



## DIRECTORS' REPORT

Your Directors hereby present the Thirty Seventh Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

	<u>2009-10</u> <u>(Rs.Lacs)</u>	<u>2008-09</u> <u>(Rs.Lacs)</u>
<b>Gross Revenue</b>	<b>10,004</b>	<b>7,918</b>
<b>Profit before Interest, Depreciation and Tax</b>	<b>1,833</b>	<b>1,202</b>
Less: Interest	142	110
Depreciation	<u>191</u>	<u>136</u>
<b>Profit before tax</b>	<b>1,500</b>	<b>956</b>
Provision for Current tax	480	280
Provision for deferred tax	16	87
Fringe Benefit Tax	<u>-</u>	<u>9</u>
<b>Profit after tax</b>	<b>1,004</b>	<b>620</b>
Tax adjustment of earlier year	14	-
Add: Surplus brought forward from last year.	<u>2,621</u>	<u>2,113</u>
<b>Profit available for appropriation</b>	<b>3,639</b>	<b>2,733</b>
<b>Appropriations :</b>		
General reserve	105	65
Debenture Redemption Reserve	120	-
Dividend	48	40
Dividend Distribution tax	<u>8</u>	<u>7</u>
<b>Balance Carried Forward</b>	<b>3,958</b>	<b>2,621</b>

### DIVIDEND

Your Directors have decided to recommend a dividend of 60% amounting to Rs.6/- per equity share of the face value of Rs.10/- each.

### OPERATIONS AND FUTURE OUTLOOK

The operations of the company remained satisfactory during the year. Though higher sales volume are expected in the current year, margins are likely to be under pressure due to increase in input costs and competition. Details about the performance as also the future outlook are given under the chapter on Financial Highlights and Management Discussions & Analysis in the annexed report on Corporate Governance.

### RIGHTS ISSUE

During the year your company came up with the rights issue of 6% Non-Convertible Debentures (NCDs) of Rs.10/- each with detachable warrants aggregating to Rs.240 lacs in the ratio of 3 NCDs with detachable warrants for every one existing equity share which was fully subscribed.

### Dalmiapuram Works

The production of refractories at this unit, continues to be carried out as per orders received from Dalmia Refractories.

During the year under report, 48714 MT (Previous year 42017 MT) of refractories was manufactured at Dalmiapuram Works.

### Khambalia Works

The production and despatches details of refractories are as under:

	<u>2009-10</u>	<u>2008-09</u>
Production (MT)	<b>37672</b>	<b>38371</b>
Despatches (MT)	<b>36450</b>	<b>35855</b>

## SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

### Wankaner Works

The Company's unit at Wankaner is having the capacity to manufacture 7000 MT per annum. During the year under report, 3344 MT (Previous year 3454 MT) & 3236 MT (Previous year 3039 MT) of refractories was produced and despatched respectively.

### Katni Plant

In order to have better control over quality, the company is setting up production facility for the manufacture of alumina binders, a major raw material for castables. The plant is likely to be in operation by July, 2010.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The particulars as prescribed under sub-section(e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1986, are given in Annexure-A which forms part of the Directors Report.

### LISTING OF SECURITIES

The Securities of the Company are listed at the Stock Exchanges as stated below and the annual listing fees has been paid to each of the Exchanges :-

1. The Madras Stock Exchange Ltd.,
2. The Delhi Stock Exchange Ltd.,
3. The Calcutta Stock Exchange Association Ltd.,

As informed, the trading at Delhi Stock Exchange is likely to be restarted in near future which will facilitate the trading in the securities of the Company.

### CORPORATE GOVERNANCE

Corporate Governance practices as required under clause 49 of the listing agreement of the Stock Exchanges are detailed in a separate chapter in this document. The Auditors Certificate on the compliance of Corporate Governance code is attached as annexure and forms part of this report.

### COMPLIANCE CERTIFICATE

Pursuant to provisions of Section 389A(1) read with the Companies (Compliance Certificate) Rules 2001, copy of Certificate from Company Secretary in whole time practice is attached to this report.

### SUBSIDIARY

The Directors' Report and Accounts of Shri Chamundeswari Minerals Limited, the Company's subsidiary, for the year ended 31<sup>st</sup> March, 2010 are enclosed.

### CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2009-10.

### DIRECTORS

The Board re-appointed Shri C. Nagarajnam as Whole-time Director w.e.f. 1st April, 2010 for a further period till 30th April, 2011, subject to the approval of shareholders.

Shri Deepak Thombre retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.



#### **CEO/CFO REPORT ON ACCOUNT**

As required under Clause 49 of the Listing Agreement, the CEO/CFO's Report on the Accounts is attached.

#### **AUDITORS**

M/s S.S. Kothari Mehta & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment. The auditors have furnished necessary certificate as required under Section 224(1-B) of the Companies Act, 1956 that their re-appointment, if made, would be in conformity with the limits specified in that Section.

#### **DEPOSITS**

As on 31st March, 2010 there is no amount of deposits and interest thereon which remain due for payment or unclaimed by depositors.

#### **PARTICULARS OF EMPLOYEES**

Particulars of employees as required to be furnished under section 217(2A) of the Companies Act, 1956, read with the Rules made thereunder are Nil.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors declare that:

- i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- iv) the Directors had prepared the annual accounts on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Directors also take this opportunity to place on record their appreciation to the Bankers, Employees and all other stakeholders for their continued support to the Company.

**For and on behalf of the Board**

New Delhi  
Dated: 27.05.2010

Deepak Thombre  
**MANAGING  
DIRECTOR**

N. Gopalaswamy  
P.D. Mathur  
**DIRECTORS**

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**ANNEXURE TO DIRECTORS' REPORT**

**ANNEXURE-A**

Disclosure of particulars with respect to conservation of Energy, Technology absorption and Foreign exchange earnings and outgo, as required under Companies (Disclosure of Particulars in the Board of Directors Report) Rules, 1988.

**CONSERVATION OF ENERGY**

- (a) Energy Conservation Measures taken :-  
 (i) To monitor and maintain controlled levels in the areas identified for energy conservation.  
 (ii) Maximum use of natural lighting in plant, to minimise energy of lighting.  
 (iii) Installation of Energy Efficiency Motors and Fans to conserve power.  
 (iv) Using CFL lamps for minimum light required areas.
- (b) Additional Investments and proposals, being implemented for reduction in consumption energy:-  
 Normal induction motors are replaced by high efficiency motors.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods :-  
 Reduction in specific consumption of energy achieved thereby resulting in substantial savings.
- (d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the schedule thereto.

**FORM A**

(Form for Disclosures of Particulars with respect to Conservation of Energy)

<b>A. POWER &amp; FUEL CONSUMPTION</b>		<b>Unit</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>1. ELECTRICITY</b>				
a) Purchased				
Units	(In Lacs)	57.38	59.24	
Total Amount	(Rs. in Lacs)	324.42	261.44	
Rate/Unit	(Rs./Unit)	5.66	5.29	
b) Own Generation				
i) Through Diesel Generator				
Units (In Lacs)		10.75	7.25	
Unit per Ltrs.	(Unit/Ltrs)	3.20	3.28	
Rate/Unit	(Rs./Unit)	10.98	11.49	
ii) Through Steam Turbine/Generator		NIL	NIL	
<b>2. COAL (Steam Coal, Loco, RB Chips, Petroleum coke)</b>				
Quantity	(MT)	8303	7523	
Total Cost	(Rs. in Lacs)	532.54	462.72	
Average Rate	(Rs./MT)	6,431	6,417	
<b>3. LDO</b>				
Quantity	(KL)	25	13	
Total Amount	(Rs. in Lacs)	8.74	4.65	
Average Rate	(Rs./MT)	35,671	36,458	

## B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTS	Standards (If any)	REFRACTORY		CALCINED BAUXITE	
		Current Year	Previous Year	Current Year	Previous Year
Electricity (Unit/MT)	—	67	65	36	36
Coal/Pet Coke (Kgs/MT)	—	90	91	206	204
LDO (Ltrs/MT)	—	—	—	1.10	0.67

### FORM B

(Form of Disclosure of Particulars with respect to Technology Absorption)

#### RESEARCH AND DEVELOPMENT (R & D)

**1. Specific areas in which R & D is carried out by the Company.**

- a) Developed silicon carbide bricks with 10% SiC
- b) Insulation Castables developed.

**2. Benefits derived as a result of the above R & D.**

Enhancing customer base and meeting specific application/performance requirement of the customers due to (a) wider product spectrum (b) Deriving more revenue

**3. Future plan of action.**

- a) Development of pourable insulation castable for government sectors.
- b) Development of high thermal property materials suitable for glass industries.

**4. Expenditure on R & D.**

	Rs. in Lakhs
(A) Capital	19.94
(b) Recurring & Others	18.24
(C) Total	38.18
(d) Total R & D expenditure as a percentage of total turnover	0.38

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Ongoing process.

**Benefits derived as a result of the above :-**

Continuous value addition to the products resulting in wider customer base and satisfaction.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The goods manufactured by us are exported by Dalmia Refractories to Gulf and African Countries. The particulars of foreign exchange earned/utilised are given in note 10 of Schedule 20 to the Accounts.

# SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

## Report on Corporate Governance

### Company's Philosophy on Corporate Governance

SNCCIL (Shri Nataraj Ceramic and Chemical Industries Ltd.) believes in adopting the best practices in the areas of Corporate Governance and stand committed to good corporate governance. The spirit of Corporate Governance is shaped by the very value of transparency, professionalism and accountability, and high levels of integrity in decision making. We have identified four core values Learning, Teamwork, Speed and Excellence which are being institutionalized in our organization. Our policies consistently undergo improvements keeping in mind our goal of maximisation of value of all the stakeholders. The stipulations of Corporate Governance as mandated by clause 49 of the listing agreement which became applicable to your Company in June 2008 have been fully complied with since then.

This chapter, inclusive of Management Discussion and Analysis and Additional Shareholders Information, reports SNCCIL's compliance with the Clause 49.

### I. Board of Directors

#### Composition of the Board

As on 31<sup>st</sup> March 2010, the company's Board comprised four members - two Executive Directors and two Independent Directors. The Chairman of the Board of Directors is decided in the meeting itself. The composition of the Board is in conformity with Clause 49 of the listing agreement, which stipulates that if the Chairman is Non-Executive, and is not related to the promoters or persons occupying management positions at the Board level or at one level below the Board, one-third of the Board should be independent, or else, half of the Board should comprise Independent Directors.

#### Number of Board Meetings

The Board of Directors met six times during the year on 29.05.2009, 07.07.2009, 28.07.2009, 14.08.2009, 26.10.2009, and 29.01.2010. The maximum gap between any two meetings was less than 4 months.

#### Directors' Attendance Record and Directorships Held

As mandated by the Clause 49, none of the Directors are members of more than ten Board level Committees or Chairman of more than five Committees in which they are members. Details of the composition of the Board and attendance are given below:

#### Composition of the Board of Directors

Name of the Directors	Category	Attendance Particulars			No. of other Directorships <sup>②</sup>	No. of Committee memberships/ <sup>①</sup> chairmanships	
		Number of Board Meetings		Last AGM		Committee Memberships	Committee Chairmanships
		Held	Attended				
Shri N. Gopalaswamy	Independent	6	2	Yes	6	1	1
Shri P.D. Mathur	Independent	6	6	No	None	3	None
Shri Deepak Thombre Managing Director	Executive	6	6	No	None	3	None
Shri C. Nagarajann Whole-time Director	Executive	6	5	Yes	1	None	None

② The Directorships held by the Directors do not include Directorship of foreign companies and private limited companies.

① The number reported includes the chairmanship/membership in the committees of the company.

#### Information Supplied to the Board

The Board has complete access to all information with the company. Adequate information including any important development connected with the business of our company is circulated well in advance of the Board Meetings as part of the agenda papers and also placed at the meeting to enable the Board to take an informed decision.

### Remuneration Paid To Directors

The terms of appointment & remuneration payable to the Executive Directors is decided by the Board of Directors, with the interested executive director not participating/voting subject to approval of the shareholders at the general meetings. The Independent Directors, apart from the sitting fees, are paid a commission at the rate of 1% of each year's profit of the Company calculated in accordance with the provisions of the Company's Act, subject to the maximum of Rs.3 lacs in aggregate as approved by the shareholders in their general meeting. Hence, there is no separate remuneration committee. The details of remuneration paid, during the year, to Executive Directors and Independent Directors are given below:-

#### Details of remuneration paid to Directors for 2009-10

(Rs.Lacs)

Name of the Directors	Category	Sitting Fees	Salary and Perquisites	Retirement Benefits	Commission
Shri N. Gopalaswamy	Independent	0.09	-	-	1.50
Shri P.D. Mathur	Independent	0.11	-	-	1.50
Shri Deepak Thombre Managing Director	Executive	0.11	@	-	-
Shri C. Nagarathnam Whole-Time Director	Executive	-	14.34	3.33	-

@ Services of Shri Deepak Thombre are being availed from Daimla Cement (Bharat) Limited on sharing basis at service charges of Rs 18 lacs per annum plus applicable service tax.

### Code of Conduct

SNCCIL's Board has laid down a code of conduct for all Board members and designated senior management of the Company. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the CEO and CFO to this effect is enclosed at the end of this report.

### Risk Management

SNCCIL has a risk management framework in place. Under this framework the management identifies and monitors business risks on a continuous basis, and initiates appropriate risk mitigation steps as and when deemed necessary. SNCCIL has established procedures to periodically place before the Board the risk assessment procedures being followed by the company and steps taken by it to mitigate those risks through a properly defined framework.

### H. Committees of the Board

The company has three Board-level Committees - Audit Committee, Investors' Grievance Committee and Right Issue Committee.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members is taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

#### a) Audit Committee

As on 31st March, 2010, the Audit Committee comprises of three members - two Independent Directors and one Executive Director. All members of the Audit Committee have requisite accounting and financial management expertise. Shri C.N. Maheshwari, Company Secretary, is the secretary to the Committee and being the officer responsible for the finance function regularly attended the Meetings. The head of internal audit and the representative of the statutory auditors may be invited by the Audit Committee to its meetings whenever deemed necessary.

## SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

The Audit Committee met four times during the year on 29<sup>th</sup> May 2009, 28<sup>th</sup> July 2009, 26<sup>th</sup> October 2009 and 29<sup>th</sup> January, 2010. The time gap between any two meetings was less than four months. The details of the Audit Committee are given below:-

### Attendance Record of SNCCIL'S Audit Committee

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
1. Shri N. Gopalaawamy	Independent	Chairman	4	2
2. Shri P.D. Mathur	Independent	Member	4	4
3. Shri Deepak Thombre	Executive	Member	4	4

The Chairman of the Audit Committee was present at the Annual General Meeting (AGM) held on 9<sup>th</sup> September, 2009.

Pursuant to clause 49 of the listing agreement, the Audit Committee of the Board deals with matters relating to financial reporting, results of operations, significant related party transactions, internal audit reports relating to internal control weaknesses, uses/applications of funds etc. The unaudited/audited quarterly financial results of the Company are also specifically reviewed by the audit committee before these are submitted to the Board for approval. Minutes of each Audit Committee Meeting are placed before the Board for noting.

### b) Investors' Grievance Committee

The Shareholders' Grievance Committee was renamed as Investors' Grievance Committee effective 26th October, 2009. As on 31st March 2010, the committee comprises of two members - One Independent Director and one Executive Director. Shri.C.N.Maheshwari, Company Secretary, is the Secretary of the Committee.

The terms of reference to this Committee is to look into and redress the complaints received from investors, in coordination with the Company's Registrars and Share Transfer Agent. It also periodically place on record the memorandum of securities transfers and transmissions received from the Share Transfer Agent and approves the issue of new Certificates in lieu of consolidation, split etc.

The Committee met 6 times during the year. The details of the Investors' Grievance Committee are given below:-

### Attendance Record of SNCCIL'S Investors' Grievance Committee

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
1. Shri P.D. Mathur	Independent	Member	6	6
2. Shri Deepak Thombre	Executive	Member	6	6

During the year complaints received from investors were resolved in time to the satisfaction of the concerned investors. At the close of the year there were no cases pending in respect of share transfers. Details regarding the same are given below:-

### Nature of complaints received and attended to during 2009-10

Nature of Complaint	Pending as on 1st April 2009	Received during the year	Answered during the year	Pending as on 31st March 2010
1. Transfer / Transmission / Duplicate	Nil	4	4	Nil
2. Non-receipt of Dividend / interest / Redemption Warrants	Nil	54	54	Nil
3. Non-receipt of securities / electronic Credits	Nil	11	11	Nil
4. Complaints received from:				
- Securities and Exchange Board of India	Nil	4	4	Nil
- Stock Exchanges	Nil	Nil	Nil	Nil
- Registrar of Companies Department of Company Affairs	Nil	1	1	Nil
5. Others	Nil	10	10	Nil
Total	Nil	84	84	Nil



The name and designation of the Compliance Officer is as follows:-

- Shri C.N. Maheshwari, Company Secretary.

#### c) Rights Issue Committee

As on 31st March, 2010, the Committee comprises of two members - One Independent Director and one Executive Director. Shri C.N. Maheshwari, Company Secretary, is the Secretary of the Committee. The Committee met three times during the year.

