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If Undelivered Please return to :  
**M/s. Sri Chakra Cement Limited**  
Admn. Off : 6-3-668/1/66, Durganagar Colony,  
Punjagutta, Hyderabad - 500082.  
Phone : 040-66612374 / 66614633  
Email : srichakracement@gmail.com

**30<sup>th</sup>**  
**Annual Report**  
**2011-2012**



**SRI CHAKRA**  
**CEMENT LIMITED**

**BOARD OF DIRECTORS**

SRI N KRISHNA MOHAN - CHAIRMAN-CUM MANAGING DIRECTOR  
 SRI K VIJAY KUMAR - JOINT MANAGING DIRECTOR  
 SRI V S R ANJANEYULU - DIRECTOR  
 SRI P RAMAMOORTHY - DIRECTOR  
 SRI K P PATNAIK - DIRECTOR

**AUDITORS:**

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

**COST AUDITORS:**

M/s. A.V.N.S. NAGESWARAO  
 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 : srichakracement@gmail.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  
 Phone No. : 040-23818475 / 76

**NOTICE TO SHARE HOLDERS**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Saturday the 29<sup>th</sup> day of September, 2012 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 31<sup>st</sup> March 2012 and the Balance Sheet as on that date and the Auditors and Directors Report thereon.
2. To appoint a Director in place of Sri V V S R Anjaneyulu, 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: 23.08.2012

**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, 2012 to 29<sup>th</sup> September 2012. (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.

By Order of the Board  
 For Sri Chakra Cement Limited

Sd/-

K Vijay Kumar  
 Joint Managing Director

Place: Hyderabad  
 Date: 23.08.2012

## DIRECTORS' REPORT

Dear Shareholder

Your Directors have pleasure in presenting the 30th Annual Report and the Audited Statement of Accounts of your Company for the year ended 31st March 2012.

### I. Financial Performance

The financial results for the year ended 31st March 2012 are given below:

Particulars	(Rs. In Lakhs)	
	31.03.2012	31.03.2011
Sales Income	11452	7701
Profit (Loss) before interest and Depreciation	1483	903
Financial Charges	671	137
Depreciation	443	324
Profit (Loss) after tax	379	442
Profit (Loss) carried forwarded to Balance Sheet	(2709)	(3033)

### II. Present Status With The BIFR:

Your directors have pleasure in stating that the Hon'ble BIFR has sanctioned the revival Scheme submitted by the IFCI (OA) at the review hearing held on 26.07.2012. The Scheme envisages the reduction of paid up equity shares by 70%. The Company is in the process of implementing the scheme to get the relisting facility in BSE. Your directors are confident that there would be no problem in implementing the revival scheme in order to achieve long term viability of this unit.

### III. Directors:

#### Reappointment of Directors

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

#### 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 31<sup>st</sup>, 2012 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 Note 25 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 31<sup>st</sup>, 2012 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 31<sup>st</sup>, 2012 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 retire 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 2011-12.

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 Para No. 2 of Notes 25 on 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 : 23-08-2012

Sd/-  
**N. KRISHNA MOHAN**  
Chairman -Cum- M.D.

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 31<sup>st</sup> March 2012 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 executive directors with not less than fifty percent of the board of directors comprising of non-executive directors. The Chairman is an executive and 2/3<sup>rd</sup> 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	CMD	3	NIL	NIL
2	Sri. V V S R Anjaneyulu	Non Executive Director	Director	3	NIL	NIL
3	Sri K Vijay Kumar	Non Executive Independent Director	Joint Managing Director	3	NIL	NIL
4	Sri P. Ramamoorthy	Non Executive Independent Director	Director	2	NIL	NIL
5	Sri. K P Patnaik	Non Executive Independent Director	Director	2	NIL	NIL

### **3. Reappointment of Directors**

Pursuant to the provisions of sections 255 & 256 of the Companies Act, 1956, Sri V V S R Anjaneyulu 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

Sl No	Name	Designation
1	Sri. P. Ramamoorthy	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.

Sl No	Name	Designation
1	Sri P. Ramamoorthy	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.

Sl 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 2012

### **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
29th	31.03.2011	6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad -500 082	30.09.2011	11.A.M
28th	31.03.2010		30.09.2010	
27th	31.03.2009		30.09.2009	

## 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 Para No.2 of notes 25 on 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 : 29.09.2012  
Venue : 6-3-668/10/66, Durganagar Colony,  
Punjagutta, Hyderabad - 500 082  
Financial Year : 1st April 2011 to 31st March 2012  
Book Closure Date : 28th September 2012 to 29th September 2012

## 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, Punjagutta, Hyderabad	Hyderabad - 500 038.
500 082	
E-Mail: srichakracement@gmail.com	Ph No. : 040-23818475 / 76

For and on behalf of Board  
Sri Chakra Cement Limited.

