

BUSINESS UNUSUAL

IMPOSSIBLE

ANNUAL REPORT 2012-13
SHREE CEMENT LIMITED

IMPOSSIBLE

Impossible' is not a word in our dictionary. Because our unusual spirit enables us to read between the alphabets. For us, 'impossible' is nothing more than 'i'm possible', where 'I' denotes every person associated with Shree. Some may look at it as an illusion, we look at it as the reality. Hence, what I believe, and what I aim for, is what I make possible with my unusual spirit. That is the ethos of our Company, and the philosophy that enables the successful progress of our business.

Your comments and feedback are of great importance to us. We would be glad to address any queries or observations that you may have with regards to our various future-aligned initiatives, our performance or this report.

You are most welcome to email us at: sclbwr@shreecementltd.com

FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'beliefs', and words of similar substance in connections with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, however, we believe we have been prudent in making assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

FIND inside

BUSINESS UNUSUAL 02 | IT'S ALL A MATTER OF PERCEPTION 04 |

A STRONG FOUNDATION

Introducing Shree 06 | Vision, Values, Guiding Principles, Philosophy 08 |

VIEWS & PERSPECTIVES

Chairman's Message 10 | Managing Director's Outlook 12 |

Executive Director's Philosophy 14 | Special Communiqué 16 |

PERFORMANCE REVIEW

Performance Highlights 18 |

STRATEGY IN ACTION

Unusual Practices Exemplary Achievements 22 | Unusual Challenges Extraordinary Solutions 28 |

Unusual Drive Exceptional Vision 34 | Unusual Spirit Excellent Performance 40 |

Unusual Customer-Centricity Enhanced Brand Loyalty 46 |

Unusual Numbers Uncommon Financial Prudence Creation of Investor Value 52 |

Unusual Sustainability Focus Inclusive Sense of Responsibility 56 |

VALUE CREATION & ACCOLADES

Our Endurance Exciting Accolades 62 |

STRATEGIC THINKERS

Profile of Directors 64 |

FINANCIAL & STATUTORY SECTION

Five Years Financial Highlights 66 | Twenty Five Years Highlights 67 |

Directors' Report and Management Discussion & Analysis 68 | Annexure to Directors' Report 80 |

Business Responsibility Report 84 | Auditors' Certificate on Corporate Governance 95 |

Report on Corporate Governance & Annexure 96 | CEO/CFO Certificate 113 | Code of Conduct 114 |

Independent Auditor's Report and Standalone Financial Statements 115 |

Independent Auditor's Report and Consolidated Financial Statements 153 |

Ratio Analysis 182 | Corporate Information 183 | Company's Plants & Marketing Offices 184 |

BUSINESS UNUSUAL

Business usual is a compromise.

It is a submission that we have done all that we could do, and achieved all that we expected to achieve. It is a syndrome that emanates out of complacency.

Business unusual is complex, challenging, uncompromising.

It is a coming to terms with the fact that improvement is a continual process and will never end or stop. It is a syndrome that emanates out of high expectations.

Business usual is looking at possibilities.

Business unusual is creating opportunities from possibilities.

Business usual is focused on profits.

Business unusual is focused on sustainability counting the triple bottomlines of environmental, economic and social.

Business usual is a coming to terms with the circumstance.

Business unusual is changing the circumstance to create a new reality, paradigm and benchmark.

Business unusual is a belief that the “good” is the enemy of great. It is the attitude of a high achiever.

At Shree Cement, we celebrate our business unusual. And we take you through the story of unusualness that we have unraveled for ourselves.

IT'S ALL A MATTER OF PERCEPTION



**"IF YOU ARE NOT
WILLING TO RISK
THE UNUSUAL,
YOU WILL HAVE TO
SETTLE FOR
THE ORDINARY."**

– JIM ROHN

American Entrepreneur and Author



While others are teaching, we are learning.

IT'S ALL A MATTER OF PERCEPTION

It's all about seeing the unusual where others see the usual. It's about seeing reality in what others perceive to be a mere illusion. Like Henry Ford, who invented neither the automobile nor the assembly line, but recast each to lead a new era of change in the automobile industry. He transformed the automobile from a luxury to a necessity, enabling the realization of the dream of ordinary people by finding unusual ways of recreating the usual. He refused to settle for the ordinary, just as we, at Shree Cement, refuse to accept the existing circumstances and are continuously striving to change them for our own benefit and for the good of all our stakeholders.

INTRODUCING SHREE

With an indomitable spirit and passion for progress that seeks to set new benchmarks of performance through innovation, Shree Cement is focused on growth through unusual and non-conventional approaches. Its unique energy efficient and sustainability initiatives give Shree Cement (popularly known as 'Shree') a strong edge in the Indian cement industry.



Fast growing
Company,
5 year CAGR of
Gross Sales

20.29%

Revenue from
Power ₹ 1045.94
Crore, representing an
annualized increase of

125.1%

Green Power Plant
capacity 56 MW,
**largest
capacity**
in world cement industry
except China



CEMENT portfolio

- o **Cement Capacity:** 13.5 Million Tonnes Per Annum
- o **Locations:** Beawar, Ras, Khushkhera, Jobner (Jaipur) and Suratgarh in Rajasthan and Laksar (Roorkee) in Uttarakhand
- o **New Projects:**
 - Clinkerization unit at Ras in Rajasthan
 - Integrated (clinkerization-cum-grinding) unit at Baloda Bazar near Raipur in Chhattisgarh
 - Cement grinding units in Aurangabad district of Bihar and at Ras in Rajasthan
- o **Multiple Brands:**
 - Shree Ultra
 - Bangur
 - Rockstrong



POWER portfolio

- o **Total Power Generation Capacity:** 570 MW
- o Includes 300 MW (150MWx2) merchant thermal power plant, commissioned at Beawar in 2011-12
- o **Also includes Green Power Plants (Waste Heat Recovery Plants):** 56 MW (largest such capacity in the global cement industry excluding China)
- o Development of Green Power Plants is underway at different facilities also
- o Leveraging its capabilities and strengths, Shree has evolved from a mere captive power producer into a major merchant power player and is also a Category I Power Trading Licensee



FINANCIAL strength

- o **Total Turnover for FY 2012-13:** ₹ 5590.25 Crore
 - **Revenue from Cement** - ₹ 4544.31 Crore (an annualized increase of 8.8%)
 - **Revenue from Power** - ₹ 1045.94 Crore (an annualized increase of 125.1%)
- o **Operating Profit for FY 2012-13:** ₹ 1749.25 Crore (an annualized increase of 20.9%)
- o **Net Profit for FY 2012-13:** ₹ 1003.97 Crore (an annualized increase of 102.8%)
- o **5 year CAGR of Gross Sales:** 20.29%
- o **Return on Avg. Capital Employed:** 24.14%



PEOPLE strength

- o **Total Employee Strength:** 4200 as on 30th June, 2013
- o **Employee Engagement Level** (as per E&Y study): 86%
- o **Retention Rate:** 94%
- o **Average Age of Employee:** 35.79 years
- o The exceptional, indigenous model of "Happiness" underpinning Shree's HR initiatives plays a prominent role in generating multiple micro HR/People strategies that result in efficiencies at each stage of the operation, which cumulatively provide the Company a distinct competitive edge



SUSTAINABILITY strength

- o One of the three Indian companies to be identified as New Sustainability Champion by World Economic Forum in September 2011
- o First Indian Cement Company to join Cement Sustainability Initiative of World Business Council for Sustainable Development, Switzerland
- o First Company in World Cement Industry to register "Optimal Utilization of Clinker" as a CDM project with UNFCCC, resulting in issuance of 0.45 Million Certified Emission Reduction (CER) Units
- o Highest 4-star rating for 13th consecutive year by International Benchmarking firm Whitehopleman UK
- o First Indian Cement Company to issue a Corporate Sustainability Report
- o First Cement Company in India to produce Synthetic Gypsum to replace the use of natural gypsum in cement manufacturing
- o First Process & Cement Company to adopt BS-EN 16001-2009 certificate (Now ISO 500001)
- o Achieved 3.46% reduction in CO₂ emission during FY 2012-13 (585 kg CO₂ / MT of cement against 606 kg CO₂ / MT of cement)

VISION, VALUES, GUIDING PRINCIPLES, PHILOSOPHY



Our VISION

LEAD IN CREATING
PROSPERITY & HAPPINESS FOR
ALL STAKEHOLDERS THROUGH
INNOVATION & SUSTAINABLE
PRACTICES

As an organization, we spread happiness amongst everyone connected with our eco-system and create wealth for investors, employees, business associates and communities where we operate by experimenting and implementing new ideas for improving efficiencies and maximizing the ratio of output product to input resources.



Our VALUES, Our OPERATING STRENGTHS

PASSION FOR EFFICIENCY

- Ensuring optimum outcomes in everything we do at work
- Achieve our targets consistently with minimal costs

DYNAMISM

- Prioritizing opportunities and challenges to enable swift decision making
- Being flexible in our approach to find effective business solutions

CREATIVITY & INNOVATION

- Experimenting with new ideas to improve continuously
- Striving to take risk for adding value to the business

SIMPLIFY

- Extracting the essence and keep communication simple

CARE

- Being compassionate towards our communities and our environment
- Working together as one family connected personally with each other
- Demonstrating humane touch in the way we work

TRUST AND SUPPORT

- Believing in each other with mutual respect
- Promoting honest and open communication
- Building an environment of freedom with responsibility



GUIDING Principles

- Enforce good corporate governance practices
- Encourage integrity of conduct
- Ensure clarity and un-ambiguity in communication
- Remain accountable to all stakeholders
- Encourage socially responsible behavior

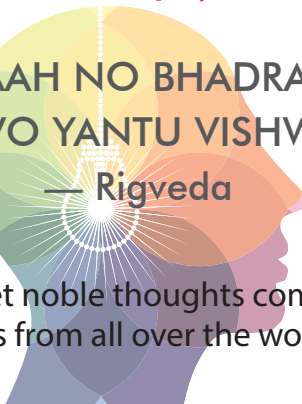


THE SHREE Philosophy

"AAH NO BHADRA:
KRATAVO YANTU VISHWATAH"

— Rigveda

"Let noble thoughts come
to us from all over the world."



At Shree, we believe in imbibing and extending these noble thoughts across all our functions. We call it The Shree Philosophy, which makes us an organization that is:

- Quality and Energy Conscious
- Employee and Environment Friendly
- Socially Responsive
- Customer Responsive
- Investor Rewarding
- Sustainable Organization

CHAIRMAN'S MESSAGE



SHRI B. G. BANGUR, *Chairman*

We have made
**'Business
Unusual'**
the ethos of our
organizational fabric

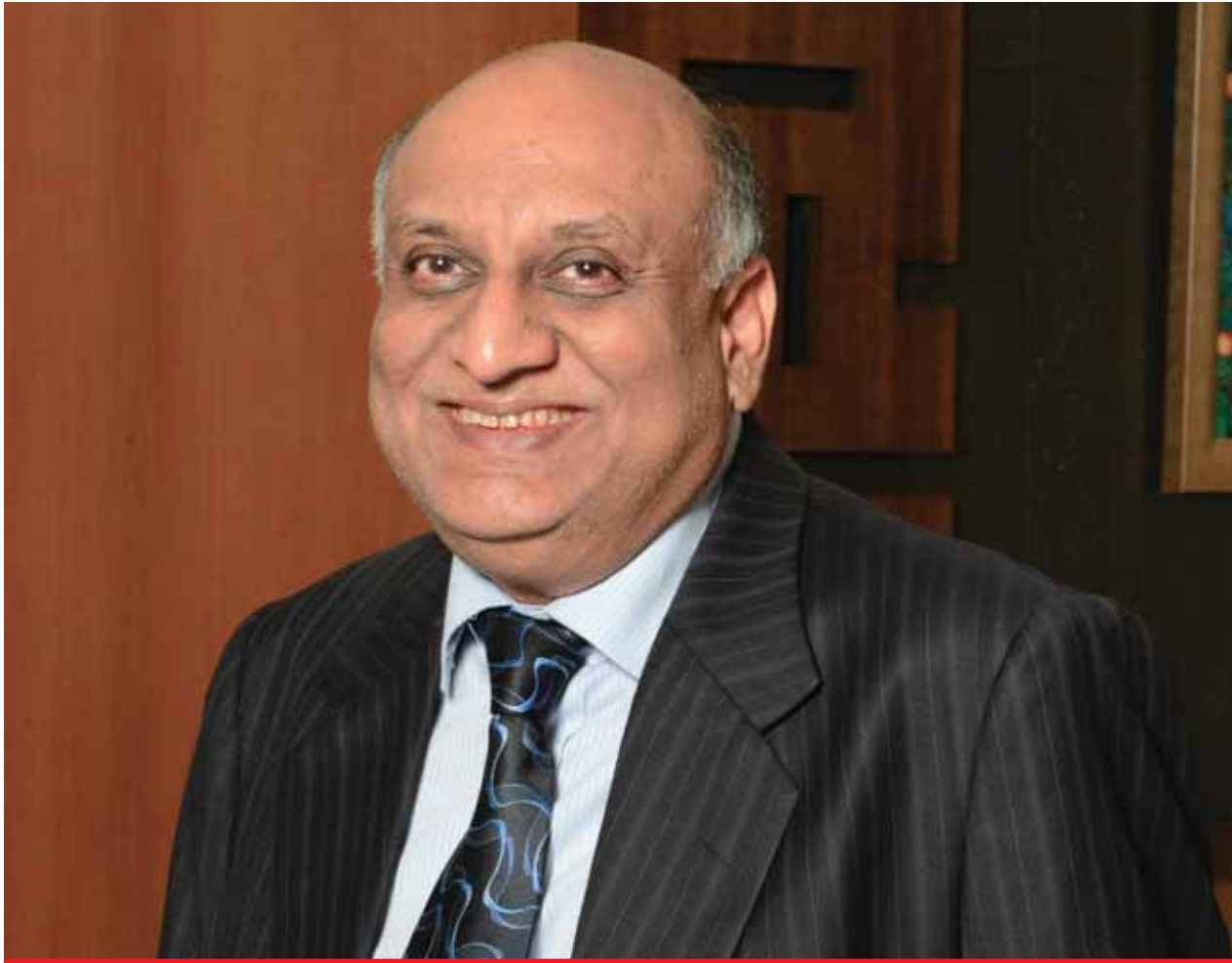
The usual limits and restricts. It leads to complacency and acceptance of the existing. It does not nurture growth, nor does it enable progress.

That is why, at Shree Cement, we have made the **UNUSUAL** our business. We believe in doing things differently because that, we feel, is the only way to ensure progressive development for all of us. We have a differential approach that is built on unusual strategies and is steered by unusual methodologies to enable long-term and sustainable growth.

Learning from our experience over the years, we have realized that every unusual or exceptional goal or strategy becomes usual and ordinary once it is achieved. It is, thus, imperative to keep setting new goals and objectives to pave the way for something more unusual at every step of our growth odyssey.