The terms of reference to this Committee has been to look into the appointment of Merchant Banker(s), Debenture Trustee, Legal Adviser to the issue and any other agencies as has been required in relation to the rights issue of the company. Committee has been authorized to execute all documents, deeds and things as are necessary in relation to the proposed rights issue of the Company

#### Subsidiary Companies

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

As on 31<sup>st</sup> March 2010, under this definition, SREIL does not have a 'material non-listed Indian subsidiary'.

### III. Financial Highlights and Management Discussion & Analysis

#### Financial Highlights

	Rs. In lacs		
	F.Y. 2010	F. Y. 2009	Growth %
Sales/Processing charges	10004	7918	26.35
Net Sales	9403	7276	29.23
PBT	1500	856	56.90
PAT	1004	620	61.94

The company has reached new milestones surpassing all previous records in terms of sales turnover and profit earning during the year under report.

The Gross Sales & PBT of the Company registered an increase of 26.35% & 56.90% respectively over the previous year. The Company has also increased its annual refractory manufacturing capacity to 94,000 MT from 83000 MT per annum during the year.

#### Management Discussion and Analysis

The refractory industry is mainly dependent on the growth of steel & cement industries. Refractories are also used by copper, aluminium, glass, petrochemical, coke oven plant etc. The demand is likely to pick up with the signs of growth in the user industries.

#### Opportunities

With the growth of steel & cement industry, and the likely emphasis of the Government on infrastructure growth, significant capacities are likely to be added in both Cement & Steel Sector in the near future, pushing up demand for refractories in years to come. Your company is known for its quality products in the industry and is looking at the opportunities for both organic & inorganic growth. The Company is setting up a unit at Katni (M.P.) for manufacture of Alumina Cement, a main raw material for castables which will help it in being more competitive in terms of quality and price and increase its shares in this segment.

#### Risks & Concerns

Our major product segment is highly fragmented which results in strong competitive pressures. Volatility in the prices particularly of bauxite of higher grade, one of our major raw materials, mainly imported from China also continue to be a cause of concern.

# SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

Your company is continuously taking steps through in-house R & D to reduce costs by looking for alternate materials. The import of refractory products is also on the increase. This coupled with the excess capacity available for refractory production in the country is putting pressure on the margins of the company.

## Human Resources

Industrial relation continued to be cordial through the year under review. There has not been any substantial change in the number of employees on the roll of the company.

## Internal Control System

The Company has an internal audit system commensurate with the size of the company which covers desired level of audit of various spheres of activities of the company to ensure that the laid down system and procedure are adequate and followed. The audit reports are presented to the Audit Committee of the Board which meets at periodical intervals.

## IV. Disclosures

Related party transactions in the ordinary course of business have been disclosed as Note to Accounts in the Annual Report. No transactions were made that had the possibility of injuring the Company's interests. The Company complied with the regulatory requirements on capital markets. No penalties/strictures have been imposed against it.

The Company has complied with the requirements of Section 205C of the Companies Act, 1956 and as such an amount of Rs.0.28 Lacs of matured fixed deposits and interest thereon which remained unclaimed for a period of seven years was transferred to the Investor Education & Protection Fund as specified under the Section.

## Disclosure of Accounting Treatment in Preparation of Financial Statements

SNCCIL has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

## Details of Non-Compliance by the Company

SNCCIL has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

## Code for Prevention of Insider-Trading Practices

In compliance with the SEBI regulations, on prevention of insider trading, the company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with securities of company, and cautioning them of the consequences of violations.

## Disclosure of particulars of persons constituting "Group" pursuant to Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Shri V.H. Dalmia, Shri M.H. Dalmia, Smt. Abha Dalmia, Shri Jai Hari Dalmia, Smt. Kavita Dalmia, Shri. Gautam Dalmia, Shri Gautam Dalmia (HUF), Smt. Anupama Dalmia, Kumar Suresh Dalmia, Kumar Vaidishi Dalmia, Kumari Sumana Dalmia, Suresh Trust, Vaiden Trust, Sumana Trust, Shri. J.H. Dalmia (HUF), Shri. Y.H. Dalmia, Smt. Bela Dalmia, Shri. Purnot Dalmia, Smt. Avantiika Dalmia, Kumar Shrutpriya Dalmia, Kumari Avantiika Dalmia, Shrutpriya Dalmia Trust, Shri Y. H. Dalmia (HUF), Avantiika Trust, Shri. R.H. Dalmia, Mst. Priyang Dalmia, Priyang Trust, Raghu Hari Dalmia Parivar Trust

Mayuka Investment Ltd., Sita Investment Co. Ltd., Rama Investment Co. Pvt. Ltd., Kavita Trading & Investment Co. Pvt. Ltd., Purnot Trading & Investment Co. Pvt. Ltd., Shree Niman Ltd., Himturi Commercial Ltd., Vadcy Agro Industries Ltd., Aprox Abrasives Ltd., Ankita Properties Ltd., Shri Chamundeswari Minerals Ltd., Dalmia Cement (Bharat) Ltd., D.I. Properties Ltd., Avniya Properties Ltd., Himshiya Properties Ltd., Himshikhar Investment Ltd., Kanika Investment Ltd., Ishita Properties Ltd., Zip Ahead.Com Ltd., Geetee Estates Ltd., Dalmia Sular Power Ltd. (Formerly Shri Rangam Brokers & Holdings Ltd.), Shri Rangam Properties Ltd., Arjuna Brokers & Minerals Ltd., Dalmia Minerals & Properties Ltd., Dalmia Power Ltd. (Formerly Seeta Estates & Brokers Ltd.), Shri Racha Krishna Brokers & Holdings Ltd., Dalmia Bharat Enterprises Ltd. (Formerly Sri Krishna Mines & Minerals Ltd.), DCB Power Ventures Ltd. (Formerly Sri Madhava Minerals & Properties Ltd.), Sri Shanmugha Mines & Minerals Ltd., Sri Swaminatha Mines & Minerals Ltd., Sri Subramanya Mines & Minerals Ltd., Avanti and Ashri Securities Pvt. Ltd., Keshav Power Pvt. Ltd., Sri Dhandauphani Mines & Minerals Ltd., Sri Madhusudhana Mines & Properties Ltd., Sri Trnkrama Mines & Properties Ltd., Dalmia Cement Ventures Ltd., Dalmia Sugar Ventures Ltd., OCL India Ltd., Cosmos Cements Ltd., Sutnga Mines Pvt. Ltd., Golden Hills Resort Pvt. Ltd., Rajputana Properties Pvt. Ltd.,

#### V. CEO/CFO certification

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

#### Reappointment of Directors

Pursuant to the Articles of Association of SNGCIL, at every Annual General Meeting of the Company, one-third of the rotational Directors retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third retire from office. And if at any time the number of Directors (including Managing or Whole-Time Director) as are not subject to retirement by rotation exceed one-third of the total number of the Directors for the time being then such of the Managing Directors or Whole-Time Directors shall also be liable to retire by rotation to the intent that the number of Directors not liable to retire by rotation shall not exceed one-third of the total no. of Directors for the time being.

Accordingly, Shri Deepak Thombre, Managing Director retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Shri Deepak Thombre, is an Engineering Graduate with Masters in Management Studies and has over 30 years of experience in managerial capacities in various organizations of repute.

#### Reappointment of Whole-Time Director

Pursuant to the Articles of Association of the Company, section 198, 309, 269 and other provisions of Company Law read with Schedule XIII thereto and applicable laws, Shri C. Nagarathnam has been re-appointed as the Whole-Time Director by the Board for a further period till 30th of April, 2011 w.e.f. 1st of April, 2010, subject to the approval of the shareholders.

Shri C. Nagarathnam aged 58 years joined the Company as Sr. General Manager in February 1999. He was appointed as Whole-time Director of the Company for a period upto 31st March 2010 w.e.f. 27th January, 2009. Shri C. Nagarathnam holds BE Mechanical degree and has above 30 years of experience.

His reappointment is to be confirmed by the shareholders in the forthcoming Annual General Meeting.

#### Means of Communication with Shareholders

The Board of Directors of the Company approves and takes on record the unaudited financial results in the format prescribed by the Stock Exchanges within the stipulated period from the close of every quarter and such results are published in one English daily newspaper with wider circulation and one daily newspaper in the language of region, where the registered office of the company is situated, in accordance with the listing agreement. The Company also publishes its annual audited results in these newspapers within the stipulated period.

#### Shares and Convertible Instruments held by Non-Executive Directors

Details of the shares held by the non-executive directors as on 31<sup>st</sup> March, 2010 are given below:-

##### Details of the shares held by the Non-Executive Directors

Name of the Director	Category	Number of shares Of Rs.10/- each held	No. of Convertible Instruments held
Shri P.D. Mathur	Independent	Nil	Nil
Shri N. Gopalaswamy	Independent	18	Nil

#### VI. General Body Meetings

Details of the last three Annual General Meetings (AGMs) are given below:-

##### Details of last three AGMs

Financial year	Date of AGM	Time	Location
2008-09	09.09.09	10.00 am	Dalmiapuram, Tiruchirapalli District, Tamil Nadu
2007-08	29.08.08	10.00 am	Dalmiapuram, Tiruchirapalli District, Tamil Nadu
2006-07	30.08.07	11.30 am	Dalmiapuram, Tiruchirapalli District, Tamil Nadu

During the year No Extraordinary General Meeting was held.

# SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

## Special resolutions passed during the last three AGMs

Date of AGM	Particulars
29.09.2009	<ol style="list-style-type: none"> <li>1. Appointment of Shri Deepak Thombre as Director and Managing Director of the Company w.e.f. 01.11.2008 for a period of three years.</li> <li>2. Appointment of Shri C.Nagaratnam as Director and Whole-Time Director of the Company w.e.f. 27.01.2009 for a period upto March, 2010.</li> <li>3. Alteration of the Articles of Association w.r.t. the commission payable to Directors.</li> <li>4. Alteration of the Articles of Association with respect to the retirement by rotation of Directors including Managing Director and Whole-Time Directors with the intent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being</li> </ol>
29.08.2008	VI
30.08.2007	A.I

### Postal Ballot

During the financial year 2008-09 the following special resolutions were passed by receiving the consent of the shareholders through postal ballot pursuant to section 192A of the Companies Act, 1958 read with Companies (Passing of Resolution by Postal Ballot), Rules 2001. Mr. N.C. Khanna, practicing Company Secretary was appointed as Scrutinizer to conduct and report the postal ballot result.

Reference of Section	Purpose of the resolution
Resolution for issue of securities under section 80 and 81(1A) of the Companies Act, 1956.	To raise finances not exceeding Rs.20 Crores by issue of securities as may be decided by the Board of Directors.
Resolution to increase the Authorized share capital under section 94(1)(a).	To increase the authorized capital of the company from Rs.3,00,00,000/- consisting of 25,00,000 Equity Shares of Rs.10/- each and 5,00,000 unclassified Shares of Rs.10/- each to Rs.5,00,00,000/- consisting of 50,00,000 Equity Shares of Rs.10/- each.
Resolution for alteration of articles under section 31 of companies Act, 1956.	To Amend the Capital Clause in the Memorandum and Articles of Association of the Company
Resolution for alteration of articles under section 31 of companies Act, 1956	Insertion of articles relating to: (1) issue, deposit share warrant and privileges of holders of share warrants. (2) conversion of Shares into Stock and re-conversion, transfer of stock, rights of stock holders and regulations to be applicable to stock and share holder warrants.

All the resolutions were passed with requisite majority.

### VII. Mandatory Requirements

SNCCIL has complied with the applicable mandatory requirements of the revised Clause 49 of the listing agreement.

### VIII. Additional Shareholders Information

#### Annual General Meeting

Date : 25th August, 2010  
 Time : 10.30 A.M.  
 Venue : Dalniapuram, P.O.Kallakudi -621651,  
 Dist. Tiruchirappalli, Tamil Nadu.



### Financial Calendar

Financial Year : 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011

For the year ended 31<sup>st</sup> March, 2011, results will be announced on:

- First quarter : By Mid of August, 2010
- Second quarter : By Mid of November, 2010
- Third quarter : By Mid of February, 2011
- Fourth quarter : By End of May, 2011

### Book Closure

The dates of book closure are from 18th August, 2010 to 25th August, 2010 inclusive of both days.

### Dividend Payment

Your directors have recommended a final dividend of 60% amounting to Rs.6 per equity share having face value of Rs.10/- each. The final dividend will be paid after the approval of shareholders at Annual General Meeting.

### Listing

Listing on stock Exchanges in respect of the Securities of the Company is as under:

- a) The Delhi Stock Exchange Limited  
DSE House, 3/1, Asaf Ali Road, New Delhi-110 002.
- b) Calcutta Stock Exchange Association Limited  
7, Lyons Range, Calcutta-700 001.
- c) The Madras Stock Exchange Limited  
Exchange Building, P. B.No.163,  
11, Second Line Beach, Chennai-600 001.

The listing fees for the year 2010-11 has been paid to all the above stock exchanges.

### Market Price Data

The Stock Market Data for the company is not available as the securities of the company have not been traded for last several years.

### Distribution of Shareholding

The distribution of the shareholding of the equity shares of the company by size and by ownership class as on 31<sup>st</sup> March, 2010 is given below.

#### Shareholding pattern by size

Category (Amount of equity Shares held)(Rs.)	No. of Shareholders	% of Shareholders	Amount of shares held (Rs.)	% of Amount
1-5000	5258	98.58	3242120	40.53
6001-10000	43	0.81	306570	3.82
10001-20000	10	0.19	154440	1.93
20001-30000	6	0.11	146760	1.83
30001-40000	3	0.06	115250	1.44
40001-50000	2	0.04	85500	1.07
50001-100000	2	0.04	149000	1.86
100001 and above	10	0.19	3801360	47.52
<b>Total</b>	<b>5334</b>	<b>100.00</b>	<b>8000000</b>	<b>100.00</b>

# SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

## Shareholding Pattern by ownership

Particulars	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Banks	10	0.19	1262	0.16
Directors	2	0.04	58	0.01
H.U.F	3	0.06	200	0.03
Bodies Corporate	43	0.81	16906	2.10
Non Resident Indians	11	0.20	1588	0.20
Promoters Bodies Corporate	11	0.20	329281	41.16
Resident Individuals	5254	98.50	450695	56.34
TOTAL	5334	100.00	800000	100.00

## Dematerialisation of Securities

The securities of the Company can be traded in electronic form both on Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

ISIN No.(for Dematerialised Shares): INF200F01017, ISIN No. (for Dematerialised Debentures): INE200F07014, ISIN No. (for Dematerialised Warrants): INE200F13012.

As on 31st March, 2010, 14.61% of Equity Shares of the Company were held in dematerialized form.

## Outstanding GDRs / ADRs / Warrants or any convertible instruments.

During the year the company issued 24 lac 6% Non-Convertible Debentures (NCDs) of Rs.10 each with detachable warrants aggregating to Rs.240 lacs to the existing equity shareholders on rights basis in the ratio of 3 NCDs with detachable warrants for every 1 existing equity share. Accordingly there are 24 lac detachable warrants convertible into equity shares at the option of the company within a period of 18 months from the date of allotment (14th of August, 2009) at a price as may be decided by the board, provided however that the warrant exercise price will not exceed Rs.200/- and will not be below Rs.10/-. The conversion may result in the increase of paid up capital of the company by Rs.240 lacs depending upon the response from the warrant holders.

## Registrar and Transfer Agent

### Karvy Computershare Private Limited

Plot Nos. 17 to 24, Vittal Rao Nagar, Madhapur, HYDERABAD-500081.

## Share Transfer System

The share transfers in the physical form are presently processed by the Registrars and Transfer Agents and returned within a period of 30 days. The company's Equity Shares are tradable in dematerialized form since May 2002.

Under the dematerialized system, the Shareholder can approach a Depository Participant (DP) for getting his shares converted from physical form to dematerialized form. The DP will generate a request for the dematerialization, which will be sent by him to the Company's Registrars and Transfer Agents. On receipt of the same the shares will be dematerialized.

## Details of Plant Locations and Address for Correspondence

Registered Office Address & Dalmiapuram Plant	Khambalia Plant	Wankaner Plant	Head Office and Correspondence Address
Shri Nataraj Ceramic and Chemical Industries Ltd., Dalmiapuram, P.O.Kallakudi-621 651 Dist.Tiruchirapalli, TAMIL NADU Phone: 04329-235133 Fax: 04329-235122	Shri Nataraj Ceramic and Chemical Industries Ltd., Jam-Khambalia-361305 Dist.Jamnagar, GUJARAT Phone: 02833-234037 Fax :02833-234038	Shri Nataraj Ceramic and Chemical Industries Ltd. 23/27, G.I.D.C., Wankaner-363 622. Gujarat	Shri Nataraj Ceramic and Chemical Industries Ltd. 4, Scindia House, New Delhi-110001 Phone: 23324135 Fax: 23324136



To  
The Board of Directors,  
Shri Nataraj Ceramic and Chemical Industries Ltd.,

Dear Sirs,

1. We have reviewed the Balance Sheet, Profit and Loss account and all its schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31<sup>st</sup> March, 2010 and certify that to the best of our knowledge and belief.
  - 1) These Statements do not contain any materially untrue statement or omit any material fact or contain Statements that might be misleading;
  - 2) These Statements read together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining Internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of Internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems.

