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**31st
Annual Report
2012-2013**



**SRI CHAKRA
CEMENT LIMITED**

If Undelivered Please return to :
M/s. Sri Chakra Cement Limited
Admn. Off : 6-3-668/10/66, Durganagar Colony,
Punjagutta, Hyderabad - 500082.
Phone : 040-66612374 / 66614633
Email : srichakracement@gmail.com

BOARD OF DIRECTORS

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

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 31st Annual General Meeting of the Members of the Company will be held on Monday the 30th day of September, 2013 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 2013 and the Balance Sheet as on that date and the Auditors and Directors Report thereon.
2. To appoint a Director in place of Sri P Ramamoorthy, who retires by rotation and being eligible offers himself for reappointment.
3. To consider and if thought fit, to pass with or without Modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Satyanarayana and Co., Chartered Accountants, Hyderabad, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such a remuneration and out of pocket expenses as may be fixed by the Board of Directors of the Company".

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without Modification the following Resolution as an Ordinary Resolution :
Appointment of Sri M. Narasimharao as Director.

"RESOLVED THAT Sri M. Narasimharao, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold the office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director and is hereby appointed as Director of the Company liable to retirement by rotation.

By Order of the Board
For Sri Chakra Cement Limited

Sd/-

N. Krishna Mohan
Chairman

Place: Hyderabad
Date: 28.08.2013

NOTES:

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.

- 1) 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.
- 2) The Register of Members and Share Transfer Books will remain closed from 29th day of September, 2013 to 30th September 2013. (Both days inclusive).
- 3) Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents quoting their Folio number.
- 4) 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.
- 5) An explanatory statement pursuant to the section 173(2) of the Companies Act, 1956 is annexed herewith.

EXPLANATORY STATEMENT :

Item No 4: The Board of Directors at their meeting held on 31.01.2013 appointed Sri M Narasimharao as and Additional Director of the Company to hold the office till the conclusion of the ensuing AGM. The Company has received a proposal from shareholder proposing his candidature for the office of the director under section 257 of the Companies Act, 1956. The Board recommends his appointment for approval for shareholders. Except Sri. M. Narasimharao, none of the Directors are in any way interested in the said resolution.

By Order of the Board
For Sri Chakra Cement Limited

Sd/-

N. Krishna Mohan
Chairman

Place: Hyderabad
Date: 28.08.2013

DIRECTORS' REPORT

Dear Shareholder

Your Directors have pleasure in presenting the 31st Annual Report and the Audited Statement of Accounts of your Company for the year ended 31st March 2013.

I Financial Performance
The financial results for the year ended 31st March 2013 are given below:

Particulars	31.03.2013	31.03.2012
Sales Income	15106	14605
Profit (Loss) before interest and Depreciation	946	1483
Financial Charges	205	671
Depreciation	567	443
Profit (Loss) after tax	174	369

REVIEW OF OPERATIONS:

The Company had achieved a turnover in terms of quantity of 363971 Mts during 2012-13 as against 296777 Mts during 2011-12 representing an increase of 22.64% over last year and income generated from sales amounting to Rs. 11565 lakhs as against Rs. 11452 lakhs during 2011-12. The Profit after taxes for the year 2012-13 was Rs. 174 Lakhs as against Rs. 369 lakhs during 2011-12.

PRESENT STATUS WITH THE BIFR:

During the year under review, the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), New Delhi sanctioned the Revival package vide its order dated 26.07.2012. The Scheme inter alia provides various reliefs and concessions from all the concerned state and central governments, secured and unsecured creditors and shareholders. The implementation of the sanctioned Scheme is in process and your directors are very confident that the company would get revived soon.

RESTRUCTURE OF SHARE CAPITAL PURSUANT TO THE PROVISIONS OF THE SANCTIONED SCHEME

Pursuant to the Sanctioned Scheme, the existing paid up share capital of the Company stands reduced by 70% and accordingly, the capital for the year ended 31.03.2013 stands restructured from Rs. 171900800/- divided into 17190080 equity shares of Rs. 10/- each to Rs. 51570240/- divided into 5157024 equity shares of Rs. 10/- each. Thus as per the provisions of the Scheme, a shareholder holding 100 equity shares of Rs. 10/- each prior to the reduction, would receive 30 equity shares after reduction.

LISTING:

In compliance of the sanctioned Scheme dated 26.07.2012, the Company had already initiated the process of reduction of existing share capital and listing of reduced share capital and revocation of suspension of trading of equity shares on the BSE.

DIRECTORS**RETIREMENT BY ROTATION:**

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 Sri. P Ramamoorthy, Director who retires by at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Sri M. Narasimharao was appointed as an Additional Director on the Board at their meeting held on 31-01-2013 to hold office till the conclusion of the ensuing AGM. The Company has received a proposal in writing proposing his candidature for the office of Director. The Board recommends his appointment for approval of share holders.

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, 2013 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 31st, 2013 and of the Loss 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, 2013 have been prepared on a going concern basis.

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.

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.

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 2012-13. The cost audit is in progress and the company will submit the cost auditor's report to the central government within the stipulated statutory period.

DIVIDEND:

The Directors have not recommended any dividend during the year 2012-13 to the shareholders as Company is a sick company within the meaning of sick industrial Companies (Special Provisions) Act, 1985 and has accumulated losses.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the matters relating to the Corporate Governance as statutorily required under clause 49 of the listing agreement with the stock exchanges is annexed as a part of this Annual report together with the report of the Auditors on its compliance. Detailed report on Management

DISCLOSURE AS PER LISTING AGREEMENT

Clause 35:

The Cash Flow Statement in accordance with accounting standard (AS-3) issued by ICAI is appended to this Annual Report.

Clause 43 A:

The Company shares are listed on the Bombay Stock Exchange, Mumbai, P J Towers, Dalal Street, Fort, Mumbai. It is further informed that the annual listing fees paid for the year 2013-14 to the Bombay Stock Exchange.

