

AUDITOR'S REPORT

To
The Members of
Vennar Ceramics Limited

We have audited the attached Balance Sheet of Vennar Ceramics Limited as at 31st March 2010, the Profit and Loss Account and Cash Flow Statement 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 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 reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended, by Companies (Auditor's Report) Order (Amendment), 2004 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to in paragraph 1 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 accounts as required by law, have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit and 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 comply with Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956
- e) *Except the Accounting Standard 22 in respect of "Accounting for taxes on Income". Since in our opinion this standard becomes applicable as there is a timing difference which will reverse after the expiry of the tax holiday period.*

The deferred tax liability not so provided for the year amounts to Rs. 10.02 Lakhs and the cumulative deferred tax liability not so provided upto 31st March, 2010



amounts to Rs. 129.06 Lakhs. Consequently the Profit for the year after taxes is overstated by Rs. 10.02 Lakhs. Profit and loss account (Debit balance) is understated by Rs. 129.06 Lakhs.

- e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) to Section 274 of Companies Act, 1956.
- (i) Subject to para (d) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with "significant accounting policies", Note No. 8 and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2010.
- ii) In case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
- iii) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Hyderabad
Date: 12.08.2010



for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Regn. No 000459S

V. Raghunandan

V. Raghunandan
Partner
Membership No. 26255

Annexure to the Auditor's Report
(Statement referred to in paragraph (1) of our report of even date)

1. (a) The company has maintained fixed asset register showing full particulars including the quantitative details and situation of fixed assets is under compilation.
- (b) As explained to us, the management has physically verified the major items of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.
- (c) There is no disposal of fixed assets during the year and hence commenting under this sub-clause does not arise.
2. (a) The physical verification of inventory was carried out by the management during the year. In our opinion, the frequency of verification is reasonable and adequate.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the Management are adequate and reasonable having regard to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the inventory records, the company is maintaining proper records. The discrepancies noticed on physical verification of inventory as compared to book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. (a) The company has not granted any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence, Clause (iii) (b) to (d) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended is not applicable to the Company for the current year.
- (e) The company has taken unsecured loans repayable on demand from two parties covered under register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.711.98/- Lakhs and the year-end balance was Rs.373.28/-Lakhs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions of the said loans taken by the company are not prima facie prejudicial to the interests of the company.
- (g) Since the loans taken are repayable on demand, question of overdue amounts does not arise.
4. In our opinion and according to the information and explanations given to us there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets, sale of goods and services. In our opinion according to the information and explanation given to us,



there has been no continuing failure to correct major weaknesses in internal control system during the year.

5. (a) In our opinion and according to the information and explanations given to us, the transaction that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year.
7. *There is no internal audit system in vogue*
8. *The Company is not maintaining any cost records as prescribed by central government under Section 209 (1) (d) of the Companies Act, 1956.*
9. (a) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investors education and protection fund, Employees' State Insurance Act, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues outstanding as at 31st March 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Customs duty, Wealth Tax, Service Tax, Excise duty & Cess, which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the company at the end of the financial year are not more than fifty percent of its net worth. The Company has not incurred any cash losses in the financial year under report, but incurred cash losses of Rs. 67.98/- lakhs in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
12. According to the information and explanations given to us during the course of the audit, 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 provisions of any special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us during the course of the audit, the company does not deal or trade in shares, securities, debentures and other investments.



15. In our opinion and according to the information and explanations given to us during the course of the audit, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not obtained term loans during the financial year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company as at 31st March 2010, we report that short term funds of Rs. 113.62/- Lakhs were used for long-term applications.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures during the year and hence commenting under this does not arise.
20. The Company has not raised any money by public issue during the year and hence commenting under this does not arise.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Hyderabad