Place: New Delhi  
Dated: 27.05.2010

C. N. MAHESHWARI  
Chief Financial Officer

DEEPAK THOMBRE  
Chief Executive Officer

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

The Members,  
Shri Nataraj Ceramic and Chemical Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Shri Nataraj Ceramic and Chemical Industries Ltd., for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days.

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 **S.S. Kothari Mehta & Co.**  
**Chartered Accountants**  
Firm Registration No.000758N

(**Arun K. Tulsiani**)  
Partner  
Membership No.89907

Place: New Delhi  
Dated: 27.05.2010

To  
The Board of Directors,  
Shri Nataraj Ceramic and Chemical Industries Limited

Dear Sirs,

I do hereby certify that the all the Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the Code of Conduct laid down by the Board of Directors of the Company in their Meeting held in June, 2008.

This certificate is being given in compliance with the requirements of Clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchange(s).

Place: New Delhi  
Dated: 27.05.2010

**DEEPAK THOMBRE**  
Chief Executive Officer



## COMPLIANCE CERTIFICATE

To,  
The Members,  
**Shri Nataraj Ceramic and Chemical Industries Limited**  
Oalmiapuram

CIN No.L24297TN1973PLC008372

I have examined the registers, records, books and papers of Shri Nataraj Ceramic and Chemical Industries Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company and its officers, I certify that in respect of the aforesaid financial year:-

1. The company has kept and maintained all registers as stated under, as per the provisions and the rules made thereunder and all entries therein have been duly recorded:
  - i) Register of Members u/s 150 (through the Registrar & Transfer Agent of the Company);
  - ii) Register of Share Transfer (through the Registrar & Transfer Agent of the Company);
  - iii) Books of Accounts u/s 209;
  - iv) Minutes Books of Board Meetings and Shareholders Meetings;
  - v) Register of Directors and Shareholders Attendance;
  - vi) Register of Charge u/s 143;
  - vii) Register of Contracts in which Directors are interested u/s 301;
  - viii) Register of Directors etc. u/s 309;
  - ix) Register of Directors Shareholding u/s 307;
  - x) Register of Investments, loans u/s 372A.
2. The company has duly filed the forms and returns as stated under, with the Registrar of Companies :
  - i) Annual Accounts u/s 220;
  - ii) Annual Return u/s 159;
  - iii) Compliance Certificate u/s 383A;
  - iv) Form -23 (Appointment of Managing Director, Whole-Time Director, Alteration of AOA);
  - v) Form -32 (for Managing Director and Whole-Time Director)
  - vi) Form -25C (return of appointment of Whole-Time Director)
  - vii) Form -8 (for modification of charge)
  - viii) Form -10 (for creation of charge w.r.t. The Debentures)
3. The Company is a Public Limited Company and its paid-up capital is Rs.80 lacs.
4. The Board of Directors duly met six times during the year on following dates in respect of which meetings proper notices were given and the proceedings of which were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose:  
Date of Meetings of Board
  - i) 29.06.2009
  - ii) 07.07.2009
  - iii) 28.07.2009
  - iv) 14.08.2009
  - v) 28.10.2009
  - vi) 29.01.2010
5. The Company has closed its Register of Members from 03.09.2009 to 09.09.2009 (both days inclusive) and necessary compliance of section 154 of the Companies Act has been made.
6. The Annual General Meeting for the financial year ended on 31.3.2009 was held on 8<sup>th</sup> September 2009 after giving due notice to the members of the Company and resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in Section 295 of the Act.
9. The Company has not entered into any contract covered under the provisions of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The provisions of Section 314 of the Act were not applicable to the Company during the financial year.
12. Duplicate share certificates have been issued by the Company during the year.

## SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

13. The Company:
  - i) has delivered all certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act through its RTA.
  - ii) deposited Rs.40,00,000 in a separate Bank Account within five days from the date of declaration of final dividend for the financial year 2008-09.
  - iii) posted warrants for dividend to the members of the Company within the stipulated period from the date of declaration and all the unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company.
  - iv) An amount of Rs.28000 on account of matured deposits and interest thereon which have remained unclaimed or unpaid for a period of seven years had been transferred to the Investor Education and Protection Fund
  - v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors is duly constituted and the appointment of all directors has duly been made.
15. The Company has re-appointed Whole-time Director during the financial year in compliance with the provisions of the Act.
16. No sole selling agent has been appointed during the year.
17. The Company was not required to obtain any approval from Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under various provisions of the Act.
18. The Directors duly disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and Rules made thereunder.
19. The Company has issued 6% Non-Convertible Debentures alongwith Detachable Warrants on right basis to the existing shareholders of the Company and duly complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company was not required to redeem any preference shares/debentures during the year.
22. The Company was not required to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not taken deposits during the financial year, under the provisions of Section 58A and 58AA read with the Companies (Acceptance of Deposits) Rules, 1975.
24. The total amount borrowed by the Company during the financial year ending 31st March, 2010 is within the borrowing limits of the Company and that necessary resolution as per section 293(1)(d) of the Act has been duly passed.
25. The Company has made loans and investments to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the Register kept for the purpose.
26. The Company has not altered the provisions of Memorandum with respect to situation of the Company's Registered Office during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to objects of the Company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association after obtaining approval of members and the amendments to the Articles of Association have been duly registered with the Registrar of Companies.
31. There was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for the offences under the Act.
32. No amount has been received as security from its employees during the year.
33. The Company has deposited both employees and employees contribution to Provident Fund with prescribed authorities pursuant to Section 41B of the Act.

New Delhi  
Date: 27.05.2010

(B.D. Tanya)  
C.P. No.2059

**AUDITORS' REPORT TO THE MEMBERS OF SHRI NATARAJ CERAMIC  
AND CHEMICAL INDUSTRIES LIMITED**

We have audited the attached balance sheet of **SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED**, as at 31st March, 2010, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (Collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes of our audit;
- b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

- f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Accounting policies and 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 the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
  - ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
  - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for **S.S. KOTHARI MEHTA & CO.**  
Chartered Accountants  
Firm Registration No.000756N

Place : New Delhi  
Date : 27.05.2010

**ARUN K. TULSIAN**  
**PARTNER**  
Membership No.88907



## **ANNEXURE TO AUDITORS' REPORT**

**(Annexure referred to in our report of even date)**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Verification of the fixed assets is being conducted based on a programme by the management designed to cover all assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.
- (c) No substantial part of the fixed assets was disposed off during the year.
2. (a) The inventory has been physically verified during the year by the management at all its locations. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (b) to (d) of the Order are not applicable.
- (b) The company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (f) and (g) of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.

## SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with its size & nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government of India under section 209(1) (d) of the Companies Act, 1956 in respect of any of the products manufactured by the Company.
9. (a) According to the examination of records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities during the year. There are no such dues outstanding for more than six months from the date they became payable as on the date of balance sheet.
- (b) According to the information and explanations given to us, and as per the books and records examined by us, there are no dues of income tax, customs duty, excise duty, service tax, wealth tax, and cess that have not been deposited on account of any dispute except the following dues of sales tax along with the forum where the dispute is pending:

Name of the Statute	Nature of Dues	Year to which Amount pertains	Forum	Amount
Gujarat Value Added Tax Act, 2003	Sales Tax	2001-02	Tribunal, Ahmedabad	55.07

10. There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chil fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. According to the records of the company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the company have been applied for the purpose for which they were obtained.



17. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, in our opinion, generally, there are no funds raised by the company on short term basis, which have been used for long term investment.
18. The Company has not made any preferential allotment of shares, during the year, to companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has created necessary securities and other charges for the debentures issued in the current financial year.
20. The Company has raised funds during the year through a Rights Issue. Funds have been utilized for the purpose defined in the Letter of Offer. (Refer note no. 16 of Schedule 20).
21. During course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

for **S.S. KOTHARI MENTA & CO.**  
Chartered Accountants  
Firm Registration No.000756N

**ARUN K. TULSIAN**  
**PARTNER**  
Membership No.89907

Place : New Delhi  
Date : 27.05.2010

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**BALANCE SHEET  
AS AT 31ST MARCH, 2010**

	Schedule No.	As at 31.03.2010		As at 31.03.2009	
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	1	80.00		80.00	
(b) Reserves and Surplus	2	<u>4,042.40</u>	<u>4,122.40</u>	<u>3,080.13</u>	3,160.13
<b>2. Loan Funds</b>					
(A) Secured Loans	3	<u>1,698.16</u>		1,594.63	
(b) Unsecured Loans	4	<u>125.00</u>	<u>1,823.16</u>	<u>125.00</u>	1,719.63
<b>3. Deferred Tax</b>	5		<u>220.00</u>		<u>204.50</u>
<b>TOTAL</b>			<u><b>6,165.56</b></u>		<u><b>5,084.26</b></u>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
(a) Gross Block		<u>3,878.72</u>		3,817.02	
(b) Less : Depreciation		<u>1,969.58</u>		1,794.28	
(c) Net Block	6		<u>1,909.14</u>		1,822.74
(d) Capital Work in progress			<u>44.07</u>		162.41
<b>2. Investments</b>	7		<u>1,269.51</u>		360.03
<b>3. Current Assets, Loans and Advances</b>					
(a) Inventories	8	<u>3,373.89</u>		1,933.40	
(b) Sundry Debtors	9	<u>1,558.25</u>		1,541.89	
(C) Cash and Bank Balances	10	<u>186.22</u>		142.88	
(d) Other Current Assets	11	<u>1.88</u>		3.12	
(e) Loans and Advances	12	<u>973.81</u>		662.01	
		<u>6,093.55</u>		4,283.30	
<b>Less: Current Liabilities and Provisions</b>	13	<u>3,150.71</u>		<u>1,544.22</u>	
<b>Net Current Assets</b>			<u>2,942.84</u>		2,739.08
Significant Accounting Policies	19				
Notes to Accounts	20				
<b>TOTAL</b>			<u><b>6,165.56</b></u>		<u><b>5,084.26</b></u>

As per our report of even date attached,  
For S.S. KOTHARI MEHTA & CO,  
Chartered Accountants  
Firm Registration No.000756N

ARUN K. TULSIAN  
Partner  
Membership No.89907  
New Delhi  
Dated:27.05.2010

C.N. Maheshwari  
C.F.O. Cum  
Secretary

Deepak Thombre  
Managing  
Director

N.Gopalaswamy  
P.D. Mathur  
Directors





**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule No.	Current Year Rs. Lacs	Previous Year Rs. Lacs
<b>INCOME</b>			
Sales and Processing Charges (Gross)	14	10,003.55	7,917.65
Less : Excise Duty		<u>600.57</u>	<u>641.37</u>
Sales and Processing charges (Net)		<b>9,402.98</b>	7,276.28
Other Income	15	201.46	229.32
Increase/(Decrease) in Stocks of Finished and Semi-Finished Goods	16	<u>138.99</u>	<u>5.13</u>
		<b>9,743.43</b>	<b>7,510.73</b>
<b>EXPENDITURE</b>			
Goods Purchased for resale		141.57	573.37
Raw Materials Consumed		3,852.13	2,284.11
Remuneration and Benefits to Employees	17	1,289.31	1,068.46
Power and Fuel		985.31	853.30
Consumption of Stores and Spares		256.55	217.43
Other Expenses	18	1,527.52	1,421.66
Depreciation		<u>191.13</u>	<u>136.17</u>
		<b>8,243.52</b>	<b>6,554.50</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		1,499.91	956.23
Provision for Tax :			
Current Tax		480.00	260.00
Deferred Tax		15.50	88.80
Fringe Benefits Tax		-	9.50
		<u>495.50</u>	<u>338.30</u>
<b>PROFIT/(LOSS) AFTER TAX</b>		1,004.41	619.93
Tax adjustment for previous year		14.02	-
Surplus brought forward from last year		2,621.31	2,113.18
Profit available for appropriation		<u>3,639.74</u>	<u>2,733.10</u>
<b>APPROPRIATIONS</b>			
(i) Transfer to General Reserve		105.00	65.00
(ii) Transfer to debenture redemption reserve		120.00	-
(iii) Proposed Dividend		48.00	40.00
(iv) Corporate Dividend Tax		8.16	6.80
Balance carried to Balance Sheet		<u>3,358.58</u>	<u>2,621.31</u>
		<b>3,639.74</b>	<b>2,733.11</b>
Significant Accounting Policies	19		
Notes to Accounts	20		
EPS Basic (Rs.)		125.55	77.49
EPS Diluted (Rs.)		125.55	77.49

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000756N

ARUN K. TULSIAN  
Partner  
New Delhi  
Dated:27.05.2010  
Membership No.89907

C.N. Maheshwari  
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Managing  
Director

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P.D. Mathur  
Directors

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**SCHEDULE 1**

**SHARE CAPITAL**

	As at 31.03.2010 (Rs. in lacs)	As at 31.03.2009 (Rs. in lacs)
<b>AUTHORISED</b>		
50,00,000 Equity Shares of Rs.10 each	500.00	500.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
8,00,000* Equity Shares of Rs.10 each	<u>80.00</u>	<u>80.00</u>

(\*Includes 3,75,000 Equity Shares of Rs.10 each allotted as fully paid-up Bonus Shares by capitalisation of General Reserve.

**SCHEDULE 2**

**RESERVES AND SURPLUS**

	As at 1.4.2009	Additions	Deletions	(Rs. in lacs) As at 31.03.2010
Capital Reserve	82.33	-	82.33	-
	(82.33)	(-)	(-)	(82.33)
General Reserve	378.48	187.33*	-	563.82
	(311.49)	(85)	(-)	(376.49)
Surplus in Profit and Loss Account	2,621.31	737.27	-	3,358.58
	(2113.18)	(508.13)	(-)	(2,821.31)
Debenture Redemption Reserve	-	120.00	-	120.00
	(-)	(-)	(-)	(-)
	<u>3,080.13</u>	<u>1,044.60</u>	<u>82.33</u>	<u>4,042.40</u>

\* Includes Rs.82.33 lacs being amount transferred from capital reserve.

	As at 31.03.2010 (Rs. in lacs)	As at 31.03.2009 (Rs. in lacs)
--	-----------------------------------	-----------------------------------

**SCHEDULE 3**

**SECURED LOANS**

**6% Non-convertible debentures**

240.00

Debentures to be redeemed at the end of seven years or earlier as decided by the board from the date of issue. Secured by Hypothecation and pari passu charge on Company's moveable and fixed assets at its Dalmiapuram Unit.

**FROM BANKS**

**Term Loan**

837.50

1,185.00

The above borrowings are secured by equitable mortgage of Factory Land & Building at Dalmiapuram and Khambalia Units of the Company

Secured also by first charge over moveable fixed assets and hypothecation of stocks and other current assets as collateral extension.

**Cash Credit**

620.66

429.69

Secured by hypothecation of stocks of raw materials, semi-finished goods, finished goods, stores, spares, book debts and moveable fixed assets at the Company's Dalmiapuram and Khambalia Units.

1,698.16

1,594.63

As at 31.03.2010  
(Rs. in lacs)

As at 31.03.2009  
(Rs. in lacs)

**SCHEDULE 4  
UNSECURED LOANS**

From Others	<u>125.00</u>	<u>125.00</u>
	<u>125.00</u>	<u>125.00</u>

**SCHEDULE 5  
DEFERRED TAX**

Deferred Tax Assets/Liabilities are attributable to the following items :-

**Liabilities**

Depreciation	250.06	210.68
--------------	--------	--------

**Assets**

Voluntary retirement expenses	3.06	6.18
Others	<u>27.00</u>	<u>6.18</u>
	<u>30.06</u>	<u>6.18</u>
	<u>220.00</u>	<u>204.50</u>

**SCHEDULE 6  
FIXED ASSETS**

(Rs. in lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK		
	As at 31.03.2009	Additions	Deductions	As at 31.3.2010	For the Year	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land - Free Hold	14.03	0.15	0.28	13.90	-	-	13.90	14.03
- Lease Hold	0.25	14.46	-	14.71	0.34	0.47	14.24	0.12
Buildings	605.82	18.17	-	623.99	18.62	175.77	448.22	448.67
Plant & Machinery	2,920.36	244.66	17.81	3,147.21	188.70	1,731.14	1,416.07	1,341.89
Furniture and Fixtures	46.63	2.35	-	48.98	1.64	45.87	3.11	2.40
Vehicles	29.93	-	-	29.93	2.23	16.33	13.60	15.83
<b>Total</b>	<b>3,617.02</b>	<b>279.79</b>	<b>18.09</b>	<b>3,878.72</b>	<b>191.53</b>	<b>1,969.58</b>	<b>1,909.14</b>	<b>1,822.74</b>
Previous year	2,671.41	947.07	1.47	3,617.02	136.17	1,794.28	1,822.74	1,012.26

Depreciation for the year includes Rs.0.40 lacs (Previous Year - Nil) transferred to pre-operative expenses (Refer Note No.3 of Schedule 20).

