.11	
Quarry Equipment	150.38	-	150.38	37.30	11.47	48.77	101.61	113.08	
Vehicles	49.48	-	49.48	25.07	3.82	28.88	20.59	24.41	
Miscellaneous Assets	41.65	0.29	41.93	31.88	1.00	32.88	9.06	9.77	
<b>TOTAL</b>	<b>8145.17</b>	<b>25.84</b>	<b>8171.02</b>	<b>3642.19</b>	<b>323.12</b>	<b>3965.32</b>	<b>4205.7</b>	<b>4502.98</b>	

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Rs in Lakhs)

Particulars	AS AT 31/03/2010	AS AT 31/03/2009
<b>SCHEDULE-6 : CURRENT ASSETS LOANS &amp; ADVANCES</b>		
<b>A. Current Assets :</b>		
<b>a) Inventories</b> (As certified and Valued by the Management)		
Raw materials	189.09	257.74
Work-in-process	72.99	65.54
Finished goods	4.45	57.02
Packing material	21.12	19.62
Stores & spares	675.08	456.97
	<b>962.73</b>	<b>856.89</b>
<b>b) Sundry Debtors</b>		
Debts outstanding for a period exceeding six months:		
Considered Good		
Unsecured	24.26	27.71
Other Debtors :		
Considered Good		
Secured -		
Unsecured	331.82	632.39
	<b>356.08</b>	<b>660.10</b>
<b>c) Cash and Bank Balances</b>		
Cash on hand	20.32	37.95
In No Lein A/c	-	0.30
In Fixed Deposit A/c	83.66	44.76
Balance with Scheduled Banks in Current Accounts	47.17	18.72
	<b>151.15</b>	<b>101.73</b>
<b>B. Loans and Advances</b> (Unsecured and considered good)		
Advances recoverable in cash or in kind or for Value to be received		
	14.96	38.86
Advances-Creditors	1,297.93	1,475.03
Prepaid Expenses	4.65	6.30
Deposit with Govt & Public Bodies	402.69	394.98
Deposit - others	422.48	138.08
	<b>2,142.71</b>	<b>2,053.25</b>
<b>C. PAYMENT AGAINST O T S</b>		
	<b>1,437.00</b>	<b>1,415.28</b>
<b>TOTAL</b>	<b>5,049.67</b>	<b>5,087.25</b>

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Rs in Lakhs)

Particulars	As at 31/03/2010	As at 31/03/2009
<b>SCHEDULE-7 Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors		
-For Goods & Services	651.60	1018.72
-For Expenses	2997.42	3564.63
Advance from Customers	552.90	556.66
	<b>4201.92</b>	<b>5140.02</b>
**There are no dues to Micro, Small and Medium Enterprises Under MSMED Act		
<b>TOTAL</b>	<b>4201.92</b>	<b>5140.02</b>
<b>SCHEDULE-8 Sales</b>		
Sale of Cement	11490.95	10266.37
Sale of Clinker	1521.72	1651.87
	<b>13012.67</b>	<b>11918.25</b>
<b>TOTAL</b>	<b>13012.67</b>	<b>11918.25</b>
<b>SCHEDULE-9 Incr/(Decr) IN STOCKS</b>		
<b>Opening Stocks</b>		
Work-in-process	65.54	93.04
Finished Goods	57.01	15.66
	<b>122.55</b>	<b>108.70</b>
<b>Closing Stocks</b>		
Work-in Process	72.99	65.54
Finished Goods	4.45	57.02
	<b>77.44</b>	<b>122.56</b>
Increase/(Decrease) in Stocks	<b>(45.11)</b>	<b>13.85</b>
<b>SCHEDULE-10 : OTHER INCOME</b>		
Interest Received	26.30	13.53
Scrap Sales & Other Income	311.74	230.42
	<b>338.04</b>	<b>243.96</b>
<b>TOTAL</b>	<b>338.04</b>	<b>243.96</b>
<b>SCHEDULE-11 : MATERIAL CONSUMPTION</b>		
Raw Materials Consumed	3217.88	2603.30
Packing Materials Consumed	336.73	262.85
Stores & Spares Consumed	1200.73	1206.79
	<b>4755.34</b>	<b>4072.94</b>
<b>TOTAL</b>	<b>4755.34</b>	<b>4072.94</b>

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Rs in Lakhs)

