

**ABG**

**ABG CEMENT LIMITED**

***ANNUAL REPORT***

***2009-2010***

# ABG

## ABG CEMENT LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS,

Your Directors have pleasure in presenting their Fourteenth Annual Report of your Company together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

#### FINANCIAL PERFORMANCE

Particulars	31 <sup>st</sup> March, 2010 Amount (Rs.)	31 <sup>st</sup> March, 2009 Amount (Rs.)
Revenue	-	-
Profit/(Loss) Before Depreciation & Tax	(1,24,55,500)	(1,47,12,005)
Less: Depreciation	13,22,723	7,53,950
Profit/(Loss) before Tax	(1,37,78,223)	(1,54,65,955)
Less: Provision for Taxation (FBT)	-	5,24,000
Net Profit / (Loss) after Tax	(1,37,78,223)	(1,59,89,955)
Balance brought forward from Balance Sheet	(5,83,85,674)	(4,23,95,719)
Balance carried to Balance Sheet	(7,21,63,897)	(5,83,85,674)

#### OPERATIONS

The Company is at advance stage of implementing India's largest, State of the Art, most modern and prestigious Cement Plant. The company is commissioning Clinker Unit with a capacity to produce 3.30 MTPA of clinker at Thumdi in the state of Gujarat and Grinding Unit at Village Mora, Taluka Choryasi, Surat also in the State of Gujarat to produce 5.80 MTPA of PPC/PSC Cement.

Company has planned to have its own Jetty at both the locations to be used for transportation of Clinker and other raw materials between Thumdi and Surat by sea. Company has made long term arrangement regular supply of power from ABG Energy (Gujarat) Ltd. who is setting up power plant of 50 MW at both the locations.

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## ABG CEMENT LIMITED

We have selected most modern cement production technology of FLSmith, who are leaders in the field and are having major market share in cement machinery. Again for automation we have selected FLS Automation, who is specialist in latest automation technologies in cement. We have selected M/s. Loesche for supply of Grinding mills. Loesche are the leaders in Grinding Technology.

Most of land acquisition and development work has been completed. All major machineries and equipments have been ordered and most of the major equipments have already either reached the site or in transit. Building/Structural construction and plant installation work are in a very advanced stage. Major recruitment of competent Technical Personnel has also been completed.

### FINANCE

The total project cost of 1828.23 crores is to be funded with a mix of term loan and promoters equity. The Company has been able to complete the financial closure under the consortium arrangement. During the year under report, UCO Bank and Dena Bank have been inducted into the consortium replacing Indian Bank and Bank of Maharashtra. Your Company has taken term loan disbursement of Rs. 404.99 crores based on the pro-rata equity capital brought by the promoters.

### SHARE CAPITAL

During the year the Authorised Share Capital of the Company was increased from Rs. 100 crores (Rupees One Hundred Crores) to Rs. 300 crores (Rupees Three Hundred Crores).

IFCI Limited is participating to the equity share capital of the Company for an amount up to Rs.65 Crores.

During the year under review, the Paid-up Equity Share Capital of the Company increased from Rs.5,00,700/- to Rs.178,59,05,700/- consequent to the allotment of 15,35,80,500 Equity Shares of Rs.10/- each for cash at par to its Holding Company ABG International Private Limited and 2,49,60,000 Equity Shares of Rs.10/- each for cash at par to IFCI Limited.

### ADMISSION TO DEPOSITORY

The Company has executed a Tripartite Agreement for the purpose of admission to Depository with National Securities Depository Limited (NSDL) and Link Intime India Private Limited the Registrar and Transfer Agent of the Company.

The Equity Shares of the Company has been admitted as an 'eligible security' in the Depository System of NSDL and ISIN: INE473K01010 has been allotted to the Company for issue of shares in electronic form.

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## ABG CEMENT LIMITED

### DIRECTORS

Mr. Pradeep Kapoor was re-appointed as Managing Director of the Company for the period of three years effective from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2012.

Mr. Nitin Chakradhar Borkute was appointed as a Nominee Director of the Company representing IFCI Limited with effect from 29<sup>th</sup> September, 2009.

Mr. Dhananjay Laxman Datar, Director retires by rotation at the Annual General Meeting and offers himself for re- appointment.

Your Directors recommend the re-appointment of Mr.Dhananjay L. Datar as Director.

### AUDITORS

M/s. Nisar & Kumar, Chartered Accountants, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and have consented for their re-appointment.