Clause 49:

A detailed compliance report on the corporate governance is enclosed to this Annual report.

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 2 of Notes 25 attached in compliance of Accounting Standard No AS - 18.

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

The 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 & C to this Annual Report.

SAFETY AND POLLUTION CONTROL:

The manufacturing units are fully compliant with pollution control measures as directed by the statutory authorities from time to time and have obtained necessary approvals from them.

PARTICULARS OF EMPLOYEES:

None of the employees were in receipt of remuneration of Rs.24 lakhs per annum or Rs. 200,000/- per month 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 is not required to be given in this Annual Report.

INDUSTRIAL RELATIONS:

During the year, Industrial relations continued to be cordial. Your Directors take this opportunity to thank all the employees for their dedicated and sincere services towards a harmonious relationship and the progress of the company. The Company is also maintaining a residential colony for its employees.

FUTURE OUTLOOK:

The Cement Industry is expected to grow by 8% during the year 2013-14. The Demand increase is expected to be sustained due to Government spending on infrastructure projects, Rural housing and development and the general increase in the economic activities. However, the excess capacity created by the cement industry during the past years will have an impact on production of cement and sales realization. The capacity demand mismatch is expected to comedown over a period of next few years. Improving the capacity utilization of the industry. The Company would continue to focus on cost control measures and strategic decisions on production and distribution to protect and improve its profitability.

CORPORATE SOCIAL RESPONSIBILITY:

As a Corporate Responsibility, your Company continue to take active participation in the following sectors:

- Financial support for higher education to poor students.

- Physically challenged boys and girls are supported by way of monthly compensation.
- Contributing to cement roads in the neighboring villages.
- Contributing to construction of Schools in terms of free supply / concessional rate of cement
- Purified drinking water to surrounding villages.
- Supporting social and cultural organizations in terms of music, dance to retain the past heritage.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to place on record their appreciation and gratitude for the whole-hearted support, co-operation and guidance received from the Banks, Financial Institutions and the other 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 : 28-08-2013

Sd/-
N. KRISHNA MOHAN
Chairman

Sd/-
K. VIJAY KUMAR
Joint Managing Director

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company's philosophy on Corporate Governance strive to meet its business objectives efficiently and accomplishing its responsibility towards its stakeholders. 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 2012-13 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

BOARD OF DIRECTORS:

The Board comprises of Six directors of whom two are executive and remaining Four are non executive directors. The composition of the Board is in conformity with the requirements of the listing agreement. The Chairman of the Board is an executive and 50% of the directors are non executive directors. Pursuant to the provisions of the clause 49 of the listing agreement all the Board members have disclosed about the board and committee positions held by them in other companies as given below.

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 50% of the Directors are Non executive Independent Directors. The Board consists of the following Directors.

S No	Name of the Director	Category	Designation
1	Sri. N. Krishna Mohan	Promoter and Executive Director	Chairman
2	Sri K Vijay Kumar	Promoter and Executive Director	Joint Managing Director
3	Sri V V S R Anjaneyulu	Promoter and Non Executive Director	Director
4.	Sri P. Ramamoorthy	Non Executive Independent Director	Director
5.	Sri. K P Patnaik	Non Executive Independent Director	Director
6.	Sri M Narasimha Rao	Non Executive Independent Director	Director

During the year 2012-13 the Board met five times. The following table shows details of directors, attendance of directors at the board meeting and at the last annual general meeting, number of membership held by the directors in the board committees of various other companies.

S No	Name of the Director	Category	Attendance Particulars		No of other Director Ship
			Board Meetings	Last AGM	
1	Sri. N. Krishna Mohan	PNE	5	Y	6
3	Sri K Vijay Kumar	PNE	5	Y	4
2	Sri V V S R Anjaneyulu	PNE	5	Y	3
4.	Sri P. Ramamoorthy	INE	5	N	3
5.	Sri. K P Patnaik	INE	4	N	2

Note: No Director holds memberships in more than 10 committees or Chairmanships in 5 Committees in other Companies

Reappointment of Directors:

Pursuant to the provisions of sections 255 & 256 of the Companies Act, 1956, two third of the Board of Directors (excluding Institutional Nominee Directors and Whole time/ Managing Directors) should be retiring by rotation. One of these Directors are required to retire every year, and if eligible, these Directors qualify for re-appointment. Accordingly, Sri P Ramamoorthy, Director retires by rotation and being eligible offers himself for reappointment.

The Board has passed a resolution at the Board meeting held on 23rd August 2013 for appointment of Sri M Narasimha Rao as an additional director on the Board under section 260 of the Companies Act, 1956. The Company has received a proposal from a shareholder proposing Sri M Narasimha Rao as director of the Company under section 257 of the Companies Act, 1956. The Board recommends his appointment for approval of shareholders at the ensuing Annual General Meeting.

4) Committees of Board

AUDIT COMMITTEE:

The Committee comprises of Sri P Ramamoorthy, Chairman, Sri V V S R Anjaneyulu, and Sri K Vijay Kumar as members. The Audit Committee is inter alia responsible for the financial reporting and ensuing compliance also reviews the quarterly financial reporting and ensuing compliance with accounting standards and reviewing financial polices of the company. The Committee also reviews the quarterly financial results and the audited accounts before submission to the Board. During the year under review, the committee met five times.

REMUNERATION COMMITTEE:

The purpose of the Remuneration Committee of the Company shall be to discharge the Board's responsibilities relating to remuneration of the Company's Directors. The Committee has overall responsibility for approving and evaluating and

recommending plans, policies and programs relating to remuneration of Directors of the Company. The committee comprises of Sri N Krishna Mohan, Chairman and Sri P Ramamoorthy and Sri V V S R Anjaneyulu members. During the year no remuneration committee was convened.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee comprises of two members Directors viz., Sri N Krishna Mohan and Sri K Vijay Kumar. The committee shall look into the redressing of shareholder and investor Complaints like transfer of shares, non receipts of balance sheet, non receipt of declared dividends and issue of duplicate share certificates and oversees and review all matters connected with the share transfers. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measure for overall improvement in the quality of investor services. The Company has received 15 shareholders complaints during the year and resolved the 15 complaints. There were no pending complaints unresolved as on 31/03/2013.