Date: 12.08.2010



for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Regn. No.000459S

V. Raghunandan
V. Raghunandan
Partner

Membership No. 26255

VENNAR CERAMICS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

| | Schedule No | As at 31.03.2010 | | As at 31.03.2009 | |
|--|-------------|------------------|-------------------|------------------|-------------------|
| | | Rupees | Rupees | Rupees | Rupees |
| <u>SOURCES OF FUNDS:</u> | | | | | |
| <u>SHARE HOLDERS FUNDS</u> | | | | | |
| Capital | A | 49,660,700 | | 49,660,700 | |
| Reserves & Surplus | B | - | 49,660,700 | - | 49,660,700 |
| <u>LOAN FUNDS</u> | | | | | |
| Secured Loans | C | - | | - | |
| Unsecured Loans | D | 37,599,425 | 37,599,425 | 1,298,044 | 1,298,044 |
| TOTAL | | | 87,260,125 | | 50,958,744 |
| <u>APPLICATION OF FUNDS:</u> | | | | | |
| <u>FIXED ASSETS</u> | | | | | |
| Gross Block | E | 120,196,540 | | 120,074,215 | |
| Less depreciation | | 54,140,088 | | 48,633,241 | |
| Net Block | | 66,056,452 | | 71,440,974 | |
| W-I-P-Non Factory Building | | 21,296,693 | 87,353,145 | 21,296,693 | 92,737,666 |
| <u>CURRENT ASSETS, LOANS AND ADVANCES</u> | | | | | |
| Inventories | | 18,641,566 | | 18,224,969 | |
| Sundry Debtors | | 1,170,439 | | - | |
| Cash & Bank balances | | 192,209 | | 180,093 | |
| Loans & Advances | | 4,227,546 | | 648,864 | |
| | | 24,231,760 | | 19,053,926 | |
| Less: Current Liabilities & provisions | G | 35,593,609 | | 72,289,150 | |
| Net Current Assets | | | (11,361,849) | | (53,235,224) |
| <u>MISCELLANEOUS EXPENDITURE</u> (to the extent not written off or adjusted) | | | | | |
| Profit & Loss Account (Debit Balance) | H | | 11,268,829 | | 11,456,302 |
| TOTAL | | | 87,260,125 | | 50,958,744 |
| Notes to Accounts | N | | | | |

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

As Per our report of even date attached
For M.Bhaskar Rao & Co
Chartered Accountants

For and on behalf of the Board

V. Raghunandan
Partner
M.No.26255



[Signature]
K. V. Vishnu Raju
Director

[Signature]
P V R L Narasimha Raju
Director

Place: Hyderabad
Date : 12.08.2010

VENNAR CERAMICS LIMITED

Profit and Loss Account for the year ended 31.03.2010

| Particulars | Schedule No | Year ended 31.03.2010 Rupees | Year ended 31.03.2009 Rupees |
|--|-------------|---------------------------------|---------------------------------|
| <u>INCOME:</u> | | | |
| Sale income | I | 20,453,055 | 25,841,443 |
| Other income | | 710,986 | 289,869 |
| TOTAL | | 21,164,041 | 26,131,312 |
| <u>EXPENDITURE</u> | | | |
| Manufacturing & Other Expenses | J | 12,555,712 | 25,436,280 |
| Salaries,wages & other Employee Benefi | K | 1,009,488 | 257,104 |
| Administration & Other Expenses | L | 1,760,199 | 6,445,377 |
| Interest & Other Financial charges | M | 144,323 | 761,784 |
| Depreciation | E | 5,506,846 | 5,541,410 |
| TOTAL | | 20,976,568 | 38,441,955 |
| PROFIT/(LOSS) for the year | | 187,473 | (12,310,643) |
| Prior Period Adjustements | | - | 4,414 |
| Provision for Tax | | - | - |
| Fringe Benfit Tax | | - | 23,923 |
| Profit /(Loss) after Taxation | | 187,473 | (12,338,980) |
| Profit / (Loss) brought forward | | (11,456,302) | 882,678 |
| Profit /(Loss) carried to Balance Sheet | | (11,268,829) | (11,456,302) |
| Basic & Diluted Earnings per Share | | 0.04 | (2.48) |
| Notes on Accounts | N | | |