Sd/-

**K Vijay Kumar**

Joint Managing Director

Place: Hyderabad

Date: 23.08.2012

## 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.

Current Yr. ended  
Previous Year ended

S No	Particulars	31-03-2012	31-03-2011
<b>A. Power and Fuel Consumption</b>			
<b>1) Electricity</b>			
a)	Purchases (units in Lakhs)	255.43	268.05
	Total Amount (Rs in Lakhs)	1137.51	1096.04
	Rate / Unit (Rs.)	4.45	4.09
<b>b) Own Generation:</b>			
i)	Through Diesel Generator (Unit Nos) in Lakhs.	1.10	0.78
	Units per Ltr. of Diesel Oil	2.81	2.24
	Cost / Unit (Rs)	16.00	15.28
ii)	Through Steam Turbine / Generator	NIL	NIL
	Unit (Nos)	-	-
	Units per Ltr of Fuel Oil	-	-
	Gas	-	-
	Cost / Unit (Rs)	-	-
<b>2) Coal</b>			
	Quantity (M.T)	43789	48255
	Total Cost (Rs. In Lakhs)	2314.22	1544.63
	Average Rate / MT (Rs)	5284.88	3201.00
<b>3) Furnace Oil</b>			
		NIL	NIL
<b>4) Others/ Internal Generation</b>			
<b>B. Consumption per Unit of Production:</b>			
	Electricity (Units / MT of Cement)	86.14	99.65
	Coal % per M.T of Clinker	21%	21%

### 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
2	Total foreign exchange used and earned	:	NIL

By Order of the Board  
For Sri Chakra Cement Limited

Place : Hyderabad  
Date : 23-08-2012

Sd/-  
**N. KRISHNA MOHAN**  
Chairman -Cum- M.D.

Sd/-  
**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 31<sup>st</sup> March, 2012 and the Profit and Loss account for year ended 31<sup>st</sup> March, 2012 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.

- 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.
- Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - 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.
  - 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.
  - The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the Books of account.
  - 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.13 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 31<sup>st</sup> March, 2012 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 No.16 non-provision of Sales tax liability amounting to Rs.60.46 lakhs, note No.10 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 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 31<sup>st</sup> March, 2012 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. VENKAT RATNAM**  
Partner  
M No.19455

Place: Hyderabad  
Date :23.08.2012

## 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.
2. c. There was no substantial disposal of fixed assets during the year.  
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.
3. c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.  
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 : 1  
Amount accepted : Rs.349.59 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 as per the explanations given by the management.
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	401.81	Awaiting BIFR orders
2. Royalty & Cess	6.20	-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.
AP Sales Tax Authorities	Sales Tax	591.14	2005 and earlier Years	A.P. State Govt. Court of AP
APSPDCL	Electricity Charges	909.72	2010-11	Hon'ble High Court of A.P.

10. The Company has accumulated losses to the extent of Rs.269.93 lakhs at the end of the financial year which is more than fifty percent of its net worth. The Company had not incurred cash losses in the current or preceding financial year.

11. 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.1524.57 lakhs was paid towards one time settlement to all Financial Institutions and Banks. 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 :23.08.2012



### CASH FLOW CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. Sri Chakra Cement Limited for the year ended 31<sup>st</sup> March, 2012. 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/-

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

Place: Hyderabad  
Date :23.08.2012

### 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 31<sup>st</sup> March, 2012, 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. VENKAT RATNAM**  
Partner  
M.No. 19455