GENERAL BODY MEETING(S)

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

AGM	Year ended	Venue	Date	Time
30th	31.03.2012	6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad -500 082	29.09.2012	
29th	31.03.2011		30.09.2011	11.A.M
28th	31.03.2010		30.09.2010	

DISCLOSURES:

- There are no pending cases relating to dispute over title to shares, in which the company may be made a party.
- There are no significant related party transaction that have potential conflict with the interests of the company at large. Suitable disclosure as required by the Accounting standard AS-18 Related party transactions, have been made in the Annual report.
- Details of non-compliance by the company, penalties and strictures imposed on the company by the stock exchanges or Securities Exchange Board of India (SEBI) or any other statutory authority on any matter related to the capital markets during the last three years- Nil
- There are no subsidiary Companies to the company with in the meaning of section 4 of the Companies Act, 1956

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. The Company is in the process of getting the equity shares relisted on the BSE as per the BIFR orders dated 26.07.2012 and the listing fee has been paid for the year 2013-14.

MANAGEMENT DISCUSSION AND ANALYSIS

This information is set out in a separate section included in this annual report.
General Shareholder Information

Annual General Meeting :	30.09.2013
Venue :	6-3-668/10/66, Durganagar Colony, Punjagutta, Hyderabad – 500 082
Financial Year :	1 st April 2012 to 31 st March 2013
Book Closure Date :	29 th September 2013 to 30 th September 2013

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 SEBI notification dematerialized its shares and then offering the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach their Depository Participant (DP) with the option letter. The DP based on the option letter, generates a demat request and sends the same to the company along with the option letter issued by the company. On receipt of the same, the company dematerialize the shares. In case the transferee does not wish to dematerialize the shares, he need not exercise the option and the company will dispatch the share certificates after 15 days from the date of such option letter.

Dematerialization of Shares and Liquidity:

The shares of the company are in compulsory demat segment. The company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

Distribution shareholding as on 31st March, 2013

Share holders	Shares	%of total
1. Promoters, Directors And their relatives	2916204	56.55
2. Mutual Funds	NIL	NIL
3. NRIs/OCBs		
4. Government/ Banks Financial Institutions	126000	2.44
5. Indian Public	2114820	41.01
Total	5157024	100.00

Plant Location

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

Address for Correspondence:
Secretarial Department
Sri Chakra Cement Limited
6-3-668/10/66,
Durganagar Colony, Punjagutta,
Hyderabad- 500 082
E-Mail: srichakracement@gmail.com

Depository Registrar and Transfer Agent
M/s. Venture capital and corporate investments Pvt ltd
12-10-134, (MIG - 134)
2nd floor, Bharath nagar,
Hyderabad – 500 038.
Ph No. : 040-23818475 / 76

By Order of the Board
For Sri Chakra Cement Limited

Place : Hyderabad
Date : 28-08-2013

Sd/-
N. KRISHNA MOHAN
Chairman

Sd/-
K.VIJAY KUMAR
Joint Managing Director

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
31-03-2013		31-03-2012

S No	Particulars	31-03-2013	31-03-2012
A. Power and Fuel Consumption			
1) Electricity			
a) Purchases (units in Lakhs)	298.74	255.43	
Total Amount (Rs in Lakhs)	1768.98	1137.51	
Rate / Unit (Rs.)	5.92	4.45	
b) Own Generation:			
i) Through Diesel Generator (Unit Nos) in Lakhs	0.12	1.10	
Units per Ltr. of Diesel Oil	4.75	2.81	
Cost / Unit (Rs)	12.25	16.00	
ii) Through Steam Turbine / Generator	NIL	NIL	
Unit (Nos)	-	-	
Units per Ltr. of Fuel Oil	-	-	
Gas	-	-	
Cost / Unit (Rs)	-	-	
2) Coal			
Quantity (M.T)	60567	43789	
Total Cost (Rs. in Lakhs)	3082.14	2314.22	
Average Rate / MT (Rs)	5088.83	5284.88	
Furnace Oil	NIL	NIL	
Others/ Internal Generation	NIL	NIL	
4) B. Consumption per Unit of Production:			
Electricity (Units / MT of Cement)	81.57	86.14	
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 : 28-08-2013

Sd/-
N. KRISHNA MOHAN
Chairman

Sd/-
K. VIJAY KUMAR
Joint Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW:

The Company's performance for the year ended 31st March 2013 and the Management's view on the future outlook are detailed below:

2. CEMENT INDUSTRY

India is one of the major producers of cement and is positioned second, globally. Cement industry is one of the core industries which plays a vital role in the growth and development of a nation. The Industry occupies an important place in the Indian economy. It accounts for 7-8% of total global production.

The present capacity in the country is over 400 Million Tonnes and additional capacities are also being added in various states to the extent of 50 millions. The demand for the product is largely based on infrastructure projects like roads, buildings, ports, urban development and housing sector. Cement being bulk commodity, is a freight intensive industry and transporting it over long distances can prove to be uneconomical. This has resulted in cement being largely a regional play with the industry divided into five main regions viz north, south, west, east and the central region. The southern region of India has the highest installed capacity which accounts for around 1/3rd of national capacity due to availability of vast limestone deposits.

The key drivers of cement industry are mainly:

- Increase in infrastructure spending
- Buoyant real estate market
- Low cost housing in urban and rural areas under schemes like Jawaharlal Nehru National Urban Renewal Mission, Indian Aawas Yojana and Rajiv Swagruha Housing Scheme. Etc.,

3. OPPORTUNITIES AND THREATS

The Government consumption of cement on the whole has continued to register negative trend in south India. Especially in Andhra Pradesh. The demand for cement has considerably reduced against excessive new capacity addition. There is a drop in consumption from 2009-10 onwards. There is downtrend in the implementation of infrastructure projects and also in real estate consumption for the last few years. This has resulted in severe competition and lower price realizations. The input costs have gone up on fronts like coal, freight charges and of course labour costs. In the coming years, the gap between demand and supply is expected to get bridged reasonably. Till such time, the industry in AP continue to face pressure on realization.