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**SCHEDULE 7  
INVESTMENTS**

(Rs. In lacs)

Particulars	Face Value per Share/Bond/Unit (Amount in Rs.)	As at 31.03.2009		Additions/(Deletions)		As at 31.3.2010	
		Face Value	Cost	Face Value	Cost	Face Value	Cost
<b>Long Term, Non-Trade (Unquoted)</b>							
<b>I. Government Securities</b>							
National Savings Certificates*	—	0.03	0.03	—	—	0.03	0.03
<b>II Fully paid up Equity shares in subsidiary</b>							
Shri Chantundeswari Minerals Limited	10	4.00	4.00	—	—	4.00	4.00
<b>III Fully paid up Redeemable Preference Shares in subsidiary</b>							
Shri Chantundeswari Minerals Limited	10	356.00	356.00	—	—	356.00	356.00
<b>Current Investments</b>							
<b>Mutual Funds</b>							
HDFC Floating Rate Fund	10	—	—	1,636.70 (739.84)	1,639.73 (750.25)	897.08	909.48
		<b>360.03</b>	<b>360.03</b>			<b>1,257.09</b>	<b>1,269.51</b>

\* Pledged with Government Department.

	As at 31.03.2010 Rs. Lacs	As at 31.03.2009 Rs. Lacs
Book Value of Unquoted Investments	360.03	360.03
Book Value of Quoted Investments	909.48	-
Market Value of Quoted Investments	909.56	-

As at 31.03.2010  
(Rs. in lacs)

As at 31.03.2009  
(Rs. in lacs)

**SCHEDULE 8  
INVENTORIES**

(as certified by the Management)

Stores and Spares (Includes 'in-transit' Rs.45.40 lacs previous year Rs.13.98 lacs)	385.83	313.34
Raw Materials (includes 'in-transit' Rs.Nil previous year Rs.Nil)	2,364.50	1,178.47
Loose Tools	6.24	4.34
Finished Goods	499.11	378.58
Semi-finished Goods	87.71	58.67
	<b>3,373.39</b>	<b>1,933.40</b>



	As at 31.03.2010 (Rs. in lacs)	As at 31.03.2009 (Rs. in lacs)
<b>SCHEDULE 9</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
A. Debts outstanding for a period exceeding six months:		
Considered good	45.53	21.10
Considered doubtful	-	-
	<u>45.53</u>	<u>21.10</u>
Less : Provision for doubtful debts	-	-
<b>(A)</b>	<u>45.53</u>	<u>21.10</u>
B. Other Debts :		
Considered good	<u>1,512.72</u>	<u>1,520.79</u>
<b>(B)</b>	<u>1,512.72</u>	<u>1,520.79</u>
<b>(A+B)</b>	<u>1,558.25</u>	<u>1,541.89</u>

**SCHEDULE 10**  
**CASH AND BANK BALANCES**

Cash in hand (including stamps)	7.99	6.63
Cheques in hand	43.25	8.98
Balance with Scheduled Banks		
Current Accounts	128.35	118.32
Fixed Deposit Accounts	<u>6.80</u>	<u>10.93</u>
[Rs.6.80 lacs (previous year Rs.10.93 lacs) pledged with Banks towards margin]	134.98	127.25
Post Office Saving Bank Account	0.02	0.02
	<u>186.22</u>	<u>142.88</u>

**SCHEDULE 11**  
**OTHER CURRENT ASSETS**

Rent, Rates & Taxes Recoverable	-	1.47
Interest Receivable	1.88	1.65
	<u>1.88</u>	<u>3.12</u>

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

	As at 31.03.2010 (Rs. in lacs)	As at 31.03.2009 (Rs. in lacs)
<b>SCHEDULE 12</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured - Considered Good)		
Due from Employees	16.04	18.48
Subsidiary Company	0.97	0.97
Maximum balance outstanding during the year Rs.0.97 lacs (Previous year 0.97 lacs)		
Advances recoverable in cash or in kind or for value to be received	551.57	405.05
Deposits with Government authorities and others	<u>405.23</u>	<u>237.51</u>
	<u>973.81</u>	<u>662.01</u>
<b>SCHEDULE 13</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors -		
Micro, Small & Medium Enterprises	-	-
Others	<u>2,671.86</u>	<u>1,177.25</u>
Advances from Customers	213.96	148.01
Other Liabilities	117.72	98.88
Directors' Commission payable (Maximum balance outstanding during the year Rs.6.75 lacs, previous year Rs.6.00 lacs)	3.60	6.75
Investor Education and Protection Fund*		
- 6% NCD Application Money	0.31	-
- Unclaimed Dividend	7.65	2.47
- Matured Fixed Deposit and interest thereon	7.96	<u>0.28</u>
<b>(A)</b>	<u>3,015.10</u>	<u>1,433.64</u>
<b>PROVISIONS</b>		
Proposed Dividend	48.00	40.00
Corporate Dividend tax thereon	8.16	6.80
Provision for Leave Encashment	79.45	83.78
<b>(B)</b>	<u>135.61</u>	<u>110.58</u>
<b>(A) + (B)</b>	<u>3,150.71</u>	<u>1,544.22</u>

\* there are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
<b>SCHEDULE 14</b>		
<b>SALES AND PROCESSING CHARGES</b>		
Sales and other related services	8,038.84	6,468.39
Self-Consumption	876.15	822.44
Less : Inter-unit transfer	<u>850.00</u>	<u>790.70</u>
Processing Charges	<u>1,948.56</u>	<u>1,417.52</u>
	<u>10,003.55</u>	<u>7,917.65</u>



Current Year  
(Rs. in lacs)

Previous Year  
(Rs. in lacs)

**SCHEDULE 15  
OTHER INCOME**

Interest Receipts From Banks and Others (Tax deducted at source Rs.2.93 lacs, previous year Rs.6.68 lacs)	24.54	32.30
Dividend	9.71	0.35
Miscellaneous Receipts	162.11	185.65
Profit on sale of Fixed Assets	2.82	0.01
Profit on sale of Investments	0.02	31.01
Excess Provision/Liability no longer required, written back	2.76	-
	<u>201.46</u>	<u>229.32</u>

**SCHEDULE 16  
INCREASE/(DECREASE) IN STOCKS  
OF FINISHED AND SEMI-FINISHED GOODS**

Closing Stocks :				
Finished	499.11		378.58	
Semi-finished	87.71	586.82	58.67	437.25
Less : Opening Stocks :				
Finished	378.58		388.36	
Semi-finished	58.67	437.25	43.27	491.63
		149.57		5.62
Add/(Less): Excise duty variation on opening/closing stock		10.58		0.49
		<u>138.99</u>		<u>5.13</u>

**SCHEDULE 17  
REMUNERATION AND BENEFITS TO EMPLOYEES**

Salaries, Bonus, Allowances & Awards	1,034.02	869.71
Contribution to Provident and other Funds	66.97	57.61
Gratuity and Pension	62.45	52.92
Staff Welfare Expenses	125.87	88.22
	<u>1,289.31</u>	<u>1,068.46</u>

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**Current Year**  
(Rs. in lacs)

**Previous Year**  
(Rs. in lacs)

**SCHEDULE 1B**

**OTHER EXPENSES**

<b>Repairs and Maintenance</b>				
Building	<b>92.48</b>		173.38	
Plant and Machinery	<b>431.05</b>		525.16	
Others	<b>27.31</b>	<b>550.84</b>	<u>25.89</u>	724.43
Rent (Including Lease Rent)		<b>44.65</b>		31.77
Rates and Taxes		<b>12.25</b>		12.42
Insurance		<b>13.49</b>		8.12
Travelling		<b>55.92</b>		39.01
Packing, Freight and Transportation (Net after recoveries of Rs.21.61 lacs, previous year Rs.7.06 lacs)		<b>163.74</b>		63.60
Expenses on Brick Lining Contract		<b>123.29</b>		58.51
Commission to Sales Organisers		<b>134.85</b>		126.01
Rebate, Discount & Allowances		<b>9.45</b>		-
Advertisement & Publicity		<b>10.21</b>		2.11
Interest on Term Loans	<b>113.81</b>		68.03	
on Borrowing from Banks	<b>19.51</b>		42.19	
on Others (Debentures)	<b>9.08</b>		-	
		<b>142.40</b>		110.22
Legal Charges		<b>0.81</b>		2.35
Charity and Donations		<b>0.47</b>		0.33
Directors' Expenses				
Sitting Fee	<b>0.25</b>		0.28	
Commission	<b>3.00</b>	<b>3.25</b>	<u>3.00</u>	3.29
Auditors' Remuneration				
Audit Fees	<b>1.00</b>		1.00	
Fees for Certification	<b>1.18</b>		1.37	
Reimbursement of expenses	<b>0.32</b>	<b>2.51</b>	<u>0.63</u>	3.00
Write off of				
Bad debts	<b>0.81</b>		-	
Assets	<b>1.74</b>		-	
Lease Money	<b>0.01</b>	<b>2.56</b>	<u>0.01</u>	0.01
Loss on sale of fixed assets		-		0.17
Loss on sale of Investments		<b>0.25</b>		0.20
Miscellaneous Expenses		<b>256.58</b>		236.11
		<b>1,527.52</b>		<u>1,421.66</u>



## SCHEDULE 19

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. **Basis of preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, on going concern basis, in terms of the Accounting Standards issued by the Institute of Chartered Accountants of India and in compliance with Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of incomes. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India.

#### 2. **Use of Estimates**

The preparation of financial statements requires estimates and assumptions that affect the reported amounts of income and expenses for the period, the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as on the date of financial statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### 3. **Revenue Recognition**

(a) Revenue is recognized in respect of export sales on the basis of shipment of goods to customer and in respect of domestic sales on dispatch from factory. Quality rebates, claims and other discounts are disclosed separately.

(b) Domestic Sales includes excise duty. However, excise duty on sales is reduced from gross turnover for disclosing net turnover.

(c) Inter-divisional sales is reduced from gross turnover in deriving net turnover.

#### 4. **Valuation of Inventories**

(a) Inventories are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the material may be the best available measure of their net realizable value.

(b) Historical cost is determined on the basis of weighted average method.

(c) Excise duty is included in the valuation of finished goods and by-product inventory.

#### 5. **Investments**

Long Term Investments are stated at cost. Provision for diminution in the value is made in accordance with AS-18 Accounting for Investments if the decline/ diminution is other than temporary. Current investments are stated at lower of cost or market value.

#### 6. **Cash and Cash Equivalents**

Cash and cash equivalents in the cash flow statement comprise cash at bank and cash/ cheques in hand and short term deposits with Banks less short term advances from Banks.

## SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

### 7. Fixed Assets and Depreciation

- i) Fixed Assets are stated at cost of acquisition or construction and include interest on specific borrowings for new projects upto commissioning.
- ii) Leasehold Land is being amortised over the lease period.
- iii) Depreciation is provided on straight line method for the fixed assets at Dattilapuram, Kambhalla, Wankaner and Kathi Works and written down value method for the fixed assets at New Delhi Office at the rates specified in Schedule XIV to the Companies Act, 1956.

### 8. Foreign Currency Conversion/Transaction:

Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate on the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Exchange differences arising on settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognized as income or expense in the period in which they arise.

The premium or discount arising at the inception of forward exchange contract is amortised as an expense or income over the life of the contract.

### 9. Employee Benefits

#### (i) Defined Contribution Plan:

Employee benefits in the form of the Company's contribution to provident fund, pension scheme, superannuation fund and ESI are considered as defined contribution plan and charged to the profit and loss account of the year when the contribution to the respective funds are due.

#### (ii) Defined Benefit Plan:

Retirement benefits in the form of gratuity and leave encashment are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation as at the date of the balance sheet using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) The expenditure on voluntary retirement schemes is charged to the profit and loss account in the year in which it is incurred.

### 10. Segment Accounting & Report

Segmental accounting policies are in line with the accounting policies of the company. However, the following specific accounting policies have been followed for segment reporting:

- (a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

- (b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment results. The expenses / incomes, not allocable to any segments, are included under "Unallocable Items / others".
- (c) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities not allocable to any segment.

**11. Taxes on Income**

- (a) Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.
- (b) In accordance with the Accounting Standard AS-22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, Deferred Tax Liability / Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, Deferred Tax Assets are recognized only if there is a reasonable / virtual certainty of realization thereof.

**12. Intangible Assets**

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26 'Intangible Assets'. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their respective expected useful lives.

**13. Impairment of Assets**

Impairment losses, if any, are recognised in accordance with the accounting standard issued in this regard by The Institute of Chartered Accountants of India.

**14. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable. Contingent liabilities are shown by way of Notes to Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognised in the Accounts.

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**SCHEDULE 20  
NOTES ON ACCOUNTS**

**Current Year  
Rs. Lacs**                      **Previous Year  
Rs. Lacs**

1.	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance of Rs.154.02 lacs - previous year Rs.Nil)			<b>291.05</b>		<b>0.86</b>
2.	Advances Recoverable in cash or in kind under the head "Loans & Advances" include an amount of Rs.1,208.89 Lacs (Previous Year Rs.782.27 Lacs) being advance payment of Income-tax, net of provision of Rs.1,195.00 Lacs (Previous Year Rs.729.02 Lacs).					
3.	Capital Work-in-progress Includes pre-operative expenses incurred on Katni Project during the period as under:					
	(a) Salaries & Wages			<b>4.54</b>		-
	(b) Travelling Expenses			<b>0.31</b>		-
	(c) Rates & Taxes			<b>1.35</b>		-
	(d) Depreciation			<b>0.40</b>		-
	(e) Legal Expenses			<b>0.36</b>		-
	(f) Advertisement & Publicity			<b>0.12</b>		-
	(g) Rent			<b>0.28</b>		-
	(h) Repairs & Maintenance			<b>0.34</b>		-
	(i) Miscellaneous Expenses			<b>1.23</b>		-
	<b>Total</b>			<b>8.93</b>		-
4.	a) Contingent Liability exists in respect of					
	i) Income Tax for which the Company has preferred appeals			<b>10.53</b>		10.59
	ii) Income Tax for which the Income Tax Department has preferred appeals against the decisions in favour of the Company.			<b>0.52</b>		0.52
	iii) Other monies for which the Company is contingently liable including Bank Guarantees.			<b>27.98</b>		26.20
	b) Claims against the Company not acknowledged as debt and being contested before appropriate authorities.			<b>140.41</b>		94.86
5.	Installments of Term Loans due during the next 12 months			<b>290.00</b>		327.50
6.	Computation of Profits under Section 349 of the Companies Act, 1956 for calculating commission payable to Directors : Profit as per Profit and Loss Account			<b>1,499.91</b>		<b>956.23</b>
<b>Add:</b>						
	i) Non-Executive Directors' Commission	<b>3.00</b>				<b>3.00</b>
	ii) Directors' Sitting Fees	<b>0.25</b>				<b>0.29</b>
	iii) Loss on Sale of Fixed Assets	-				<b>0.17</b>
	iv) Loss on Sale of Investments	<b>0.25</b>				<b>0.20</b>
	v) Whole-time/Managing Director remuneration	<b>35.67</b>	<b>39.17</b>			<b>12.84</b>
	<b>Loss:</b>					
	i) Profit on Sale of Fixed Assets	<b>2.32</b>				<b>0.01</b>
	ii) Profit on Sale of Investments	<b>0.02</b>	<b>2.34</b>			<b>31.01</b>
	<b>Net Profit for calculating Directors' Commission</b>			<b>1536.74</b>		<b>941.51</b>
	Directors' Commission @ 1% (previous year @ 1%) on Rs.1536.74 lacs			<b>15.37</b>		<b>11.07</b>
	Maximum Commission payable			<b>3.00</b>		<b>3.00</b>
7.	Details of remuneration to Whole-time Director/Managing Director					
	Salaries'			<b>30.43</b>		<b>10.57</b>
	Perquisites			<b>1.91</b>		<b>1.38</b>
	Contribution to Provident Fund			<b>1.48</b>		<b>0.26</b>
	Superannuation Fund and other Funds			<b>1.85</b>		<b>0.48</b>
	*Includes Rs.18.00 lacs (previous year Rs.8.38 lacs) paid to Dalmia Cement (B) Ltd. on account of Managing Director's services.					
8.	Prior period income			<b>1.82</b>		-
9.	Prior period expenses			-		<b>3.52</b>

10. The Company has taken on lease a refractory manufacturing unit effective from 04.08.2008 for a period of 3 years at a lease rent of Rs.12.50 lacs per quarter, subsequently reduced to Rs.11.25 lacs per quarter. The breakup of total minimum lease payments under non-cancellable lease due as at 31.03.2010 are as follows:

	Current Year	Previous Year
Not later than one year	45.00	50.00
Later than one year and not later than five years	15.00	88.75
Later than five years	N.A.	N.A.

11. Excise duty is net of reimbursement on job work production Rs.572.91 lacs (previous year Rs.682.95 lacs).

12. The following expenses have been charged to other Accounts:

Salaries, Wages and Benefits to Employees	185.75	193.52
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13. Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006. There are no delays in payments to the parties as required to be disclosed under the Act.