Place: Hyderabad  
Date :23.08.2012

**SRI CHAKRA CEMENT LIMITED**

**BALANCE SHEET AS AT 31ST MARCH, 2012** (Amount in Rupees)

PARTICULARS	Note No	AS AT 31/03/2012	AS AT 31/03/2011
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1. Shareholders' Fund</b>			
(a) Share Capital	1	171900800	161296484
(b) Reserves and Surplus	2	(269934466)	(302287700)
<b>2 Non - Current Liabilities</b>			
(a) Long Term Borrowings	3	581756342	711581776
(b) Deferred Tax Liabilities ( Net )	4	29819396	25303535
(c) Other Long Term Liabilities	4	351628265	311163483
(d) Long Term Provisions	5	18463186	10318713
<b>3. Current Liabilities</b>			
(a) Short - Term Borrowings	6	22285100	22000000
(b) Trade Payables	7	159462037	65391450
(c) Other Current Liabilities	7	254059403	173992216
(d) Short - Term Provisions			
		<b>1319440063</b>	<b>1178759957</b>
<b>II. ASSETS</b>			
<b>1. Non - Current Assets</b>			
(a) Fixed Assets			
i. Tangible Assets	8	809307392	424888019
ii. Capital Work in - Progress		19109288	288461923
(b) Long - Term Loans and Advances	9	196638788	177135678
(c) Other Non - Current Assets	10	245347	245347
<b>2. Current Assets</b>			
(a) Inventories	11	102829443	146363674
(b) Trade Receivables	12	40184380	21350260
(c) Cash and Cash Equivalents	13	10427689	8998471
(d) Short - Term Loans and Advances	14	139536764	110906631
(e) Other Current Assets	15	1160972	409954
Contingent Liabilities & Commitments	16		
		<b>1319440063</b>	<b>1178759957</b>

Notes on Accounts

1 to 25

As Per our report attached

**For M/s. Satyanarayana & Co**  
**Chartered Accountants**

FRN : 003680S

Sd/-

**G Venkat Ratnam**  
**Partner**

Member Ship No. 19455

Place : Hyderabad  
Date : 23.08.2012

For and on behalf of the Board  
Sri Chakra Cement Limited

Sd/-

**N. KRISHNA MOHAN**  
Chairman-cum-M.D.

Sd/-

**K VIJAY KUMAR**  
Joint Managing Director

(Amount in Rupees )

**SRI CHAKRA CEMENT LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31/03/2012	FOR THE YEAR ENDED 31/03/2011
I. Revenue from Operations	17	1460524585	981376631
Less: Taxes & Duties		315310557	211234197
		1145214028	770142434
II. Other Income	18	30790696	15166081
<b>III. Total Revenue</b>		<b>1176004724</b>	<b>785308515</b>
IV. Expenses:			
Cost of materials consumed	19	361733444	263518001
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	32738726	(35753038)
Employee benefits expense	21	82733605	63797063
Finance Cost	22	67125022	13758844
Depreciation and amortization expense	8	44281755	32381452
Other expenses	23	550523077	403424553
<b>Total Expenses</b>		<b>1139135629</b>	<b>741126874</b>
V Profit before exceptional and extraordinary items and tax		36869095	44181641
VI Profit before Tax		36869095	44181641
VII Tax Expense :			
Deferred Tax (Income) / Expenditure		4515861	(23001367)
VIII Profit / ( Loss ) for the period from continuing operation		32353234	67183008
IX Profit / (Loss ) for the period		32353234	67183008
X Earning per equity Share :			
( 1 ) Basic		2.14	2.57
( 2 ) Diluted		2.14	2.57
Notes related to P & L Statement	24		

Notes on Accounts

1 to 25

As Per our report attached

**For M/s. Satyanarayana & Co**  
**Chartered Accountants**

FRN : 003680S

Sd/-

**G Venkat Ratnam**  
**Partner**

Member Ship No. 19455

Place : Hyderabad  
Date : 23.08.2012

For and on behalf of the Board  
Sri Chakra Cement Limited

Sd/-

**N. KRISHNA MOHAN**  
Chairman-cum-M.D.

Sd/-

**K VIJAY KUMAR**  
Joint Managing Director

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	ASAT 31/03/2012	ASAT 31/03/2011
<b>Note No : 1 Share Capital</b>		
<b>Authorised :</b>		
2,00,00,000 Equity Shares of Rs. 10/- each	200,000,000	200,000,000
<b>Issued Subscribed and Fully Paid:</b>		
1,71,90,080 Equity Shares of Rs. 10/- each with voting rights	171,900,800	171,900,800
Less: Calls Unpaid	10,604,316	
<b>1.a Terms/ Rights attached :</b>	171,900,800	161,296,484

The Company has one class of shares- Equity shares having a par value of Rs. 10/-  
Each holder of equity shares is entitled to one vote per share

**1.b Details of share holders holding more than 5% shares in the Company :**

	As at 31st March 2012			As at 31st March 2011		
	No of Shares held	% of holding	No. of Shares held	% of holding		
i) Krishna Rama Industrial & Inv Ltd	5,073,508	29.51%	5,703,508	29.51%		
ii) Jitharam Finance & Investments Limited	971,472	5.65%	971,472	5.65%		
iii) Tushar T Tanna	983,400	5.72%	983,400	5.72%		