4. INTERNAL CONTROL SYSTEMS

The internal control system of the company is also reviewed by the audit committee of the board periodically and suggestions and recommendations of the committee are carried out.

5. RISKS AND CONCERNS

Your company does not perceive any serious risk/ concern apart from the normal business risk connected with the cement industry in general, few of which are:

Coal Prices: Coal prices in the recent past had significantly increased due to reduced supplies, rising freight costs and higher imported coal quantities in India and the trend is expected to continue in the near future.

Transport costs:

The foremost reasons for increase in transportation cost are freight and fuel costs which are also vital areas of concern for your company. Currently, only a small portion of cement in the country is moved by railways. Added to that, recently railways have increased the

freight substantially which will have an additional impact on a shift towards road for transporting cement resulting in further increase in the transportation costs.

Changes in Government Policy: Growth prospects in the cement industry are dependent on various Government policies on infrastructure projects, road network and housing facilities etc. positive attitude of the government witnessed of late will have a healthy impact on the demand for cement and consequently help better profitability to the company.

6. FINANCIAL AND OPERATIONAL PERFORMANCE (Rs in Lakhs)

Sales Turnover

The revenue generated from operations for the year 2012-13 was Rs. 15106 Lakhs as against Rs.14605 Lakhs in the correspondence previous year 2011-12. In terms of quantity of 363971 Mts as against 296777 Mts representing 22.06% increase over previous year.

Financial Condition:

The Company has become debt free having settled the dues all the secured creditors which will help improving its profitability on account of reduced costs.

SEGMENT-WISE OR PRODUCT -WISE PERFORMANCE:

The Company is mainly engaged in the business of manufacture of Cement and accordingly this is only single Reportable Segment.

CAUTIONARY STATEMENTS :

Statements in the Management Discussion and Analysis which seek to describe the company's objectives, projections, estimates expectations may be forward looking statements with the meaning of applicable securities laws and regulations. Actual results would differ materially from those expressed or implied. Important factors that could make a difference to the company operations include economic conditions affecting demand/supply and price conditions in the markets in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

DECLARATION OF CODE OF CONDUCT:

I, N Krishna Mohan, Chairman of M/s Sri Chakra Cement Limited hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of conduct of the company for the financial year ended 31-03-2013, as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

For on and of the Board
For Sri Chakra Cement Limited

Sd/-
N. Krishna Mohan
Chairman

Place: Hyderabad
Date: 28.08.2013

Independent's Audit Report

To the Members of
Sri Chakra Cement Limited
Hyderabad

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 "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) 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.

e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-
G. VENKAT RATNAM
Partner
M.No. 19455

Place: Hyderabad
Date :28.08.2013

ANNEXURE TO THE AUDITORS' 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. There was no substantial disposal of fixed assets during the year.
- c. The management has conducted physical verification of inventory at reasonable intervals during the year.
2. a. 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.
- b. 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 : 9 Amount accepted : Rs.1086.05 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.

1. Sales Tax Rs.in lakhs
401.81 As finalised by BIFR

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.812.96 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 :28.08.2013

CASH FLOW CERTIFICATE

We have examined the attached Cash Flow Statement of M/s.Sri Chakra Cement Limited for the year ended 31st March, 2013. 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 :28.08.2013

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, 2013, 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 :28.08.2013

SRI CHAKRA CEMENT LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013 (Amount in Rupees)

PARTICULARS	Note No	AS AT 31/03/2013	AS AT 31/03/2012
I EQUITY AND LIABILITIES :			
1. Shareholders' Fund			
(a) Share Capital	1	51570240	171900800
(b) Reserves and Surplus	2	238085801	(269934466)
2 Non - Current Liabilities			
(a) Long Term Borrowings	3	159194985	581756342
(b) Deferred Tax Liabilities (Net)	4	28791757	29819396
(c) Other Long Term Liabilities	4	223610483	351628265
(d) Long Term Provisions	5	22678072	18463186
3. Current Liabilities			
(a) Short - Term Borrowings	6	166980060	22285100
(b) Trade Payables	7	214125915	159462037
(c) Other Current Liabilities			254059403
		<u>1105037313</u>	<u>1319440063</u>
II. ASSETS			
1. Non - Current Assets			
(a) Fixed Assets	8	811707786	809307392
i. Tangible Assets		7097279	19109288
ii. Capital Work in - Progress	9	52751260	209432376
(b) Long - Term Loans and Advances	10	245347	245347
(c) Other Non - Current Assets			
2. Current Assets			
(a) Inventories	11	96704632	102829443
(b) Trade Receivables	12	29559029	40184380
(c) Cash and Cash Equivalents	13	10985879	10427689
(d) Short - Term Loans and Advances	14	95396297	126743176
(e) Other Current Assets	15	589804	1160972
Contingent Liabilities & Commitments	16		
		<u>1105037313</u>	<u>1319440063</u>