Your Directors recommend their appointment as the Auditors of the Company for the current year and fix their remuneration.

### DEPOSITS

Your Company has not invited any deposits from public / shareholders in accordance with the Section 58A of the Companies Act, 1956.

### DIRECTORS RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors hereby confirm that:

- i) In preparing the Annual Accounts for the year ended 31<sup>st</sup> March,2010 all the applicable accounting standards have been followed.
- ii) Accounting policies were adopted and applied consistently and judgment and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2010.
- iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act and for preventing/detecting fraud and irregularities have been taken.
- iv) The Annual Accounts have been prepared on a "going concern" basis.

# ABG

## ABG CEMENT LIMITED

### PARTICULARS OF EMPLOYEE

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 regarding employees is given in Annexure to the Directors' Report.

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

- a) As the Company has not started commercial production therefore information regarding conservation of energy and technology absorption is not given.
- b) Foreign Exchange Earnings and Outgo:-

Particulars	31 <sup>st</sup> March, 2010 Amount (Rs.)	31 <sup>st</sup> March, 2009 Amount (Rs.)
Earnings:	NIL	NIL
Outgo :		
Advance for Machinery	96,64,81,927.00	23,95,30,924.00

### INDUSTRIAL RELATIONS

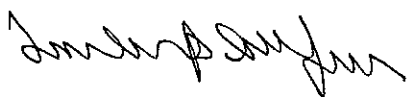
The industrial relations at the new upcoming manufacturing facilities of your Company have been cordial during the year.

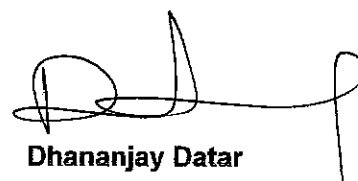
### ACKNOWLEDGEMENTS

Your Directors wish to take this opportunity to express their deep sense of gratitude to various Departments of Central and State Governments their Local Bodies, Stakeholder, Term Lenders, Banks, Financial Institutions and Business Associates for their co-operation and support and look forward to their continued support in future.

The Board of Directors place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board

  
Pradeep Kapoor  
Managing Director & C.E.O.

  
Dhananjay Datar  
Director

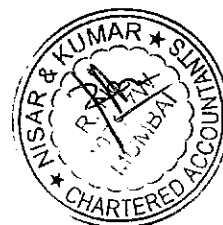
Place: Mumbai

Date : 5<sup>th</sup> August, 2010



**AUDITOR'S REPORT TO THE MEMBERS OF ABG CEMENT LIMITED**

1. We have audited the attached Balance Sheet of ABG Cement Limited as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and the 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.
2. 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 a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ( as amended) issued by the 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.
4. 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 accounts 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 and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet, Profit and 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 at 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 together with the Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and subject to Note B(7) of Schedule 10 relating to excess remuneration of Rs. 84,30,404 to director for the year ended March 31, 2010, for which application has been made to Central Government of India, with consequential effect thereof on the accounts,

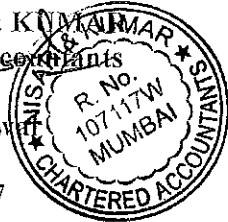


and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the 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 Loss 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.

Place: Mumbai  
Date: 05/08/2010

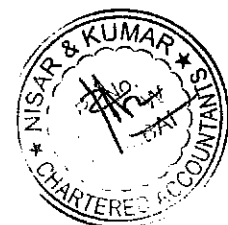
For NISAR & KUMAR  
Chartered Accountants  
Rachna Agarwal  
Partner  
M. No. 071247



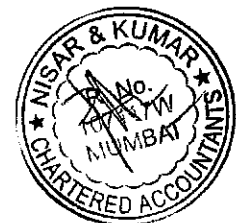
## ANNEXURE TO THE AUDITOR'S REPORT

(Annexure referred to in paragraph 3 of the auditor's report of even date to the members of ABG Cement Limited on the accounts for the year ended 31<sup>st</sup> March, 2010)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the period as per program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed to us no material discrepancies were noticed between book records and physical assets.
- (c) During the year, the Company has not disposed off any substantial part of the assets.
- (ii) According to the information and explanations given to us, as the Company has not commenced commercial operations and does not hold inventories, hence clause 4(i) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (iii) (a) As informed, during the year under audit, the company has not granted any loans, secured or unsecured, to the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence provisions of clause (iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (b) During the year, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence provisions of clause (iii) (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (iv) There are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control.
- (v) (a) In our opinion, and according to the information and representations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- (b) The prices at which such contracts or arrangement are entered are reasonable compared to prevailing market prices.
- (vi) In our opinion, and according to the information and explanations given to us, during the year the company has not accepted any deposits from the public, hence clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (vii) In our opinion, the Company has setup an inhouse internal audit system which is being strengthened to make it commensurate with the size and nature of its business.