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

As Per our report of even date attached For and on behalf of the Board

For M.Bhaskar Rao &Co

Chartered Accountants

V.Raghunandan
Partner
M.No.26255

K V Vishnu Raju
Director

P V R L Narasimha Raju
Director

Place:Hyderabad
Date : 12.08.2010

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

| | Year Ended 31st March 2010 Rupees | | Year Ended 31st March 2009 Rupees | |
|---|---|--------------|---|--------------|
| A) Cash flow from operating activities : | | | | |
| Net Profit before Tax and Extraordinary Items: | 187,473 | | (12,310,643) | |
| Adjustment for : | | | | |
| Depreciation | 5,506,846 | | 5,541,410 | |
| Deferred Revenue Expenses | - | | - | |
| Interest and Finance charges | 144,323 | | 761,784 | |
| Other income | (710,986) | | (289,869) | |
| Operating Profit Before Working Capital Changes | 5,127,657 | | (6,297,318) | |
| Changes in Working Capital | | | | |
| (Increase)/Decrease in Inventories | (416,597) | | (4,770,969) | |
| (Increase)/Decrease in Sundry Debtors | (1,170,439) | | - | |
| (Increase)/Decrease in Loans and Advances | (3,578,682) | | 5,505,836 | |
| Increase/(decrease) in Current Liabilities | (36,695,542) | | 34,046,937 | |
| Cash Generated from Operations | (36,733,604) | | 28,484,487 | |
| Extraordinary items | 710,986 | | 289,869 | |
| Net Cash Flow from Operating Activity | | (36,022,618) | | 28,774,356 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | | |
| Inflow/(Outflow) | | | | |
| Interest Received | - | | - | |
| Purchase of Fixed Assets | (122,325) | | (43,080) | |
| Proceeds from sale of fixed assets | | | | |
| Capital Work in progress | - | | (21,000,000) | |
| Net Cash Flow from Investing Activities | | (122,325) | | (21,043,080) |
| C. CASH FLOW FROM FINANCIAL ACTIVITIES: | | | | |
| Inflow / (Outflow) | | | | |
| Proceeds of Long Term Borrowings | - | | - | |
| Proceeds of Unsecured Loans | 36,301,381 | | 516 | |
| Repayment Of Unsecured Loans | | | - | |
| Repayment Of Long Term Borrowings | - | | (6,851,200) | |
| Proceeds / (Repayment) of Hire Purchase loan | - | | (144,000) | |
| Increase / (Decrease) in cash Credit Utilisation | - | | - | |
| Interest Paid | (144,323) | | (761,784) | |
| Net Cash Flow from Financing Activities | | 36,157,058 | | (7,756,468) |
| D) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS: | | 12,116 | | (25,192) |
| Cash and Cash Equivalents as at the Commencement of the year | | 180,093 | | 205,285 |
| Cash and Cash Equivalents as at the close of the year | | 192,209 | | 180,093 |

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

As Per our report of even date attached
For M.Bhaskar Rao &Co
Chartered Accountants

For and on behalf of the Board

V. Raghunandan
Partner
M.No.26255



K. V. Vishnu Raju
Director

P. V. R. L. Narasimha Raju
Director

Place:Hyderabad
Date : 12.08.2010

VENNAR CERAMCIS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

| | | AS AT 31.03.2010 RUPEES | AS AT 31.03.2009 RUPEES |
|--|------------|--|--|
| <u>SCHEDULE - A</u> | | | |
| <u>SHARE CAPITAL</u> | | | |
| AUTHORISED CAPITAL | | 50,000,000 | 50,000,000 |
| 50,00,000 Equity Shares of Rs. 10 each | | | |
| ISSUED & SUBSCRIBED | | 49,660,700 | 49,660,700 |
| 49,66,070 Equity Shares of Rs.10/- each fully paid (Held by Anjani Portland Cement Ltd, the Holding Co) | | | |
| TOTAL | | 49,660,700 | 49,660,700 |
| <u>SCHEDULE - B</u> | | | |
| Reserves & Surplus | | | 882,678 |
| Opening Balance of P & L Account | | - | - |
| Add: Profit during the year | | - | (882,678) |
| Less: Debit Balance Adjusted | | - | - |
| TOTAL | | | |
| <u>SCHEDULE - C</u> | | | |
| SECURED LOANS | | - | - |
| <u>SCHEDULE - D</u> | | | |
| <u>UNSECURED LOANS</u> | | | |
| Unsecured Loans | 36,300,000 | | - |
| -- Inter corporate Deposits | 400,000 | | 400,258 |
| Interest accrued & due | 11,250 | | 9,667 |
| | | 36,711,250 | 409,925 |
| -- Others | | 888,175 | 888,119 |
| (out of which 2,71,300/- are interest free loans) | | | |
| TOTAL | | 37,599,425 | 1,298,044 |