Notes on Accounts 1 to 25

As Per our report attached

For M/s. Satyanarayana & Co
Chartered Accountants

FRN : 0036680S

Sd/-

G Venkat Ratnam
Partner

Member Ship No. 19455

Place : Hyderabad

Date : 28.08.2013

For and on behalf of the Board

Sri Chakra Cement Limited

Sd/-

N. KRISHNA MOHAN
Chairman

Sd/-

K VIJAY KUMAR
Joint Managing Director

SRI CHAKRA CEMENT LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013 (Amount in Rupees)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31/03/2013	FOR THE YEAR ENDED 31/03/2012
Revenue from Operations	17	1510650627	1460524585
Less: Taxes & Duties		354109265	315310557
Other Income	18	1156541362	1145214028
		29573727	30790697
Total Revenue		<u>1186115089</u>	<u>1176004725</u>
Expenses:			
Cost of materials consumed	19	331197103	361733444
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	(36794213)	32738726
Employee benefits expense	21	89827008	82733605
Finance Cost	22	20481156	67125022
Depreciation	8	56706995	44281755
Other expenses	23	707277265	550523078
		<u>1168695314</u>	<u>1139135630</u>
Profit before exceptional and extraordinary items and tax		17419775	36869095
Extraordinary items		171190862	36869095
Profit before Tax		188610637	36869095
Tax Expense :			
Deferred Tax (Income) / Expenditure		(1027639)	4515861
Profit / (Loss) for the period from continuing operation		<u>189638276</u>	<u>32353234</u>
Profit / (Loss) for the period Earning per equity Share :			
(1) Basic		3.38	2.14
(2) Diluted		3.38	2.14
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 : 0036680S

Sd/-

G Venkat Ratnam
Partner

Member Ship No. 19455

Place : Hyderabad

Date : 28.08.2013

For and on behalf of the Board
Sri Chakra Cement Limited

Sd/-

N. KRISHNA MOHAN
Chairman

Sd/-

K VIJAY KUMAR
Joint Managing Director

SRI CHAKRA CEMENT LIMITED SCHEDULES TO ACCOUNTS			
Shares in the Company held by each share holder holding more than 5% shares:			
	As at 31st March 2013	As at 31st March 2012	
	No of Shares held	% of holding	No. of Shares held holding
i) Krishna Rama Industrial & Inv Ltd	1,846,472	35.80%	5,073,508
ii) Jitharam Finance & Investments Limited	291,442	5.65%	971,472
iii) Tushar T Tanna	295,020	5.72%	983,400
			29.51%
			5.65%
			5.72%

	AS AT 31/03/2013	AS AT 31/03/2012
Note-2 : Reserves & Surplus		
(a) Capital Reserve		
(i) Subsidy - Govt of A.P.		
Opening Balance	1,000,000	1,000,000
Closing Balance	<u>1,000,000</u>	<u>1,000,000</u>
(ii) Capital Reserve on account of Reduction in Share Capital		
Waiver of Term Loan	198,051,431	318,381,991
(b) Surplus in Statement of Profit and Loss		
Opening Balance	(270,934,466)	(303,287,700)
Add: Profit for the Current Year	189,638,276	32,353,234
Closing Balance	<u>(81,296,190)</u>	<u>(270,934,466)</u>
TOTAL	238,085,801	(269,934,466)

#The principal waiver of Secured Loan of Rs.1980.51 lacs and reduction of Equity by 70% amount to Rs.1203.30 lacs was transferred to Capital Reserve as per the BIFR Order Dated 14.09.2012.

SRI CHAKRA CEMENT LIMITED SCHEDULES TO ACCOUNTS			
(Amount in Rupees)			
Particulars	AS AT 31/03/2013	AS AT 31/03/2012	
Note No : 1 Share Capital			
Authorised :			
2,00,00,000 Equity Shares of Rs. 10/- each	200,000,000	200,000,000	
Issued Subscribed and Fully Paid:			
51,57,024 (1,71,90,080) Equity Shares of Rs. 10/- each with voting rights	51,570,240	171,900,800	
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			
The reconciliation of the number of shares outstanding and the amount of Share Capital as at 31st March' 2013 and 31st March'2012 is set out below.			
Particulars	Opening Balance	Reduction of Capital	Closing Balance
Equity Shares with voting rights			
Year Ended 31st March' 13	1,71,90,080	1,20,33,056	51,57,024
- Number of Shares	17,19,00,800	12,03,30,560	5,15,70,240
- Amount (Rs.)			
Year Ended 31st March' 12	1,71,90,080		1,71,90,080
- Number of Shares	17,19,00,800		17,19,00,800
- Amount (Rs.)			
As per BIFR order dated 14.09.2012, the existing Equity Share Capital of Rs. 1719 lakhs was written down to 30% i.e. to Rs.515.70 lakhs and subsequently Equity share was consolidated into face value of Rs.10\ each fully paid up.			

SRI CHAKRA CEMENT LIMITED
SCHEDULES TO ACCOUNTS

(Amount in Rupees)

Note 3 : Long Term Borrowings

Particulars	Non Current		Current	
	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
(a) Term Loans from Banks (Secured)				
- Rupees Term Loans Banks	-	54,358,200	-	-
- Rupees Term Loans from Fin Institutions	-	144,700,000	-	-
- Int Accrued and due funded	-	130,950,232	-	-
- Int & Commitment Charges Accrued	-	92,035,517	-	-
(b) Loans & Advances from Related Parties (Unsecured)	108,605,017	159,712,393	-	-
(c) Deferred Payment Liabilities (Unsecured)	50,589,968	-	25,294,984	135,884,954
- Sales Tax Department	159,194,985	581,756,342	25,294,984	135,884,954

SRI CHAKRA CEMENT LIMITED
SCHEDULES TO ACCOUNTS

(Amount in Rupees)

Particulars	As at	
	31/03/2013	31/03/2012
Note : 4 Other Long Term Liabilities :		
(a) Trade Payables	-	10,229,497
(b) Others		
- Deposits from Stockists & Others (Unsecured)	48,876,566	87,509,506
- Interest payable	120,340,299	174,338,991
- Statutory Liabilities	54,393,618	79,550,271
	<u>223,610,483</u>	<u>351,628,265</u>
Note 5 : Long Term Provisions :		
(a) Provision for Employee benefits :		
Gratuity	20,615,246	16,901,073
Leave Encashment	2,062,826	1,562,113
	<u>22,678,072</u>	<u>18,463,186</u>
Note 6 : Short Term Borrowings :		
Loans Repayable on Demand Secured :		
(a) Cash Credit from Banks		
- Vijaya Bank, Hyderabad - Cash Credit	-	13,200,000
- State Bank of India, Hyderabad - Cash Credit	-	4,000,000
- Union Bank of India, Hyderabad - Cash Credit	-	3,300,000
- State Bank of India, Narasaraopet - Cash Credit	-	1,500,000
	-	<u>22,000,000</u>
(b) Loans & Advances from Related Parties		
	-	285,100
	-	<u>285,100</u>
	-	<u>22,285,100</u>
TOTAL		
Note : 7 Other Current Liabilities :		
(a) Current Maturities of Long Term Debt	25,294,984	135,884,954
- Sales Tax Deferment		
(b) Other Payables		
Payables for Expenses	108,001,435	72,754,132
Other Payables	3,852,878	3,731,147
Advances from customers	76,976,618	41,689,170
	<u>188,830,931</u>	<u>118,174,449</u>
	<u>214,125,915</u>	<u>254,059,403</u>