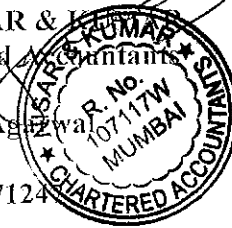
- (viii) As the Company has not started commercial operations, the question of maintenance of cost records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, does not arise.
- (ix) (a) Undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth tax, Customs duty, Cess and other statutory dues have generally been regularly deposited wherever applicable with the appropriate authorities except service tax of Rs. 28,707/- was outstanding as at 31<sup>st</sup> March 2010 for more than six months from date it became due, which has been subsequently deposited. The Company does not have in the reporting period liability under Employee State Insurance, Excise Duty, and Investor education and protection fund.
- (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise and cess which have not been deposited on account of any dispute.
- (x) According to the information given to us, accumulated losses at the end of the financial year are not less than fifty percent of its net worth and it has incurred cash losses of Rs.63 Lacs in the current and Rs.159 Lacs in immediately preceding financial year due to administrative expenses which are not capitalized with the project capital work in progress.
- (xi) The company has not defaulted in the repayment of dues to Banks.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/ mutual benefit fund /society, the clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other securities, clause 4(xiv) of Companies (Auditor's Report) Order, 2003 does not apply.
- (xv) The company has not given any guarantee for loans taken by others from bank or financial institutions; hence clause 4(xv) of Companies (Auditor's Report) Order, 2003 does not apply.
- (xvi) According to the information and explanations given to us, the company has applied the term loans for the purpose for which they are obtained.
- (xvii) Based on the information and explanation given to us and on an overall examination of the balance sheet and cash flow of the company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register mentioned under section 301 of the Companies Act, 1956 during the year.



- (xix) The company has not issued secured debentures; hence clause 4(xix) of Companies (Auditor's Report) Order, 2003 does not apply.
- (xx) The company has not raised money by public issue; hence clause 4(xx) of the Order, 2003 does not apply.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Mumbai  
Date: 05/08/2010

For NISAR & J. K. KUMAR  
Chartered Accountants  
Rachna Agre  
Partner  
M. No. 07124



**ABG CEMENT LIMITED**

BALANCE SHEET AS AT 31st MARCH 2010

(Rupees)

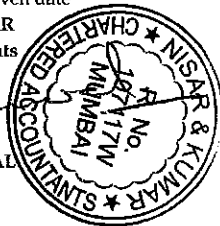
	SCH	As At 31.03.2010	As At 31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>Share Holders' Funds</b>			
Share Capital	1	1,785,905,700	170,305,700
<b>Loan Funds</b>			
Secured Loan	2	4,049,923,930	308,308,151
Unsecured Loans	3	-	1,229,014,999
		<b>5,835,829,630</b>	<b>1,707,628,850</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	311,270,564	284,152,404
Less: Depreciation		2,432,843	1,286,126
Net Block		<b>308,837,721</b>	<b>282,866,278</b>
Capital Work in Progress		5,185,840,677	1,214,530,985
		<b>5,494,678,398</b>	<b>1,497,397,264</b>
<b>Current Assets, Loans &amp; Advances</b>			
Cash and Bank Balances	5	316,828,567	41,347,730
Current Assets			
Deposits, Loans & Advances	6	393,688,135	205,898,476
		<b>710,516,702</b>	<b>247,246,206</b>
<b>Less: Current Liabilities and Provisions</b>			
	7	441,529,367	95,400,293
		<b>441,529,367</b>	<b>95,400,293</b>
Net Current Assets		<b>268,987,335</b>	<b>151,845,913</b>
Profit And Loss Account		72,163,897	58,385,674
		<b>72,163,897</b>	<b>58,385,674</b>
		<b>5,835,829,630</b>	<b>1,707,628,850</b>

**Significant Accounting Policies & Notes to Accounts**

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As per our report of even date  
for NISAR & KUMAR  
Chartered Accountants

RACHNA AGARWAL  
PARTNER  
M. No. 071247



For and on behalf of the Board

*(Signature)*

PRADEEP KAPOOR  
MANAGING DIRECTOR  
& C.E.O.