SCHEDULE-E

FIXED ASSETS

(Amount in Rupees)

| ASSETS | Gross Block (At cost) | | | Depreciation | | | | | Net Block | |
|----------------------------|-----------------------|---------------------------------|---------------------------------|---------------------|---------------------|------------------|---------------------------------|---------------------|---------------------|---------------------|
| | As At 01.04.2009 | Additions during the year | Deletions during the year | As At 31.03.2010 | Up to 01.04.2009 | For the Year | Deletions during the year | Up to 31.03.2010 | As At 31.03.2009 | As At 31.03.2010 |
| Land & Site Development | 11,763,446 | - | - | 11,763,446 | - | - | - | - | 11,763,446 | 11,763,446 |
| Buildings | 8,244,817 | - | - | 8,244,817 | 2,446,750 | 255,909 | - | 2,702,660 | 5,798,067 | 5,542,157 |
| Plant & Machinery | 89,066,600 | - | - | 89,066,600 | 41,038,433 | 4,702,716 | - | 45,741,150 | 48,028,167 | 43,325,450 |
| Office Equipment | 446,360 | - | - | 446,360 | 446,360 | - | - | 446,360 | 0 | - |
| Electrical Equipment | 9,366,910 | 122,325 | - | 9,489,235 | 4,180,502 | 445,103 | - | 4,625,605 | 5,186,408 | 4,863,630 |
| Furniture & Fixtures | 205,028 | - | - | 205,028 | 123,948 | 12,978 | - | 136,926 | 81,080 | 68,102 |
| Vehicles | 981,054 | - | - | 981,054 | 397,248 | 90,139 | - | 487,387 | 583,806 | 493,667 |
| TOTAL | 120,074,215 | 122,325 | - | 120,196,540 | 48,633,241 | 5,506,846 | - | 54,140,088 | 71,440,974 | 66,056,452 |
| PREVIOUS YEAR | 120,031,135 | 43,080 | - | 120,074,215 | 43,091,831 | 5,541,410 | - | 48,633,241 | 76,939,304 | 71,440,974 |

| | | AS AT 31.03.2010 RUPEES | | AS AT 31.03.2009 RUPEES |
|--|---------|-------------------------------|------------|-------------------------------|
| <u>SCHEDULE -- F</u> | | | | |
| <u>CURRENT ASSETS, LOANS & ADVANCES</u> | | | | |
| A. Current Assets: | | | | |
| Inventories | | | | |
| Stores & Spares | | 18,641,566 | | 18,224,969 |
| <u>Balances with Scheduled Banks</u> | | | | |
| -- in Current Accounts | 52,209 | | 40,093 | |
| --in Margin Money deposits | 140,000 | 192,209 | 140,000 | 180,093 |
| TOTAL | | 18,833,775 | | 18,405,062 |
| <u>B. Loans and Advances</u> | | | | |
| (Unsecured, considered good) | | | | |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| Deposit With Govt. Depts | | 3,499,672 | | 95,073 |
| Other Deposits | | 675,374 | | 501,291 |
| | | 52,500 | | 52,500 |
| TOTAL | | 4,227,546 | | 648,864 |
| <u>SCHEDULE --G</u> | | | | |
| <u>CURRENT LIABILITIES AND PROVISIONS</u> | | | | |
| Sundry Creditors- SSI undertaking | - | | - | |
| - Others | 437,912 | 437,912 | 21,661,145 | 21,661,145 |
| Other Liabilities | | 35,084,021 | | 50,556,330 |
| Provisions | | 71,676 | | 71,676 |
| TOTAL | | 35,593,609 | | 72,289,151 |
| <u>SCHEDULE -- H</u> | | | | |
| MISCELLANEOUS EXPENDITURE | | | | |
| (To the extent not writtenoff or adjusted) | | | | |
| | | - | | - |