**Note-2 : Reserves & Surplus**

	ASAT 31/03/2012	ASAT 31/03/2011
<b>(a) Capital Reserve</b>		
Subsidy - Govt of A.P.	1,000,000	1,000,000
Opening Balance	1,000,000	1,000,000
Closing Balance	(303,287,700)	(370,470,708)
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening Balance	32,353,234	67,183,008
Add: Profit for the Current Year	(270,934,466)	(303,287,700)
Closing Balance	(269,934,466)	(302,287,700)
<b>TOTAL</b>		

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	Non Current		Current	
	As at 31.03.12	As at 31.03.11	As at 31.03.12	As at 31.03.11
<b>Note 3 : Long Term Borrowings</b>				
<b>(a) Term Loans from Banks (Secured) -Refer Note 3a</b>				
- Rupees Term Loans Banks	54,358,200	54,358,200	-	-
- Rupees Term Loans from Fin Institutions	144,700,000	144,700,000	-	-
- Int Accrued and due funded	130,950,232	130,950,232	-	-
- Int & Commitment Charges Accrued	92,035,517	92,035,517	-	-
<b>(b) Loans &amp; Advances from Related Parties (Unsecured)</b>	159,712,393	153,652,873	-	-
<b>(c) Deferred Payment Liabilities (Unsecured)</b>				
- Sales Tax Department	135,884,954	135,884,954	95,000,000	95,000,000
	<b>581,756,342</b>	<b>711,581,776</b>	<b>135,884,954</b>	<b>95,000,000</b>

**3.a Term Loans from Banks :**

**(i) Security and terms and conditions:**

- The Term Loan dues to Industrial Development Bank of India Ltd., 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.
- Industrial Development Bank of India Ltd., 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.
- Company had settled the outstanding dues of all secured creditors (Financial Institutions and Banks). The Company had furnished the requisite information to IFCI (OA) in connection with the finalisation of its DRS.
- No due certificates were received from all Financial Institutions and Banks. The effect of one time settlements made to Financial Institutions and Banks has not been reflected in the accounts pending approval of Draft Rehabilitation Scheme by BIFR

**SRI CHAKRA CEMENT LIMITED**  
**SCHEDULES TO ACCOUNTS**

( Amount in Rupees )

Particulars	As at 31/03/2012	As at 31/03/2011
<b>Note : 4 Other Long Term Liabilities :</b>		
(a) Trade Payables	10,229,497	7,685,723
(b) Others		
- Deposits from Stockists & Others (Unsecured)	87,509,506	93,489,601
- Interest payable	174,338,991	120,340,299
- Statutory Liabilities	79,550,271	89,647,860
	<u>351,628,265</u>	<u>311,163,483</u>
<b>Note 5 : Long Term Provisions :</b>		
( a ) Provision for Employee benefits :		
Gratuity ( unfunded )	16,901,073	9,555,173
Leave Encashment	1,562,113	763,540
	<u>18,463,186</u>	<u>10,318,713</u>
<b>Note 6 : Short Term Borrowings :</b>		
<b>Loans Repayable on Demand Secured :</b>		
(a) Cash Credit from Banks **		
- Vijaya Bank, Hyderabad - Cash Credit	13,200,000	13,200,000
- State Bank of India, Hyderabad - Cash Credit	4,000,000	4,000,000
- Union Bank of India, Hyderabad - Cash Credit	3,300,000	3,300,000
- State Bank of India, Narasaraopet - Cash Credit	1,500,000	1,500,000
	<u>22,000,000</u>	<u>22,000,000</u>
(b) Loans & Advances from Related Parties	285,100	-
	<u>285,100</u>	-
<b>TOTAL</b>	<u>22,285,100</u>	<u>22,000,000</u>

\*\* Security:

- a) Cash Credit account from Banks are secured by hypothecation of stocks of raw materials, work-in-process, Consumable Stores, Finished goods and book-debits. The Cash-Credit borrowings have been guaranteed by two Directors in their personal capacities.
- b) Company had settled the outstanding dues of all(seven) secured creditors (Financial Institutions and Banks). The Company had furnished the requisite information to IFCI (OA) in connection with the finalisation of its DRS. No Provision for interest on the Term Loan availed from IFCI has been made, after the cut-off date, i.e.31.03.1996.
- c) Company had settled the outstanding dues of all secured creditors (Financial Institutions and Banks). The Company had furnished the requisite information to IFCI (OA) in connection with the finalisation of its DRS.
- d) No due certificates were received from all Financial Institutions and Banks. The effect of one time settlements made to Financial Institutions and Banks has not been reflected in the accounts pending approval of Draft Rehabilitation Scheme by BIFR.