**SRI CHAKRA CEMENT LIMITED
SCHEDULES TO ACCOUNTS**

(Amount in Rupees)

Particulars	As at 31/03/2013	As at 31/03/2012
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Note No 9 : Long Term Loans and Advances :

Other Loans and Advances	As at 31/03/2013	As at 31/03/2012
Unsecured, Considered good	-	8,164
Advances for purchase of	-	548,695
- Raw Materials and Coal	-	3,676,656
- Stores and Spares	-	52,741,861
- Other Advances	52,751,260	152,457,000
Deposits with Govt & Others	-	-
OTSPAYMENTS	52,751,260	209,432,376
	<u>52,751,260</u>	<u>209,432,376</u>

Note No 10 : Other Non Current Assets :

(a) Long Term Trade Receivables	As at 31/03/2013	As at 31/03/2012
Unsecured, Considered good	2,933,604	2,933,604
Less Provision for Bad & Doubtful Debts	<u>2,688,257</u>	<u>2,688,257</u>
	245,347	245,347
	<u>245,347</u>	<u>245,347</u>

Note No 11 : Inventories :

(a) Raw Materials	2,906,669	6,782,148
(b) Work-in-progress	39,438,676	9,740,245
(c) Finished goods	8,114,518	1,018,736
(d) Stores and spares	39,291,296	32,696,420
(e) Capital Stores	-	11,353,396
(f) Packing Material	5,126,996	4,931,200
(g) Coal	1,826,477	36,307,298
	<u>96,704,632</u>	<u>102,829,443</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.

Note No 12 : Trade Receivables :

(a) Unsecured, Considered good	7,112,050	4,621,245
(i) Outstanding for a period exceeding Six months	22,446,979	35,563,135
(ii) Outstanding for a period less than Six months	<u>29,559,029</u>	<u>40,184,380</u>
TOTAL		

Particulars	As At		Additions during the Year		As At		Up To		For The		Up To		As At	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Lease Hold Land	124,950,721	-	-	-	39,381,140	4,022,889	43,404,029	81,546,692	85,569,581	645,532,274	656,372,714	61,723,872	70,577,509	393,547,123
Buildings	993,602,287	56,317,550	1,049,919,837	348,070,013	45,477,111	4,022,889	393,547,123	656,372,714	645,532,274	64,086,022	61,723,872	70,577,509	70,577,509	393,547,123
Plant and Machinery	129,511,542	2,789,839	132,301,381	65,425,520	5,151,990	262,537	3,286,711	2,755,287	3,017,824	64,086,022	61,723,872	70,577,509	70,577,509	393,547,123
Electrical Equipment	6,041,998	-	6,041,998	3,024,174	165,286	262,537	3,286,711	2,755,287	3,017,824	64,086,022	61,723,872	70,577,509	70,577,509	393,547,123
Office Equipment	4,216,281	-	4,216,281	2,985,917	1,147,125	165,286	3,151,202	1,065,078	1,230,364	64,086,022	61,723,872	70,577,509	70,577,509	393,547,123
Furniture and Fixtures	15,038,379	-	15,038,379	7,171,599	1,147,125	1,147,125	8,318,724	6,719,655	7,866,780	64,086,022	61,723,872	70,577,509	70,577,509	393,547,123
Quarry Equipment	4,947,504	-	4,947,504	3,644,966	378,289	378,289	4,023,285	924,219	1,302,508	64,086,022	61,723,872	70,577,509	70,577,509	393,547,123
Vehicles	4,193,479	-	4,193,479	3,491,440	101,769	101,769	3,593,209	600,270	702,039	64,086,022	61,723,872	70,577,509	70,577,509	393,547,123
Miscellaneous Assets	1,282,502,192	59,107,389	1,341,609,580	473,194,800	56,706,995	56,706,995	529,901,792	811,707,786	809,307,392	1,282,502,192	59,107,389	1,341,609,580	1,341,609,580	473,194,800
TOTAL														

(Amount in Rupees)

FIXED ASSETS

Note : 8
TANGIBLE ASSETS

NET BLOCK

DEPRECIATION

GROSS BLOCK

SRI CHAKRA CEMENT LIMITED
SCHEDULES TO ACCOUNTS

(Amount in Rupees)