D. DATAR  
DIRECTOR

PLACE : MUMBAI  
DATED : 05th August 2010

*(Signature)*  
K.G. TOSHNIWAL  
VICE PRESIDENT  
(FINANCE & COMMERCIAL)

# ABG CEMENT LIMITED

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

(Rupees)

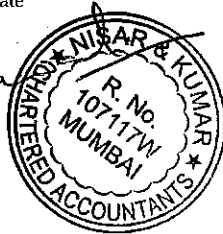
	SCH	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>INCOME</b>		-	-
<b>EXPENDITURE</b>		-	-
Administrative Expenses	8	12,455,500	14,712,005
Depreciation		1,322,723	753,950
		<b>13,778,223</b>	<b>15,465,955</b>
Profit (Loss) before Taxation		<b>(13,778,223)</b>	<b>(15,465,955)</b>
Less: Provision for Taxation			
- Fringe Benefit Tax		-	<b>(524,000)</b>
Profit / (loss) after Taxation		<b>(13,778,223)</b>	<b>(15,989,955)</b>
Balance brought forward from earlier year		<b>(58,385,674)</b>	<b>(42,395,719)</b>
Balance carried to Balance Sheet		<b>(72,163,897)</b>	<b>(58,385,674)</b>
Earning Per Share of face value of Rs. 10/- each ( in Rs.) (Basic and diluted, Refer Note No. 4 of Notes to Accounts)		<b>(0.08)</b>	<b>(319.35)</b>

Significant Accounting Policies & Notes to Accounts

9

As per our report of even date  
for NISAR & KUMAR  
Chartered Accountants

RACHNA AGARWAL  
PARTNER  
M. No. 071247



PLACE : MUMBAI  
DATED : 05th August 2010

For and on behalf of the Board

*Pradeep Kapoor*  
PRADEEP KAPOOR  
MANAGING DIRECTOR  
& C.E.O.

*D. Datar*  
D. DATAR  
DIRECTOR

*K.G. Toshniwal*  
K.G. TOSHNIWAL  
VICE PRESIDENT  
(FINANCE & COMMERCIAL)

**ABG CEMENT LIMITED**  
Cash Flow Statement for the year ended 31st March 2010

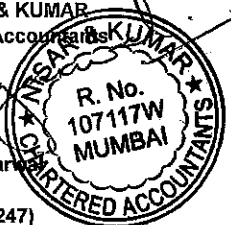
PARTICULARS	Year Ended 31.03.2010	Year Ended 31.03.2009
<b><u>A. Cash flow from operating activities</u></b>		
Net Profit/ (Loss) before extra-ordinary items & taxation	(13,778,223)	(15,465,955)
<u>Adjustments for:</u>		
Depreciation	1,146,717	753,950
(Profit)/ Loss on sale of fixed assets	-	-
Operating Profit/ (Loss) before working capital changes	(12,631,506)	(14,712,005)
<u>Adjustments for:</u>		
Sundry Creditors	2,359,859	1,501,242
Other Liabilities	3,041,045	504,238
Provisions	910,878	796,497
Advances	-	(3,555,926)
Cash generated from operations	(6,319,724)	(15,465,954)
FBT Paid	(15,283)	(508,717)
<b>Cash used in operating activities</b>	<b>(6,335,007)</b>	<b>(15,974,671)</b>
<b><u>B. Cash flow from investing activities</u></b>		
Purchase of fixed assets	(27,118,160)	(207,882,080)
Investment	-	50,000
Capital Work In Progress	(4,057,512,245)	(797,679,853)
Creditors on Capital Account	339,832,575	(226,314,950)
Security Deposits	(101,587,106)	(201,691,800)
<b>Cash used in investing activities</b>	<b>(3,846,384,936)</b>	<b>(1,433,518,683)</b>
<b><u>C. Cash flow from financing activities</u></b>		
Proceeds from issue of Share Capital	1,615,600,000	-
Secured Loan	3,741,615,779	305,300,000
Unsecured Loan	(1,229,014,999)	1,184,988,512
<b>Cash generated from financing activities</b>	<b>4,128,200,780</b>	<b>1,490,288,512</b>
<b>Net (decrease)/ Increase in cash and cash equivalents (A+B+C)</b>	<b>275,480,838</b>	<b>40,795,158</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>41,347,730</b>	<b>552,572</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>316,828,568</b>	<b>41,347,730</b>

Notes:

- 1) Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 issued by the Institute of Chartered Accountants of India
- 2) Figures for previous year wherever necessary, has been regrouped to conform to those of current year

As per our report of even date  
For NISAR & KUMAR  
Chartered Accountants

Rachna Agarwal  
Partner  
(M. No. 071247)



Pradeep Kapoor  
Managing Director  
& C.E.O.