Note : 8  
TANGIBLE ASSETS

FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As At 01.04.2011 Rs.	Additions during the Year Rs.	As At 31.03.2012 Rs.	For The Year Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
Lease Hold Land	-	-	-	-	-	-
Buildings	81,040,328	43,910,394	124,950,721	36,099,957	39,381,140	85,569,581
Plant and Machinery	622,098,023	371,504,264	993,602,287	313,968,564	348,070,013	645,532,274
Electrical Equipment	116,263,522	13,248,020	129,511,542	60,580,023	65,425,520	64,086,022
Office Equipment	6,003,548	38,450	6,041,998	2,763,018	3,024,174	3,017,824
Furniture and Fixtures	4,216,281	-	4,216,281	165,286	2,985,917	1,230,364
Quarry Equipment	15,038,379	-	15,038,379	6,024,474	7,171,599	7,866,780
Vehicles	4,947,504	-	4,947,504	3,266,707	3,644,996	1,302,508
Miscellaneous Assets	4,193,479	-	4,193,479	3,389,671	3,491,440	702,039
<b>TOTAL</b>	<b>853,801,064</b>	<b>428,701,128</b>	<b>1,282,502,192</b>	<b>428,913,045</b>	<b>473,194,800</b>	<b>424,888,019</b>

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
<b>Note : 7 Other Current Liabilities :</b>		
(a) Current Maturities of Long Term Debt	135,884,954	95,000,000
- Sales Tax Deferment		
(b) Other Payables		
Payables for Expenses	72,754,132	38,920,178
Other Payables	3,731,147	4,076,415
Advances from customers	41,689,170	35,995,623
	118,174,449	78,992,216
	<u>254,059,403</u>	<u>173,992,216</u>
<b>Note No 9 : Long Term Loans and Advances :</b>		
<b>Other Loans and Advances</b> ( Unsecured , Considered good )		
Advances for purchase of		
- Raw Materials and Coal	8,164	8,164
- Stores and Spares	548,695	-
- Other Advances	3,676,656	1,571,710
Deposits with Govt & Others	39,948,273	31,855,804
OTS PAYMENTS	152,457,000	143,700,000
	<u>196,638,788</u>	<u>177,135,678</u>
<b>Note No 10 : Othr Non Current Assets :</b>		
(a) Long Term Trade Receivables		
( Unsecured , Considered good )	2,933,604	2,933,604
Less Provision for Bad & Doubtful Debts	2,688,257	2,688,257
	<u>245,347</u>	<u>245,347</u>
<b>Note No 11 : Inventories :</b>		
( a ) Raw Materials	6,782,148	3,655,945
( b ) Work-in-progress	9,740,245	40,962,285
( c ) Finished goods	1,018,736	2,535,422
( d ) Stores and spares	32,696,420	36,247,051
( e ) Capital Stores	11,353,396	56,490,407
( f ) Packing Material	4,931,200	1,735,686
( g ) Coal	36,307,298	4,736,878
	<u>102,829,443</u>	<u>146,363,674</u>

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.

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
<b>Note No 12 : Trade Receivables :</b>		
( a ) (Unsecured, Considered good)		
( i ) Outstanding for a period exceeding Six months	4,621,245	4,172,393
( ii ) Outstanding for a period less than Six months	35,563,135	17,177,867
<b>TOTAL</b>	<u>40,184,380</u>	<u>21,350,260</u>
<b>Note No 13 : Cash and Cash Equivalents :</b>		
( a ) Balances with Scheduled Banks :		
— Balances with Banks	2,599,070	1,490,388
— Deposit Accounts - maturity over 12 months	7,218,844	6,754,906
(held as margin money for Bank Guarantees)		
( b ) Cash on Hand	609,775	753,177
	<u>10,427,689</u>	<u>8,998,471</u>
<b>Note No 14 : Short term Loans and Advances :</b>		
i) Advances for purchase of		
— Raw Materials and Coal	32,394,522	1,095,911
— Stores and Spares	2,142,464	7,109,151
ii) Advances to Employees	3,392,695	1,571,427
iii) Other Advances	88,813,495	84,906,263
iv) Deposits with Govt & Others	12,793,588	16,223,879
	<u>139,536,764</u>	<u>110,906,631</u>
<b>Note No 15 : Other Current Assets :</b>		
( a ) Pre Paid Expenses	911,844	325,117
( b ) Others	249,128	84,837
	<u>1,160,972</u>	<u>409,954</u>
<b>Note No 17 : Revenue from Operations :</b>		
<b>Sale of Products :</b>		
( a ) Cement Sales	1,354,289,913	902,374,960
( b ) Clinker Sales	106,234,672	79,001,671
	<u>1,460,524,585</u>	<u>981,376,631</u>