SCHEDULES TO ACCOUNTS

Schedule 'N' -- Notes on Accounts

1. Significant Accounting Policies

- 1.1 The financial statements have been prepared on historical cost convention in accordance with the applicable accounting standards.
- 1.2 **Fixed Assets**
Fixed Assets are stated at cost of acquisition inclusive of inward freight. The cost of acquisition comprises of purchase price, duties, taxes and other directly and indirectly attributable costs for bringing the asset to its present location and working condition for its intended use.
- 1.3 All fixed assets are tested for any indication of impairment at the end of each financial year. On such indication, impairment loss, being the excess of carrying value over recoverable value of the assets are charged to profit and loss account in the respective financial years. The impairment loss recognised in the prior years is reversed in cases where the recoverable value exceeds the carrying value upon reassessments in the subsequent years.
- 1.4 **Depreciation:** Depreciation on the assets have been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on straight-line basis.
- 1.5 **Inventories:**
Stores & Spares are valued at cost.
- 1.6 **Revenue Recognition:** Energy supplied to APCPDCL is accounted for as per the rates mutually agreed.
- 1.7 **Borrowing Costs:** Borrowing costs that are directly attributable to the acquisition, constructing or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- 1.8 **Taxes on Income**
 - a) The provision for Current tax is made for tax payable on book profits U/S 115 JB of the Income Tax Act, 1961.
 - b) Deferred Income Tax as per the Accounting Standard-22 "Accounting for Taxes on Income" is not recognized as the companies gross total income is eligible for deduction under section 80- IA of the Income Tax Act, 1961.
- 1.9 **Contingent Liabilities**
Contingent liabilities arising from clients, litigations, assessments, fines, penalties etc., are provided when it is probable that a liability may be incurred and the amount can be reliably estimated.
2. Contingent Liabilities not provided for NIL
3. Unsecured loans, and loans & advances are subject to confirmation & reconciliation.

4. Outstanding dues of Micro enterprises and Small enterprises.

Information as per Notification No. GSR 719 (E) & as per "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)"

| Sl.No | PARTICULARS | 2009-10 | 2008-09 |
|-------|---|---------|---------|
| 1. | The Principal amount and the Interest due thereon remaining unpaid to any supplier as at the end of the each accounting year | NIL. | NIL. |
| 2. | The amount of interest paid by the buyer in terms of Sec 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | NIL. | NIL. |
| 3. | The amount of interest due and payable for the period of delay of making payment but without adding the interest specified under the Act | NIL. | NIL. |
| 4. | The amount of interest accrued and remaining unpaid at the end of the each accounting year | NIL. | NIL. |
| 5. | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the Small enterprises, for the purpose of disallowance as a deductible expenditure Under Sec 23. | NIL. | NIL. |

5. Auditor's Remuneration:

| | 2009-2010 | 2008-2009 |
|---------------|-----------|-----------|
| Audit Fee | 44120 | 44120 |
| Tax Audit Fee | 16545 | 16545 |
| | ----- | ----- |
| | 60665 | 60665 |

6. The Capital Work In Progress includes Rs. 2,12,96,693/- relates to the property settled out of court with M/s MSK Projects Limited.

7. Other Liabilities includes Rs. 3,50,00,000/- advance received from M/s Hitech Print Systems Ltd towards sale of factory Land & Buildings.

8. Consumption of Natural Gas for the year is arrived at after considering the credit of Rs. 32,97,830 receivable from GAIL towards refund of excess charged.

Additional information pursuant to provision of Para 3,4C and 4D of part II of Schedule VI to the Companies Act, 1956, to the extent applicable.