For and on behalf of the Board

Dhananjay Datar  
Director

K.G. Toshniwal  
Vice President  
(Finance & Commercial)

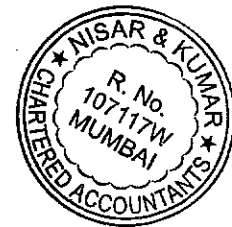
Place: MUMBAI  
Date:

# ABG CEMENT LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010.

(Rupees)

	As At 31.03.2010	As At 31.03.2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
30,00,00,000 Equity Shares of Rs. 10/- each (P.Y. 10,00,00,000 Equity Shares of Rs. 10/- each)	3,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid up</b>		
17,85,90,570 (P.Y. 50,070) Equity Shares of Rs. 10/- each fully paid up. (Out of the above 15,36,30,564 (P.Y. 50,064) equity shares are held by the holding company i.e. ABG International Pvt. Ltd.)	1,785,905,700	500,700
Share Application Money	-	169,805,000
	<b>1,785,905,700</b>	<b>170,305,700</b>
<b>SCHEDULE - 2</b>		
<b>SECURED LOANS</b>		
Rupee Term Loans From Banks (Repayable within 1 year - Nil)	4,033,602,782	305,300,000
Interest Accrued & Due	16,321,148	3,008,151
Note: (The above Loans are secured by way of equitable mortgage of land and all present & future assets of the company)	<b>4,049,923,930</b>	<b>308,308,151</b>
<b>SCHEDULE - 3</b>		
<b>UNSECURED LOANS</b>		
From Holding Company	-	1,038,535,507
From Other Companies	-	190,479,492
	-	<b>1,229,014,999</b>



**ABG CEMENT LIMITED**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010.**

**SCHEDULE - 4**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	COST AS ON 01.04.2009	ADDITIONS DURING THE PERIOD	DELETION DURING THE PERIOD	COST AS ON 31.03.2010	AS ON 01.04.2009	DURING THE PERIOD	AS ON 31.03.2010	AS ON 31.03.2009	AS ON 31.03.2010
FREE HOLD LAND	274,266,963	13,092,637	-	287,359,620	-	-	-	287,359,620	274,266,983
FURNITURE & FIXTURES	3,058,359	6,119,324	-	9,178,283	146,094	287,332	433,425	8,744,858	3,180,452
OFFICE EQUIPMENT	2,030,757	3,788,404	-	5,819,161	369,387	410,493	799,880	5,019,281	1,373,183
VEHICLE	4,796,305	5,000,006	882,811	8,913,500	750,645	624,899	1,199,537	7,713,963	4,045,660
<b>TOTAL</b>	<b>284,152,404</b>	<b>28,000,371</b>	<b>882,811</b>	<b>311,270,564</b>	<b>1,286,128</b>	<b>1,322,723</b>	<b>2,432,843</b>	<b>308,837,721</b>	<b>282,866,278</b>
Previous period	76,270,324	207,882,080		284,152,404	532,176	753,950	1,286,126	282,866,278	75,738,148
Capital Work in Progress	1,214,530,985	3,971,309,692	-	5,185,840,677	-	-	-	5,185,840,677	1,214,530,985

Note : Capital Work in Progress includes advances on Capital Account.



# ABG CEMENT LIMITED

## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010.