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
<b>Note No 18 : Other Income :</b>		
(a) Interest Income	1,911,810	1,958,064
(b) Scrap Sales	8,187,861	1,837,583
(c) Miscellaneous Income	880,226	1,790,684
(d) Conversion Charges	19,810,800	9,579,750
	<u>30,790,696</u>	<u>15,166,081</u>
<b>Note No 19: Cost of Materials Consumed :</b>		
<b>MATERIAL CONSUMED:-</b>		
i) Limestone	43,008,403	46,634,657
ii) Purchase of Traded Goods	122,787,893	90,301,808
iii) Clinker	28,670,068	-
iv) Other Additives	59,526,020	50,951,936
v) Packing Material Consumption	35,598,982	30,079,288
(vi) Stores & Spares Consumption	72,142,078	45,550,312
	<u>361,733,444</u>	<u>263,518,001</u>
Opening Stock	41,638,682	39,791,925
<b>PURCHASES:-</b>		
- Limestone **	42,254,172	46,434,530
- Purchase of Traded Goods	122,787,893	90,301,808
- Clinker	28,670,068	-
- Other Additives	63,406,454	49,635,219
- Packing Material Consumption	38,794,495	29,703,483
- Stores & Spares	68,591,447	49,289,718
<b>TOTAL PURCHASE</b>	<b>364,504,529</b>	<b>265,364,758</b>
<b>LESS:CLOSING STOCK</b>	<b>44,409,768</b>	<b>41,638,682</b>
<b>COST OF MATERIAL CONSUMED</b>	<b>361,733,444</b>	<b>263,518,001</b>
** Consists of extraction cost and Royalty		
<b>Note No 20: Changes in inventories of finished goods :</b>		
<b>Work - in - process and stock in trade</b>		
(a) Work - in - Process		
Opening Stock	7,299,409	
Closing Stock	40,962,285	
	31,222,040	(33,662,876)
(b) Finished Goods		
Opening Stock	445,260	
Closing Stock	2,535,422	
	1,018,736	(2,090,162)
	<u>1,516,686</u>	<u>(2,090,162)</u>
	<u>32,738,726</u>	<u>(35,753,038)</u>

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
<b>Note No 21 : Employee benefits expenses :</b>		
(a) Salaries, Wages and bonus	60,219,402	45,997,026
(b) Contribution to Provident and other funds	2,696,635	2,504,102
(c) Workmen and Staff welfare Expenses	19,817,568	15,295,935
	<u>82,733,605</u>	<u>63,797,063</u>
<b>Note No 22 : Finance Cost :</b>		
Interest - Others	67,125,022	13,758,844
	<u>67,125,022</u>	<u>13,758,844</u>
<b>Note No 23 : Other Expenses</b>		
<b>(a) Power and Fuel</b>		
Power	113,751,245	109,603,604
Coal	231,422,423	154,463,082
	345,173,668	264,066,686
<b>(b) Direct Manufacturing Expenses</b>	13,160,385	11,428,531
<b>(c) Repairs and Maintenance</b>		
Buildings	2,195,749	1,548,920
Plant	6,545,682	2,687,822
Others	32,965,304	20,211,811
	41,706,734	24,448,553
<b>(d) Administration Expenses</b>		
Travelling and Conveyance	7,433,935	6,430,428
Directors' Travelling and Conveyance	192,225	416,762
Directors' Remuneration	-	1,312,500
Directors' sitting fees	1,000	-
Printing and Stationery	879,319	762,711
Communication Expenses	1,132,584	1,181,641
Legal and Professional charges	345,178	425,422
Insurance	1,397,138	1,021,139
Payments to auditors	90,000	80,000
(Refer details (i) given below)	198,246	205,448
Postage & Telegraphs	1,925,539	1,360,971
Rent	3,323,862	1,650,895
Rates and Taxes	2,225,291	1,696,499
Security Service Charges	1,138,356	1,301,516
Bank Charges	16,310,373	2,050,000
Lease Rentals	3,558,952	16,569,768
Misc Expenses	40,151,998	36,465,700

**SRI CHAKRA CEMENT LIMITED  
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
<b>( e ) Selling Expenses</b>		
Advertisement and Publicity	9,938,564	4,712,915
Freight, Packing and Forwarding charges	64,731,209	48,040,092
Commission on Sales	1,284,193	1,156,559
Discount	34,376,326	13,105,518
	<u>110,330,292</u>	<u>67,015,084</u>
	<u><b>550,523,077</b></u>	<u><b>403,424,553</b></u>
<b>Details to Note:23</b>		
<b>(i) Payments to the auditors comprises:</b>		
- As auditors - statutory audit	70,000	
- For taxation matters	15,000	
- Reimbursement of expenses	5,000	
	<u>90,000</u>	<u>80,000</u>