Armed with this philosophy, we have made **'BUSINESS UNUSUAL'** the ethos of our organizational fabric. It is, for us, not just a strategy for the Company's future but a value system that shall continue to steer our progress for decades to come.

MANAGING DIRECTOR'S OUTLOOK



SHRI H. M. BANGUR, *Managing Director*

Unusual always attracts attention. It is the unusual in something that is conspicuous by its presence. Often we find people saying that there is something unusual about it. Ironically though people take interest in finding and knowing about the unusual, they don't take interest in implementing the unusual. Most people would be happy to have a normal life for themselves as well as their families. The reason is not difficult to fathom. Unusual involves risk.

In an organization people will not be ready to do the unusual as it may risk their position within the organization and sometimes even the job. In this case people will be working for themselves and not for the common goal. Such a situation is not healthy for the organization to succeed.

People should always
be in quest for
**continual
improvement**
in everything they do

Usual activities bring usual results. Not always. Today the environment we operate in is dynamic with fast changing underlying factors. Those who cling to usual routines often find themselves getting swept away by the changes and difficult to survive. Then in order to grow and grow fast, it becomes inevitable for an organization to take unusual steps.

An organization is a collective whole and hence one or two people thinking and doing unusual does not serve any purpose. It becomes imperative for the organization to create a culture and make the unusual thinking as part of its DNA. If the goal is looking beyond usual, the environment has to sustain such unusualness. This is achieved by making "continual improvement" and "questioning the settled" as the way of life in organization.

Never questioning the need for the new but definitely questioning the need to continue with the old has to be evolved as a business practice across all the functions of the organization. People should always be in quest for continual improvement in everything they do. Once a target is set, all efforts are to be made to achieve it. But having achieved it, they should not take that as the end of it. They have to identify measures to cross the target and raise the bar.

They need to constantly seek to break the mould of perception based decisions which stops them from looking beyond. It is the logical analysis that should get the results. For example, the target of a plant is to, say, generate 30 units/tonne of material. Once it achieves this, one need to analyze its production pattern and it can be found that the highest production for some time was 35 units achieved for, say, 2 hours during a particular day. It should then make 35 units as the new target and seek to achieve it through understanding the situations which led the machine to produce at that level. Through critical observation, pattern study and unusual application of mind, the new target can be achieved. Again the process is repeated and the next highest level, say 40 units, is to be made the new target. This way the target is defined as dynamic and not static in nature.

Again there is a constant need to question settled belief. The world is changing fast and it is so because it is driven by unusual people. These changes present opportunities which needs to be tapped. This can be done by questioning every set belief. Normally a big project like commissioning a cement plant is believed to require a certain minimum time to be completed. At Shree, we questioned

this belief and were able to commission a project in almost 3/5th of the average standard period required by the industry. We again questioned our own benchmark and completed the next project by taking 10% lesser time than the above. By not settling for the settled, we have kept on setting and achieving newer benchmarks and in the process new records get created.

A business leader always thinks about increasing capacity and improving productivity. Unusual way of doing business requires the thinking process of leaders to strive towards creating a value system that fosters an entrepreneurial spirit which makes everyone question the obvious and look beyond the present practice to continue setting newer benchmarks every single day. An entrepreneur's equation, for his efforts is fairly simple: reap rewards or face flak. It is the latter part that acts as a deterrent. It discourages people from taking risks. If we can somehow remove the deterrent from the equation then it becomes fairly easy for people to absorb the spirit of an entrepreneur. Leaders should thus strive to build an environment where people feel spirited to take on newer challenges and think unusual to achieve their targets. They should build a culture where people are empowered to take responsibility and think and act like owners. Once a person is made owner, his thought process becomes holistic and he considers all aspects of a situation.

It is easier said than done. It involves belief of the top management in the people down the hierarchy level and vice versa. Simply said it is the clarity of purpose. Leaders have to establish this purpose. There will be challenges as usually people would not like to go beyond usual. This can be taken care of by the leaders through continuous and successful demonstration of the benefits of unusual practices. Once the better results are experienced it will encourage non followers to become followers. This is exactly what we at Shree aim to accomplish.

In a constantly changing and difficult business environment, we need to push the bar of our capabilities to tackle unprecedented challenges. I believe that at Shree, we have been able to inspire our people to seamlessly align themselves to the unusual business processes and practices that we have adopted to address dynamic challenges. We have to continue visualizing and identifying the "UNUSUAL", the mantra of continual improvement, for enduring our sustainable performance.

EXECUTIVE DIRECTOR'S PHILOSOPHY



SHRI MAHENDRA SINGHI, Executive Director

Business, to be meaningful and truly profitable, should result in happiness for all concerned. At Shree, this is the philosophy that is steering our journey towards a sustainable future. For us, business is more than a collective goal; it is a social congregation of people working together to achieve happiness. Happiness, thus, is the continuous pursuit of a sense of accomplishment achieved through productive and collaborative efforts. Moving in tandem, in an interconnected and interdependent manner like the various parts of a machine, there are multiple factors collaborating to arrive at the right results. It is the unusual application and mix of these factors that characterizes us and makes us different from others.

So what are these diverse and synergistic factors propelling our success story?

I will put Innovation as the oxygen that fuels our people's efforts to work consistently and persistently with rigorous passion and commitment. Innovation reinforces the belief that there are no constraints to accomplishing anything if we have the determination to succeed, and if we do not get influenced by perception but can look at things in a logical manner. This is precisely the belief that people at Shree live with, day in and day out. For our people, even a routine activity like running a machine can offer a new growth vision, leading them to new levels of success. Usually, people would be satisfied to perform such an activity in a pre-determined manner. Shree, however, encourages people to continuously remain conscious of the unending scope in any activity which they are performing. Thus giving them the reason to approach even the most usual of activities differently and innovatively, in a manner that is popularly known as Out-of-Box thinking.

However, we also realize that innovation cannot be practiced without the freedom to fail. This is why we have built an atmosphere where people are encouraged to try, even if they fail, thus ensuring that there are no limits to freedom of thinking unusual. To explain further, usual business practice is to view deviation from targets as failure, discourage failure and ensure achievement of set targets. We, at Shree, however encourage people to set significantly higher targets as we know that in the process of achieving those targets, they would stretch themselves to the maximum. We are cognizant of the fact that even if they are not able to fully achieve the high targets, they would still have achieved a stature that is greater than the present. For us, therefore, continuous failure in the pursuit of very high targets is Business Unusual.

Freedom to think also acts as a motivation for people to continue to outperform every single day, as it enhances engagement level. We believe that once someone is engaged, the job at hand does not remain an activity to perform but a passion to surpass previous achievements. Normally, an achievement is celebrated and people take pride in its accomplishment for a long time. At Shree, we celebrate an achievement for a brief period only, and become dissatisfied soon after. We start looking at ways of surpassing it. This approach has helped us successively create

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 and motivated. Employee
 engagement level

86%

one world record after another. We commissioned a cement plant in a world record time of 367 days against industry average of 630 days. We celebrated this exemplary achievement but soon started exploring ways to surpass it, which we did in the next project itself when we set up another cement plant in just 330 days.

This continuous quest for achieving greater heights has helped our people to remain ever engaged and motivated. As per an internal study conducted by E&Y, our employee engagement level stands at 86%, which is very high compared to industry standards, thereby endorsing our belief that we have been able to build an atmosphere that breeds commitment and willingness to excel within the organization.

Growth, in fact, is what makes us sustainable. Growth, to us, is continuous betterment and an unending quest to be in a better position today than yesterday. We have achieved growth at a rapid pace and in challenging circumstances, and this is what makes us different and unusual from others. We all know that normal business practice is to penalize any delay in completing a project. We try to anticipate activities which may be delayed and incentivize people to execute such activities in a time-bound manner by providing extra resources, thereby unlocking opportunity in a perceived threat situation. We spend higher on activity basis to ensure that we complete our projects within time, which ensures that our overall cost is within the cost budgets. This approach leads to rapid growth for us and for our stakeholders, while this unusual thinking continues to surprise others, project after project.

We see our growth not merely in the financial numbers that we continue to notch but in the sense of having more and more people benefitting from engagement with us and in being able to provide happiness to a larger section of the society than before. Our social welfare efforts, aptly named as "Samaj Seva", are aimed at distributing our growth among

all our stakeholders, especially the marginalized section. This is achieved through various initiatives aimed at providing sustainable livelihood to people in the local community and improving their standard of living. Samaj Seva is a voluntary activity and we encourage everyone associated with us to contribute to this in any form.

Further, we have adopted the Triple bottomline approach as a measure of our growth. We understand growth by understanding its impact on the environment, on the local community that coexists with us and our ability to ensure optimum utilization of natural resources. Any other way of growth for us is inadequate and not in the right direction.

We are operating in a challenging environment where we are being stretched from all sides, be it cost of inputs, lack of growth in the drivers of demand or over capacity in the sector. These challenges demand unusual responses. Our way of working is geared towards finding opportunity in these challenges rather than looking for ways to tackle them. We have adopted a contrarian and unusual approach and succeeded in the past. We are confident that this time round too, we shall not only survive the difficult environment that prevails but will excel once again. We are, of course, aware that this approach requires us to extract optimum utilization from every single resource available to us and to feed on our strength of unusual business practices. We have successfully done this through the past year and shall continue to do so in the coming months.

This optimism stems from the confidence we have in our people, in their ability to think differently, as also in our ability to find opportunities where people see challenges and in our unusual way of doing business. I am confident that our core belief of sustainable growth, which encourages us to continuously look forward towards outperformance at every step, will propel us to higher growth levels in the future.

SPECIAL COMMUNIQUE



SHRI PRASHANT BANGUR, *Whole-time Director*

The fact is that challenges will always be there. The better fact is that we really **enjoy performing** under such challenging situations

As part of the core sectors, Cement and Power are essential to the growth of the economy while being susceptible to the challenges faced by the economy. The performance of this core sector industry is linked with the GDP of the country.

Strongly challenged on several fronts, the Indian economy did not fare well during FY 2012-13, with GDP growth declining to 5% from 6.2% in the previous year, with the manufacturing sector recording a meager growth of 1.9%. The economy is burdened by large trade, as well as fiscal and current account deficit, which is becoming difficult to sustain as a result of the plunging GDP growth. External events like geopolitical conflicts, likely reversal of quantitative easing by U.S. etc. have further exacerbated the situation.

Though impacted by the global slowdown, the Indian economy is primarily domestic consumption based. Persistent high inflation and high interest rates have been adversely affecting private consumption leading to slowdown in growth. This, however, appears to be a temporary phenomena and the underlying fundamentals of the economy remain strong.

Recent measures by the Government to bring much-needed reforms give positive indications and are likely speed up pending investment projects. This will provide boost to the investment cycle and also bring confidence to internal and external investors, which in turn should help in invigorating industrial activity. Thus, while the challenges remain, the growth story remains intact and the chances for rejuvenation remain positive on the back of policy reforms and other measures being taken by the Government.

This indicates that while the short-term view for the cement and power sectors may be challenging, the outlook in the medium-term holds better prospects. Both these sectors have enough built-in capacity and are primarily undermined on the demand side by lower consumption in the economy. Hence, any improvement on the domestic consumption front is a big positive for these sectors.

At Shree, we have always considered continuous growth as our "raison d'être". We define this growth as an unending quest for further improvement in everything we do. We have built a value system to approach all functional aspects, be it operational efficiency, cost management or marketing innovation, with a view to improving upon the current situation. This has enabled us to continuously shift the paradigm of growth and create new challenges for ourselves.

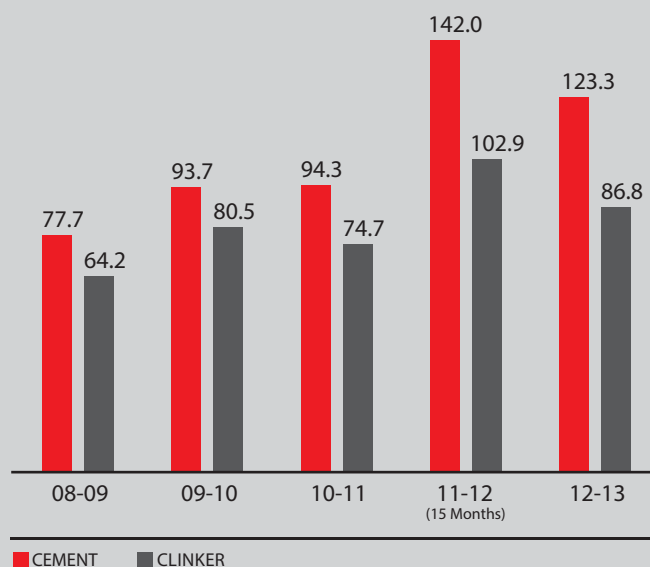
Shree has successfully tackled economic downturn in the past and achieved growth in turbulent times. We have partnered the country in its growth over the years. With strong fundamentals and passion to perform, Shree's growth story will remain intact in current economic scenario also.

The fact is that challenges will always be there. The better fact is that we really enjoy performing under such challenging situations. That is the Shree system of doing business. It is led by entrepreneurial spirit, guided by innovation and deeply integrated with compassion for the marginalized section. The result is long-term sustainability. What is unusual is that this is Business as usual at Shree.