14. In the opinion of the Board and to the best of their knowledge and belief, the value on realisation of Current Assets, Loans and Advances, will, in the ordinary course of business, not be less than the amount at which they are stated in the Balance Sheet.

15. During the year, the Company issued on right basis 6% Non-Convertible Debentures of Rs.10 each with detachable warrants aggregating to Rs.240 lacs in the ratio of 3 NCDs with detachable warrants for every one existing equity share which was fully subscribed funds have been utilized for long term working capital and general corporate purposes, as defined in letter of offer.

16. (a) Value of imports calculated on C.I.F. basis.

Raw Materials	2,330.15	923.85
Capital Goods & Stores	-	-

- (b) Details regarding imported and indigenous materials consumed :

Spare Parts :

i) Indigenous	256.55	217.43
	(100%)	(100%)
ii) Imported	-	-
	(-)	(-)

Raw Materials :

i) Indigenous	2,350.68	1,579.43
	(61.03%)	(69.15%)
ii) Imported	1,501.24	704.68
	(38.97%)	(30.85%)

- (c) Expenditure in foreign currency

Foreign Travelling	3.01	2.01
--------------------	------	------

	Current Year		Previous Year	
	M.T.	Rs.Lacs	M.T.	Rs.Lacs
17. Raw Materials Consumed				
Clays	13984	259.81	18835	432.48
Bauxite	43200	3,201.64	40295	1846.79
Other Materials		1,250.68		795.54
Total :		4,712.13		3074.81
Less : Inter-unit transfer		860.00		790.70
		3,852.13		2284.11

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

18. Detailed information about goods manufactured and traded in :

	Refractory	Calcined Bauxite
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity (MT) (As certified by the management)	<b>94000</b> (88000)	<b>24,000</b> (24,000)
Production (MT)	<b>89730*</b> (81842)	<b>22289**</b> (19029)
Sales (MT)	<b>39686</b> (38894)	<b>9451</b> (4218)
Sales (Rs. Lacs)	<b>6909.88***</b> (5422.82)	<b>774.09***</b> (331.17)
Self Consumption (MT)	<b>322</b> (595)	<b>15254</b> (16632)
Self Consumption (Rs. Lacs)	<b>16.15****</b> (38.12)	<b>860.00</b> (784.32)
Opening Stock (MT)	<b>2253</b> (1917)	<b>3929</b> (5750)
Opening Stock (Rs. Lacs)	<b>202.05</b> (147.00)	<b>178.53</b> (241.38)
Closing Stock (MT)	<b>3261</b> (2253)	<b>1503</b> (3929)
Closing Stock (Rs. Lacs)	<b>408.47</b> (202.05)	<b>89.65</b> (176.59)
Goods Traded@ Purchases (Rs. in lacs)	<b>141.57</b> (573.37)	- (-)
Sales (Rs. in lacs)	<b>198.58</b> (634.17)	- (-)

@ Goods traded are of different specifications, sizes, weights and are in large numbers. Due to voluminous data, it is not possible to give quantitative details of goods traded.

(\*) Includes production of 48714 MT (previous year 42017 MT) on job work basis.

(\*\*) Includes 8018 MT (previous year 7225 MT) towards calcination of clay etc.

(\*\*\*) Excludes income from lining contract Rs.156.30 lacs (previous year Rs.80.23 lacs).

(\*\*\*\*) Corresponding figures have been excluded under the relevant expenditure head and this treatment has no impact on Profit/Loss for the year.

(Figures in brackets pertain to previous year)

19. During the year, the Company has carried out production of refractories at its Dalmiapuram Unit mainly on job work basis.

20. Previous year figures have been regrouped and/or rearranged wherever necessary to correspond with current year's figures

21. All amounts including those in contingent liabilities and Notes have been expressed in Rs. Lacs rounded off to the nearest thousands. Figures less than Rupees five hundred which are required to be shown separately have been shown at actuals in double bracket. Figures in Metric Tonnes have been rounded off to the nearest Metric Tonne.
22. As per Accounting Standard (AS) - 15 "Employee Benefits", the disclosure of employee benefits as defined in the Accounting standard is given below:
- (a) Defined Contribution Plans:-  
The Company has recognised an expense of Rs.66.97 lacs (previous year Rs.57.61 lacs) towards the defined contribution plan.
- (b) Defined benefit plans - as per actuarial valuation on 31st March, 2010:-

Particulars	Gratuity Funded Rs. In Lacs		Leave Encashment Non-Funded Rs. In Lacs	
	Current Year	Previous Year	Current Year	Previous Year
I. Expenses recognised in the Profit and Loss Account for the year ended 31st March, 2010				
1. Current Service Cost	21.66	15.43	10.44	7.02
2. Interest Cost	20.01	16.44	5.10	1.54
3. Expected return on plan assets	(22.49)	(17.27)	-	-
4. Net Actuarial (Gain)/Loss	26.01	22.14	8.85	(20.73)
5. Total Expense	45.21	35.74	24.39	29.29
II Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2010				
1. Present value of obligation as at year-end	309.89	250.17	79.45	63.78
2. Fair value of plan assets as at year-end	264.38	211.04	-	-
3. Funded status ((Surplus)/(Deficit))	45.52	(39.13)	79.45	(63.78)
4. Net Asset/(Liability) as at 31st March, 2010	-	-	79.45	(63.78)
III Change in obligation during the year ended 31st March, 2010				
1. Present value of Obligation at the beginning of the year	250.17	205.51	63.78	41.91
2. Current Service Cost	21.66	15.43	10.44	7.02
3. Interest Cost	20.01	16.44	5.10	1.54
4. Actuarial (Gain)/Loss	26.36	22.14	8.85	20.73
5. Benefits paid	(7.32)	(9.35)	(8.73)	(7.42)
6. Present Value of Obligation as at year-end	309.89	250.17	79.45	63.78
IV Change in Assets during the year ended 31st March, 2010				
1. Plan assets at the beginning of the year	249.87	203.12	-	-
2. Expected return on plan assets	22.48	17.27	-	-
3. Employer's Contribution	45.52	39.13	-	-
4. Benefits paid	(7.32)	(9.35)	-	-
5. Actuarial gain/(loss) on plan assets	(0.66)	-	-	-
6. Plan assets at the end of the year	309.89	250.17	-	-
V The major categories of plan assets as percentage of total plan Qualifying Insurance Policy	100%	100%	-	-
VI Actuarial Assumptions :				
1. Discount Rate	8%	8%	8%	8%
2. Expected rate of return on plan assets	9%	8.5%	-	-
3. Mortality Table	LIC(94-98)	LIC(94-98)	LIC(1994-98)	LIC(94-98)
	duly modified	duly modified	duly modified	duly modified
4. Salary Escalation	8.5%	8%	9.5%	7%

**Note :** Disclosure in respect of previous four annual periods required by Accounting Standard - 15 (Revised) is not presented as the management considers its impracticable in absence of requisite information.

## SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED

23. Segment reporting, as required by Accounting Standard - 17, is as belows:-

	Refractory (Rs. in lacs)	Calcination (Rs. in lacs)	Others (Rs. in lacs)	Total (Rs. in lacs)
<b>REVENUE</b>				
1. External sales	9,213.31	774.09	-	9,987.40
	(7,554.74)	(331.17)	(-)	(7,885.91)
2. Inter-segment sales	-	860.00	-	860.00
	(-)	(784.32)	(-)	(784.32)
3. Other Revenue	172.15	0.08	-	172.23
	(163.53)	(1.79)	(-)	(165.32)
4. Unallocated Corporate Revenue	-	-	-	29.24
	(-)	(-)	(-)	(64.00)
Total Segment Revenue	9,385.46	1,634.17	-	11,019.63
	(7,718.27)	(1,117.28)	(-)	(8,835.55)
<b>RESULT (Profit before interest and corporate expenses)</b>				
Segment Profit/(Loss)	1,600.59	332.90	-	1,933.39
	(968.15)	(170.62)	(-)	(1,138.77)
Unallocated Corporate Expenses net of unallocated corporate revenue	-	-	-	191.08
	(-)	(-)	(-)	(72.22)
Operating Profit	-	-	-	1,842.31
	(-)	(-)	(-)	(1,066.45)
Interest Expense	3.12	-	-	142.40
	(1.78)	(-)	(-)	(110.22)
Income Taxes	-	-	-	480.00
Current Tax	-	-	-	(260.00)
	(-)	(-)	(-)	15.50
Deferred Tax	-	-	-	(66.80)
	(-)	(-)	(-)	(9.50)
Net Profit	-	-	-	1004.41
	(-)	(-)	(-)	(619.98)
<b>OTHER INFORMATION</b>				
<b>Assets</b>				
	7,253.81	439.04	-	7,786.85
	(5,457.90)	(506.67)	(-)	(5,963.47)
Unallocated Corporate Assets	-	-	-	90.78
	(-)	(-)	(-)	(68.98)
Total Assets	-	-	-	7,867.63
	(-)	(-)	(-)	(6,033.43)
<b>Liabilities</b>				
	3,068.38	73.35	-	3,141.73
	(1,535.53)	(51.68)	(-)	(1,587.21)
Unallocated Corporate Liabilities	-	-	-	1,821.38
	(-)	(-)	(-)	(1,629.84)
Total Liabilities	-	-	-	4,969.17
	(-)	(-)	(-)	(3,217.05)
Depreciation	157.13	29.36	-	186.49
	(104.77)	(29.36)	(-)	(134.13)
Unallocated Corporate Depreciation	-	-	-	4.84
	(-)	(-)	(-)	(2.04)
Total Depreciation	-	-	-	191.15
	(-)	(-)	(-)	(136.17)
Capital Expenditure	155.28	-	-	155.28
	(1,097.82)	(-)	(-)	(1,087.82)
Unallocated Corporate Capital Exp.	-	-	-	6.17
	(-)	(-)	(-)	(3.39)
Total Capital Expenditure	-	-	-	181.45
	(-)	(-)	(-)	(1,101.01)



24. Related Party Disclosures, as required by Accounting Standard 18 is as below:

A. Relationships:

- (i) Subsidiary of the Company :- Shri Chamundawari Minerals Limited
- (ii) Key Management Personnel of the Company :-  
Shri Deepak Thombre, Managing Director, Shri C. Nagarathnam, Whole-Time Director.
- (iii) Promoters of the Company/Relatives of the Promoters:-  
Shri Gautam Dalmia, Shri Puneet Dalmia and their relatives, Shri V.H. Dalmia, Smt. Kavita Dalmia, Smt. Bela Dalmia, Smt. Anupama Dalmia, Smt. Avantika Dalmia, Kumari Shrutipriya Dalmia, Kumari Sukeeshi Dalmia, Kumari Vaidehi Dalmia, Kumari Sumana Dalmia and Kumari Avaneesha Dalmia Mat. Priyang Dalmia, Shri M.H. Dalmia, Smt. Abha Dalmia, Shri R.H. Dalmia.
- (iv) Enterprises controlled by the Promoters of the Company :-  
Kauka Investment Limited, Ishita Properties Limited, D.I. Properties Limited, Dalmia Cement (Bharat) Limited, Geetee Estates Limited, Avrija Properties Limited, Shri Rangam Properties Limited, Hemshila Properties Limited, Hanishikhar Investment Limited, Dalmia Minerals & Properties Limited, Shree Radha Krishna Broker & Holdings Limited, Dalmia Power Limited (Formerly Geeta Estates & Brokers Limited), Dalmia Solar Power Limited (Formerly Shri Rangam Brokers & Holdings Limited), Arjuna Brokers & Minerals Limited, Dalmia Bharat Enterprises Limited (Formerly Sri Kesava Mines & Minerals Limited), DCB Power Ventures Limited (Formerly Sri Madhava Minerals & Properties Limited), Sri Shanmugha Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Trivikrama Mines & Properties Limited, Sri Dhandsuthapani Mines & Minerals Limited, Sri Madhusudhana Mines & Properties Limited, Coosco Cements Ltd, Simga Mines Pvt. Ltd., Rajulana Properties Pvt. Ltd., and Golden Hills Resorts Pvt. Ltd., Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Mayuka Investment Limited, Ankita Pratishthan Limited, Sita Investment Company Limited, Hingiri Commercial Limited, Valley Agro Industries Limited, Airox Abrasives Limited, Sirees Nirman Limited, Keshav Power Private Limited, Avaneesha and Ashni Securities Private Limited, DCL India Limited, Zip Ahead.Com Limited, Dalmia Cement Ventures Ltd and Dalmia Sugar Ventures Ltd, Sukeeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avaneesha Trust, Raghu Hari Dalmia Parivar Trust.

B. The following transactions were carried out with the related parties in the ordinary course of business.

Nature of Transaction	(Rs. In lacs)					
	Subsidiary Company	Salary and perquisites of key Management Personnel & Directors	Promoters and their relatives	Director controlled Enterprises	Promoter controlled enterprises	Total
Sales of Goods/ Services	- (-)	- (-)	- (-)	- (-)	4,186.20 (2,753.32)	4,186.20 (2,753.32)
Purchase of goods and services	- (-)	- (-)	- (-)	- (-)	483.75 (523.14)	483.75 (523.14)
Rent Payment	- (-)	- (-)	- (-)	- (-)	0.46 (0.46)	0.46 (0.46)
Sitting fees and Commission to Directors	- (-)	0.11 (0.04)	- (-)	- (-)	- (-)	0.11 (0.04)
Loans given	- (-)	- (-)	- (-)	- (-)	292.00 (435.00)	292.00 (435.00)
Repayment of Loan	- (-)	- (-)	- (-)	- (-)	527.00 (500.00)	527.00 (500.00)
Interest on Loan recd.	- (-)	- (-)	- (-)	- (-)	16.04 (28.90)	16.04 (28.90)
Salary and Perquisites	- (-)	37.53 (12.64)	- (-)	- (-)	- (-)	37.53 (12.64)
Outstanding Balance As at Year end Loans (receivable)	- (-)	- (-)	- (-)	- (-)	- (235.00)	- (235.00)
Amount receivable	0.97 (0.97)	- (-)	- (-)	- (-)	260.68 (135.14)	261.65 (136.11)

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**25. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.	6372	State Code	18
Balance Sheet date	31.03.2010		

**II. Capital raised during the year**

Public issue	NIL	Right issue	NIL
Bonus issue	NIL	Private placement	NIL

**III. Position of Mobilisation and Deployment of Funds** (Rs. in Lacs)

Total Liabilities	6165.56	Total Assets	6165.56
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**Sources of Funds**

Paid up capital	80.00	Reserves & Surplus	4042.40
Secured Loans	1698.16	Unsecured Loans	125.00
Deferred Tax	220.00		

**Application of Funds**

Net Fixed Assets	1953.21	Investments	1269.51
Net Current Assets	2942.84		

**IV. Performance of Company**

Turnover/Income	9743.43	Total Expenditure	8243.52
Profit/(Loss) before Tax	1499.91	Profit/(Loss) after Tax	1004.41
Earning per share (Rs.)	122.55	Dividend Rate %	80%

**V. Generic Names of Three Principal Products/Services of Company (as per Monetary terms)**

<u>ITEM CODE</u>	<u>PRODUCT DESCRIPTION</u>
69.02/69.03&38.16	Refractories
26.06	Calcined Bauxite

Signatures to Schedules 1 to 20 inclusive.