(Rupees)

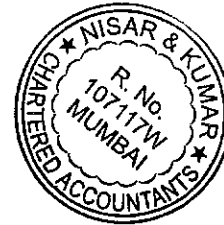
	As At 31.03.2010	As At 31.03.2009
<b>SCHEDULE - 5</b>		
<b><u>CASH AND BANK BALANCES</u></b>		
Cash in hand	237,444	51,838
Balances with Scheduled banks	316,591,123	41,295,892
	<b>316,828,567</b>	<b>41,347,730</b>
<b>SCHEDULE - 6</b>		
<b><u>LOANS AND ADVANCES</u></b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	14,711,181	2,307,726
Deposits	305,177,856	203,590,750
Other Current Assets	73,799,098	-
	<b>393,688,135</b>	<b>205,898,476</b>
<b>SCHEDULE - 7</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
<b>a) Current liabilities</b>		
Sundry Creditors for goods and expenses (Includes Creditors for Capital goods)	433,166,549	90,974,115
Other Liabilities	5,695,042	2,653,997
	<b>438,861,591</b>	<b>93,628,112</b>
<b>b) Provisions</b>		
FBT Payable	-	15,283
Employees Benefits (As per AS-15 See Note no. 8)	2,667,776	1,756,898
	<b>441,529,367</b>	<b>95,400,293</b>



# ABG CEMENT LIMITED

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

	(Rupees)	
	31.03.2010	31.03.2009
<b>SCHEDULE - 8</b>		
<b>ADMINISTRATIVE &amp; FINANCE EXPENSES</b>		
Salaries & Wages	886,825	738,705
Contribution to Provident Fund	59,220	77,040
Staff Welfare	112,955	702,829
ROC Fees	10,001,000	6,302,071
Demat Charges	37,060	-
Sundry Balances W/off	(50)	-
Donation	933,242	6,781,000
Profession Tax - Company	2,500	-
Insurance	93,343	-
Audit Fees	220,600	110,360
Loss on Damage of Asset	108,805	-
	<b>12,455,500</b>	<b>14,712,005</b>



## ABG CEMENT LIMITED

### SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2010.

#### **SCHEDULE 10: Significant Accounting Policies And Notes To Accounts**

##### **(A) Significant Accounting Policies:**

###### **1) Basis of Accounting**

The Financial Statements are prepared on accrual basis and in accordance with the historical cost convention as per applicable Indian accounting standards and the provisions of Companies Act 1956.

###### **2) Use of Estimates:**

The preparation of Finance Statement requires estimates and assumptions to be made that affect the reported amount of Assets and Liabilities on the date of Financial Statements and the reported amount of Revenues and Expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

###### **3) Fixed Assets**

###### **Tangible Assets:**

Fixed Assets are recorded at Cost. Cost is purchase cost includes incidental cost for acquisition of such asset and in the case of Freehold Land, includes development cost incurred, together with all incidental costs of acquisition, borrowing costs and other related internal costs.

###### **Intangible Assets:**

Intangible assets are recognized and accounted at cost in accordance with AS-26 "Intangible Assets" issued by Institute of Chartered Accountants of India.

###### **4) Capital Work In Progress:**

Expenses including advances given for Project Development is accumulated and shown as capital work- in-progress till the completion of the project. (net of income earned during the Project Development stage).



**5) Depreciation:**

Freehold Land is not depreciated. Leasehold Land is amortised equally over the period of the lease. Other Assets are depreciated on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on addition is provided on pro-rata basis from the date of purchase of the said asset.

**6) Borrowing Costs:**

Borrowing Costs attributable to the acquisition and construction of the Qualifying Assets, which takes substantial period of time to get ready for its intended use, are capitalized as part of the cost of respective assets up to the date when such asset is ready for its intended use. Other Borrowing costs are charged to the Profit and Loss account.

**7) Foreign Currency Transactions:**

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of transaction.
- ii Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items, the difference between the year end rate and rate on the date of contract is recognised as exchange difference.
- iii Any income or expense on account of exchange difference either on settlement or on translation is recognised as 'Revenue' except in cases where they relate to acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such assets

**8) Employees' Benefits:**

Provident Fund: Retirement benefits in the form of provident fund are defined contribution scheme and contribution of company are charged to profit and loss account of the year. The company has no other obligation other than to contribute to respective authorities.

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the profit & loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.



#### 9) Provisions, Contingent Liabilities and Contingent Assets

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities if material are disclosed by way of notes to Accounts. Contingent Assets are not recognized/ disclosed.

#### 10) Provisions for Current and Deferred Tax

Provision for Current Tax is made on the basis estimated taxable income under the provision of the Income Tax Act, 1961.

Deferred Tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

#### 11) Investment

Long Term Investments are stated at cost. Cost includes incidental expenses of acquisition. Provision for Diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

#### 12) Operating Leases:

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as 'Operating Leases'. Operating Lease payments / receipts are recognized as an expense / income in the Profit & loss Account on a straight line basis over the lease term.