Particulars	As at 31/03/2013	As at 31/03/2012
Note No 13 : Cash and Cash Equivalents:		
(a) Balances with Scheduled Banks :		
— In Current Account	2,803,458	2,599,070
— Deposit Accounts - maturity over 12 months held as margin money for Bank Guarantees	7,792,942	7,218,844
(b) Cash on Hand	389,479	609,775
	10,985,879	10,427,689
Note No 14 : Short term Loans and Advances :		
i) Advances for purchase of		
— Raw Materials and Coal	5,139,934	32,394,522
— Stores and Spares	2,352,301	2,142,464
Advances to Employees	4,375,316	3,392,695
Other Advances	83,528,746	88,813,495
	95,396,297	126,743,176
ii) Other Current Assets :		
(a) Pre Paid Expenses	467,650	911,844
(b) Others	122,154	249,128
	589,804	1,160,972
Note No 15 : Other Current Assets :		
(a) Pre Paid Expenses	467,650	911,844
(b) Others	122,154	249,128
	589,804	1,160,972
Note No 16 : Contingent liabilities and commitments (to the extent not provided for)		
(I) Contingent Liabilities		
Claims against the company not acknowledged as debt		
- Tamilnadu Sales tax Authorities	42.89	42.89
- AP Sales Tax Authorities	591.14	591.14
- AP Sales Tax Authorities Guarantees (Rs. 8.78 being 50% amount of the disputed amount deposited as per Orders of the High Court of AP)	17.57	17.57
- APSPDCL, Guntur	909.72	909.72
(II) Commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	100.00	200.00
Note No 17 : Revenue from Operations :		
Sale of Products :		
(a) Cement Sales	1,487,898,723	1,354,289,913
(b) Clinker Sales	22,751,904	106,234,672
	1,510,650,627	1,460,524,585

SRI CHAKRA CEMENT LIMITED
SCHEDULES TO ACCOUNTS

(Amount in Rupees)

Particulars	As at 31/03/2013	As at 31/03/2012
Note No 18 : Other Income :		
(a) Interest Income	2,532,533	1,911,810
(b) Scrap Sales	17,919,787	8,187,861
(c) Miscellaneous Income	137,484	880,226
(d) Conversion Charges	8,832,000	19,810,800
(e) Profit on chits	151,923	-
	29,573,727	30,790,697
Note No 19 : Cost of Materials Consumed :		
MATERIAL CONSUMED:-		
i) Limestone	59,724,399	43,008,403
ii) Purchase of Traded Goods	83,223,390	122,787,893
iii) Clinker	6,673,895	28,670,068
iv) Other Additives	83,178,719	59,526,020
v) Packing Material Consumption	54,912,779	35,598,982
(vi) Stores & Spares Consumption	43,483,921	72,142,078
	331,197,103	361,733,444
DETAILS OF PURCHASES:-		
Opening Stock	44,409,768	41,638,682
PURCHASES:-		
- Limestone **	59,894,158	42,254,172
- Purchase of Traded Goods	83,223,390	122,787,893
- Clinker	6,673,895	28,670,068
- Other Additives	79,133,479	63,406,454
- Packing Material Consumption	55,108,575	38,794,495
- Stores & Spares	50,078,799	68,591,447
TOTAL PURCHASE	334,112,296	364,504,529
LESS: CLOSING STOCK	47,324,961	44,409,768
COST OF MATERIAL CONSUMED	331,197,103	361,733,443
** Consists of extraction cost and Royalty		
Note No 20: Changes in inventories of finished goods :		
Work - in - process and stock in trade		
(a) Work - in - Process		
Opening Stock	9,740,245	40,962,285
Closing Stock	39,438,676	9,740,245
	(29,698,431)	(31,222,040)
(b) Finished Goods		
Opening Stock	1,018,736	2,535,422
Closing Stock	8,114,518	1,018,736
	(7,095,782)	1,516,686
	(36,794,213)	32,738,726

SRI CHAKRA CEMENT LIMITED		
SCHEDULES TO ACCOUNTS		
(Amount in Rupees)		
Particulars	As at 31/03/2013	As at 31/03/2012
(e) Selling Expenses		
Advertisement and Publicity	7,003,684	9,938,564
Freight, Packing and Forwarding charges	79,294,794	64,731,209
Commission on Sales	2,277,790	1,284,193
Discount	41,630,384	34,376,326
	<u>130,206,652</u>	<u>110,330,292</u>
	<u><u>707,277,265</u></u>	<u><u>550,523,078</u></u>
Details to Note:23		
(i) Payments to the auditors comprises:		
- As auditors - statutory audit	70,000	70,000
- For taxation matters	15,000	15,000
- Reimbursement of expenses	<u>5,000</u>	<u>5,000</u>
	<u>90,000</u>	<u>90,000</u>
Note No. 24 - Information related to Profit and Loss account		
Particulars	Figures for the Year ended 31/03/2013	Figures for the Year ended 31/03/2012
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	1495.77	1312.04
Indigenous	1495.77	1312.04
Total	1495.77	1312.04
Consumption of Spare parts & components		
Imported	434.84	721.42
Indigenous	434.84	721.42
Total	434.84	721.42
d) The amount remitted during the year in foreign currencies	NIL	NIL
e) Earnings in foreign exchange :	NIL	NIL

SRI CHAKRA CEMENT LIMITED		
SCHEDULES TO ACCOUNTS		
(Amount in Rupees)		
Particulars	As at 31/03/2013	As at 31/03/2012
Note No 21 : Employee benefits expenses :		
(a) Salaries , Wages and bonus	68,654,479	60,219,402
(b) Contribution to Provident and other funds	3,128,609	2,696,635
(c) Workmen and Staff welfare Expenses	18,043,920	19,817,568
	<u>89,827,008</u>	<u>82,733,605</u>
Note No 22 : Finance Cost :		
Interest - Others	20,481,156	67,125,022
	<u>20,481,156</u>	<u>67,125,022</u>
Note No 23 : Other Expenses		
(a) Power and Fuel		
Power	176,897,986	113,751,245
Coal	308,214,388	231,422,423
	<u>485,112,374</u>	<u>345,173,668</u>
(b) Direct Manufacturing Expenses	10,665,745	13,160,385
(c) Repairs and Maintenance		
Buildings	2,311,190	2,195,749
Plant	3,507,698	6,545,682
Others	<u>28,870,656</u>	<u>32,965,304</u>
	<u>34,689,544</u>	<u>41,706,735</u>
(d) Administration Expenses		
Travelling and Conveyance	7,529,033	7,433,935
Directors' Travelling and Conveyance	179,745	192,225
Directors' sitting fees	-	1000
Printing and Stationery	1,074,945	879,319
Communication Expenses	909,619	1,132,584
Legal and Professional charges	241,160	345,178
Insurance	1,677,642	1,397,138
Payments to auditors	90,000	90,000
(Refer details (i) given below)	90,000	198,246
Postage & Telegraphs	224,011	1,925,539
Rent	2,298,404	3,323,862
Rates and Taxes	3,690,481	2,225,291
Security Service Charges	2,521,954	1,138,356
Bank Charges	726,877	16,310,373
Lease Rentals	18,531,354	-
Donations	1,255,000	-
Misc Expenses	<u>5,652,726</u>	<u>3,558,952</u>
	<u>46,602,951</u>	<u>40,151,998</u>