| | Year ended 31.03.2010 QTY | Value Rs. Lakhs | Year ended 31.03.2009 QTY | Value Rs. Lakhs |
|--|---------------------------------|--------------------|---------------------------------|--------------------|
| CAPACITY, PRODUCTION SALES & STOCKS | | | | |
| 1.Capacity | | | | |
| a) Licensed Capacity | 2.7 MW | | 2.7 MW | |
| b) Installed Capacity (as certified by Management and relied upon by the Auditors being a technical matter) | 2.7 MW | | 2.7 MW | |
| Numerator used for calculating Basic & Diluted EPS | | (33,10,502) | | (1,23,38,980) |
| Denominator used for calculating Basic & Diluted EPS | | 49,66,070 | | 49,66,070 |

| | Year ended 31.03.2010 QTY | Value Rs. Lakhs | Year ended 31.03.2009 QTY | Value Rs. Lakhs |
|---|---------------------------------|--------------------|---------------------------------|--------------------|
| 2. Production/Purchases Energy (Units) | | | | |
| Actual Generation | 46,73,300 | | | 81,98,469 |
| Less: | | | | |
| Wheeling charges | | | | 12,11,399 |
| Transmission Loss | | | | 2,34,107 |
| Captive consumption | 2,22,540 | | | 40,900 |
| | ===== | | | ===== |
| | 2,22,540 | | | 14,86,406 |
| | ===== | | | ===== |
| Net | 4414790 | | | 6712063 |

| | <u>Units</u> | <u>Rs. In Lakhs</u> | <u>Units</u> | <u>Rs. In Lakhs</u> |
|--|--------------|---------------------|--------------|---------------------|
| 3. Sales | | | | |
| Energy (Gross) | 4414790 | 204.53 | 6712063 | 258.41 |
| 4. Particulars of raw materials consumed | | | | |
| Natural Gas (Cubic Mtrs. in lakhs) | 12.75 | 114.21 | 20.03 | 147.06 |
| 5. Value of Imports on CIF Basis | | | | |
| Capital Goods | NIL | | NIL | |
| Others | NIL | | NIL | |
| 6. A. Expenses in Foreign Currency | NIL | | NIL | |
| B. Income of Goods on FOB Basis | NIL | | NIL | |
| Ocean Freight | | | | |
| 7. Value of Imported and Indigenous material consumed and % of each to total consumption | | | | |
| a) Raw Materials | | | | |
| Imported | NIL | | NIL | |
| Indigenous | 100% | 114.21 | 100% | 147.06 |
| b) Stores & Spares | | | | |
| Imported | NIL | | NIL | |
| Indigenous | 100% | 17.78 | 100% | 45.43 |

8. Related Party Disclosures:

Holding Company

M/s. Anjani Portland Cement Limited

Key Management Personnel

Sri K.V.Vishnu Raju

Sri . P.V.R.L.Narasimha Raju

Relative of Key Management Personnel

Smt. K. Ramavathi, Mother of Sri K.V. Vishnu Raju

Enterprises owned or significantly influenced by Key Management Personnel

M/s. Vanitha Finance & Investments Pvt. Ltd.,

Transactions during the year

| | Holding Company | Key Management Personnel | Relatives of the Key Management Personnel | Enterprises owned or significantly influenced by Key Management Personnel | Total |
|--|-----------------|--------------------------|---|---|----------|
| Interest paid | Nil | Nil | 75000 | 50000 | 125000 |
| Office Rent | Nil | 640622 | Nil | Nil | 640622 |
| Guest House Rent | Nil | 204000 | Nil | Nil | 204000 |
| Balances outstanding at the end of the Current year | 71326704 | 112700 | 616875 | 411250 | 72467529 |
| Balances outstanding at the end of the previous year | 49887571 | 51575 | 616819 | 409925 | 50965892 |

9. Deferred Tax:

The Company is eligible for Tax Holiday under section 80-IA of the Income Tax Act, 1961 and the company intends to claim the Tax Holiday after the set off of unabsorbed depreciation. Accordingly the company has decided not to provide the deferred tax upto the end of the tax holiday period.

10. Previous year's figures have been re-grouped, re-cast, re-classified and re-arranged, wherever necessary to conform to the current year's classification.

11. Figures have been rounded off to the nearest rupee.

AS PER OUR REPORT ATTACHED
For M.BHASKARA RAO & CO.,
CHARTERED ACCOUNTANTS

V. Raghunandan

V.RAGHUNANDAN
PARTNER
M.No.26255



FOR AND ON BEHALF OF THE BOARD

K V Vishnu Raju
K V VISHNU RAJU
DIRECTOR

P V R L Narasimha Raju
P V R L NARASIMHA RAJU
DIRECTOR

PLACE: HYDERABAD
DATE : 12.08.2010