(B) Notes to Accounts

- 1) The company is in process of setting up a cement plant, project expenditure incurred during the construction period are capitalised in accordance with AS10 - "Accounting for Fixed Assets" and AS26 "Accounting for Intangible Assets". The expenditure incurred during the construction period are classified as Capital Work in Progress pending capitalisation and will be apportioned to the assets on the completion of the project, details of which are as under. Previous Year figures are regrouped.

Details of Capital Work in Progress Account

Sr. No.	Particulars	31.03.2010	31.03.2009
1	Payment to vendors and contractors for goods and services	4,466,983,092	976,588,345
2	Preoprative Expenses		
	Travelling, Lodging & Boarding	26,649,936	17,666,583
	Finance Charge	285,287,320	74,437,283
	Personnel Cost	112,537,989	56,223,815
	Community Development Exp	1,500,000	1,500,000
	Professional & Technical Fees	177,813,296	55,020,679
	Vehicle Repair & Maintenance	9,534,750	1,277,015
	Site Expenses & Other Expenses	106,274,016	32,057,197
		5,186,580,399	1,214,770,917
	Less : Interest on Deposit	739,722	239,932
		<b>5,185,840,677</b>	<b>1,214,530,985</b>

- 2) In the opinion of the Board, Current Assets, Loans and Advances have value on realisation in the ordinary course of business, at least equal to the amount at which they are stated.
- 3) Payment to Auditors (inclusive of Service Tax)

PARTICULARS	31.03.2010	31.03.2009
Audit Fees	2,20,600	1,10,360
TOTAL	2,20,600	1,10,360



4) Calculation of Earnings Per Share:

		31.03.2010	31.03.2009
Numerator	Profit (Loss) after Tax	(1,37,78,223)	(1,59,89,955)
Denominator	Nos. of shares	17,85,90,570	50070
<b>EPS (Basic and Diluted) Rupees</b>		<b>(0.08)</b>	<b>(319.35)</b>

5) Contingent Liabilities

- 1) Estimated amount of contract remaining to be executed on capital account (net of advances) & not provided for Rs. 576.80 Crores ( P.Y. 235.36 Crores)
- 2) Contingent Liabilities Rs. 125.81 Crores (P.Y. 209.68 Crores)
- 6) The Company has not yet received any information from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, relating to amount unpaid at the end of the year and interest payable, if any, have not been given.

7) Managerial Remuneration:

PARTICULARS	31.03.2010	31.03.2009
Salary	73,77,120	51,84,000
Benefits	5,00,000	6,00,000
Contribution to Provident and other funds	5,53,284	3,16,800
<b>Total</b>	<b>84,30,404</b>	<b>61,00,800</b>

**Notes:**

- 1) The Remuneration paid exceeds ceiling provided as per schedule XIII of Companies Act 1956. The Company has made an application to the central government on 26/12/2009. However approval has not been received till date.
- 2) The employee wise breakup of liability on account of retirement schemes based on actuarial valuation is not ascertainable. The amounts relating to the Directors' therefore, are disclosed in the year of payment.
- 3) Sitting fee to Directors is waived till the commencement of operation of the company.
- 8) As the Company has no taxable income, hence no provision for taxes has been made. No Deferred Tax Assets is recognised for depreciation and Losses, in absence of virtual certainty of realisation of same.



9) Foreign Exchange Earnings and Outgo:

Particulars	31.03.2010	31.03.2009
Earnings	NIL	NIL
Foreign Expenditure Comprising Capital Advances	96,64,81,927	23,95,30,924

10) The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

**Defined Contribution Plan**

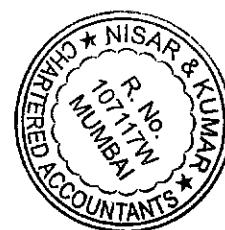
Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

Particulars	31.03.2010	31.03.2009
Employer's Contribution to Provident Fund	37,98,585	15,46,025

**Defined Benefit Plan**

The employees' gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized on the same manner as gratuity.