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000756N

New Delhi  
Dated :27.05.2010

ARUN K. TULSIAN  
Partner  
Membership No.89907

C.N. Maheshwari  
C.F.O. Cum  
Secretary

Deepak Thombre  
Managing  
Director

N. Gopalaswamy  
P.D. Mathur  
Directors

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Current Year (Rs. In lacs)	Previous Year (Rs. In lacs)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before Tax	1,499.91	956.23
Adjustments for :		
Depreciation	191.13	136.17
Write-off of Fixed Assets & Lease Money	1.75	-
Loss on Sale of Fixed Assets	-	0.17
Loss on Sale of Investments	0.25	0.20
Profit on Sale of Fixed Assets	(2.32)	(0.01)
Investments	(0.02)	(31.01)
Interest paid	142.40	110.22
Interest received	(23.30)	(32.30)
Dividend received	(9.71)	(0.35)
Operating Profit before Working Capital changes	<u>1,800.09</u>	1,139.32
Adjustments for :		
Trade and Other Receivables	(348.48)	(795.50)
Inventories	(1,439.89)	(578.92)
Trade Payables	1,591.96	448.11
Cash Flow from Operating Activities	<u>1,603.67</u>	113.01
Direct Taxes paid/Refunds received (Net)	(444.42)	(268.99)
Fringe Benefit Tax	-	(9.50)
Net Cash Flow from Operating Activities	<u>1,159.15</u>	(165.48)
<b>B. Cash Flow from Investment Activities</b>		
Purchase of Fixed Assets	(161.45)	(1,101.01)
Sale of Fixed Assets	2.60	0.26
Sale of Investments	750.25	442.28
Purchase of Investments	(1,659.73)	(-)
Interest Received	23.30	32.30
Dividend Received	9.71	0.35
Net Cash from Investment Activities	<u>(1,035.32)</u>	(625.82)
<b>C. Cash Flow from Financing Activities</b>		
Secured Loans		
Long Term	(87.50)	752.50
Short Term	181.03	290.98
Dividend paid	(34.82)	(-)
Corporate Dividend Tax	(6.80)	(-)
Interest paid	(142.40)	(110.22)
Net Cash from Financing Activities	<u>(80.49)</u>	873.26
<b>D. Net Increase in Cash and Cash equivalents</b>		
Cash and Cash Equivalents	43.34	81.96
Opening Balance as at 1.4.2009	142.88	60.92
Closing Balance as at 31.3.2010	<u>186.22</u>	142.88

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000756N

New Delhi  
Dated:27.05.2010

ARUN K. TULSIAN  
Partner  
Membership No.89907

C.N. Maheshwari  
CFO-Cum  
Secretary

Deepak Thombre  
Managing  
Director

N. Gopaleswamy  
P.D. Mathur  
Directors

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**Statement attached to the Balance Sheet as at 31<sup>st</sup> March, 2010  
pursuant to section 212 of the Companies Act, 1956**

1. Name of the Subsidiary	Shri Chamundeswar Minerals Limited
2. Financial year ending	31 <sup>st</sup> March, 2010
3. Date from which it became a subsidiary	24 <sup>th</sup> January, 1980
4. Extent of Holding Company's interest at the end of the period mentioned against (2)	Wholly-Owned Subsidiary
5. The net aggregate amount of the subsidiary's profit less losses so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's Accounts :	
i) For the Year ended 31 <sup>st</sup> March, 2010	Profit : Rs.2,14,238/-
ii) Upto the year ended 31 <sup>st</sup> March, 2009	Loss : Rs.3,68,258/-
6. The net aggregate amount of the Subsidiary's Profit less losses dealt with in the Holding Company's Account.	
i) For the year ended 31 <sup>st</sup> March, 2010	Rs. Nil
ii) Upto the year ended 31 <sup>st</sup> March, 2009	Rs. Nil

New Delhi  
Dated : 27.05.2010

**C.N. Maheshwarl  
C.F.O. Cum Secretary**

**Deepak Thombre  
Managing  
Director**

**N. Gopalaswamy  
P.D. Mathur  
Directors**

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED AND ITS SUBSIDIARY**

We have examined the attached Consolidated Balance Sheet of Shri Nataraj Ceramic and Chemical Industries Limited (the Company) and its subsidiary as at 31<sup>st</sup> March, 2010, and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These Consolidated 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Shri Nataraj Ceramic and Chemical Industries Limited and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Shri Nataraj Ceramic and Chemical Industries Limited and its aforesaid subsidiary, in our opinion, the consolidated financial statements together with the Notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the consolidated state of affairs of Shri Nataraj Ceramic and Chemical Industries Limited and its subsidiary as at 31<sup>st</sup> March, 2010;
- (b) in the case of the consolidated Profit and Loss account, of the consolidated results of operations of Shri Nataraj Ceramic and Chemical Industries Limited and its subsidiary for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow statement, of the consolidated cash flows of Shri Nataraj Ceramic and Chemical Industries Limited and its subsidiary for the year ended on that date.

For **S.S.KOTHARI MEHTA & CO.**  
Chartered Accountants  
Firm Registration No.000756N

Place: New Delhi  
Dated: 27.05.2010

**Arun K. Tulsian**  
Partner  
Membership No.89807

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**CONSOLIDATED BALANCE SHEET OF SHRI NATARAJ CERAMIC AND  
CHEMICAL INDUSTRIES LIMITED AND ITS SUBSIDIARY AS AT 31ST MARCH, 2010**

	Schedule No.	As at 31.03.2010		As at 31.03.2009	
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	1	80.00		80.00	
(b) Reserves and Surplus	2	<u>4,040.86</u>	<u>4,120.86</u>	<u>3,076.45</u>	3,156.45
<b>2. Loan Funds</b>					
(A) Secured Loans	3	1,698.16		1,594.63	
(b) Unsecured Loans	4	<u>125.00</u>	<u>1,623.16</u>	<u>125.00</u>	1,719.63
<b>3. Deferred Tax</b>	5		<u>220.00</u>		<u>204.50</u>
<b>TOTAL</b>			<u><b>6,164.02</b></u>	<u><b>5,080.58</b></u>	
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
(a) Gross Block		<u>3,878.72</u>		3,618.45	
(b) Less : Depreciation		<u>1,969.58</u>		<u>1,794.28</u>	
(c) Net Block	6		<u>1,909.14</u>		1,824.17
(d) Capital Work in progress			<u>44.07</u>		182.41
<b>2. Investments</b>	7		<u>1,268.01</u>		355.03
<b>3. Current Assets, Loans and Advances</b>					
(a) Inventories	8	<u>3,373.39</u>		1,933.40	
(b) Sundry Debtors	9	<u>1,558.25</u>		1,541.89	
(C) Cash and Bank Balances	10	187.53		143.80	
(d) Other Current Assets	11	1.88		3.12	
(e) Loans and Advances	12	<u>972.56</u>		<u>661.08</u>	
		<u>6,093.61</u>		<u>4,283.29</u>	
<b>Less : Current Liabilities and Provisions</b>	13	<u>3,150.81</u>		<u>1,544.32</u>	
<b>Net Current Assets</b>			<u>2,942.80</u>		2,738.97
Significant Accounting Policies	19				
Notes to Accounts	20				
<b>TOTAL</b>			<u><b>6,164.02</b></u>	<u><b>5,080.58</b></u>	

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000756N

ARUN K. TULSIAN  
New Delhi  
Dated: 27.05.2010  
Partner  
Membership No. 89907

C.N. Maheshwari  
C.F.O. cum  
Secretary

Deepak Thombre  
Managing  
Director

N. Gopalaawamy  
P.D. Mathur  
Directors



**CONSOLIDATED PROFIT AND LOSS ACCOUNT OF SHRI NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LIMITED AND ITS SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule No.	Current Year Rs. Lacs	Previous Year Rs. Lacs
<b>INCOME</b>			
Sales and Processing Charges (Gross)	14	<b>10,003.55</b>	7,917.65
Less : Excise Duty		<u>600.57</u>	841.37
Sales and Processing charges (Net)		<b>9,402.98</b>	7,276.28
Other Income	15	204.06	229.56
Increase/(Decrease) In Stocks of Finished and Semi-Finished Goods	16	<u>138.99</u>	5.13
		<b>9,746.03</b>	<u>7,510.97</u>
<b>EXPENDITURE</b>			
Goods Purchased for resale		141.57	573.37
Raw Materials Consumed		<b>3,852.13</b>	2,284.11
Remuneration and Benefits to Employees	17	1,289.31	1,068.46
Power and Fuel		985.31	853.30
Consumption of Stores and Spares		256.55	217.43
Other Expenses	18	1,527.88	1,422.29
Depreciation		<u>191.13</u>	<u>136.17</u>
		<b>8,243.68</b>	<u>6,555.13</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>1,502.35</b>	955.84
Provision for Tax :			
Current Tax		<b>480.30</b>	260.00
Deferred Tax		15.50	68.80
Fringe Benefits Tax		-	9.50
		<u>495.80</u>	<u>336.30</u>
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>1,006.55</b>	619.54
Tax adjustment for previous year		14.02	-
Surplus brought forward from last year		<u>2,617.63</u>	<u>2,109.89</u>
Profit available for appropriation		<b>3,638.20</b>	<u>2,729.43</u>
<b>APPROPRIATIONS</b>			
(i) Transfer to General Reserve		105.00	65.00
(ii) Transfer to debenture redemption reserve		120.00	-
(iii) Proposed Dividend		48.00	40.00
(iv) Corporate Dividend Tax		8.16	6.80
Balance carried to Balance Sheet		<u>3,357.04</u>	<u>2,617.63</u>
		<b>3,638.20</b>	<u>2,729.43</u>
Significant Accounting Policies	19		
Notes to Accounts	20		
EPS Basic (Rs.)		125.81	77.44
EPS Diluted (Rs.)		125.81	77.44

As per our report of even date attached.  
For S. S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000756N

ARUN K. TULSIAN  
New Delhi  
Dated: 27.05.2010  
Partnar  
Membership No.89907

C.N. Maheshwari  
C.F.O. Gum  
Secretary

Deepak Thombre  
Managing  
Director

N. Gopalaaswamy  
P.D. Mathur  
Directors

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**SCHEDULE 1**

**SHARE CAPITAL**

	As at 31.03.2010 (Rs. in lacs)	As at 31.03.2009 (Rs. in lacs)
<b>AUTHORISED</b>		
50,00,000 Equity Shares of Rs.10 each	500.00	500.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
8,00,000* Equity Shares of Rs.10 each	80.00	80.00

(\*Includes 3,75,000 Equity Shares of Rs. 10 each allotted as fully paid-up Bonus Shares by capitalisation of General Reserve.

**SCHEDULE 2**

**RESERVES AND SURPLUS**

	(Rs. in lacs)			
	As at 1.4.2009	Additions	Deductions	As at 31.03.2010
Capital Reserve	82.33	-	82.33	-
	(82.33)	(-)	(-)	(82.33)
General Reserve	376.49	187.33*	-	563.82
	(311.49)	(85)	(-)	(378.49)
Surplus in Profit and Loss Account	2,617.63	739.41	-	3,357.04
	(2109.89)	(507.74)	(-)	(2,617.63)
Debenture Redemption Reserve	-	120.00	-	120.00
	(-)	(-)	(-)	(-)
	3,076.45	1,046.74	82.33	4,040.86

\* Includes Rs.82.33 lacs being amount transferred from capital reserve.

	As at 31.03.2010 (Rs. in lacs)	As at 31.03.2009 (Rs. in lacs)
--	-----------------------------------	-----------------------------------

**SCHEDULE 3**

**SECURED LOANS**

**6% Non-convertible debentures**

Debentures to be redeemed at the end of seven years or earlier as decided by the board from the date of issue.

Secured by Hypothecation and pari passu charge on Company's moveable and fixed assets at its Dalmiapuram Unit.

**FROM BANKS**

**Term Loan**

The above borrowings are secured by equitable mortgage of Factory Land & Building at Dalmiapuram and Khambalia Units of the Company

Secured also by first charge over moveable fixed assets and hypothecation of stocks and other current assets as collateral extension.

**Cash Credit**

Secured by hypothecation of stocks of raw materials, semi-finished goods, finished goods, stores, spares, book debts and moveable fixed assets at the Company's Dalmiapuram and Khambalia Units.

	240.00	-
	837.50	1,165.00
	620.50	429.69
	<u>1,698.16</u>	<u>1,594.69</u>





As at 31.03.2010  
(Rs. in lacs)

As at 31.03.2009  
(Rs. in lacs)

**SCHEDULE 4  
UNSECURED LOANS**

From Others	125.00	125.00
	<u>125.00</u>	<u>125.00</u>

**SCHEDULE 5  
DEFERRED TAX**

Deferred Tax Assets/Liabilities are attributable to the following items :-

Liabilities

Depreciation	250.06	210.88
--------------	--------	--------

Assets

Voluntary retirement expenses	3.06	6.18
Others	<u>27.00</u>	<u>-</u>
	<u>30.06</u>	<u>6.18</u>
	<u>220.00</u>	<u>204.50</u>

**SCHEDULE 6  
FIXED ASSETS**

(Rs. in lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK		
	As at 31.03.2009	Addi- tions	Deduc- tions	As at 31.3.2010	For the Year	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land - Free Hold	15.46	0.15	1.71	13.90	-	-	13.90	14.03
- Lease Hold	0.25	14.46	-	14.71	0.34	0.47	14.24	0.12
Buildings	605.82	18.17	-	623.99	18.62	175.77	448.22	448.67
Plant & Machinery	2,920.36	244.66	17.81	3,147.21	168.70	1,731.14	1,416.07	1,341.69
Furniture and Fixtures	46.63	2.35	-	48.98	1.64	45.87	3.11	2.40
Vehicles	29.93	-	-	29.93	2.23	16.33	13.60	15.83
<b>Total</b>	<b>3,618.45</b>	<b>279.79</b>	<b>19.52</b>	<b>3,878.72</b>	<b>191.53</b>	<b>1,969.58</b>	<b>1,909.14</b>	<b>1,822.74</b>
Previous year	2,672.85	947.07	1.47	3,618.45	136.17	1,794.28	1,824.17	1,013.69

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**SCHEDULE 7  
INVESTMENTS**

(Rs. in lacs)

Particulars	Face Value per Share/Bond/Unit (Amount in Rs.)	As at 31.03.2009		Additions/(Deletions)		As at 31.3.2010	
		Face Value	Cost	Face Value	Cost	Face Value	Cost
<b>Long Term, Non-Trade (Unquoted)</b>							
<b>I Government Securities</b>							
National Savings Certificates*	—	0.03	0.03	—	—	0.03	0.03
<b>II Fully paid up 7% Non-Cumulative Redeemable Preference shares of Rs.10/- each.</b>							
Keshav Power Pvt. Ltd.	10	350.00	350.00	—	—	350.00	350.00
<b>Current Investments</b>							
<b>Mutual Funds</b>							
HDFC Floating Rate Fund	10	—	—	1,838.70 (739.64)	1,859.73 (750.25)	897.06	909.48
Principal Monthly Income Plan-Div. Quarterly	10	4.68	5.00	2.92	3.50	7.50	8.50
		364.61	355.03			1,254.69	1,268.01

(\* ) Pledged with Government Department.

	As at 31.03.2010 Rs. Lacs	As at 31.03.2009 Rs. Lacs
Book Value of Unquoted Investments	350.03	350.03
Book Value of Quoted Investments	917.98	5.00
Market Value of Quoted Investments	918.18	5.00

As at 31.03.2010  
(Rs. in lacs)

As at 31.03.2009  
(Rs. in lacs)

**SCHEDULE 8  
INVENTORIES**

(as certified by the Management)

Stores and Spares (includes 'in-transit' Rs.45.40 lacs previous year Rs.13.98 lacs)	385.83	313.34
Raw Materials (includes 'in-transit' Rs.Nil previous year Rs.Nil)	2,394.50	1,178.47
Loose Tools	6.24	4.34
Finished Goods	499.11	378.58
Semi-finished Goods	87.71	58.67
	<u>3,373.39</u>	<u>1,933.40</u>



	As at 31.03.2010 (Rs. In lacs)	As at 31.03.2009 (Rs. in lacs)
<b>SCHEDULE 9</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
A. Debts outstanding for a period exceeding six months:		
Considered good	45.53	21.10
Considered doubtful	-	-
	<u>45.53</u>	<u>21.10</u>
Less : Provision for doubtful debts	-	-
	<u>(A)</u> 45.53	<u>21.10</u>
B. Other Debts :		
Considered good	1,512.72	1,520.79
	<u>(B)</u> 1,512.72	<u>1,520.79</u>
	<u>(A+B)</u> 1,558.25	<u>1,541.89</u>

**SCHEDULE 10**  
**CASH AND BANK BALANCES**

Cash in hand (including stamps)	8.01	8.67
Cheques in hand	43.25	8.98
Balance with Scheduled Banks		
Current Accounts	129.65	117.20
Fixed Deposit Accounts	<u>6.60</u>	<u>10.93</u>
[Rs.6.60 lacs (previous year Rs.10.93 lacs) pledged with Banks towards margin]	136.25	128.13
Post Office Saving Bank Account	0.02	0.02
	<u>167.53</u>	<u>143.80</u>

**SCHEDULE 11**  
**OTHER CURRENT ASSETS**

Rent, Rates & Taxes Recoverable	-	1.47
Interest Receivable	1.88	1.65
	<u>1.88</u>	<u>3.12</u>

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**As at 31.03.2010**  
**(Rs. in lacs)**

**As at 31.03.2009**  
**(Rs. in lacs)**

**SCHEDULE 12**

**LOANS AND ADVANCES**

(Unsecured - Considered Good)

Due from Employees		<b>16.04</b>		18.48
Advances recoverable in cash or in kind or for value to be received		<b>551.29</b>		405.09
Deposits with Government authorities and others		<b>405.23</b>		237.51
		<b><u>972.56</u></b>		<u>661.08</u>

**SCHEDULE 13**

**CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors -

Micro, Small & Medium Enterprises

Others

**2,671.96**      2,671.96      1,177.35      1,177.35

Advances from Customers

**213.96**      213.96      148.01

Other Liabilities

**117.72**      117.72      98.88

Directors' Commission payable

**3.60**      3.60      6.75

(Maximum balance outstanding during the year

Rs.6.75 lacs, previous year Rs.6.00 lacs)