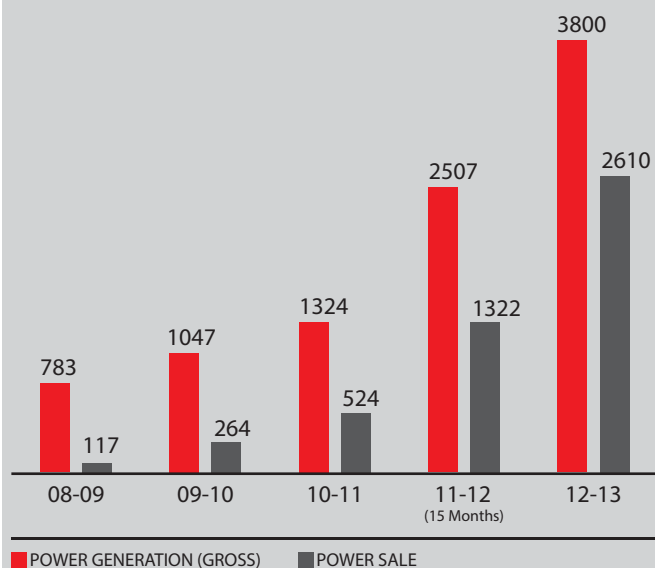
PERFORMANCE HIGHLIGHTS



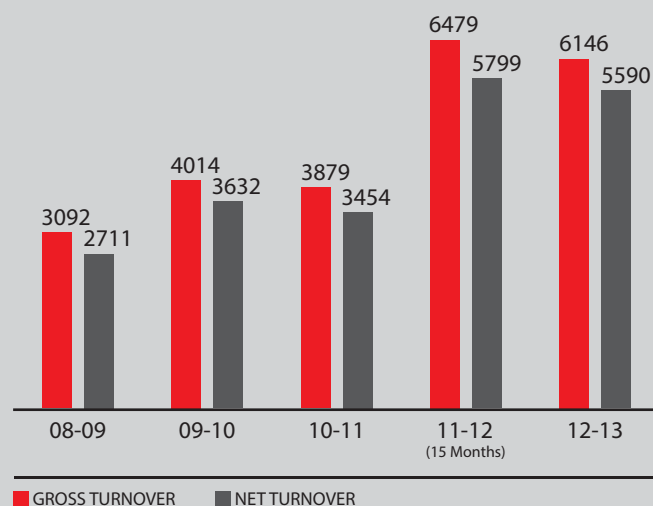
CEMENT & CLINKER PRODUCTION (Lac Tonne)



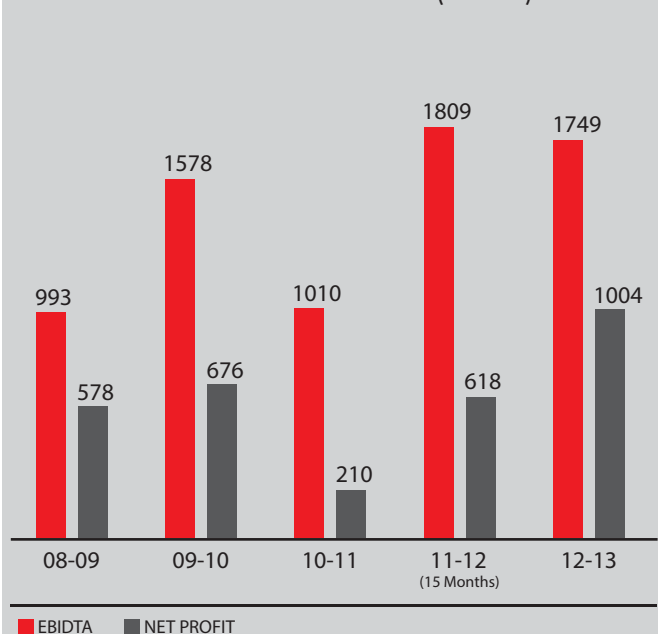
POWER GENERATION & SALE (Million Units)



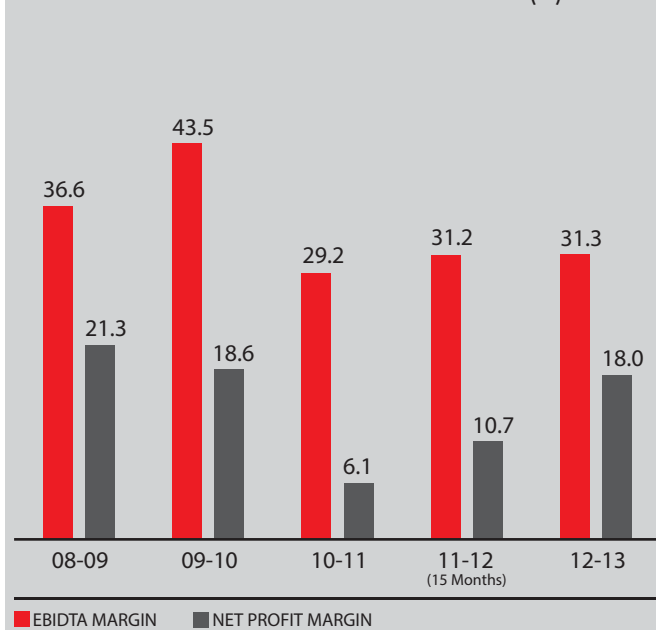
GROSS & NET TURNOVER (₹ Crore)



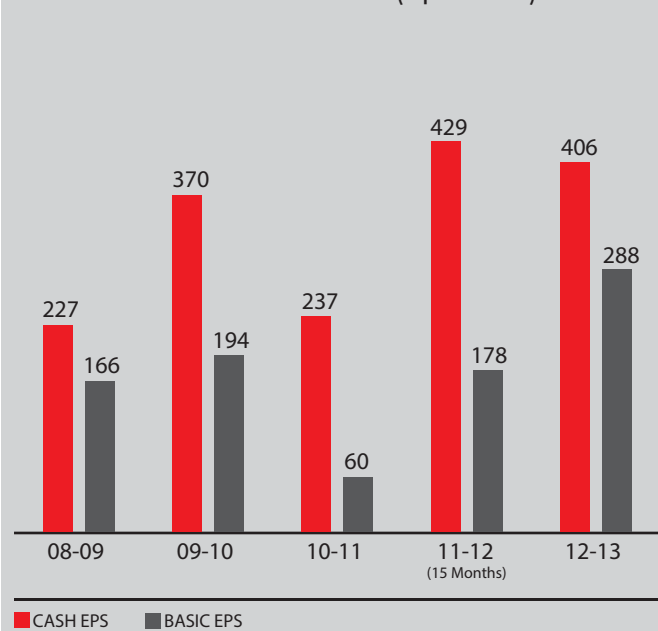
EBIDTA & NET PROFIT (₹ Crore)



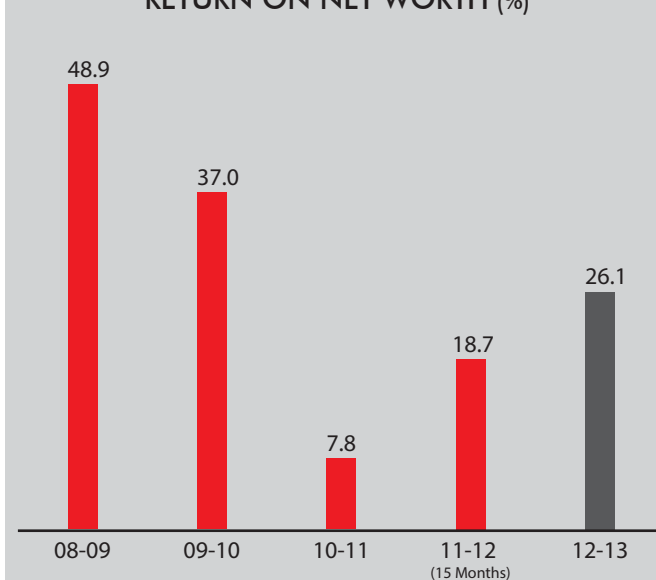
EBIDTA & NET PROFIT MARGIN (%)



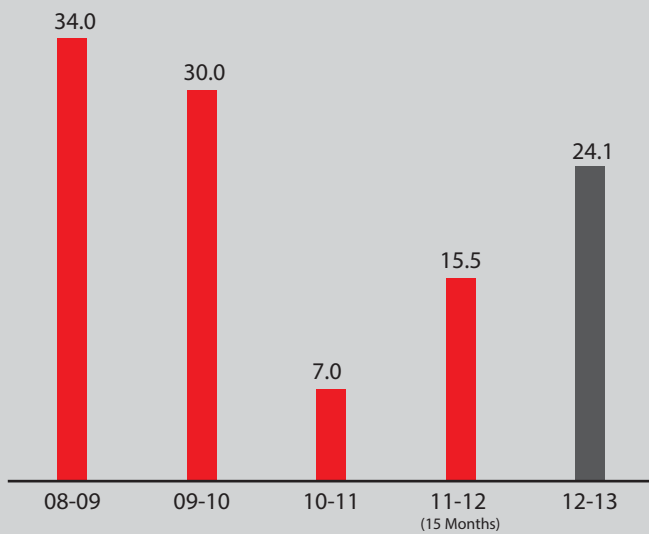
CASH & BASIC EPS (₹ per Share)



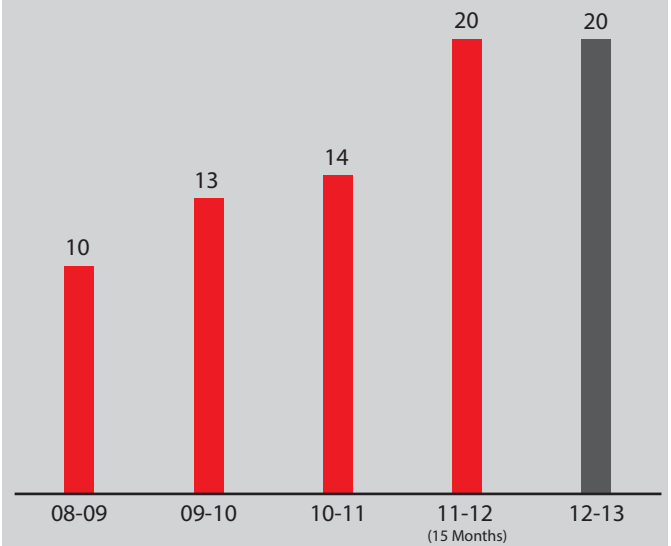
RETURN ON NET WORTH (%)



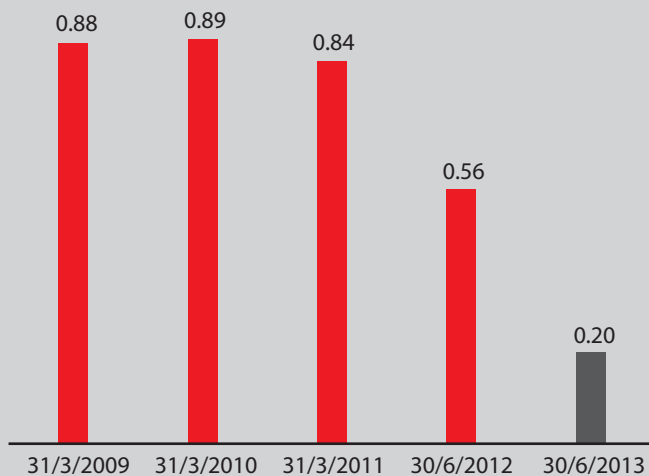
RETURN ON AVG. CAPITAL EMPLOYED (%)



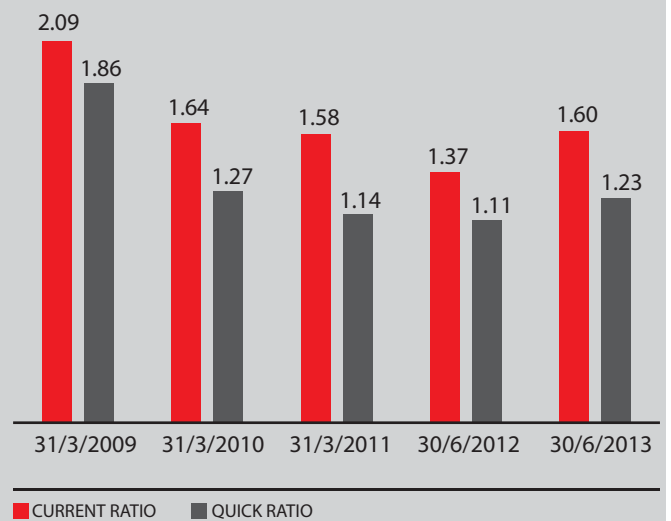
DIVIDEND (₹ per Share)



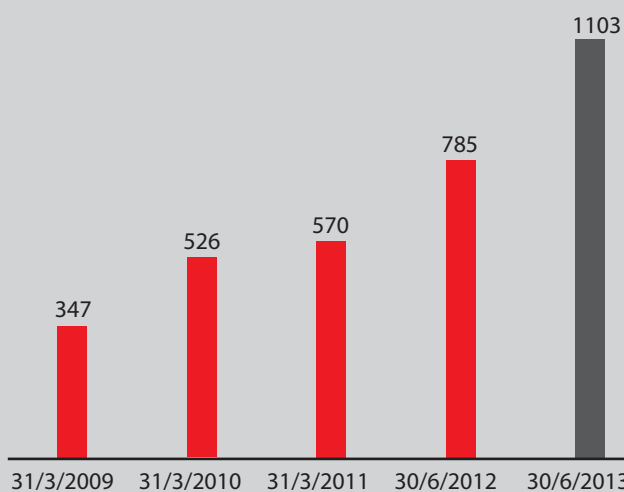
DEBT EQUITY RATIO (Times)



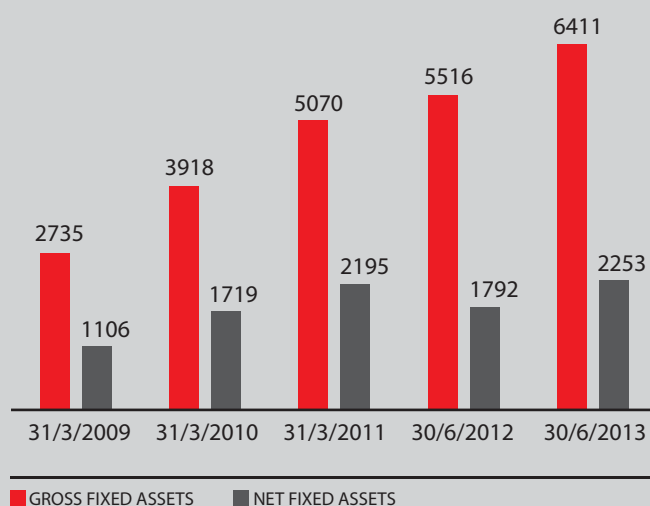
CURRENT & QUICK RATIO (Times)



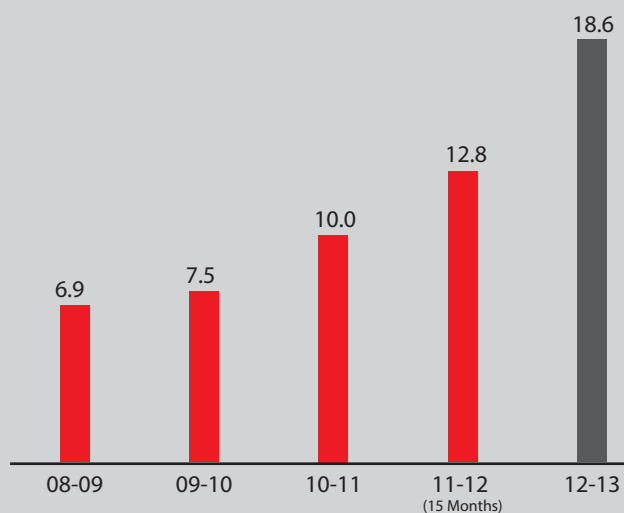
BOOK VALUE (₹ per Share)



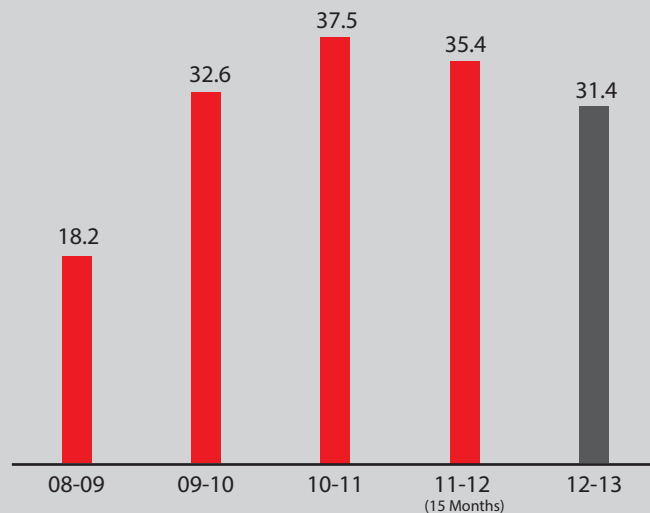
GROSS & NET FIXED ASSETS (₹ Crore)



DEBTOR TURNOVER (Days)



INVENTORY TURNOVER (Days)



UNUSUAL PRACTICES EXEMPLARY ACHIEVEMENTS



**“NO HUMAN BEING WILL WORK HARD AT
ANYTHING UNLESS THEY BELIEVE THAT THEY
ARE WORKING FOR COMPETENCE.”**

– WILLIAM GLASSER

Noted American Psychiatrist



Sometimes, what appears to be wrong could actually be right

Competence is a goal easily achieved by dedicated hard work and practice. It is the ultimate test of the human capacity to deliver excellence.