	GRATUITY (UNFUNDED)		LEAVE ENCASHMENT (UNFUNDED)	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Reconciliation of opening and closing balances of Defined Benefit obligation	7,20,494	4,40,002	10,36,404	4,87,134
Current Service Cost	6,39,261	4,47,266	9,47,819	6,53,189
Interest Cost	57,640	35,200	82,912	38,971
Actuarial (gain) / loss	(2,64,483)	(2,01,974)	(5,52,271)	(1,42,890)
Benefits paid	-	-	-	-
Defined Benefit obligation at the year end	11,52,912	7,20,494	15,14,864	10,36,404
Actuarial assumptions	1994-96	1994-96	1994-96	1994-96
Mortality Table (L.I.C)	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	8%	8%	8%	8%
Expected rate of return on plan assets (per annum)	-	-	5%	5%
Rate of escalation in salary (per annum)	5%	5%	-	-



The estimates of rate of escalation in salary considered in actuarial valuation, take into account the current market economic scenario. The above information is certified by the actuary.

11) Related Parties Disclosure as per Accounting Standard (AS) 18:

**A. LIST OF RELATED PARTIES**

<b>HOLDING COMPANY</b>	- ABG International Private Limited
<b>FELLOW SUBSIDIARY COMPANIES</b>	- ABG Shipyard Limited - PFS Shipping (India) Limited - ABG Engineering & Constructions Limited - Tirupati Landmark Pvt. Ltd. (formerly B.F. Engineering Private Limited - ABG Foods Private Limited - ABG Aquafarm Private Limited - Waste Re-Energy Private Limited - ABG Energy Limited
<b>ASSOCIATE COMPANIES</b>	- ABG Energy (Gujarat) Ltd. - ABG Energy (Himachal Pradesh) Ltd. - ABG Resources Pvt. Ltd. - Abhishek Merchantile Pvt. Ltd. - ABG Motors Limited - First Mine & Minerals Pvt. Ltd.
<b>KEY MANAGEMENT PERSONNEL</b>	- Mr. Pradeep Kapoor - MD & C.E.O



**B. TRANSACTIONS DURING THE YEAR WITH RELATED PARTIES**

Particulars	Holding Company	Associate Company	Fellow Subsidiary	Key Management Personnel	Total
<b>Remuneration</b>					
Mr. Pradeep Kapoor - Managing Director				8,430,404	8,430,404
				(6,100,800)	(6,100,800)
<b>Service Charges</b>					
ABG Resources Pvt. Ltd.		60,000,000			60,000,000
		(NIL)			-
<b>Purchase of Cranes</b>					
ABG Shipyard Limited			6,504,784		6,504,784
			(NIL)		-
<b>Share Application Money</b>					
ABG International Pvt. Ltd.	(NIL)				-
	(169,805,000)				(169,805,000)
<b>Share Capital Allotment</b>					
ABG International Pvt. Ltd.	1,535,805,000				1,535,805,000
	(NIL)				-
<b>Investment Sold</b>					
First Mine & Minerals Pvt. Ltd.		200,000			200,000
		(NIL)			-



BALANCE AS ON 31.03.2010					
<b>Loans &amp; Advances Payable</b>					
ABG International Pvt. Ltd.	14,999				14,999
	(1,038,535,507)				(1,038,535,507)
<b>Loans &amp; Advances Receivable</b>					
ABG Eng. & Cons. Ltd.			-		-
			(498,690)		(498,690)
<b>Other Liabilities Payable</b>					
Onway Industries Limited			-		-
			(76,998)		(76,998)
ABG Resources Pvt. Ltd.		13,087,024			13,087,024
		(NIL)			-
ABG Shipyard Limited			1,594,074		1,594,074
			(1,594,074)		(1,594,074)

Notes:

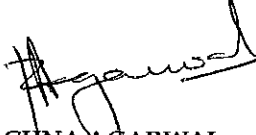
1. Related Parties have been identified by the management and relied upon by the auditors.
2. Last year figures are shown in brackets.


12) Previous Year's figures have been grouped/ regrouped/ rearranged wherever necessary to conform to Current year's presentations.

As per our report of even date

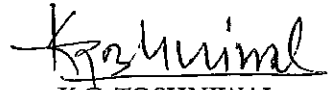
For NISAR & KUMAR  
Chartered Accountants

For and on behalf of the board

  
RACHNA AGARWAL  
PARTNER  
(M. No. 071247)

  
PRADEEP KAPOOR  
MANAGING DIRECTOR  
& C.E.O.

  
DHANANJAY DATAR  
DIRECTOR

  
K.G. TOSHWAL  
VICE PRESIDENT  
(FINANCE & COMMERCIAL)

PLACE : MUMBAI  
DATE : 05<sup>th</sup> August 2010