	For the year ended		For the (9 months) Period ended	
Particulars	31/03/2010		31/03/2009	
<b>SCHEDULE-12 : MANUFACTURING ADMINISTRATIVE &amp; SELLING EXPENSES</b>				
<b>MANUFACTURING EXPENSES</b>				
Power & Fuel	2802.97		2509.70	
Direct Manufacturing Exp	141.76		143.78	
Repairs & Maintenance				
Plant & Machinery	34.81		56.59	
Buildings	16.74		32.23	
Others	202.37	3198.65	610.91	3353.20
<b>EMPLOYEE COST</b>				
Salaries & wages	457.15		306.41	
Contribution to Provident Fund & Other funds	23.64		15.46	
Employees welfare expenses	144.34	625.13	106.12	427.99
<b>ADMINISTRATIVE EXPENSES</b>				
Directors Remuneration	12.00		-	
Insurance	9.48		6.88	
Rent	11.79		6.35	
Rates & Taxes	23.70		5.81	
Travelling & Conveyance Expenses	67.23		40.28	
Printing & Stationery	8.49		5.13	
Postage & Telegraphs	2.76		1.38	
Donation	0.00		3.41	
Communication Expenses	13.38		14.28	
Security Service Charges	24.39		18.01	
Auditors Remuneration	0.75		0.65	
Legal & Professional Charges	2.97		3.60	
Misc Expenses	8.91		95.05	
		185.85		200.84
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>				
Freight Charges Outward	683.50		744.55	
Product Promotional expenses	62.02		44.96	
Trade Discounts	352.32	1097.84	393.39	1182.90
<b>TOTAL</b>		<b>5107.47</b>		<b>5164.92</b>
<b>SCHEDULE-13 : INTEREST AND OTHER FINANCE CHARGES</b>				
on Term Loans	-		-	
on Working Capital	-		-	
Others	327.63		14.22	
Bank Charges	20.40	348.03	11.17	25.39
<b>TOTAL</b>		<b>348.03</b>		<b>25.39</b>

**SCHEDULE - 14  
NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**a. Basis of Preparation**

The Financial Statements have been prepared under the historical cost convention on accrual basis to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant Provisions of the Companies Act, 1956.

**b. Revenue Recognition**

- 1) Revenue from Sale of goods is recognised on dispatch and is inclusive of Excise duty, Sales Tax and Net of Sales Returns, where applicable.
- 2) All other Income / Expenses are accounted for on accrual basis unless otherwise stated.

**c. Fixed Assets and Depreciation**

- 1) Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties (Net of MODVAT) taxes and any attributable cost of bringing the assets to its working conditions for its intended use.
- 2) Depreciation is provided on Straight Line method, at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956

**d) Borrowing Cost**

Borrowing Cost that are attributable to the acquisition construction or production of qualifying assets are capitalised as a part of the cost of those assets.

**e) Inventories:**

Inventories are stated at lower of cost or net realisable value. Cost is determined on FIFO basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work-in-progress and finished goods includes all applicable manufacturing overheads.

**f) Deferred Taxes:**

Deferred Tax is provided, on all temporary Timing differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred Tax assets and liabilities are measured based on tax rates that have been enacted or subsequently enacted at the Balance Sheet date.

**g) Retirement Benefits:**

Gratuity and leave encashment are accounted (as per the requirement of AS-15) by an independent actuarial valuation.

**2 SECURED LOANS:**

- a) The Term Loan dues to Industrial Development Bank of India, Industrial Finance Corporation of India Ltd., Industrial Credit and Investment Corporation of India Limited, Industrial Investment Bank of India, Vijaya Bank, State Bank of India and Union Bank of India are secured by a first Charge on Pari-Passu basis in favour of the said Financial Institutions and Banks on the Company's immovable properties, both present and future. The funded Interest Term Loans from Banks are secured by a second charge on the company's fixed Assets. The Term Loans have been guaranteed by two Directors in their personal capacities.

- b) Industrial Development Bank of India, The Industrial Finance Corporation of India Ltd., The Industrial Credit and Investment corporation of India Ltd., Industrial Investment Bank of India Ltd., have the option to convert at par a portion of their Term Loans to Equity Share Capital which may be exercised at one or more occasions but not exceeding 20% of the Loan during the currency of the Loan.

- c) Cash Credit account from Banks are secured by Hypothecation of stocks of raw materials, work-in-process, Consumable Stores, Finished goods and book-debts.

The Cash-Credit borrowings have been guaranteed by two Directors in their personal capacities.