Investor Education and Protection Fund\*

- 6% NCD Application Money

**0.31**

- Unclaimed Dividend

**7.65**

2.47

- Matured Fixed Deposit and interest thereon

**...**

**7.96**

0.28

2.75

**(A)**

**3,015.20**

1,433.74

**PROVISIONS**

Proposed Dividend

**48.00**

40.00

Corporate Dividend tax thereon

**8.16**

6.80

Provision for Leave Encashment

**79.45**

63.78

**(B)**

**135.61**

110.58

**(A) + (B)**

**3,150.81**

1,544.32

\* there are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

**Current Year**  
**(Rs. in lacs)**

**Previous Year**  
**(Rs. in lacs)**

**SCHEDULE 14**

**SALES AND PROCESSING CHARGES**

Sales and other related services

**6,038.84**

6,468.39

Self-Consumption

**878.15**

822.44

Less : Inter-unit transfer

**860.00**

790.70

31.74

Processing Charges

**1,946.56**

1,417.52

**10,003.55**

7,917.65



	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
<b>SCHEDULE 15</b>		
<b>OTHER INCOME</b>		
Interest Receipts		
From Banks and Others (Tax deducted at source Rs.2.99 lacs, previous year Rs.6.88 lacs)	24.54	32.30
Dividend	10.34	0.59
Miscellaneous Receipts	162.11	165.85
Profit on sale of Fixed Assets	4.29	0.01
Profit on sale of Investments	0.02	31.01
Excess Provision/Liability no longer required, written back	2.76	-
	<u>204.06</u>	<u>229.56</u>

**SCHEDULE 16**  
**INCREASE/(DECREASE) IN STOCKS**  
**OF FINISHED AND SEMI-FINISHED GOODS**

Closing Stocks :				
Finished	489.11		378.58	
Semi-finished	87.71	586.82	58.67	437.25
Less : Opening Stocks :				
Finished	378.58		388.36	
Semi-finished	<u>58.67</u>	<u>437.25</u>	<u>43.27</u>	<u>431.63</u>
		149.57		5.62
Add/(Less): Excise duty variation on opening/closing stock		<u>10.58</u>		<u>0.49</u>
		<u>138.99</u>		<u>5.13</u>

**SCHEDULE 17**  
**REMUNERATION AND BENEFITS TO EMPLOYEES**

Salaries, Bonus, Allowances & Awards	1,034.02	869.71
Contribution to Provident and other Funds	66.97	57.61
Gratuity and Pension	62.45	52.92
Staff Welfare Expenses	125.87	88.22
	<u>1,289.31</u>	<u>1,068.46</u>

**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

	<b>Current Year</b>		<b>Previous Year</b>	
	<b>(Rs. In lacs)</b>		<b>(Rs. in lacs)</b>	
<b>SCHEDULE 18</b>				
<b>OTHER EXPENSES</b>				
Repairs and Maintenance				
Building	92.48		173.38	
Plant and Machinery	431.05		525.16	
Others	<u>27.31</u>	<b>550.84</b>	<u>25.89</u>	724.43
Rent (Including Lease Rent)		<b>44.65</b>		31.77
Rates and Taxes		<b>12.25</b>		12.42
Insurance		<b>13.49</b>		8.12
Travelling		<b>55.92</b>		39.01
Packing, Freight and Transportation (Net after recoveries of Rs.21.61lacs, previous year Rs.7.08 lacs)		<b>163.74</b>		63.60
Expenses on Brick Lining Contract		<b>123.29</b>		58.51
Commission to Sales Organisers		<b>134.85</b>		126.01
Rebate, Discount & Allowances		<b>9.45</b>		-
Advertisement & Publicity		<b>10.21</b>		2.11
Interest on Term Loans	<b>113.81</b>		68.09	
on Borrowing from Banks	<b>19.51</b>		42.19	
on Others (Debentures)	<u>9.08</u>		<u>-</u>	
		<b>142.40</b>		110.22
Legal Charges		<b>0.81</b>		2.35
Charity and Donations		<b>0.47</b>		0.33
Directors' Expenses				
Sitting Fee	0.25		0.29	
Commission	<u>3.00</u>	<b>3.25</b>	<u>3.00</u>	3.29
Auditors' Remuneration				
Audit Fees	<b>1.07</b>		1.07	
Fees for Certification	<b>1.19</b>		1.37	
Reimbursement of expenses	<u>0.32</u>	<b>2.56</b>	<u>0.63</u>	3.07
Write off of				
Bad debt	0.81		-	
Assets	<b>1.74</b>		-	
Lease Money	<u>0.01</u>	<b>2.56</b>	<u>0.01</u>	0.01
Loss on sale of fixed assets		-		0.17
Loss on sale of Investments		<b>0.25</b>		0.20
Miscellaneous Expenses		<b>256.67</b>		236.67
		<u><b>1,527.68</b></u>		<u>1,422.29</u>



## **SCHEDULE 19**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Accounting Convention**

The financial statements are prepared under historical cost convention on a going concern basis and comply with the presentational requirements of the Companies Act, 1956 and mandatory accounting standards issued by the Institute of Chartered Accountants of India. Revenues are recognised and expenses are accounted on their accrual with necessary provisions for all known liabilities.

#### **2. Principles of Consolidation**

i) The consolidated financial statements relate to Shri Nataraj Ceramic and Chemical Industries Limited ("the Company") and its wholly owned subsidiary company. The consolidated financial statements have been prepared on the following basis.

- The financial statements of the Company and its subsidiary company have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

ii) The subsidiary company considered in the consolidated financial statements is :

Name of the Company	Country of Incorporation	% voting power held as at 31 <sup>st</sup> March, 2010
Shri Chamundeswari Minerals Limited	India	100%

#### **3. Other Significant Accounting Policies**

These are set out in the notes to accounts under "Significant Accounting Policies" of the financial statements of the Company and Shri Chamundeswari Minerals Limited.

## **SCHEDULE 20**

### **NOTES TO ACCOUNTS**

1. These are set out in the notes to accounts of the financial statements of the Company and Shri Chamundeswari Minerals Limited.
2. The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000756N

New Delhi  
Dated:27.05.2010

ARUN K. TULSIAN  
Partner  
Membership No.89907

C.N. Maheshwari  
C.F.O. Cum  
Secretary

Deepak Thombre  
Managing  
Director

N. Gopalaswamy  
P.D. Mathur  
Directors



**SCHEDULE 19  
SIGNIFICANT ACCOUNTING POLICIES**

**1. Accounting Convention**

The financial statements are prepared under historical cost convention on a going concern basis and comply with the presentational requirements of the Companies Act, 1956 and mandatory accounting standards issued by the Institute of Chartered Accountants of India. Revenues are recognised and expenses are accounted on their accrual with necessary provisions for all known liabilities.

**2. Principles of Consolidation**

i) The consolidated financial statements relate to Shri Nataraj Ceramic and Chemical Industries Limited ("the Company") and its wholly owned subsidiary company. The consolidated financial statements have been prepared on the following basis.

- The financial statements of the Company and its subsidiary company have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

ii) The subsidiary company considered in the consolidated financial statements is :

Name of the Company	Country of Incorporation	% voting power held as at 31 <sup>st</sup> March, 2010
Shri Chamundeswari Minerals Limited	India	100%

**3. Other Significant Accounting Policies**

These are set out in the notes to accounts under "Significant Accounting Policies" of the financial statements of the Company and Shri Chamundeswari Minerals Limited.

**SCHEDULE 20  
NOTES TO ACCOUNTS**

1. These are set out in the notes to accounts of the financial statements of the Company and Shri Chamundeswari Minerals Limited.
2. The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

As per our report of even date attached,  
For S.S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000756N

New Delhi  
Date: 27.05.2010

ARUN K. TULSIAN  
Partner  
Membership No.89907

C.N. Maheshwari  
C.F.O. Cum  
Secretary

Deepak Thombre  
Managing  
Director

N. Gopalaawamy  
P.D. Mathur  
Directors



**SHRI NATARAJ CERAMIC AND CHEMICAL  
INDUSTRIES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Current Year (Rs. In lacs)		Previous Year (Rs. In lacs)
<b>A. Cash Flow from Operating Activities</b>			
Net Profit/(Loss) before Tax		1,502.35	956.84
Adjustments for :			
Depreciation	191.13		136.17
Write-off of Fixed Assets & Lease Money	1.75		-
Loss on Sale of Fixed Assets	-		0.17
Loss on Sale of Investments	0.25		0.20
Preliminary expenses written off	-		0.53
		193.13	137.07
Profit on Sale of Fixed Assets	(4.28)		(0.01)
Investments	(0.02)	(4.31)	(31.01)
			(31.02)
Interest paid	142.40		110.22
Interest received	(23.30)		(32.30)
Dividend received	(10.34)	108.76	(0.59)
			77.33
Operating Profit before Working Capital changes		1,799.93	1,139.22
Adjustments for :			
Trade and Other Receivables	(345.46)		(796.60)
Inventories	(1,439.68)		(678.82)
Trade Payables	1,591.85	(198.50)	446.10
			(1,026.24)
Cash Flow from Operating Activities		1,603.43	112.99
Direct Taxes paid/Refunds received (Net)		(444.42)	(288.89)
Fringe Benefits Tax		-	(8.50)
Net Cash Flow from Operating Activities		1,159.01	(185.51)
<b>B. Cash Flow from Investment Activities</b>			
Purchase of Fixed Assets		(161.45)	(1,101.01)
Sale of Fixed Assets		6.00	0.26
Sale of Investments		760.25	443.08
Purchase of Investments		(1,883.23)	(0.82)
Interest Received		23.30	32.30
Dividend Received		10.34	0.59
Net Cash from Investment Activities		(1,034.79)	(525.58)
<b>C. Cash Flow from Financing Activities</b>			
Secured Loans			
Long Term	(87.50)		762.50
Short Term	191.03	103.53	230.98
Dividend Paid	(34.82)		-
Corporate Dividend Tax	(6.80)		-
Interest Paid	(142.40)	(184.02)	(110.22)
Net Cash from Financing Activities		(80.49)	873.26
<b>D. Net Increase in Cash and Cash equivalents</b>		43.73	82.17
Cash and Cash Equivalents			
Opening Balance as at 1.4.2009		143.80	61.63
Closing Balance as at 31.3.2010		187.53	143.80

As per our report of even date attached.  
For S. S. KOTHARI MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000766N

ARUN K. TULSIAN  
New Delhi  
Partner  
Dated:27.05.2010 Membership No.59907

C.M. Maheshwari  
C.F.O. Cum  
Secretary

Deepak Thombre  
Managing  
Director

N. Gopalaaswamy  
P.D. Mathur  
Directors

## SHRI CHAMUNDESWARI MINERALS LIMITED

### Registered Office :

Dalmiapuram,  
P.O. Kallakudi-621 651,  
Distt. Tiruchirapalli,  
Tamil Nadu

### Directors

Shri M.L. Dujari  
Shri R.K. Agrawal  
Shri D. Muthukrishnan

### DIRECTORS' REPORT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

Your Directors have pleasure in presenting the Thirty First Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

#### WORKING RESULTS

The results for the year under review show a profit of Rs.2,14,238/- after income tax provision of Rs.30,000/- (Previous year loss - Rs.39,178/-). The balance loss of Previous Year together with the profit of Current Year aggregating loss Rs.1,54,020/- has been carried to Balance Sheet.

#### BUSINESS PROSPECTS

Your Directors are looking forward for expansion/diversification of its activities depending on the business opportunity.

#### DEPOSITS

The Company has not accepted any deposits from the public.

#### DIRECTORS

Shri R.K. Agrawal, Director retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Shri C.N. Maheshwari resigned from the directorship of the company w.e.f. 31.12.2009. Your Directors take the opportunity to place on record high appreciation for the valuable service rendered by him during his tenure with the Company.

Shri D. Muthukrishnan has been appointed as Additional Director of the Company w.e.f. 30.12.2009 till the conclusion of the next Annual General Meeting of the Company. Notice pursuant to Section 257 of the Companies Act, 1956 has been received from Shri D. Muthukrishnan signifying his intention to be appointed as the Director of the Company at the ensuing Annual General Meeting.

#### AUDITORS

M/s. S.S. Kothari Mehta & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. S.S. Kothari Mehta & Co., have confirmed that their appointment if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956.

#### EMPLOYEES

Particulars pursuant to Sec. 217(2A) of the Companies Act, 1956 are Nil.

#### CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Particulars with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are Nil.

#### DIRECTORS RESPONSIBILITY STATEMENT :

In Accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby declare that :

## **SHRI CHAMUNDESWARI MINERALS LIMITED**

- i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the Annual Accounts on a going concern basis.

### **ACKNOWLEDGEMENT**

The Directors also take this opportunity to place on record their appreciation to bankers, and other business constituents for their continued support to the Company.

New Delhi  
Dated : 26.05.2010

R.K. Agrawal  
D. Muthukrishnan  
**DIRECTORS**

## COMPLIANCE CERTIFICATE

CIN No.U14109TN1980PLC055366

To  
The Members,  
Shri Chamundeswari Minerals Limited  
Dalmiapuram

I have examined the registers, records, books and papers of Shri Chamundeswari Minerals Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company and its officers, I certify that in respect of the aforesaid financial year:-

1. The company has kept and maintained all registers as stated under, as per the provisions and the rules made thereunder and all entries therein have been duly recorded -
  - i) Register of Members u/s 150;
  - ii) Register of Share Transfer;
  - iii) Books of Accounts u/s 209;
  - iv) Minutes Books of Board Meetings and Shareholders Meetings;
  - v) Register of Directors and Shareholders Attendance;
  - vi) Register of Contracts in which Directors are interested u/s 301;
  - vii) Register of Directors etc. u/s 303;
  - viii) Register of Directors Shareholding u/s 307;
  - ix) Register of Investments, loans u/s 372A;
2. The company has duly filed the forms and returns as stated under, with the Registrar of Companies :
  - i) Annual Accounts u/s 220;
  - ii) Annual Return u/s 168;
  - iii) Compliance Certificate u/s 383A;
  - iv) Form 32 (Appointment of Additional Director and Cessation of Director)
3. The Company is a Public Limited Company and its paid-up capital is Rs.360 lacs.
4. The Board of Directors duly met four times on following dates and the proceedings of which were properly recorded and signed in the minutes book maintained for the purpose:  
Dates of Meetings of Board

i) 27.05.2009	iii) 30.12.2009
ii) 22.08.2009	iv) 30.03.2010
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 9th September, 2009 after giving due notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in Section 295 of the Act.
9. The Company has not entered into any contract covered under the provisions of Section 207 of the Act.
10. The Company was not required to make any entries in the register to be maintained under Section 301 of the Act.
11. The provisions of Section 314 of the Act were not applicable to the Company during the financial year.
12. No Duplicate share certificate has been issued by the Company during the year.
13. The Company :
  - i) did not receive any request for transfer/transmission or any other purpose during the year.
  - ii) was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) was not required to post warrants of dividend to any member of the Company as no dividend was declared during the financial year.
  - iv) has no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained undivided or unpaid for a period of seven years which need to be transferred to the Investor Education and Protection Fund.
  - v) has duly complied with the requirements of Section 217 of the Act.

## **SHRI CHAMUNDESWARI MINERALS LIMITED**

14. The Board of Directors is duly constituted and the appointment of all directors have duly been made.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. No sole selling agent has been appointed during the year.
17. The Company was not required to obtain any approval from Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under various provisions of the Act.
18. The Directors duly disclosed their interest in other firm/companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
19. The Company has not issued any shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares during the financial year.
22. The Company was not required to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not taken deposits during the financial year, under the provisions of Section 58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
24. The Company has not borrowed any money from directors, banks and financial institutions and others during the year.
25. The Company has not made any loans or investments or given guarantee or provided securities in other bodies corporate in compliance with the provisions of the Act and was not required to make necessary entries in the Register kept for the purpose.
26. The Company has not altered the provisions of Memorandum with respect to the situation of the Company's Registered Office during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum of Association with respect to the name of the company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to the share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notice received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for the offences under the Act.
32. No amount has been received as security from its employees during the year.
33. Provident Fund is not applicable to the Company.

Place: New Delhi

Date: 28.05.2010

(B.D. Tapriya)  
C.P. No.2059

# SHRI CHAMUNDESWARI MINERALS LIMITED

## AUDITORS' REPORT

The Members,  
SHRI CHAMUNDESWARI MINERALS LIMITED  
DALMIAPURAM

Gentlemen,

We have audited the attached Balance Sheet of **SHRI CHAMUNDESWARI MINERALS LIMITED** as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on those financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order 2003, as amended by Companies (Auditors' Report) (Amendment) Order, 2004 (Collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Accounting policies and 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 the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - ii) in the case of Profit and Loss Account, of the Profit for the year ended on that date.
  - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.S. KOTHARI MEHTA & Co.**  
Chartered Accountants  
Firm Registration No.000756N

ARUN K. TULSIAN  
PARTNER  
Membership No.:89907

NEW DELHI  
Dated: 26.05.2010

## SHRI CHAMUNDESWARI MINERALS LIMITED

### ANNEXURE TO AUDITORS' REPORT (Annexure referred to in our report of even date)

1. The Company does not have any fixed assets.
2. According to information and explanations given to us, the Company does not have any inventory.
3. According to the information and explanations given to us, the Company has not granted / taken any loans to / from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. a) According to information and explanations given to us, during the year under review there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.  
b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance to contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposit) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with its size & nature of its business.
8. The Company is not required to maintain any cost records as per section 209(1)(d) of the Companies Act, 1956.
9. According to the information and explanations given to us the company is regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax and other statutory dues with the appropriate authorities and have no undisputed amounts payable in respect of such dues outstanding as on 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
10. The accumulated losses of the company are less than fifty percent of the networth. There are no cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Charitable fund/Nidhi/Mutual Benefit fund/Society and hence the related reporting requirements of the Order are not applicable.