A person becomes what he practices. An organization is also shaped by the practices it implements. Shree has always laid emphasis on implementing business practices that challenge the existing and the established to create a new normal every day. Employing innovative practices in everything we do, from day to day operational activities to project execution and strategic decision, is the biggest driver of our growth strategy. Even the most successful and world record creating achievement is looked at, after celebrating its success, from the viewpoint of how to further improvise on it. It is like starting a new day every day.

At Shree, we have always worked towards building our competencies to take on the unexpected and stretching our capacities to enable faster project execution, cost optimization and newer avenues for revenue across all our functions. Often, we have taken contrarian and unusual approach to doing business, thus helping to convert initial doubters into followers of our practices. Normally, people tend to build perceptions around things and get swayed by these perceptions in their decision-making. Often, these perceptions are based on inadequate or wrong analysis, past experience, old results, or just plain hearsay. This attribute of building perception becomes infectious and then becomes difficult to get rid of, thus often leading to wrong results. Shree has consciously built a culture which puts utmost emphasis on logical analysis, and performs a reality check on things with an unbiased attitude without being swayed by established perceptions. This attitude has enabled the Company to surpass established standards and set new benchmarks. Some of the unusual practices that have become a part of our work ethics are discussed below.

Often, we have taken
**contrarian
and unusual
approach** to
doing business



Encourage success
but **never**
discourage
failure



BELIEF IN PEOPLE

Belief in our people and their capabilities is the most important factor. Our business practices are underlined by the Trust of the Management in its people and of people in the Management. Whenever we have trusted people with responsibilities, they have come out high on spirit and delivered outstanding results. Project execution depends upon interdependence between various departments and is the culmination of multiple activities. Uncertainty in each process adds up, and hence it is important that every part works in tandem. Trust is that unseen edge that helps us overcome these uncertainties and enables us to excel. Trust is not limited to our employees but it extends to our suppliers and contractors also. We trust them and become their partner, and in turn we receive unflinching support from them. This has helped us create world records in project execution.

LEARNING BY FAILURE

One of the unusual practices adopted by Shree is learning by failure. Shree encourages its people to fail, and in the process learn the lesson to succeed next time i.e., encourage success but never discourage failure. This has given us excellent results over the years. Shree is known to have pioneered the use of pet coke in cement plants. At that time, companies were usually looking

at ways to ensure continuous coal supply for plant running. Companies were afraid of using pet coke as an alternate fuel as there was a perception that it has high sulphur content and its usage adversely affects the efficiency of plants. Shree chose to turn the challenge into opportunity and started looking to utilize pet coke as an alternate fuel to replace coal. The experiment to use pet coke was initially not successful as the issues with its usage were turning out to be difficult to manage. Any other company would have given in to the prevailing perceptions and abandoned the project. The Shree Management, however, kept encouraging the people involved not to get affected by failure and utilize the lessons learnt during every failure to further improvise their efforts even if it meant higher expenditure. Persistent efforts over a period of time resulted in successful use of pet coke in cement kilns. Over the years, Shree has mastered the use of pet coke and also used it in its power plants. This has resulted in significantly reducing usage of coal which is a limited natural resource, thus leading to creation of wealth from waste.

In a recent case, the emission from our power plants contained gases harmful to the environment. Normally, SO₂ gases generated by fuel combustion in boiler are neutralized by mixing of limestone. Shree adopted proactive approach by installing a pilot project on Flue Gas Desulphurization (FGD) of SO₂ and use of by

The mantra is to
devote maximum
time at the
planning
stage and little time
in execution



product as gypsum. The initial results were not encouraging but the Management kept encouraging the people involved to keep working without the fear of failure. Ultimately, our persistent efforts in this direction led us to succeed in implementation of FGD plant, which captures these emissions and produces gypsum. It is not only environmentally beneficial but also helps us to conserve mineral gypsum, which is a scarce natural resource and a raw material used in cement manufacturing.

PATIENCE IN PLANNING / IMPATIENCE IN IMPLEMENTATION

Shree is known to execute projects in record time. What is not known are the efforts put into detailed planning of the project before it takes off. The mantra is to devote maximum time at the planning stage and little time in execution. It is at the planning stage that each and every detail is taken care of. It has, however, been observed that those who lose patience in planning are the ones who find difficulty in execution, as not enough flexibility is built into plans to ward off unforeseen challenges. Once the

planning is completed, we become impatient and look to achieve the target in the quickest possible time. No wonder we have been able to create one world record after another in project execution.

INCENTIVIZE AND NOT PENALIZE

Normally, people look to penalize any delay in accomplishing any activity, especially in project execution. Shree adopts a contrarian approach. Shree tries to anticipate activities which may cause delays and incentivizes people by providing extra resources even if it means spending higher on such activity. The end result is that such project delaying activities are completed in time, which leads to completion of projects within time and ensures that our overall cost is within the cost budgets. During the execution of our projects, at times, looking at the level of resources that could be mobilized by our contractors, we start feeling that things would run behind schedule. Normally, this would lead to a blame game between the supplier and us. We, however, decide to be partners in their difficulty. In one

Shree's Installed Capacity of Cement has grown at a

CAGR of **~23%**
between FY 04-05 &
FY 12-13

such instance, enquiries with the supplier revealed a situation of liquidity crunch because of the ongoing recession. We immediately sanctioned an advance to the supplier and created a moral bond of trust by helping him financially. Hence, by partnering the contractor in his difficulty, we make him a partner in our progress, which helps us achieve our targets faster than the industry norm.

FOCUS ON TIMELY EXECUTION

Normally, companies are uniform in their view that there should not be any cost overruns in any project. Shree thinks differently. It has made cost irrelevant in its scheme of things, and instead views that there should not be any time overruns. Once time overrun is controlled even at higher cost, cost overrun on totality basis will be under control. A practical example of this was evident during the implementation of our cement plant at Ras. Pre-heater building, a six stage cyclone building, does the pre-heating of raw material by transfer of heat from exit gases of kiln prior to its feeding to the kiln for clinker production. Commissioning of pre-heater building is a critical path activity. Any time saving in its completion leads to advancing of the project execution. Tower cranes, an important equipment facilitating pre-heater construction, was in demand owing to large scale construction activities. Deployment through hiring was quite time-consuming and irregular. We realized that having an additional tower crane of our own could ensure early completion. We bought one tower crane. It was the contractor's responsibility to hire tower crane. In this case, cost of hiring as well as the cost of new crane was borne by us, just to ensure faster completion of pre-heater. We saved 15 days and consequently advanced the project execution.

PERFECTION IS THE ENEMY OF BETTERMENT

Normally, successful people are obsessed with perfection in everything they do. Shree has a contrarian approach as it believes that perfection is the enemy of betterment. It is because the last few stages of achieving perfection involve the maximum efforts and the marginal results are not in proportion to the efforts made. In other words, it is sometimes more return friendly to stop short of perfection. This looks apparently difficult to comprehend but it makes business sense. It is business unusual for Shree.

It is the spirit of being unusual and being different from others that has enabled us to continuously outperform the norms. With this unusual focus on creating high performance and building greater competencies, we have achieved exemplary results over the years.

UNUSUAL PRACTICES. EXEMPLARY ACHIEVEMENTS

- **ERP GO LIVE AT ONE GO** – NORMALLY MANUFACTURING COMPANIES PREFERRED SAP AS ERP. SHREE CHOSE "ORACLE" BASED ERP SYSTEM. SHREE WENT LIVE WITH ALL EIGHT MODULES OF ORACLE AT ONE GO I.E., ALL DEPARTMENTS WERE SIMULTANEOUSLY MIGRATED TO ORACLE ERP PLATFORM INSTANTANEOUSLY PRACTICALLY AT A SINGLE STROKE OF THE KEY. FURTHER IT WAS ACCOMPLISHED WITHOUT ANY BLACK PERIOD I.E., ZERO TIME LAPSE. THIS WAS AN EXEMPLARY ACHIEVEMENT AS NORMALLY COMPANIES TAKES UP TO SEVEN DAYS FOR SUCH TRANSITION.
- **ONLINE BIDDING SYSTEM FOR TRANSPORTERS/ PACKING BAGS** - IN A UNIQUE INITIATIVE, COMPANY IMPLEMENTED ONLINE BIDDING SYSTEM FOR TRANSPORTERS BASED ON "REVERSE AUCTION" POLICY. THIS INVOLVED ALLOWING TRANSPORTERS TO QUOTE FREIGHTS FOR SPECIFIC DESTINATIONS. THE LOWEST BID WAS AWARDED THE ASSIGNMENT. THIS ENSURED A FAIR AND TRANSPARENT SYSTEM WHICH INCREASED HAPPINESS AMONG TRANSPORTERS. THIS SYSTEM WAS IMPLEMENTED IN PACKING BAGS ALSO. ENTIRE PURCHASE OF PACKING BAGS IS NOW CARRIED OUT THROUGH TRANSPARENT AND ECONOMICAL E-PROCUREMENT SYSTEM DEVELOPED IN-HOUSE.
- **SHARING RESULTS WITH VENDORS** – IN LINE WITH ITS PRINCIPLE OF BEING TRANSPARENT WITH STAKEHOLDERS, COMPANY INFORMS THE UNSUCCESSFUL VENDORS AS TO WHY THEY WERE NOT GIVEN THE TENDER. THIS ENSURES THAT THE VENDOR IS ENSURED OF NO BIAS TOWARDS SPECIFIC VENDOR AS WELL AS THEY BECOME AWARE OF WHERE THEY FELL SHORT OF COMPANY'S REQUIREMENT AND ENCOURAGE THEM TO IMPROVE THEIR OFFERINGS.

UNUSUAL CHALLENGES EXTRAORDINARY SOLUTIONS



**"THE COMMON QUESTION
THAT GETS ASKED IN BUSINESS IS,
'WHY?' THAT'S A GOOD QUESTION,
BUT AN EQUALLY VALID QUESTION IS,
'WHY NOT?'"**

- JEFFREY BEZOS

Founder-CEO Amazon.com



"False" can also appear "True" if looked at differently

This is the question we ask ourselves every time we come across the unexpected. With an uncompromising attitude and the will that steers our spirit of innovation and creativity to drive extraordinary solutions, we live by the principle of 'why not'.

Driven by this philosophy, we see in challenges the opportunity to better our performance. Challenges open for us windows to extraordinary solutions and help us create new paradigms of reality in business methodologies and processes. They help us look beyond our brick and mortar business to generate better efficiencies through superior technological and logistic processes and systems. Our never-say-die spirit inspires us to find and deliver extraordinary solutions through exceptional initiatives. **We like to challenge the now and anticipate the future.**

EXTRAORDINARY SOLUTIONS

Extraordinary performance comes from navigating volatile circumstances through unusual business responses. Over the years, successful demonstration of converting challenges into opportunities has inculcated a belief system in our people that all challenges are actually hidden opportunities. Productive ideas help leverage these opportunities for multiple advantages.

Shree installed

Waste Heat Recovery

(WHR) power plants as they eliminate emission and save fossil fuels



WASTE HEAT RECOVERY POWER PLANTS

Shree took up the idea of Waste Heat Recovery Power Plants (WHRPP) when it was normally not considered by cement units due to it being very capital intensive compared to regular thermal power plants. Further, it required high operational expertise which also acted as a deterrent in its implementation. While everyone else was carrying these perceptions about the non-feasibility of using WHR in cement plants, Shree took the decision to install WHR power plants as these had the dual advantage of eliminating emission of waste gases and also replacing fossil fuels to fuel power plants. Moreover, these give energy security by eliminating uncertainty over fuel and also save water. In short, it was a true sustainability initiative. Over the years, Shree has gradually mastered the operating expertise needed to tap this green power source to the maximum, and has shown the sustainability

benefits of WHR to the industry. Shree has made WHR a normal phenomenon in cement plants. In the process, it has created for itself the tag of being a Champion of Sustainability.

AIR COOLED CONDENSER

As power plants require large quantity of water, Shree has installed Air Cooled Condensers, which consume one tenth of water as compared to Water Cooled Condensers (WCCs), in its power plants to ensure that the limited water availability does not impact operations. Usually, people would not install ACCs in power plants as these require high capital investment. Again, it is normally believed that installation of ACC adversely affects the plant efficiency. Shree engineers questioned this belief and used their operational excellence practices to ensure that installation of ACC does not have any effect on the plant

The lower sized
kilns were
 commissioned faster,
 which led to quicker
 revenue generation
 from these investments



efficiency and the power plant is run at the same efficiency levels as in WCC based power plants.

LARGEST CLINKER CAPACITY AT SINGLE LOCATION

Shree has the largest clinker capacity at a single location at its Ras facility in Rajasthan. Contrary to the normal practice of setting large sized kilns of 2-3 million tonnes capacity to reap economies of scale, Shree opted to install lower capacity kilns of uniform size of 1 million tonne capacity one after another. The lower sized kilns were commissioned faster, which led to quicker revenue generation from these investments than usually come after completion of a large sized plant. This quick return on investment helped in financing the next set of projects. In fact, on completion of a project, the same team was deployed for the next project, which significantly reduced the execution time of the next project.

Further, the learnings of the first project could be utilized in the next project. Also, as the kilns were being commissioned at the same place we could save on the time-consuming process of land purchase and other associated issues. Apart from the benefits in the commissioning, there was also improved operational efficiency as learning from one plant could be used to increase efficiency of the other plants. It also led to cost reduction as a result of sharing of overhead expenses across several plants. These have contributed in a big way to our rapid growth. Going forward, we have increased the size of new plants to 2 million tonnes capacity. This is because the present industry situation does not warrant rapid capacity expansion. Its Unit-IX, which was commissioned in June 2013, and Unit-X, which is under construction, are of 2 million tonnes capacity each. Further, the unit coming up in Raipur, Chhattisgarh is also of same size and so we plan to use 2 million tonnes capacity kiln even there.