- 3) Estimated amount of commitments on account of contracts on Capital account and not provided for Rs 35.00 Crores (Previous year Rs 25.00 Crores).
- 4) Dues to Micro, Small and Medium Enterprises is 'Nil' as no enterprise has registered as such with the Company till date.
- 5) Demand for an amount of Rs.42.89 lakhs (Previous period 42.89 lakhs) from Tamilnadu Sales Tax Authorities, and Rs.17.57 lakhs (Rs.8.78 being 50% amount of the disputed amount deposited as per Orders of the High Court of A.P.) from A.P. Sales Tax Authorities is disputed and hence not provided for.
- 6) Additional information in pursuant to the provisions of 3.4c and 4D of part -II of Schedule VI of the Companies Act, 1956 (as certified by the Management).

Particulars of Unit I & II	Qty Mt.	Year ended 31.3.2010		9 Months Period ended 31.03.2009	
		Amount (Rs. in Lakhs)	Qty Mt.	Amount (Rs. in Lakhs)	Amount (Rs. in Lakhs)
a) Turnover					
Cement	357948	11490.95	266552	10266.37	
Clinker	47888	1521.72	46589	1651.87	
b) Details of raw-Material Consumption					
1. Lime Stone	346622	392.25	287878	366.72	
2. Laterite	6945	54.05	8889	64.06	
3. Gypsum	13419	187.41	10733	140.01	
4. Iron Ore	9249	117.84	6363	99.36	
5. Purchased Clinker	1604	37.6	1207	33.8	
6. Purchased Cement	71669	2016.57	55864	1621.13	
		<u>Unit-I</u>	<u>Unit-II</u>	<u>Unit-I</u>	<u>Unit-II</u>
c) Licenced Capacity (TPA)	6,98,000	3,00,000	6,98,000	3,00,000	
Installed Capacity(TPA)(Cement)	2,97,000	2,00,000	2,97,000	2,00,000	
d) Value of imported and indigenous raw materials, spare parts and other material consumed					

Particulars of Unit I & II	CURRENT YEAR ENDED 31.3.2010 (Rs. in Lakhs)		PREVIOUS 9 MONTHS PERIOD ENDED 31.03.2009 (Rs. in Lakhs)	
	Raw Material	spare parts & other material	Raw Material	spare parts & other material
Imported	-	-	-	-
Indigenous	1201.31	1200.73	982.17	1188.93
	100%	100%	100%	100%

- 7) Inventories have been taken as valued and certified by the Management
- 8) No Provision is made towards income tax in the absence of taxable income and the company is registered with BIFR.
- 9) Confirmation of balances have been obtained for more than 95% of the outstanding amount.

10) The Government of Andhra Pradesh vide G.O.Ms.No.390, dated 26.06.1982, 641 dated 31.12.1983 and 288 dated 16.02.1983 granted lease for 250 acres factory/ colony land and 500 acres for mining for a period of 50 years for setting up the factory. The company also created mortgage in favor of the financial institutions. The company has also been paying lease rentals to the endowment Department.

11) Company had settled the outstanding dues of six secured creditors (Financial Institutions and Banks) except IIBS's dues of Rs 121.00 lakhs (principal) out of the seven secured creditors. However, a provision has been made in the DRS for settlement of IIBI dues @ 70% of principal amount as directed by AAIFR and in the same level as settled to other Secured Creditors. The Company had furnished the requisite information to IFCI (OA) in connection with the finalisation of its DRS. IFCI (OA) has submitted the revised DRS to BIFR. Companies is awaiting approval of the scheme.

No provision for interest on the Term Loan availed from IIBI has been made, after the cut-off date, i.e.31.03.1996.

12) No due certificates were received from all Financial Institutions and Banks except Industrial Investment Bank of India Limited. The effect of one time settlements made to Banks and financial Institutions has not been reflected in the accounts pending approval of Draft Rehabilitation scheme by BIFR.

13) The amounts shown as expenditure are net of recoveries, wherever applicable.

14) The accounts of the company are prepared on a going concern basis, in spite of accumulation of losses, as the Management is confident of reviving the unit keeping in view the upsurge in the cement industry, and improvement in the operations.