**Note No. 24 - Information related to Profit and Loss account**

Particulars	Figures for the Year ended		Figures for the Year ended
	31/03/2012	31/03/2011	
a) Value of imports calculated on C.I.F basis by the company during the financial year in respect of -			
I. Raw materials;	-	-	
II. Components and spare parts;	-	-	
III. Capital goods;	-	-	
b) Expenditure in foreign currency during the financial year	NIL	NIL	
c) Raw materials, spare parts and components consumed during the Financial Year			
Consumption:of Raw Material			
Imported	1312.04	975.87	100%
Indigenous	-	-	
<b>Total</b>	<b>1312.04</b>	<b>975.87</b>	<b>100%</b>
Consumption of Spare parts & components			
Imported	721.42	455.50	100%
Indigenous	-	-	
<b>Total</b>	<b>721.42</b>	<b>455.50</b>	<b>100%</b>
d) The amount remitted during the year in foreign currencies	NIL	NIL	
e) Earnings in foreign exchange :	NIL	NIL	

**Note : 25**

**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**

i) Revenue from Sale of goods is recognised on dispatch and is inclusive of Excise duty, Sales Tax and Net of Sales Returns, where applicable. Net Sales are stated after deducting such excise duty and taxes.

ii) All other Income / Expenses are accounted for on accrual basis unless otherwise stated.

**c) Fixed Assets and Depreciation**

i) Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties (Net of CENVAT) taxes and any attributable cost of bringing the assets to its working conditions for its intended use.

ii) 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) 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.

**f) Retirement Benefits:**

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

**g) Impairment of Assets:**

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such

reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

- h) Proposed Dividend (including income tax thereon) in the books of account as proposed by Directors pending approval at the Annual General Meeting.
- 2. 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:**

- Subsidiary Companies  
NIL
- Key Management Personnel  
NIL
- Relatives of Key Management Personnel  
V Naga Lakshmi, K V Naga Lalitha,
- Enterprises owned or significantly influenced by Key Management Personnel  
Jitharam Fin. And Investments Ltd., Krishna Rama Industrial Investments Ltd., Sri Narasimha Cements & Power Ltd, Aditya Spinners Limited

**II. RELATED PARTY TRANSACTIONS**

Particulars	Subsidiary Companies	Key Management Persons	Relatives of Key managerial Persons	(Rupees in Lakhs)	
				Enterprises Key of Managerial Persons	Total
Lease Rentals				36.00	36.00
Remuneration					
Interest			15.00		15.00
Loans taken				349.59	349.59
Others				12.24	12.24

**3. 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.

**4. DEFERRED TAXES**

A. The components of the Deferred Tax balance as on 31.03.2012 and 01.04.2011 to the extent provided for:

	As at 31.03.2012 (Rs. In Lakhs)	As at 31.03.2011 (Rs. In Lakhs)
Deferred Tax Liability		
Depreciation	495.71	(111.35)
Deferred Tax Asset		
Adjustment u/s 43 B & Other Sections of I T Act	(450.56)	(118.65)
Preliminary Pre - Operative Expenses	0.00	0.00
Net Deferred Tax Liability	45.15	253.04

**5. EARNINGS PER SHARE:**

	As at 31.03.2012	As at 31.03.2011
Basic Earnings per Share	2.14	2.57
Diluted Earnings per Share	2.14	2.57
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 31.03.2012	Previous Year ended 31.03.2011
Profit/(Loss)	323.53	441.82
Weighted average number of Shares outstanding during the year	1,71,90,080	1,71,90,080

**6. 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.



Profit and Loss Account	Gratuity	Leave Encashment
Current Service Cost	4,06,148	2,31,840
Interest Cost on benefit obligation	7,69,371	62,730
Expected return on plan assets		
Net Actuarial (gain). Loss recognised in the year	61,79,323	6,21,044
Past services cost		
Net Benefit expense	73,54,842	9,15,614
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	96,17,135	7,84,125
Interest cost	7,69,371	62,730
Current services cost	4,06,148	2,31,840
Benefits paid	(70,904)	(1,37,626)
Actuarial (gains)/losses on obligation	61,79,323	6,21,044
Closing defined benefit obligation	1,69,01,073	15,62,113
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	3	1
Av Balance Service	22.61 Years	
Assumptions for the purpose of arriving at the liability on going concern basis		
Date of Valuation	31.03.2012	
Retirement Age	60 Yrs	
Future Salary Rise	7%	
Rate of Discounting	8%	
Attrition Rate	3.00%	
Mortality Table	LIC ( 1994-96 )	

7. Dues to Micro, Small and Medium Enterprises is 'Nil' as no enterprise has registered as such with the Company till date.