Shree's plant at Ras
is the only cement
plant globally to have
7clinker lines
at the same location, with
8th line under construction

WIDE FLUCTUATING OPERATIONS

Unusualness as a belief system is apparent in everything we do. Usually, companies operate plants in a stable manner and avoid any fluctuation so as to circumvent the problem of any unforeseen breakdowns. However, the market requires flexibility in operations to keep up with the dynamic forces of demand and supply. Keeping the market requirement in mind, Shree questioned the premise of stable operation to logically interpret the situation. Through strong operational control and deep understanding of plant equipments, it was able to operate its power plants in a fluctuating manner with flexibility to increase/decrease generation according to market requirements. This resulted in maximization of revenue and optimum utilization of resources. In the process, it was also able to take its generation beyond vendor rated capacity.

TRANSPORT MODE SHIFT

Thinking unusual has made us nimble-footed and provides us with operational flexibility which ensures quickest response to any unforeseen event. A Budgetary change in FY 2012-13 increased rail freight which could have significant financial impact on our operations. Shree was prepared for this and swiftly mobilized 400 trucks at a very short notice so as to shift clinker transport from rail to road.

TRUCK WAITING TIME OPTIMIZATION

Another unusual effort was an IT-led initiative undertaken to optimize the fleet of trucks (number of trucks) deployed for delivering clinker to the Grinding units and to reduce waiting time. This was



Reduction in
waiting time of trucks for
loading-unloading to
13.70
hours from 25.47
hours, translating into
considerable savings

achieved through strict monitoring of the trucks' waiting time and aligning loading with truck movements. The normal practice is to give Delivery Instructions (DI) based on packing capacity. Shree started to give DIs based on truck capacity. The truck movement was monitored and controlled to ensure that there is no wastage of time at loading and unloading points. The overall engagement of trucks was reduced as per requirement based on the results of above monitoring and control. The result was significant reduction in waiting time of trucks for loading-unloading from 25.47 hours to 13.70 hours, translating into considerable savings.

As an organization engaged in continually adding value to its products and operations and meeting expectations of all stakeholders, Shree needs these challenges to sustain its unusual

way of doing business. It has geared its systems and practices in order to relish extraordinary challenges instead of getting intimidated by them. It is constantly striving to enhance and scale up operational efficiency levels to new heights by evolving unusual solutions to some of the most routine and unusual problems that afflict the industry as well as its operational efficiencies. Shree aims and actively works towards building and sustaining its reputation as one of the most efficient manufacturers globally through innovative methods and processes. In the process, records are created as a natural outcome. It is the Shree's spirit of not stopping at 'why' rather than asking 'why not?'



UNUSUAL CHALLENGES. EXTRAORDINARY SOLUTIONS

- **INTELLIGENT FUEL MANAGEMENT SYSTEM** – DURING FY 2012-13, IFMS WAS INTRODUCED FOR RE FUELING ALL HEMM AND OTHER VEHICLES AT RAS MINES. IFMS ENSURED 100% TRANSPARENCY IN FUELING PROCESS BY ALLOWING REMOTE MONITORING OF FUELING DATA, ENSURING FUELING FOR AUTHORIZED VEHICLES ONLY AND FIXING THE FUELLING LIMIT. ACCURATE FUEL ACCOUNTING THROUGH IFMS HAS FACILITATED MONITORING OF VEHICLES' FUEL EFFICIENCY AND ALLOWING PROMPT CORRECTIVE ACTION FOR IMPROVING FUEL EFFICIENCY OF VEHICLES.
- **GPS IN TRUCKS** – AT SURATGARH GU, GPS WAS FIXED IN TRUCKS DELIVERING CEMENT IN PUNJAB AND HARYANA. THIS HAS HELPED US TO LOCATE DESTINATIONS OF CEMENT DELIVERY AND PAY FREIGHT ACCORDINGLY. THIS HAS ALSO HELPED US TO MONITOR TRUCKS MOVEMENT.

UNUSUAL DRIVE EXCEPTIONAL VISION



**"LIMITATIONS LIVE ONLY IN OUR MINDS.
BUT IF WE USE OUR IMAGINATIONS, OUR
POSSIBILITIES BECOME LIMITLESS."**

—JAMIE PAOLINETTI

American Cycle Racing Champion



Easy and Hard are two sides of the same coin

The landscape of business opportunities is a limitless platform for our growth. We unleash our imagination to see potential beyond the normal reaches of our business to identify possibilities of further scaling the business segments and categories. We are continually exploring such opportunities that shall enable us to keep growing and outgrowing ourselves. We focus on driving growth by exploring new business opportunities.

At Shree, the all pervasive belief is that there is no limit to accomplishment provided one has the determination to succeed. Constraints are only perceptions. Logical analysis, along with the will to accomplish, can tear away the layers of perception and bring one to the core mantra of excellent practices. It is this drive to excel through application of logical thinking that has enabled us to achieve unusual results.

Whenever Shree announced its plans, those were greeted with suspicion. To some, they seemed very ambitious and to some others, plain impossible. Even experts did not believe in our plans. Normally, people would have been affected by the discouraging views, including those of experts. Shree did not, and continued on its set path. In fact, the contradictory views further ignited its drive to prove them wrong. Shree went on to achieve its plans, thus proving doubters wrong.

The ingredients
of unusual success
are
repetitive



There was no luck or magic involved; the achievement was due to minute planning and care for detail, coupled with unusual thinking to find out unusual solutions to problems. More than that, it was the drive of the people, who believed in themselves and in the dictum that nothing was impossible. Our hand-in-hand approach of involving all our stakeholders as partners in our business further enabled us to draw support from all directions in achieving our plans.

Shree has shown the world that this success is replicable. The ingredients of unusual success are repetitive. Time and again, through each and every project, it has broken set benchmarks. This can be attributed to the drive that exists in our people to set new

benchmarks. This drive is the creation of the Management, which has provided a work environment that is filled with enthusiasm, positivity, self belief and, above all, the will to excel.

Shree realized the potential of the cement industry and the avenues of growth it possesses, given the economic landscape of the country. Much before the industry started showing an upward swing, Shree charted its growth plans keeping in mind its long-term vision. While aggressively working on the cement growth path, it also saw value addition in the power segment to further extend its business prowess. It utilized the opportunity and expanded its power operations to generate higher value for its stakeholders.

Shree commissioned the first unit of 150 MW of

the project in **21** months and 20 days, and completed the total project in 26 months



Having set the vision, it is equally important to accomplish the same in a targeted timeframe. While others chart out plans according to their comfort zone, Shree sets ambitious deadlines for its projects, which are stiffer than the best in the industry. The unusual thinking behind this is that even if it fails to achieve the timelines, it would still complete the projects ahead of the normal period required for such projects. Each of its greenfield projects – be it the cement kilns at Ras, the grinding units across Rajasthan and Uttarakhand or the power plants – was completed ahead of industry standards. During this journey, it surpassed several benchmarks and created new yardsticks for others to follow. This is quite an accomplishment, considering that most other announced expansions have faced delays.

TARGET 10 BY 10

In year 2004, Shree set a target of achieving production capacity of 10 million tonnes by the year 2010. Many considered it a highly ambitious target and termed it 'nearly unachievable'. Shree, however, achieved the target in year 2009 itself.

SHREE MEGA POWER PLANT (300 MW)

When Shree decided to implement 300 MW power plant project, it was necessary to commission it as early as possible to redeem the

upward cycle of power business. At the start of the project, it was unthinkable to many, including experts of the power sector, that a power plant of such large capacity can be commissioned in less than established period of 32 months. Shree commissioned the first unit of 150 MW of the project in 21 months and 20 days, and completed the total project in 26 months.

WASTE HEAT RECOVERY POWER PLANTS

At Shree, these are named as Green Power Plants (GPP). In setting up Green Power Plants (GPPs), we took only 17 months period in completion against normal implementation period of 24 months thereby augmenting benefits from GPPs.

CAPTIVE POWER PLANTS

Similarly, the Captive Power Plants (CPPs) were commissioned ahead of industry standards, which assured timely and reliable availability of power for cement production, and also helped tap opportunities of marketing surplus power, thus generating additional profits.

In setting up
Green Power Plants,
we took only

17

months period
in completion



Mission 11 involved increasing the profits through increasing revenue by **11%**, reducing cost by 11%, increasing efficiency by 11%.

FASTER STABILIZATION

Normally, companies adopt a cautious approach of letting a plant stabilize steadily by taking its normal time. Shree adopts an unusual practice of stabilizing all its capacities much faster than industry norms. As such, it extracts output from newly commissioned capacities higher than the standard by using operational excellence and unique practices, without affecting the life of the equipments.

OPERATIONAL EFFICIENCY

Like the expansion projects, Shree completes its internal project like major repair and maintenance, capacity enhancement, replacement of machinery, etc. before the timelines, thus ensuring that Company is able to capitalize the available opportunities.

MISSION STRATEGY

While executing any project or task, Shree deploys an unusual strategy of naming that project or task as 'Mission'. It helps channelize the energy and efforts with single-minded determination of achieving that mission to perfection. Mission 11, Mission Support, Mission Happiness, etc. are some examples of this approach, whereby many important projects / tasks were successfully accomplished. For instance, in the latter part of 2008, when the world was gripped by global financial crisis, Shree decided to launch Mission 11. This mission involved increasing the profits through increasing revenue by 11%, reducing cost by 11%, increasing efficiency by 11%, etc. The ultimate result of the mission was much better than our expectations.

Shree is now focused on accomplishing 'Mission 2515', which means attaining 25 million tonnes cement production capacity by year 2015. While the target looks stretched, as always, concentrated actions are underway to achieve this mission.

Shree's success in achieving virtually impossible targets is the result of the heart and soul put in by its people in their daily work, its philosophy of engaging all stakeholders and partners in the business planning process, and their active and cohesive involvement and support. People may find its goals highly ambitious. Shree agrees that its goals are ambitious but then, setting ambitious goals that look stretched to begin with, and achieving them eventually with meticulous planning is what makes Shree a 'Business Unusual'.

UNUSUAL DRIVE. EXCEPTIONAL VISION

- **EXPEDITING DELIVERIES UNUSUALLY** – DURING PROJECT COMMISSIONING PERIOD, SOMETIMES IT LOOKED THAT THE SUPPLIER MAY DELAY EQUIPMENT SUPPLY EITHER DUE TO LARGE ORDERS PLACED WITH THE SUPPLIER OR ANY OTHER PROCESS HITCH AT HIS END. INSTEAD OF INVOLVING IN CONSTANT ARGUMENTS WITH THE SUPPLIER, WE CHOSE THE UNUSUAL APPROACH. WE DEPUTED OUR PEOPLE AT THE SUPPLIER'S SITE TO UNDERSTAND HIS CONCERN AND HELP HIM IN OVERCOMING IT AS WELL AS TO ENSURE THAT OUR WORK IS COMPLETED ON PRIORITY AT SUPPLIER SITE. THE PRESENCE OF OUR PERSONNEL ENSURED THAT THE SUPPLIER WAS AWARE OF OUR INTENTION TO AUGMENT THE JOB. IT ALSO FACILITATED TRANSPARENT COMMUNICATION WITH THE SUPPLIER AND ENSURED THAT THE JOB WAS DONE TO OUR UTMOST SATISFACTION.
- BUILT PROTOTYPE OF CRITICAL EQUIPMENTS (WHICH WERE UNDER-CONSTRUCTION AT VENDOR'S SITE) TO COMPLETE THE ACTIVITIES DEPENDENT UPON THAT EQUIPMENT AND REDUCE PROJECT TIME.
- BUILT CONNECTING ROADS (WITHOUT STATE INTERVENTION) LEADING TO NATIONAL HIGHWAYS TO REDUCE LEAD DISTANCES AND TURNAROUND TIME.

UNUSUAL SPIRIT EXCELLENT PERFORMANCE



**"THE ONLY WAY
TO DO GREAT WORK
IS TO LOVE WHAT YOU DO."**

—STEVE JOBS

Founder, Apple Inc.

viCTORY

When others see "Defeat", we see "Victory"

A high performing team is made up of highly motivated people who possess an unusual spirit to do any job assigned to the best of their ability. Motivation breeds commitment and brings the best out of a person. A motivated person can always be counted on for delivering excellent performance time and again.

Team Culture at Shree sees different members of Shree family bringing their 'Unusual spirits' together for strengthening the collective performance. A combination of inspired employees and a working environment that unleashes their potential has ensured that Shree and its members grow forward in unison. Shree believes that equipments are replaceable but people are not. This belief has put people at the center of its core business strategy and made them its prime competitive advantage.

Shree has been able
to build a culture
where everyone is the

owner



ENTREPRENEURIAL SPIRIT

Shree has been able to build a culture where everyone is the owner. This makes them take responsibility and to think and act like owners. At Shree, everyone is free to give ideas, whether they relate to his sphere of activity or not. These ideas are welcomed and a structure is created to attract and nurture ideas. Ideas are what our people feed on. It gives them the passion and motivation to work and improves their alertness.

IT'S NOT A JOB

As a natural outcome of having the freedom to give ideas on any area of business, people at Shree love to take responsibilities. Shree has created a work environment which provides people with newer challenges to invigorate the mind and also gives them the freedom to pursue these challenges with an open mind. This makes the job interesting and generates passion for the job. In such a scenario, the job no longer remains a dull chore to be undertaken; rather, it becomes a passionate addiction and people look forward to getting newer assignments. At Shree, it is not unusual to see people extending voluntary help to other departments without being concerned about who does the job. This happens because

people are inspired, and hence they love their job and identify it with the broader perspective of the interests of the Company.

RESPONSIBILITY AT YOUNG AGE

Normally, in conventional sectors like cement and power, people would think that it will take long for youngsters to make a mark and participate in the decision-making process. At Shree, however, the Management shows trust in people at young age and gives them responsibility. Age does not matter at all; it is the zeal with which one takes up responsibility that makes him attract more responsibility. That is one reason that Shree has a young workforce. That is also the reason that Shree has been able to set benchmarks one after another.