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:

- i) Subsidiary Companies
NIL
- ii) Key Management Personnel
NIL
- iii) Relatives of Key Management Personnel
V Naga Lakshmi, K V Naga Lalitha,
- iv) 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 Spinnérs Limited

II. RELATED PARTY TRANSACTIONS

Particulars	Subsidiary Companies	Key Managerial Persons	Relatives of Key managerial Persons	(Rupees in Lakhs)	
				Enterprises Key of Managerial Persons	Total
Lease Rentals				55.80	55.80
Remuneration			163.09		163.09
Interest				0	0
Loans taken				0	0
Others					

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 31.03.2013 and 31.03.2012 to the extent provided for:

	As at 31.03.2013 (Rs. In Lakhs)	As at 31.03.2012 (Rs. In Lakhs)
<u>Deferred Tax Liability</u>		
Depreciation	216.56	495.71
<u>Deferred Tax Asset</u>		
Adjustment u/s 43 B & Other Sections of I T Act	(226.83)	(450.56)
Preliminary Pre - Operative Expenses	0.00	0.00
<u>Net Deferred Tax Liability</u>	<u>(10.27)</u>	<u>45.15</u>

5. EARNINGS PER SHARE:

	As at 31.03.2013	As at 31.03.2012
Basic Earnings per Share	3.38	2.14
Diluted Earnings per Share	3.38	2.14
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 31.03.2013	Previous Year ended 31.03.2012
Profit/(Loss)	174.19	323.53
Weighted average number of Shares outstanding during the year	5,157,024	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.

	Gratuity	Leave Encashment
Profit and Loss Account		
Current Service Cost	3,55,466	1,49,212
Interest Cost on benefit obligation	13,52,086	1,24,969
Expected return on plan assets		
Net Actuarial (gain). Loss recognised in the year	24,66,905	4,07,216
Past services cost		
Net Benefit expense	41,74,447	6,81,397
Actual return on plan assets		
Balance Sheet		
Details of provision for Gratuity		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	1,69,01,073	15,62,113
Interest cost	13,52,086	1,24,969
Current services cost	3,55,456	1,49,212
Benefits paid	(4,60,274)	(1,80,684)
Actuarial (gains)/losses on obligation	24,66,905	4,07,216
Closing defined benefit obligation	2,06,15,246	20,62,826
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	26.36 Years	
Assumptions for the purpose of arriving at the liability on going concern basis		
Date of Valuation	31.03.2013	
Retirement Age	60 Yrs	
Future Salary Rise	7%	
Rate of Discounting	8%	
Attrition Rate	1.00%	
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 Singarutla Lakshmi Narasimha Swamy Temple, Petasangandla (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. BIFR has sanctioned Rehabilitation Scheme for the revival of the company on 14.09.2012, considering OTS made to Financial Institutions and Banks in respect of facilities granted to the company against Term Loans and Working Capital which have since been settled in full by way of One Time Settlement (OTS). Consequently the assets of the company stand 'mortgage free' as there are no charges pending against them.

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 turn around keeping in view the upsurge in the cement industry, and improvement in the operations.

15. 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.

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

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

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

19. 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 : 28.08.2013

For and on behalf of the Board

Sri Chakra Cement Limited

Sd/-

N. KRISHNA MOHAN

Chairman

Joint Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2013

(Amount In Rs.)

CASH FLOW FROM OPERATING ACTIVITIES

Net Profit/(Loss) before tax & Extra-Ordinary items 188610637
Adjustments for : Depreciation 56706995
Operating Profit before Working Capital Changes 245317632

Adjustments for:

Previous year Adjustments 0
Profit after prior period adjustments 245317632
(Increase) / decrease in trade receivables 10625351
Increase / (decrease) in Inventories 6124811
(Increase) / decrease in Short-term loans and advances 31346879
(Increase) / decrease in Long-term loans and advances 156681116
(Increase) / decrease in Other Current Assets 571168
(Increase) / decrease in Other Non-Current Assets (0)
Increase / (decrease) in trade payables 7518023
Increase / (decrease) in long-term provisions 4214886
(Increase) / decrease in long-term borrowings (422561357)
Increase / (decrease) in short-term borrowings (22285100)
Increase / (decrease) in short-term provisions 0
Increase / (decrease) in other current liabilities (39933488)

Cash generated from operations (A) (22380080)

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of fixed assets incl. CWIP (47095380)
Net Cash Flow in Investing Activities (B) (47095380)
Total (A + B) (69475459)

CASH FLOW FROM FINANCING ACTIVITIES:

Calls in Arrears (120330560)
Other Long Term Liabilities (128017782)
Changes in Bank & Other Borrowings 0
Adjustment of prior period 318381991
Net Increase / (Decrease) in Cash and Cash equivalents. 558190
Cash and Cash equivalents (Opening Balance) (01.04.12) 10427689
Cash and Cash equivalents (Closing Balance) (31.03.13) 10985879

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 : 28.08.2013

For and on behalf of the Board

Sri Chakra Cement Limited

Sd/-

N. KRISHNA MOHAN

Chairman

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 _____

of _____ as my/our proxy to vote for me/is on my/our behalf at the Thirty First 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 Monday the 30th day of September, 2013 at 11.00 A.M. and at any adjournment thereof.

Signed this the _____ day of September 2013.

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 Thirty First 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 Monday the 30th day of September, 2013 at 11.00 A.M.

Signature of the Shareholder/Proxy _____