#### 15. RELATED PARTY DISCLOSURE:

In accordance with Accounting Standard -18, Related party Disclosures, issued by the Institute of Chartered Accountants of India, the disclosures are as follows:

##### I. RELATED PARTIES:

- i) Subsidiary Companies  
NIL
- ii) Key Management Personnel  
Sri V V S R Anjaneyulu
- iii) Relatives of Key Management Personnel  
V Sri Vidya, V Sri Lakshmi, K Sriram, K Sashank
- iv) Enterprises owned or significantly influenced by Key Management Personnel  
GSAL(India) Ltd., Modern Polyplast, Jitharam Fin. And Investments Ltd., Modern Plastic Corporation, Envean Leasing and Inv. Ltd., Krishna Rama Industrial Investments Ltd.,

##### II. RELATED PARTY TRANSACTIONS:

(Rupees in lakhs)

Particulars	Subsidiary Companies	Key Managerial persons	Relatives of key managerial Persons	Enterprises of Key managerial Persons	Total
Purchases					
Remuneration		12.00			12.00
Interest			18.25		18.25
Loans taken			260.79		260.79
Others				2603.12	2603.12

**16) SEGMENT REPORTING**

The Company is a single product Company and operates only in the domestic segment only in South India. Hence, the information required to be disclosed as per AS – 17 on segment reporting is not applicable.

**17) DEFERRED TAXES**

A. The components of the Deferred Tax balance to the extent provided for:

	As at 31.03.2010 (Rs. In Lakhs)	As at 31.03.2009 (Rs. In Lakhs)
<u>Deferred Tax Liability</u>		
Depreciation	43.49	890.88
<u>Deferred Tax Asset</u>		
Adjustment u/s 43 B & Other		
Sections of I T Act	000.00	446.80
Preliminary Pre – Operative		
Expenses	0.00	4.53
Net Deferred Tax Liability	483.04	439.55

**18) EARNINGS PER SHARE:**

	31.03.2010 (12Months)	31.03.2009 (Annualized)
Basic Earnings per Share	2.30	2.47
Diluted Earnings per Share	N.A	N.A
Nominal value per Share	Rs.10.00	Rs.10.00

Earnings per share is calculated by dividing the Profit/ Loss attributable to the equity Share holders by the weighted average number and equity Shares outstanding during the year. The basis adopted in calculating the Basic earnings per Equity share are as stated below.

	Year ended 31.03.2010	9 Months Period ended 31.03.2009
Profit (Loss)	394.81	318.04
Weighted average number of Shares outstanding during the year	1,71,90,080	1,71,90,080

The extent of diluted Share holdings on account of the convertibility clause in the Institutional loan agreements is not readily available, and hence the dilutive earnings per share is not ascertained.

**19) Retirement and other Benefits:**

The Company's employee benefits primarily cover provident fund, gratuity and leave encashment.

Provident fund is a defined contribution scheme and the Company has no further obligation beyond the contribution made to the fund. Contributions are charged to the Profit and Loss Account in the year in which they accrue.

Gratuity liability is a defined benefit obligation and is based on the actuarial valuation. All actuarial gains/losses are immediately charged to the Profit and Loss Account and are not deferred.

The Company has provided for leave encashment liability at year end on account of unavailed earned leave as per the actuarial valuation. (Amount in Rupees)

	Gratuity	Leave Encashment
<b>Profit and Loss Account</b>		
Current Service Cost	3,19,149	2,63,946
Interest Cost on benefit obligation	0	0
Expected return on plan assets		
Net Actuarial (gain). Loss recognised in the year	95,41,212	9,50,796
Past services cost		
Net Benefit expense	98,60,361	12,14,742
Actual return on plan assets		
<b>Balance Sheet</b>		
Details of provision for Gratuity		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	0	0
Interest cost	0	0
Current services cost	3,19,149	2,63,946
Benefits paid	(7,38,965)	(3,29,016)
Actuarial (gains)/losses on obligation	95,41,212	9,50,796
Closing defined benefit obligation	91,21,396	8,85,726
The principal assumptions used in determining gratuity and post employment medical benefit		
Obligations for the company's plans are shown below		
Assumptions	%	%
Salary Rise	7	7
Discount Rate	8	8
Attrition Rate	1	1
Av Balance Service	20.64 Years	



Assumptions for the purpose of arriving at the liability on going concern basis

Date of Valuation	31.03.2010
Retirement Age	58 Yrs
Future Salary Rise	7%
Rate of Discounting	8%
Attrition Rate	1%
Mortality Table	LIC ( 1994-96 )

- 20) The Profit and Loss account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act 1956 except to the extent of deviations which are disclosed in the notes along with reasons.
- 21) Previous period figures have been regrouped wherever necessary.
- 22) Previous period figures in the Profit and Loss Account and Notes thereon are for nine Months and hence are not comparable with the current year figures.
- 23) Schedule 'A' to 'L' form integral part of the Accounts.

As per our report of even date  
For M/s. Satyanarayana & Co  
Chartered Accountants

Sd/-  
G Venkata Ratnam  
Partner  
Member Ship No. 19455

Place : Hyderabad  
Date : 28.08.2010

For and on behalf of the Board  
Sri Chakra Cement Limited

Sd/-  
VVS ANJANEYULU  
MANAGING DIRECTOR

Sd/-  
K VIJAY KUMAR  
JOINT MANAGING DIRECTOR

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE.