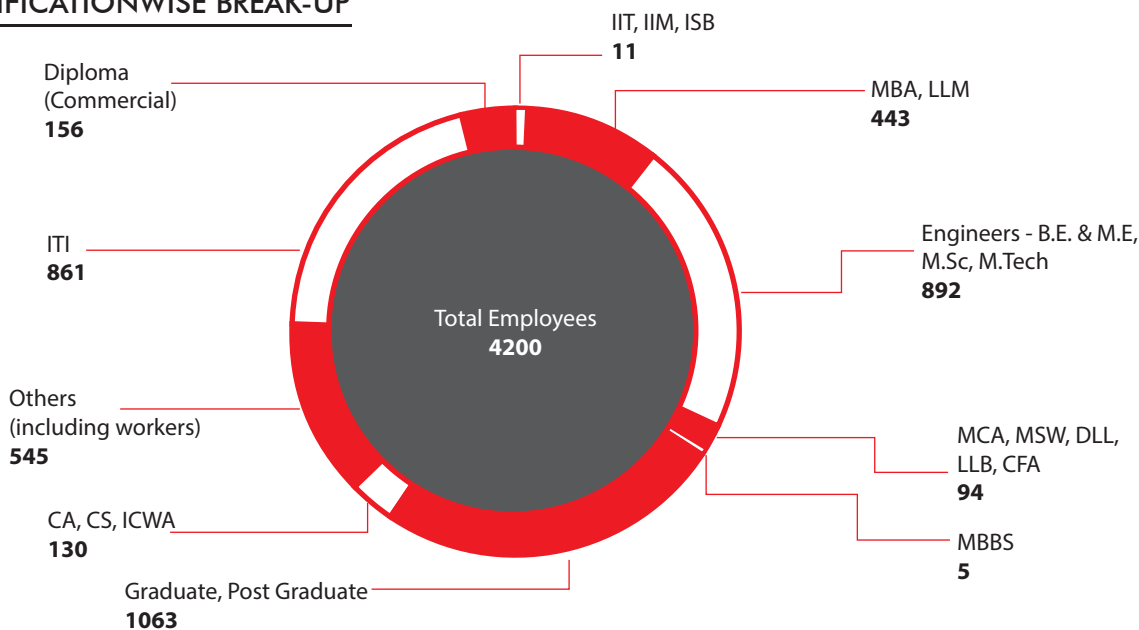
TRAINING AND DEVELOPMENT

Shree's HR policies are directed towards enhancing knowledge, experience and skills of its people, enabling it to create and retain a skilled workforce. Various multi-skill training programs are arranged to help the employees acquire cross-functional expertise. These are put to use through job enlargement and increased responsibilities. It leads to an all-round development

More than
60%

of its workforce
comprises professionals
in the categories of
Engineers, MBAs, CAs, etc.

QUALIFICATIONWISE BREAK-UP



of the employees. It helps them gain valuable insight into latest technologies and alternative methods of working, and remain updated with current happenings.

TALENT MANAGEMENT

Shree believes that the right mix of talent is the key to reaping the benefits and availing the business opportunities presented by the dynamic business environment. The Company is working on strengthening and building talent in its Human Resources management team for supporting the growth trajectory and creating leadership pipeline to meet the future business growth of the Company.

Shree has an excellent combination of professional competencies in its workforce, be it managerial or technical. More than 60% of its workforce comprises professionals in the categories of Engineers, MBAs, CAs, etc.

Training & Development	2012-13	
Particulars	In-house	External
Programs (Nos)	822	90
Participants (Nos)	14791	154
Person days spent on training	8198	396
Person hours of training	65583	3167
Avg. Training Man-hour per person	16.37	

HR is an **active partner** in the business strategy which evaluates business proposals against the triple benchmark of people, planet and profit

The results of an internal study by E&Y showed that **86%** of the Company's employees have high engagement levels



WORK-LIFE BALANCE

Shree is focused on Complete Wellness of its employees. It provides the best recreational facilities to its employees to help them enjoy. A multi-equipment gym has been built for encouraging employees to remain in shape. Further, it continuously provides them with exciting cultural and other platforms for interaction, like Kavi Sammelan, Theater "Galib in New Delhi", "Sangeet ki Ek Shaam" etc. All these ensure that its people are able to manage a balance between work and social life.

HR AS A BUSINESS PARTNER

HR is an integral part of the Management teams at various levels. At the seniormost level, the HR head of Shree Cement is part of the Management committee and is involved in the development of business strategy. In fact, HR is an active partner in the business strategy which evaluates business proposals against the triple benchmark of people, planet and profit. Shree continually strives to implement a functioning environment where people feel good about the Company and also enjoy their work. Giving respect to people, learning and development opportunities for personal/career development help the Company attract and retain talent that forms the core of its excellent performance.



SHREE HAPPINESS MODEL

The HR spirit at Shree is rooted in the philosophy of 'Happiness' that underlines its culture and has brought it high engagement levels from its employees. To further improve on these high levels and enhance happiness and engagement level, the Company, with the help of external consultants Ernst & Young, carried out a study to understand the perceptions of its people on issues related to career growth, job satisfaction, service conditions, workplace environment, etc. The response was overwhelming as nearly 100% of its people participated in the study. The results of the study showed that 86% of the Company's employees have high engagement levels, which is an outstanding distinction for the Company as not many organizations have such high engagement levels. The study identified five 'Signature Strengths' of the Company, which are Culture, Challenge, Supervisor, Recreational and Samaj Sewa.

The Company now has plans to improve its Performance Management System by introducing a new system called the 'Shree Happiness Management System'. The system is based on Shree's core belief that Happiness is the ultimate pursuit of people at the core of all activities. As a congregation of people, a business

Retention rate stood at a
very high

94%

in FY 2012-13 bears
testimony to the culture
of "Happiness" at Shree



organization's ultimate aim is to bring Happiness to its people, achieved through multiple realms of financial prosperity, social recognition, healthy spirit, etc. Under this system, performances are to be assessed against the happiness generated, rather than financial or other benchmarks. The system is being implemented across functions and geographies.

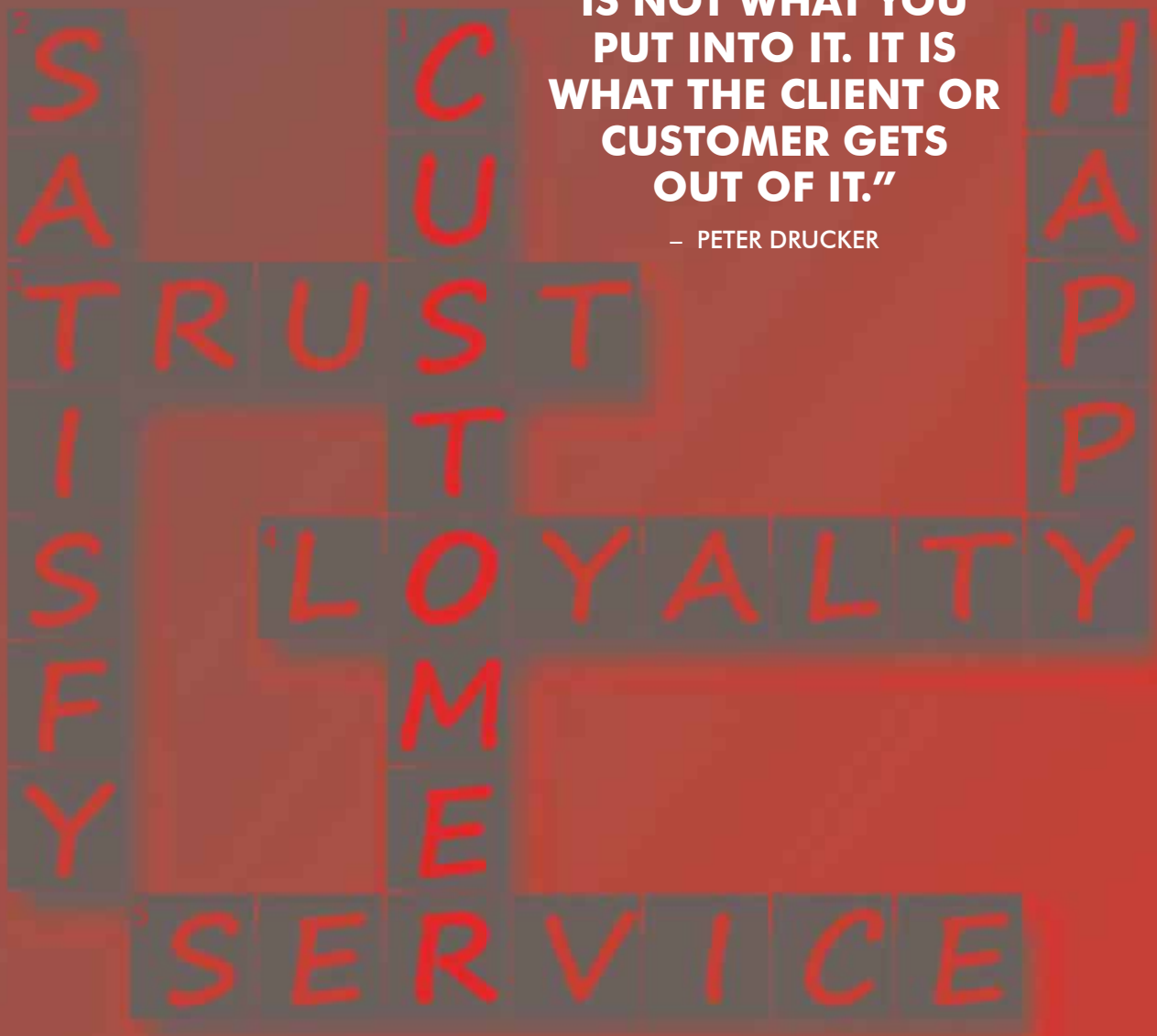
With the passage of time, people at Shree have recognized that the high level of empowerment that they are given is rare and

hard to find elsewhere in the industry. In turn, they have always ensured to put in more than their best every day at work. This has enabled the Company to create a culture of entrepreneurship, which is committed to collectively and continuously improving the functioning of the organization. Shree is perpetually nurturing this spirit of excellence by building the Happiness quotient and sustaining this momentum. The fact that the retention rate at Shree stood at a very high 94% in FY 2012-13 bears testimony to the culture of "Happiness" at Shree.

UNUSUAL CUSTOMER-CENTRICITY ENHANCED BRAND LOYALTY

**"QUALITY IN A
SERVICE OR PRODUCT
IS NOT WHAT YOU
PUT INTO IT. IT IS
WHAT THE CLIENT OR
CUSTOMER GETS
OUT OF IT."**

– PETER DRUCKER





Look beyond the bad and evil and you see good

An organization's success lies not just in doing things right but to be perceived to be doing so by its customers. It is important to gauge not the value that we are giving to ourselves but what we are giving to our customers. Customer satisfaction and happiness is, perhaps, the biggest index of success of a marketing strategy. Customer engagement is the only way to ensure greater visibility and brand loyalty.

Till some time back, large cement companies were unifying their cement offerings under a single brand. Considering that Shree was a relatively smaller player at that time, one would expect it to be prone to following its larger competitors. Shree, however, logically analyzed the situation. Its analysis showed this strategy did not suit its purpose. Shree was in the midst of capacity expansion and a single brand would be insufficient to sell higher volumes. As such, Shree, instead of unifying its brand, decided to launch multiple brands to compete with each other in the market place. Other people viewed the decision as audacious. It was a risky proposition as creating new brands required additional expenditure, and also because its brand "Shree" was already a well recognized brand and to field competing brands would be self defeating. Shree proved to be correct. The multiple brands enabled Shree to create different customer niches, raise visibility and recall, improve market penetration, spread dealer networks, push sales and ultimately increase its market share.

Besides creating separate brands, the marketing teams are also distinctively separate from each other – having different set-ups, different dealer network, different marketing and promotion strategy, etc.

Shree instead of unifying its brand launched **multiple brands** to compete with each other in the market place



SHREE ULTRA

Shree Ultra is the flagship brand and was the first manifestation of our unusual strategic move from commodity to brand marketing. Its two variants, Shree Ultra OPC and Shree Ultra Jung Rodhak Cement, are distinctly positioned in the market. Shree Ultra Jung Rodhak Cement, through its unique rust prevention properties, has high acceptance amongst brand influencers and high recall value.

BANGUR CEMENT

Bangur Cement, launched as a premium brand in the market, continued its premium profile design to meet the high end market segment. Its unique brand tagline, "Sasta Nahin, Sabse Achcha", retained its status of 'top of the market' value brand.

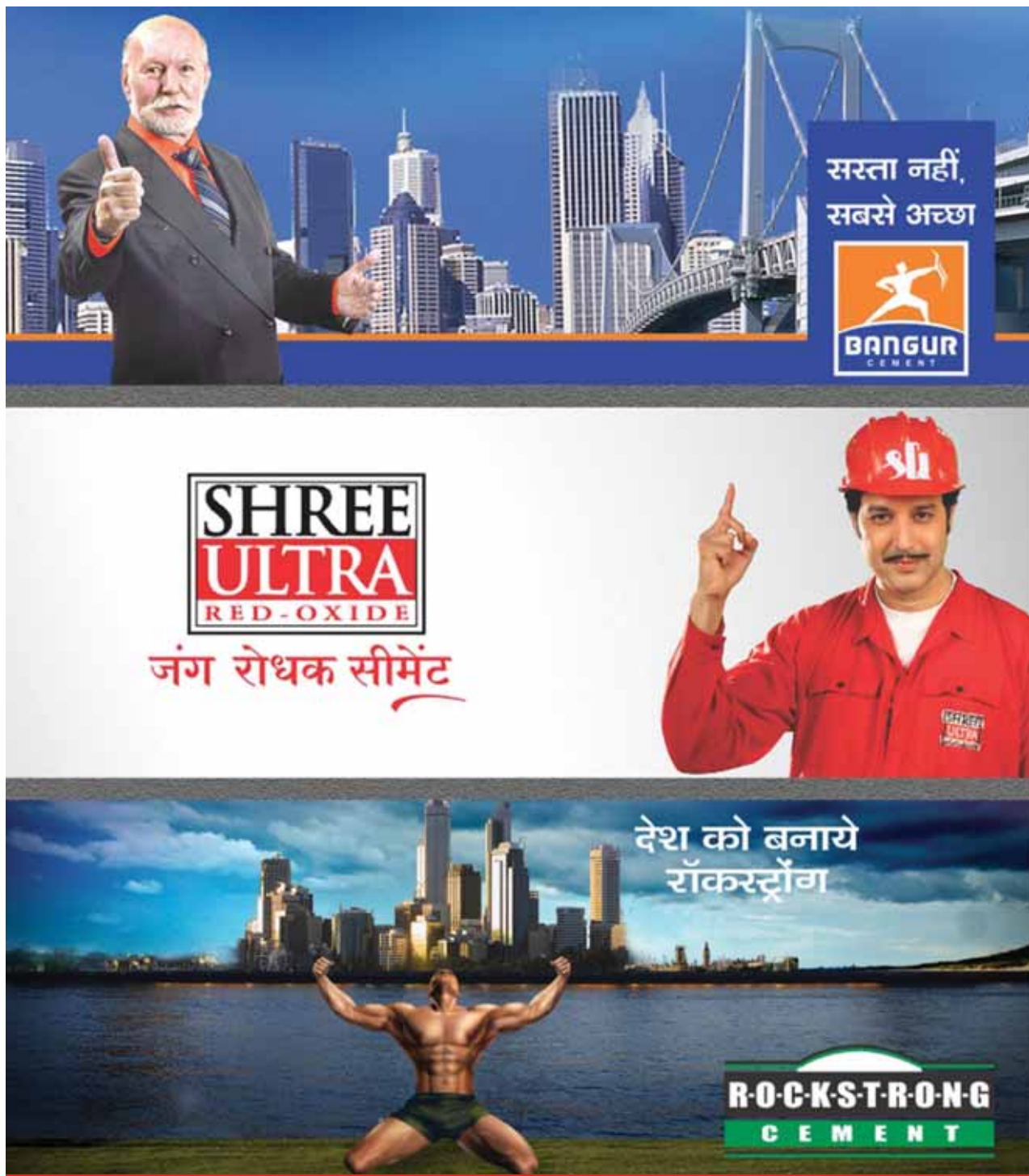
ROCKSTRONG CEMENT

It is the youngest brand from the Shree stable. Its positioning, built on the promise of high performance and ability to withstand exceptionally harsh environment conditions, has gone well in the market.