## SHRI CHAMUNDESWARI MINERALS LIMITED

14. According to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. According to the records of the company examined by us, the company has not raised any term loan.
17. According to information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, in our opinion, generally, there are no funds raised by the company on short term basis, which have been used for long term investment.
18. The Company has not made any preferential allotment of shares, during the year, to companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to information and explanations given to us, the company has not issued any debentures during the year, nor has any outstanding debentures.
20. The Company has not raised any money through public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For S.S. KOTHARI MEHTA & CO.,  
Chartered Accountants  
Firm Registration No.000756N

NEW DELHI  
Dated: 26.05.2010

ARUN K. TULSIAN  
PARTNER  
Membership No.:39907



# SHRI CHAMUNDESWARI MINERALS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	1	<u>3,60,00,000</u>	<u>3,60,00,000</u>
<b>TOTAL</b>		<u>3,60,00,000</u>	<u>3,60,00,000</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Land (Free Hold)		-	1,42,892
<b>2. Investments</b>			
	2	<u>3,68,50,000</u>	<u>3,55,00,000</u>
<b>3. Current Assets, Loans &amp; Advances</b>			
Cash and Bank Balance	3	1,30,622	91,487
Loans and Advances	4	<u>2,244</u>	<u>3,978</u>
		<u>1,32,866</u>	95,465
Less: Current Liabilities and Provisions	5	<u>1,36,886</u>	<u>1,06,555</u>
Net Current Assets		(4,020)	(11,090)
<b>4. Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
As per last Balance Sheet		-	63,200
Less: Written off during the year		-	<u>53,200</u>
<b>5. Profit &amp; Loss Account</b>			
		<u>1,54,020</u>	<u>3,68,258</u>
<b>TOTAL</b>		<u>3,60,00,000</u>	<u>3,60,00,000</u>
Notes forming part of Accounts	6		

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.,  
Chartered Accountants  
Firm Registration No.000756N

Place : New Delhi  
Dated : 28.05.2010

ARUN K. TULSIAN  
**PARTNER**  
Membership No.89907

R.K. Agrawal  
D. Muthukrishnan  
**DIRECTORS**

## SHRI CHAMUNDESWARI MINERALS LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Current Year Rs.	Previous Year Rs.
<b>INCOME</b>			
Dividend Received		62,612	23,893
Profit on sale of assets		<u>1,97,168</u>	-
		<u>2,59,780</u>	<u>23,893</u>
<b>EXPENDITURE</b>			
Filing fees		2,000	1,510
Professional Charges		3,500	1,000
Bank charges		450	369
Audit Fees		6,618	6,618
Miscellaneous expenses		1,240	374
Preliminary Expenses written off		-	53,200
Amount written off		<u>1,734</u>	-
		<u>16,642</u>	<u>63,071</u>
Profit before tax		<u>2,44,238</u>	(39,178)
Less: Provision for tax		<u>30,000</u>	-
Profit after Tax		<u>2,14,238</u>	(39,178)
Amount brought forward from last year		<u>(3,68,258)</u>	<u>(3,29,080)</u>
Balance carried forward to Balance Sheet		<u>(1,54,020)</u>	<u>(3,68,258)</u>
<b>EARNING PER SHARE</b>			
Number of Equity Shares outstanding during the year		40,000	40,000
Profit/Loss for calculating EPS (Rs.)		2,14,238	(39,178)
Basic/Diluted EPS (Rs.)		5.36	-0.98

Notes Forming Part of Accounts

6

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.,  
Chartered Accountants  
Firm Registration No.000756N

Place : New Delhi  
Dated : 26.05.2010

ARUN K. TULSIAN  
**PARTNER**  
Membership No.89907

R.K. Agrawal  
D. Muthukrishnan  
**DIRECTORS**

# SHRI CHAMUNDESWARI MINERALS LIMITED

## SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	Rs.	As at 31.03.2010 Rs.	Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
40,000 Equity Shares of Rs. 10 each	400000		400000	
10,000 6% Redeemable Non-Cumulative Preference Shares of Rs.10/- each	100000		100000	
<b>38,50,000 Unclassified shares of Rs.10/- each</b>	<b>39500000</b>	<b>40000000</b>	<b>39500000</b>	<b>40000000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
40,000 (Previous Year 40,000) Equity Shares of Rs.10/- each.		400000		400000
10,000 (Previous Year 10,000) 6% Redeemable Non-Cumulative Preference Shares of Rs.10/- each.		100000		100000
35,50,000 (Previous Year 35,50,000) 7% Redeemable Non-Cumulative Preference Shares of Rs.10/- each.		35500000		35500000
(Entire Share Capital is held by holding company Shri Nataraj Ceramic and Chemical Industries Ltd)				
		<b>36000000</b>		<b>36000000</b>

### SCHEDULE 2

#### INVESTMENTS (AT COST)

No. of Shares/ Units as at 31.3.10	No. of Shares/ Units as at 31.3.09	PARTICULARS	As at 31.3.10 (Rs.)	As at 31.3.09 (Rs.)
		<b>Quoted</b>		
74985.762	45792.578	Principal Monthly Income Plan - Div. Qtrly	8,50,000	5,00,000
		<b>Unquoted</b>		
3500000	3500000	In fully paid up 7% Non Cumulative Redeemable Preference Shares of Rs.10/- each. Keshav Power Private Limited	3,50,00,000	3,50,00,000
			<b>3,58,50,000</b>	<b>3,55,00,000</b>
			Book Value (Rs.)	Market Value (Rs.)
		Quoted Investment	8,50,000	8,59,539
		Unquoted Investment	3,50,00,000	-
			<b>3,58,50,000</b>	<b>5,02,734</b>

# SHRI CHAMUNDESWARI MINERALS LIMITED

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE 3</b>		
<b>CASH AND BANK BALANCES</b>		
Balance with Scheduled Bank in Current Account	1,28,715	87,480
Cash in Hand	<u>1,907</u>	<u>4,007</u>
	<u>1,30,622</u>	<u>91,487</u>
 <b>SCHEDULE 4</b>		
<b>LOANS &amp; ADVANCES</b>		
Advances recoverable in Cash or in kind or for value to be received		
Tax deducted at Source	2,244	3,978
 <b>SCHEDULE 5</b>		
<b>CURRENT LIABILITIES</b>		
Audit Fees payable	6,618	6,618
Sundry Creditors {Due to Shri Netaraj Ceramic and Chemical Industries Limited, the Holding Company}	95,556	96,586
Outstanding expenses	3,702	3,371
<b>PROVISIONS</b>		
Provision for tax	<u>30,000</u>	-
	<u>1,36,886</u>	<u>1,08,555</u>

# SHRI CHAMUNDESWARI MINERALS LIMITED

## SCHEDULE 6

### NOTES FORMING PART OF ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### Fixed Assets:

Fixed assets are stated at cost.

##### Recognition of Income & Expenditure:

The Company is following the mercantile system of accounting and the income and expenses are recognised on accrual basis.

##### Contingent Liabilities:

Contingent liabilities are not provided for in the accounts and are separately shown in the Annual Statement of Accounts.

2. Deferred tax assets as per Accounting Standard-22 on account of carry forward losses have not been recognised as there is no convincing evidence that sufficient future taxable income shall be available against which such deferred tax assets can be realised.

3. Related Party Disclosures, as required by Accounting Standard- 18 is as below:

#### A. Relationships:

(i) Holding Company - Shri Nataraj Ceramic and Chemical Industries Ltd.,

(ii) Directors of the Company :-

Shri M.L. Dujari, Shri C.N. Maheshwari (upto 31.12.2009), Shri D. Muthukrishnan (w.e.f. 30.12.2009) and Shri R.K. Agrawal.

(iii) Promoters of the Company :-

Shri J.H. Dalmia and Shri Y.H. Dalmia.

(iv) Relatives of Promoters :-

Shri Gautam Dalmia, Shri Puneet Dalmia and their relatives, Shri Y.H. Dalmia, Smt. Kavita Dalmia, Smt. Bela Dalmia, Smt. Anupama Dalmia, Smt. Avantika Dalmia, Kumari Shrutipriya Dalmia, Kumari Sukeshi Dalmia, Kumari Vaidehi Dalmia, Kumari Sumana Dalmia, Kumari Avanees Dalmia and Ms. Priyang Dalmia.

(v) Enterprises controlled by the Promoters of the Company :-

Kanika Investment Ltd, Ishita Properties Ltd., D.I. Properties Limited, Dalmia Cement (Bharat) Ltd, Geetee Estates Limited, Avniya Properties Limited, Shri Rangam Properties Limited, Hemshila Properties Limited, Himshikhar Investment Limited, Dalmia Minerals & Properties Limited, Shree Radha Krishna Broker & Holdings Limited, Dalmia Power Ltd. (formerly Seeta Estates & Brokers Limited), Dalmia Solar Power Ltd. (formerly Shri Rangam Brokers & Holdings Limited), Arjuna Brokers & Minerals Limited, Dalmia Bharat Enterprises Ltd. (formerly Sri Kesava Mines & Minerals Limited), DCB Power Ventures Ltd. (formerly Sri Madhava Minerals & Properties Limited), Sri Shanmugha Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Trivikrama Mines & Properties Limited, Sri Dhendauthapani Mines & Minerals Limited, Sri Madhusudhana Mines & Properties Ltd, Cosmos Cements Ltd., Sulinga Mines Pvt. Ltd., Rajputana Properties Pvt. Ltd., Golden Hills Resorts Pvt. Ltd.

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Mayuka Investment Limited, Ankita Pralishthan Limited, Sita Investment Co. Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Allrox Abrasives Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanees and Ashni Securities Private Limited, OCL India Limited, ZipAhead.Com Limited, Dalmia Cement Ventures Ltd., Dalmia Sugar Ventures Ltd., Sukeshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanees Trust, Raghu Hari Dalmia Parivar Trust.

4. Previous year's figures have been regrouped and/or re-arranged wherever considered necessary.
5. Other Informations required under para 4A, 4B, 4C & 4D to part-II to Schedule-VI to the Companies Act, 1956 are NIL.

# SHRI CHAMUNDESWARI MINERALS LIMITED

## SCHEDULE 6

### NOTES FORMING PART OF ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### Fixed Assets:

Fixed assets are stated at cost.

##### Recognition of Income & Expenditure:

The Company is following the mercantile system of accounting and the income and expenses are recognised on accrual basis.

##### Contingent Liabilities:

Contingent liabilities are not provided for in the accounts and are separately shown in the Annual Statement of Accounts.

2. Deferred tax assets as per Accounting Standard-22 on account of carry forward losses have not been recognised as there is no convincing evidence that sufficient future taxable income shall be available against which such deferred tax assets can be realised.

3. Related Party Disclosures, as required by Accounting Standard - 18 is as below:

##### A. Relationships:

(i) Holding Company - Shri Nataraj Ceramic and Chemical Industries Ltd.,

(ii) Directors of the Company :-

Shri M.L. Dujari, Shri C.N. Maheshwari (upto 31.12.2009), Shri D. Mulhukrishnan (w.e.f. 30.12.2009) and Shri R.K. Agrawal.

(iii) Promoters of the Company :-

Shri J.H. Dalmia and Shri Y.H. Dalmia.

(iv) Relatives of Promoters :-

Shri Gautam Dalmia, Shri Puneet Dalmia and their relatives, Shri V.H. Dalmia, Smt. Kavita Dalmia, Smt. Bela Dalmia, Smt. Anupama Dalmia, Smt. Avantika Dalmia, Kumari Shrutipriya Dalmia, Kumari Sukeshi Dalmia, Kumari Vaidehi Dalmia, Kumari Sumana Dalmia, Kumari Avanees Dalmia and Mst. Priyang Dalmia.

(v) Enterprises controlled by the Promoters of the Company :-

Kanika Investment Ltd, Ishita Properties Ltd., D.I. Properties Limited, Dalmia Cement (Bharat) Ltd, Geetee Estates Limited, Avniya Properties Limited, Shri Rangam Properties Limited, Hemshikha Properties Limited, Himshikhar Investment Limited, Dalmia Minerals & Properties Limited, Shree Radha Krishna Broker & Holdings Limited, Dalmia Power Ltd. (formerly Saeta Estates & Brokers Limited), Dalmia Solar Power Ltd. (formerly Shri Rangam Brokers & Holdings Limited), Arjuna Brokers & Minerals Limited, Dalmia Bharat Enterprises Ltd. (formerly Sri Kesava Mines & Minerals Limited), DCB Power Ventures Ltd. (formerly Sri Madhava Minerals & Properties Limited), Sri Shanmugha Mines & Minerals Limited, Sri Swaminatha Mines & Minerals Limited, Sri Subramanya Mines & Minerals Limited, Sri Trivikrama Mines & Properties Limited, Sri Dhendauthapani Mines & Minerals Limited, Sri Madhusudhana Mines & Properties Ltd, Cosmos Cements Ltd., Sulringa Mines Pvt. Ltd., Rajputana Properties Pvt. Ltd., Golden Hills Resorts Pvt. Ltd.

Rama Investment Company Private Limited, Puneet Trading & Investment Company Private Limited, Kavita Trading & Investment Company Private Limited, Mayuka Investment Limited, Ankita Pratishthan Limited, Sita Investment Co. Limited, Himgiri Commercial Limited, Valley Agro Industries Limited, Allrox Abrasives Limited, Shree Nirman Limited, Keshav Power Private Limited, Avanees and Ashni Securities Private Limited, OCL India Limited, ZipAhead.Com Limited, Dalmia Cement Ventures Ltd., Dalmia Sugar Ventures Ltd., Sukoshi Trust, Vaidehi Trust, Sumana Trust, Shrutipriya Dalmia Trust, Priyang Trust, Avanees Trust, Raghu Hari Dalmia Parivar Trust.

4. Previous year's figures have been regrouped and/or re-arranged wherever considered necessary.
5. Other Informations required under para 4A, 4B, 4C & 4D to part-II to Schedule-VI to the Companies Act, 1956 are NIL.

## SHRI CHAMUNDESWARI MINERALS LIMITED

### 5. Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

Registration No. : U14109TN2005 State Code 18  
PLC055366  
Balance Sheet Date : 31.03.2010

#### II. Capital raised during the year

(Rs. in Lacs)

Public Issue : Nil Right Issue Nil  
Bonus Issue : Nil Private Placement Nil

#### III. Position of Mobilisation and Deployment of Funds

Total Liabilities	: 360.00	Total Assets	360.00
Source of Funds			
Paid up capital	: 360.00	Reserves & Surplus	Nil
Secured Loans	: Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	: -	Investments	358.50
Net Current Assets	: (0.04)	Misc. Expenditure	NIL
		Profit & Loss Account	1.54

#### IV. Performance of Company

Turnover/Income	: 2.60	Total Expenditure	0.16
Profit before tax	: 2.44	Profit after tax	2.14
Earning per share (Rs.)	: 5.36	Dividend Value	Nil

#### V. Generic Names of Three Principal Products/Series of Company (as per Monetary terms).

ITEM CODE	PRODUCT DESCRIPTION
25083000	Mining Fire Clay

Signature to Schedule 1 to 6 inclusive

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.,  
Chartered Accountants  
Firm Registration No.000756N

Place : New Delhi  
Dated : 26.05.2010

ARUN K. TULSIAN  
PARTNER  
Membership No.89907

R.K. Agrawal  
D. Muthukrishnan  
DIRECTORS

# SHRI CHAMUNDESWARI MINERALS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year (Rs.)	Previous Year (Rs.)
<b>Cash Flow from operating activities :</b>		
Net Profit before tax	2,44,238	(39,178)
Profit on sale of asset	(1,97,168)	-
Dividend received	(62,612)	(23,893)
Preliminary Expenditure Written off	-	53,200
Operating Profit before Working Capital changes	(15,542)	(9,871)
Adjustments for working capital changes :		
Trade & Other receivables	1,734	-
Trade Payable	331	6,818
<b>Net Cash from operating activities</b>	<b>(13,477)</b>	<b>(3,253)</b>
Taxes paid	-	-
<b>Cash Flow from Investing activities :</b>		
Proceeds from sale of assets	3,40,000	-
Purchase of Investment	(3,50,000)	-
Dividend received	62,612	23,893
<b>Net Cash from Investment Activities</b>	<b>52,612</b>	<b>23,893</b>
<b>Cash Flow from financing activities :</b>		
Proceeds from Share Capital	-	-
Purchase of Investments	-	-
<b>Net Cash from Financing activities</b>		
Net change in cash and cash equivalents	39,135	20,640
Cash & cash equivalents (opening balance)	91,487	70,847
Cash & cash equivalents (closing balance)	1,30,622	91,487
Change in cash & cash equivalents	39,135	20,640

As per our report of even date attached.  
For S.S. KOTHARI MEHTA & CO.,  
Chartered Accountants  
Firm Registration No.000756N

Place : New Delhi  
Dated : 26.05.2010

ARUN K. TULSIAN  
PARTNER  
Membership No.89907

R.K. Agrawal  
D. Muthukrishnan  
DIRECTORS