I) Registration Details     State Code

Balance Sheet Date

II) Capital raised during the year (Amount Rs. in Lakhs)

Public Issue    Right Issue

Bonus Issue    Private Placement

III) Position of mobilization and Deployment of Funds (Amount Rs. in Lakhs)

Total Liabilities     Total Assets

Sources of Funds :  
Paid-Up Capital     Reserves & Surplus

Secured Loans     Unsecured Loans

Deferred Tax Liability

Application of Funds :  
Net Fixed Assets     Investments

Net Current Assets    Miscellaneous Expenditure

Accumulated Losses

IV. Performance of Company (Amount Rupees in Lakhs)

Turnover      Total Expenditure

Profit/(Loss) Before Tax     Profit/(Loss) After Tax

(Please Tick Appropriate box + for Profit, - for Loss)

Earnings per Share in Rs.    Dividend Rate %

V. Generic Name of Three Principal Products/Services of Company(as per monetary terms)

Item Code No (ITC Code)      /

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

(Rs. in lakhs)

**A. CASH FLOW FROM OPERATING ACTIVITIES**

NET PROFIT/(LOSS) BEFORE TAX AND	
EXTRA ORDINARY ITEMS	394.81
ADJUSTMENTS FOR : DEPRECIATION	323.12
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	717.93

**ADJUSTMENT FOR :**

PREVIOUS YEAR ADJUSTMENTS	0.00
PROFIT AFTER PRIOR PERIOD ADJUSTMENTS	717.93
TRADE AND OTHER RECEIVABLES	187.67
INVENTORIES	(105.84)
TRADE PAYABLES	(1042.21)
CASH GENERATED FROM OPERATIONS (A)	(242.45)

**B. CASH FLOW FROM INVESTING ACTIVITIES**

PURCHASE OF FIXED ASSETS incl. CWIP	(677.45)
NET CASH FLOW IN INVESTING ACTIVITIES (B)	(677.45)
TOTAL (A + B)	(919.90)

**C. CASH FLOW FROM FINANCING ACTIVITIES**

UNSECURED LOANS	991.04
CHANGES IN BANK & OTHER BORROWINGS	(21.72)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	49.42
CASH AND CASH EQUIVALENTS (OPENING BALANCE) (01-04-09)	101.73
CASH AND CASH EQUIVALENTS (CLOSING BALANCE) (31.03.2010)	151.15

As per our report of even date

For M/s. Satyanarayana & CO.,  
Chartered Accountants

For and on behalf of the Board  
Sri Chakra Cement Limited

Sd/-  
**G. Venkata Ratnam**  
Partner

Sd/-  
**V. V. S. R. ANJANEYULU**  
Managing Director

Sd/-  
**K. VIJAY KUMAR**  
Joint Managing Director

Membership No. 19455

Place: Hyderabad,  
Date : 28.08.2010

**SRI CHAKRA CEMENT LIMITED**

Regd. Off : 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 082

**PROXY FORM**

Regd.FolioNo. \_\_\_\_\_ No. of equity Shares held \_\_\_\_\_

I/We \_\_\_\_\_  
of \_\_\_\_\_ being \_\_\_\_\_

a Member/Members of Sri Chakra Cement Limited hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ falling him/her \_\_\_\_\_

of \_\_\_\_\_ or falling him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/its on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held at the Registered Office located at 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 082 Andhra Pradesh on Thursday the 30th day of September, 2010 at 11.00 A.M. and at any adjournment thereof.

Signed this the \_\_\_\_\_ day of September 2010.

Note : This form duly completed should be deposited at the Registered Office of the Company not less than 48 hours the commencement of the meeting.

Affix  
Re. 1/-  
Revenue  
Stamp

**SRI CHAKRA CEMENT LIMITED**

Regd. Off : 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 082

**ATTENDANCE**

Please complete this attendance slip and hand it over at the Entrance of the Meeting Hall. Only members or their proxies are entitled to be present at the meeting Member's Reg Folio No..... No.Equity share held.....Name of the shareholder/proxy.....

Address.....

I/We hereby record my/our presence at the Twenty Eighth Annual General Meeting of the Company held the Registered Office located at 6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad - 500 082 Andhra Pradesh on Thursday the 30th day of September, 2010 at 11.00 A.M.

Signature of the Shareholder/Proxy \_\_\_\_\_