BRAND BUILDING

Shree's efforts and innovative campaigns in developing highly focused and target-specific communications have resulted in the creation of a powerful brand value for the Company. Unique and unusual strategies like highlighting various social messages, such as 'Save Water', 'Donate Blood', 'Swatantrata Ke Rakshak', serve the dual purpose of creating social awareness and brand promotion. Extensive campaigns were launched during the year in review

to create better quality product perception in the minds of the consumers, dealers and retailers, through multiple initiatives like introduction of a new TV commercial with more frequency on prime channels at prime time slots, advertisement in Cricket matches, new design for Shop and Wall Paintings, placement of hoardings on highways, large sized drop downs in shopping malls, consumer awareness camps etc. These practices enabled high recall of the Company's brands and helped strengthen its market position, besides yielding increased volumes.



Focus on providing
customer support
 is the cornerstone
 of Shree's marketing
 strategy

During the year, based on market study on potential, a new brand building project for Bangur Cement was undertaken which involved strengthening focus on the discerning and fast growing Individual Home Builders (IBH) consumer category. For Shree and Rockstrong brand, institutional sales, which constitute 40% of the total sales of these two brands, remained the focus area. Another unique initiative undertaken was to conduct training of masons at site, which helped popularize our brands among them.

STRENGTHENING DEALER NETWORKING

Dealers are the immediate persons available in the market after a product is moved out of factory premises. As such, building strong relationship with them is of prime importance as they are the via media to pass on our messages to the ultimate consumer. The Company focused on building relationships with dealers by moving beyond price propositions. Total transparency with channel partners continued to help maintain healthy relationship. Other initiatives included improved supplies for clients with long-term commercial agreements and an unusual approach of supplying cement in bulk/loose mode in view of immense long-term growth potential in this category.

CUSTOMER SUPPORT THROUGH FASTER TURNAROUND AND SPEEDIER DELIVERY

Focus on providing customer support is the cornerstone of Shree's marketing strategy. The customer will be able to extract the most value of the supplies if it is received by him at the right time, when needed. Focusing on this philosophy, Shree concentrated its efforts on providing faster and smoother delivery of product to consumers. In this era of cut-throat competition, it becomes quintessential to reach consumers earlier than others. One of the initiatives undertaken by Shree was to relook the geographic footprints with the aim to speed up product delivery, and at the same time optimize delivery cost. Greater interaction of Marketing and Logistics team enabled Shree to push direct sales to customers with optimum delivery cost.

Several Technical Vans, equipped with instruments like Slump Cone and Rebound Hammer, were provided for onsite technical support. This was aimed at enhancing the service level and create a service differentiator.

ENHANCING REACH AND COST RATIONALIZATION

Opening new depots, entering new markets for faster and greater reach, improving secondary freight management leading to reduction of freight on total quantity, thrust on leveraging the transport network to improve efficiencies and grow sales are some of the initiatives that have been helping Shree maintain its competitive edge in the markets. Further, judicious and dynamic process of evaluation of customers and flexible approach in handling accounts ensured minimizing bad debts during the year. All these resulted in improved overall sales for the Company.

It is a constant endeavor, at Shree Cement, to work on branding and marketing initiatives that are service-oriented and aimed at improving customer delivery and experience through better reach to market. The nucleus of Shree's marketing model is customer-centricity, with strong focus on ensuring 100 per cent customer satisfaction. For us, the customer is the king and we are there to service him. Normally, marketing is to make the product better perceived by the consumers. At Shree, marketing is to understand the customer and his needs, and to use this information to make the product better.

POWER SALE AND TRADING

Power is a developing sector, characterized by volatile developments. The short-term market in which Shree operates is even more dynamic in nature, with fast movements in the underlying factors. Sale of power in such a dynamic scenario requires out-of-the-box unusual approach and multi-dimensional strategy to optimize available opportunities. With regulatory provisions requiring power generators to maintain strict

It is a constant endeavor,
at Shree Cement, to
work on branding and
marketing initiatives that
are **service-
oriented**



discipline of power transmission, it becomes even more essential to deploy practices to meet the dual requirement of discipline and profitability.

Shree has utilized all available channels like energy exchange, bilateral transactions, direct sale to Discoms through short/medium term tenders, banking of power, etc. to supply its power to various utilities across India. In the merchant power segment, where opportunities of varied nature arise unexpectedly, we strive to tap all these opportunities and market our power on different time zones viz. hourly, daily, weekly, fortnightly and monthly basis. On energy exchange platform, some of the deals executed by us were the first-of-their kind in India.

Our power trading division keeps abreast of all developments in power sector and helps in latching on remunerative deals. Apart from marketing our own power, this division trades on behalf of others as well, which in turn helps in better gauging market sentiments and in operating accordingly. In a short span of three years, our power trading division ranks in top 10 power traders in India undertaking trading around 3% of total volume.

All these endeavors enabled the Company to increase its revenue of power segment from ₹ 581 Crore (10.0% share in total revenue) in FY 2011-12 to ₹ 1,046 Crore (18.7% share in total revenue) in FY 2012-13.

UNUSUAL CUSTOMER-CENTRICITY. ENHANCED BRAND LOYALTY.

- INITIATED ADVERTISING OF BANGUR CEMENT IN POPULAR DAILY SOAPS PLAYED AT PRIME TIME SLOT ON LEADING GEC (GENERAL ENTERTAINMENT CHANNELS)
- STARTED PLACING BRAND HOARDINGS OF BANGUR CEMENT IN MUCH WATCHED INDIAN CRICKET MATCHES

UNUSUAL NUMBERS UNCOMMON FINANCIAL PRUDENCE CREATION OF INVESTOR VALUE



hate

People hate experimenting things, we love them

The world, as we know it today, is no longer the world of 30-40 years ago. It is a new world where business is done differently, and financial management and decisions are as complex as the global environment. Aligning ourselves to the changing needs of the changing world, we are also continuously transforming our financial systems and processes, which has enabled us to maintain our growth trajectory. We have built a strong system of judicious fund management and financial engineering. This has helped us create more value for our investors and shareholders.

Despite the slowdown in the Indian economy, years of fiscal prudence and discipline have ensured that a contrarian scenario has prevailed at Shree. While, overall, the economy has faced delays in expansion projects, experienced with high interest rate regime, struggled to raise funds and was straddled with increasing debt during the year, Shree successfully pared down its long-term debt and ensured that the average costs of fund were maintained at nearly the same level of 8.51%. This was achieved through unusual approach to fund management. An example is Fuel Procurement, where the Company continued to avail Buyers credit facility for financing fuel procurement. A typical 360 days buyers credit finance was available at a cost of around 7.5-8.0% as against the alternative cash credit cost of 11%. This provided a clear arbitrage of around 3-3.5%, which enabled the Company to reduce the cost of fuel.

The Company has

AA+

long-term credit rating
by Crisil and CARE.



With strong focus on enforcing good corporate governance practices through transparency and integrity of conduct, the Company continued to build on its financial strengths during FY 2012-13.

DEBT CONTROL

Normally, one would expect a company like Shree, which is on a capex-driven aggressive capacity expansion drive, to have a leveraged balance sheet with high debts. Shree has managed to defy the industry trend by following the unusual approach of funding through internal accruals and using a judicious mix of funding options in the domestic and international markets, which ensures that the cost of borrowings does not grow out of proportion. International borrowings are mostly undertaken by securing low-cost, forex denominated funds, which are fully hedged or covered against both interest and exchange rate fluctuations. No need to say that its hedging strategy has helped the Company immensely in these turbulent times.

CONTROL ON INTEREST COSTS AND CHARGES

The Company has a distinct credit standing and excellent track record in the domestic market, and so is able to garner best rates



from financial institutions and banks. Ability to switch options as per prevailing market conditions provides the Company the benefit of low rates as well as low risk. Similarly, our strong reputation and sound credit standing have enabled us to avail various other facilities at reduced costs. All this has resulted in the interest cost for long and short term borrowing remaining unchanged at 8.51% during FY 2012-13, compared to 8.53% in the previous year.

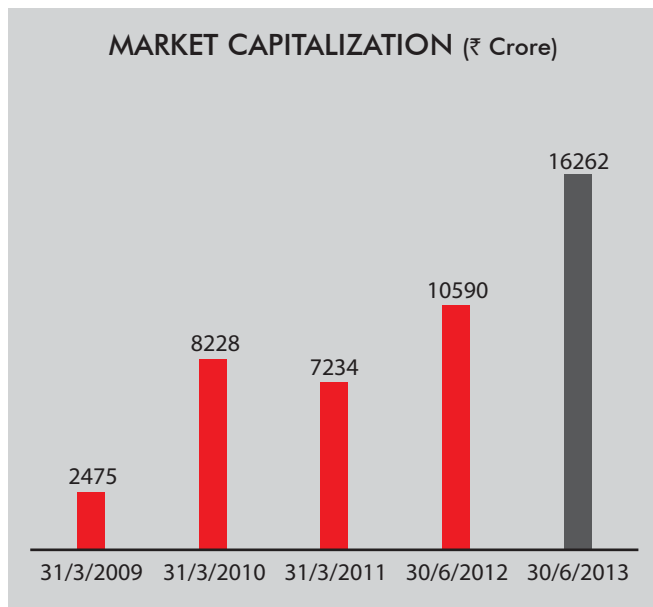
HIGH CREDIT STANDING

The Company has AA+ long-term credit rating by Crisil and CARE. The Company's Credit rating of short-term debt was also reaffirmed at PR 1+ from CARE and SBBJ-1 (highest rating) for working capital limits, enabling it to mobilize funds at optimum costs. Shree's consortium bankers also significantly increased its fund-based and non fund-based limits which enabled the Company to effect further cost-efficiencies.

YIELDS ON INVESTMENTS

Besides raising fund, the Company has been able to optimize returns on investments made, while minimizing the risk and investing only in debt securities issued by AAA rated corporate

Shree is known to
“walk the talk”



and fixed maturity plans issued by top rated Mutual Funds. The total treasury investment as on June 30, 2013 is ₹ 2403.22 Crore with an average yield of 8.66%, which is higher than the cost of borrowing at 8.51%. Further, though Reserve Bank of India reduced repo rate by 75 basis point, the Company's yield on investments dipped by only 43 basis points.

SUSTAINABLE VALUE CREATION

The strength of its fundamentals has defined Shree's growth trajectory. Shree has, in volatile markets, earned steady profits and invested these in capacity expansions. Normally, one would have expected Shree to distribute high surpluses to shareholders through hefty dividends or bonus / rights issue, buy-backs, splitting of shares, etc. Shree has followed an unusual approach of rewarding investors. It has been conservative with its equity

base in supporting its financing requirements, thereby allowing higher shareholder value creation. It realizes that its business has generated much higher returns than the market, as reflected in its ever growing market capitalization and Internal Rate of Return (IRR) of 26.98% of its stock since its IPO in 1985. As such, Shree has always preferred to reinvest surpluses back in its business, thereby generating higher returns for its investors. It has, however, consistently increased dividend payouts over the years, reflecting the Company's philosophy of sharing growth with its stakeholders. For FY 2012-13, a total dividend of 200% has been declared, 25% higher on annualized basis compared to FY 2011-12.

WALK THE TALK - HIGH STANDARDS OF CORPORATE GOVERNANCE

Shree ensures that transparency is at the core of all its practices. The Board of Directors gives utmost priority to corporate governance practices and oversees how the Management serves and protects the long-term interests of all its stakeholders. Shree is known to “walk the talk” as it has always achieved the targets announced before the due date. Naturally, then, it has never been required to give the reasons for delay. The secondary market greatly values this attribute, which is reflected in the premium built in its share price and has enabled it to create more value for its shareholders.

Shree ensures complete transparency in its practices and regularly communicates with shareholders about its major achievements, failures, events and occurrences. The disclosures level of its financial/non-financial and sustainability reporting are well above the mandatory requirements and communicate truthfully about the Company's business. Normally, any new statute regarding disclosure is considered as a new activity to be complied. At Shree, more often than not, the Company finds itself already satisfying the requirements through its voluntary reporting practices.

UNUSUAL SUSTAINABILITY FOCUS INCLUSIVE SENSE OF RESPONSIBILITY

A red-tinted illustration of two hands cupping a landscape with trees and a bird. The hands are positioned at the top, with fingers pointing towards the center. The landscape below features rolling hills, several trees of varying sizes, and a small bird in flight. The entire scene is set against a solid red background.

**"PEOPLE DON'T CARE
HOW MUCH YOU KNOW
UNTIL THEY KNOW HOW
MUCH YOU CARE."**

– JOHN C. MAXWELL

Renowned Management & Leadership Guru



Perception is what lets Shree see "You" in "Me"

For growth to be sustainable, it has to be responsible, else it is not growth in real terms. It is a way of progress that is underlined by focused measures for environment and social preservation. We are cognizant of the need to grow responsibly, with goals that extend beyond profitability into social and environmental prosperity. Our efforts to minimize waste and recycle resources, and our CSR initiatives are helping us to continue on this sustainable growth path.

Like individuals, organizations are responsible for the society they exist and thrive in. Normally, organizations tend to consider social responsibility as an additional activity mandated by statute. Shree has an unusual approach to it. Shree considers Samaj Sewa as a voluntary activity rather than a statutory mandate. It has accordingly named it as "Samaj Sewa" and integrated the same in its business practices. It understands that its operations have an impact on the people and the planet, and strives to make efforts to contribute to the low carbon economy. Shree has opted for responsible growth where success is measured against the triple bottomlines of economic, environment and social, as it believes that responsible growth is the only way of growth. This has enabled it to build a value system which is entrenched in a deep sense of responsibility towards the environment and society. It seeks to create value from this rather than consider it as an area of value distribution.



Shree's unusual focus on energy efficiency has earned it the distinction of an **energy efficient** organization

During FY 2012-13, Company reduced specific water consumption to **0.23** litre/kwh from 0.32 litre/kwh in its power plants

CO₂ emission reduced from 606 kg per tonne of cement in FY 2011-12 to **585** kg per tonne of cement in FY 2012-13 i.e., 3.5% reduction



With this belief, Shree continuously strives to harness sustainability through low carbon philosophy and perpetually encourages a socially responsible behavior. From energy efficiencies to recycling to waste management, the sustainability focus is clearly defined at Shree. The structured and focused actions towards societal development go beyond mere fulfilling needs and promote uplift of communities for inclusive development across the various strata of the society. It continues to adopt measures and pursue activities to improve sustainable efficiencies across all levels.