8. Inventories have been taken as valued and certified by the Management

9. No Provision is made towards income tax in the absence of taxable income and the company is registered with BIFR.

10. Confirmation of balances of Debtors and Creditors have been obtained in most of the cases. For the remaining cases the Company in the process of obtaining confirmations.

**11. LAND:**

The Government of Andhra Pradesh vide G.O.Ms.No.579, dated 23.05.2011, renewed lease to the Company for 239.30 acres factory / colony land and 225.20 acres for mining (total 464.50 acres) belonging to Sri Singarula Lakshmi Narasimha Swamy Temple, Petasanigandla (V), Karampudi (M), Guntur District for a period of 11 years ending 2019 renewable for similar years. The company is regular in paying lease rentals to the endowment Department.

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

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

14. Since the normal operating cycle is not defined, it is assumed to have duration of 12 months, and accordingly the assets and liabilities are classified.

15. These financial statements have been prepared in the format prescribed by the Revised Schedule VI of the Companies Act, 1956.

16. Previous year's figures have been recast/restated wherever necessary to conform to the current year figures.

17. Paise's have been rounded off to the nearest rupee.

18. Notes referred to form an integral part of the financial statements.

As per our report of even date

For **M/s. Satyanarayana & CO.,**

Chartered Accountants

FRN : 003680S

Sd/-

**G. Venkat Ratnam**

Partner

Membership No. 19455

Place: Hyderabad,

Date : 23.08.2012

For and on behalf of the Board

Sri Chakra Cement Limited

Sd/-

**N. KRISHNA MOHAN**

Chairman -Cum-M.D.

Sd/-

**K. VIJAY KUMAR**

Joint Managing Director

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs.)

#### CASH FLOW FROM OPERATING ACTIVITIES

Net Profit/(Loss) before tax & Extra-Ordinary items	36869095
Adjustments for : Depreciation	44281755
Operating Profit before Working Capital Changes	81150850
Adjustments for:	
Previous year Adjustments	0
Profit after prior period adjustments	81150850
(Increase) / decrease in trade receivables	(18834120)
Increase / (decrease) in Inventories	43534231
(Increase) / decrease in Short-term loans and advances	(28630133)
(Increase) / decrease in Long-term loans and advances	(19503110)
(Increase) / decrease in Other Current Assets	(751018)
(Increase) / decrease in Other Non-Current Assets	(0)
Increase / (decrease) in trade payables	94070587
Increase / (decrease) in long-term provisions	8144473
(Increase) / decrease in long-term borrowings	(129825434)
Increase / (decrease) in short-term borrowings	285100
Increase / (decrease) in short-term provisions	0
Increase / (decrease) in other current liabilities	80067187
Cash generated from operations (A)	109708613

#### CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of fixed assets incl. CWIP	(159348492)
Net Cash Flow in Investing Activities (B)	(159348492)
Total (A + B)	0
	(49639880)

#### CASH FLOW FROM FINANCING ACTIVITIES:

Calls in Arrears	10604316
Other Long Term Liabilities	40464782
Changes in Bank & Other Borrowings	0

Net Increase / (Decrease) in Cash and Cash equivalents.	1429218
Cash and Cash equivalents (Opening Balance) (01.04.11)	8998471
Cash and Cash equivalents (Closing Balance) (31.03.12)	10427689

As per our report of even date

For **M/s. Satyanarayana & CO.,**  
Chartered Accountants  
FRN : 003680S

Sd/-

**G. VenkatRatnam**  
Partner

Membership No. 19455

Place: Hyderabad,  
Date : 23.08.2012.

For and on behalf of the Board  
Sri Chakra Cement Limited

Sd/-

**N. KRISHNA MOHAN**  
Chairman -Cum-M.D.

Sd/-

**K. VIJAY KUMAR**  
Joint Managing Director

### 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 \_\_\_\_\_ being \_\_\_\_\_ of \_\_\_\_\_

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

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

\_\_\_\_\_ as my/our proxy to vote for me/is on my/our behalf at the Thirtieth 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 Saturday the 29th day of September, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed this the \_\_\_\_\_ day of September 2012.

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 Thirtieth 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 Saturday the 29th day of September, 2012 at 11.00 A.M.

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