ENVIRONMENT FOCUS

Care for Environment is deeply integrated in Shree's business values and comes first on the sustainability agenda. With this unusual focus, Shree has taken several initiatives over the years with the aim of reducing its carbon footprint and contributing to low carbon economy. These initiatives include Installation of Waste Heat Recovery/Green Power plants, Installation of Air Cooled Condensers (ACC) in all power plants, usage of fly ash, Flue gas desulphurization plant, etc. The Company pioneered the use of pet coke, a waste product of oil refineries, to reduce usage of fossil fuel. It has formed a dedicated R&D cell to experiment for use of various alternate raw materials and fuel, in order to build competency and reduce dependency on conventional sources. Shree realizes the importance of, and has been making concentrated efforts towards,

greening its premises by planting trees and saplings in its plants, nearby villages, towns and main roads leading to the plants.

Multiple initiatives undertaken to reduce water usage and carbon emission has bore excellent results for the Company. During FY 2012-13, Company reduced specific water consumption to 0.23 litre/kwh from 0.32 litre/kwh in its power plants. Sincere efforts and various initiatives undertaken by the Company towards reducing carbon emission were also manifested through reduction in the total CO₂ emission from 606 kg per tonne of cement in FY 2011-12 to 585 kg per tonne of cement in FY 2012-13 i.e., % reduction of 3.5%.

Shree's unusual focus on energy efficiency has earned it the distinction of an 'energy efficient organization' over the years. Use of flexible and contemporary technologies in operations, adoption of best practices, micro detailing of processes to identify areas of improvements, etc. are some of the initiatives which have enabled it to become energy efficient and achieve operational savings. In an inspired initiative, Shree is keenly pursuing opportunities to optimize usage of concrete at the designing stage by engaging with the customers. R&D efforts are ongoing and results are used to educate consumers on how to use less cement in construction, as well as the various ways and mean to construct green buildings and homes.

Shree has achieved the distinction of being **"New Sustainability Champion"**, as conferred by the World Economic Forum.



At Shree, Samaj Sewa is
a
**voluntary
activity**
rather than a
responsibility

Through regular knowledge sharing and adoption of best practices, it has ensured use of best practices across the industry. Shree is a regular member and participates in many national and international forums where the industry gets together to share ideas and developments on energy conservation, optimal use of resources, environment protection, safety, etc. Shree was the first Cement Company in India to publish Corporate Sustainability Report (CSR) Report as per Global Reporting Initiative (GRI) framework. Till date, it has released eight CSR reports, prepared on the basis of GRI guidelines and highest A+ rating.

SAMAJ SEWA (CORPORATE SOCIAL RESPONSIBILITY)

The critical needs and prosperity of the local community are of utmost importance to Shree. It believes that the holistic socio-economic development of surrounding villages of its plant operations is its key social responsibility. All the community development activities are driven by the 'Shree Rural Foundation Society' with dedicated professional staff.

Shree engages with the community through formal and informal interactions to identify their key issues and concerns. Besides the need assessment, the programs are customized and developed as per the needs of the community, partnering with government agencies, NGOs, local Panchayats for implementation. 'Village Development Committees' are formed to engage with the community, and to plan, monitor and coordinate the activities. Key focus areas are targeted and programs designed and developed as per communities needs to ensure Sustainable Development.

Shree Ladies Club (a club formed by the spouses of Shree employees) steered by Smt. Chandra Singhi is at the forefront of Samaj Sewa activities. The club regularly undertakes various Samaj Sewa activities through organizing eye and other medical camps, undertaking activities towards promoting education, providing financial assistance to needy, providing facilities to pilgrims to Ramdewra and various other social activities.

Shree believes that its success is not separated from ensuring conservation of our planet and well-being of the people living on it. Our Mission, Strategy and Operations are designed to ensure sustainable development with continual environmental improvement and people happiness. This has enabled Shree to achieve the distinction of being "New Sustainability Champion", as conferred by the World Economic Forum.

Shree believes that long-term sustainable growth is achieved through simultaneous pursuit of economic prosperity with environmental consciousness and social equity. Absence of any of the three ingredients jeopardizes the long-term sustainability of business. Hence, it is in the interest of the business to adopt these as measures of its business performance. Sustainable growth will follow.

UNUSUAL SUSTAINABILITY FOCUS. INCLUSIVE SENSE OF RESPONSIBILITY

- BUILT COAL STORAGE DOME – UNUSUAL IN CEMENT INDUSTRY TO AVOID FUEL SPILLAGE FOR ENVIRONMENT PROTECTION
- ERECTION & COMMISSIONING OF SEWERAGE TREATMENT PLANT OF 600 KLD CAPACITY TO TREAT WASTE WATER OF COMPANY'S HOUSEHOLD SETTLEMENT FOR RE-USE IN FACTORY OPERATIONS
- DEvised RAINWATER HARVESTING AND GROUNDWATER RECHARGE PRACTICES THAT HAVE INCREASED WATER AVAILABILITY FOR BOTH THE FACTORY OPERATIONS AND THE NEARBY COMMUNITIES
- TO ALL GIRLS BORN TO BPL FAMILIES IN THE AREA NEAR OUR PLANTS, SHREE PROVIDES FINANCIAL ASSISTANCE IN THE FORM OF ₹ 5000 WHICH IS PUT ON A LONG-TERM DEPOSIT AND REDEEMABLE DURING THE MARRIAGE OF THE GIRL.
- SHREE PROVIDES SUPPORT TO LOCAL ANGANWADI PROGRAMS AND RUNS A SCHOOL WHICH HAS A STUDENT STRENGTH OF 1100

(For more details on our sustainability efforts, please refer to the "Business Responsibility Report" section.)

OUR ENDURANCE EXCITING ACCOLADES

INTERNATIONAL GREEN APPLE AWARD



BEST CORPORATE SOCIAL RESPONSIBILITY
PRACTICE AWARD BY BSE



MOTHER TERESA AWARD FOR CORPORATE CITIZEN



GOLDEN PEACOCK BUSINESS EXCELLENCE AWARD



**GREEN HERO TITLE BY GREEN ORGANIZATION,
LONDON**



NIRMATA RAJYA MITRA AWARD



GLOBAL HR EXCELLENCE AWARD



DAINIK BHASKAR GREEN IDOL AWARD



PROFILE OF DIRECTORS



Shri B. G. Bangur
Chairman



Shri H. M. Bangur
Managing Director



Shri Prashant Bangur
Whole-time Director



Shri R. L. Gaggar
Director



Shri O. P. Setia
Director

Shri B. G. Bangur

Shri B. G. Bangur is a B.Com (Hons) from Calcutta University and he brings with him an extensive experience in the industry. He is also the Director in Marwar Textile (Agency) Pvt. Ltd. He has also been actively associated with various philanthropic and charitable institutions and trusts.

Shri H. M. Bangur

Shri H. M. Bangur is a Chemical Engineer from IIT, Mumbai and he brings to the Board technical insights which are a driving force of the technical excellence achieved by the Company. Shri Bangur is President of Rajasthan Foundation Kolkata Chapter. He is also Executive Member of FICCI. Shri Bangur was the President of the Cement Manufacturing Association (CMA) during 2007-2009.

Shri Prashant Bangur

Shri Prashant Bangur is a Graduate from the Indian School of Business, Hyderabad. He joined Shree Cement on 22nd June, 2004 and since then is involved in all strategic, policy and operational matters of the Company. He has been providing critical insight and direction in all management decisions in the Company. Shri Bangur joined the Board of Shree Cement from 23rd August, 2012. He is also a director in Khemka Properties Pvt. Ltd.

Shri R. L. Gaggar

Shri R. L. Gaggar is a B.A. (Hons) from Kolkata University and is a renowned solicitor and advocate based in Kolkata. He is practicing as a solicitor and an advocate at the High Court of Kolkata for more than past 50 years. Shri Gaggar is also on the Board of Somany Ceramics Ltd., Sarda Plywood Industries Ltd., TIL Ltd., Peria Karmalai Tea and Produce Co. Ltd., Paharpur Cooling Towers Ltd., International Combustion India Ltd., SPML Infra Ltd., Machino Plastics Ltd., Sumedha Fiscal Service Ltd., Machino Polymer Ltd. and Subhash Kabini Power Corp. Ltd.

Shri O. P. Setia

Shri O. P. Setia is an M.Com from Delhi University and is an eminent banker and Ex-Managing Director of State Bank of India and has held many key positions in its associate banks.

Shri Shreekanth Somany

Shri Shreekanth Somany is an industrialist who holds a Bachelor of Science degree from Kolkata University and is currently on the Board of Somany Ceramics Ltd., S.R. Continental Ltd., Somany Global Ltd., Cosmo Ferrites Ltd., Sarvottam Vanijya Ltd. and Scope Vinimoy Pvt. Ltd.

Dr. Y. K. Alagh

Dr. Y. K. Alagh is a noted Economist and visiting professor to several renowned national/international institutions. He holds a Doctoral Degree and Master Degree in Economics from University of Pennsylvania. He is Chancellor of Gujarat Central University and Vice Chairman of Sardar Patel Institute of Economic and Social Research, Ahmedabad. He is a trustee of Rajiv Gandhi Foundation, New Delhi. He is also Chairman of Institute of Human Development, Chairman of Advisory Committee of N.M. Sadguru Water & Development Foundation, Dahod. He was earlier the Minister of Power and for Planning & Programme Implementation with additional charge of the Ministry of Science & Technology. He has been member of Planning Commission (in the rank of Minister of State). He has been Chairman, Bureau of Industrial Costs and Prices, Ministry of Industry. He has several books and over a hundred articles to his credit, published both at home and abroad. He has travelled widely and represented India in a number of high level official delegations and seminars. He is on the Board of Tata Chemicals Ltd., Somany Ceramics Ltd., Rallis India Ltd. and Star Agriware Housing & Collateral Management Limited.



Shri Shreekant Somany
Director



Dr. Y. K. Alagh
Director



Shri Nitin Desai
Director



Dr. Leena Srivastava
Director



Shri Mahendra Singhi
Executive Director

Shri Nitin Desai

Shri Nitin Desai is a well known Economist and has had a long and distinguished career in the Govt. of India and United Nations. Shri Desai is Member of Prime Minister's Council on Climate Change which is coordinating the national action for assessment, adaptation and mitigation of climate change and has set out eight "National Missions" as the way forward in implementing India's climate change strategy. He is a distinguished Visiting Fellow at The Energy and Resources Institute (TERI), Honorary Professor at the Indian Council for Research in International Economics Relations (ICRIER), Honorary Fellow of the London School of Economics and Political Science, UK. He is connected with the governing bodies of several NGOs and research institutions and also chairs the Governing Body of the Institute of Economic Growth. He is also a Trustee of Worldwide Fund for Nature (WWF) International. Shri Desai worked at senior levels in the Planning Commission from 1973 to 1987. From 1988 to 1990, he was the Chief Economic Adviser and Secretary in the Department of Economic Affairs in the Ministry of Finance.

Dr. Leena Srivastava

Dr. Leena Srivastava is currently the Vice Chancellor of the TERI University in addition to being the Hony. Executive Director

(Operations) at TERI, New Delhi. TERI is a graduate institution engaged in teaching and research on sustainability issues, with nearly 700 students - a hundred of whom are PhD students.

Dr. Srivastava is a member of various committees and Boards both at the international and national levels. At a think tank/science level, she serves on the Executive Committee, Advisory Panels, Governing Boards of various global entities leading the sustainability agenda including the UN, the World Economic Forum, UNEP; amongst several other equally prestigious organizations spearheading the global agenda of Sustainability. She is the recipient of several national and international recognitions for her contribution to the field of sustainable development, climate change and energy management. She was a member of the Expert Committee to formulate India's Energy Policy, Planning Commission, Government of India and National Security Advisory Board, Government of India. Dr. Srivastava is on the Editorial Boards of various international journals dealing with energy and environment issues and has a number of publications to her credit. She has a Masters in Economics from the University of Hyderabad and a Ph.D in Energy Economics from the Indian Institute

of Science in Bangalore, India. She is on the Boards of Bharti Infratel Ltd., Torrent Pharmaceuticals., Meridian Institute, USA, Strategic Media Works Pvt. Ltd. and World Environment Centre, USA.

Shri Mahendra Singhi

Shri Mahendra Singhi is a fellow Chartered Accountant and a Science and Law Graduate. He joined the Company as President in January 1995 and has rich experience of working at senior positions in cement industry. He is Co-Chair of 'Cement Sustainability in India' - Cement Sustainability Initiative of World Business Council for Sustainable Development (WBCSD), Switzerland. He is the Member on the Board of Governors of National Council for Cement & Building Materials (NCCBM). He is also Member Central Expert Technical Committee, Cement Sector on PAT - Perform, Achieve & Trade Scheme of Bureau of Energy Efficiency. He is the President of Rajasthan Cement Manufacturers Association. He is also Executive Committee Member of TERI BCSD. He was the leader of Indian Cement Sector Task Force for Energy Conservation, appointed by Bureau of Energy Efficiency, Ministry of Power, and Government of India from 2004 to 2012. He is also on the Board of Shree Cement Marketing Limited.

Five Years Financial Highlights

Particulars	2008-09	2009-10	2010-11	2011-12 (15 Months)	2012-13
Production (in Lac MTs)					
Clinker (in Lac MTs)	64.18	80.45	74.65	102.88	86.82
Cement (in Lac MTs)	77.65	93.72	94.28	142.02	123.32
Sales (Clinker & Cement)(in Lac MTs)	84.50	102.47	102.65	148.70	124.61
Sales (Power)(in Lac Kwh)	1171	2636	5240	13223	26103
Energy Consumption					
Power (Kwh/PT Cement)	77	75	79	77	78
Fuel (% of Clinker)	10.75	10.64	11.74	11.28	10.44
					₹ in Crore
Sales - Gross	3091.60	4014.09	3879.45	6478.60	6145.97
Other Income	39.15	75.84	125.10	162.95	211.44
Total Income	3130.75	4089.92	4004.55	6641.55	6357.41
Operating Expenses (inc. Excise Duty)	2138.11	2511.57	2994.62	4833.01	4608.16
Operating Profit	992.64	1578.35	1009.93	1808.54	1749.25
Finance Cost	33.41	76.58	175.35	235.36	193.14
Profit before Depreciation & Tax	959.23	1501.77	834.58	1573.18	1556.11
Less: Depreciation & Amortizations	205.39	570.43	675.76	873.09	435.63
Less: Exceptional items	30.93	63.43	48.47	12.34	1.06
Profit before Tax	722.91	867.91	110.35	687.75	1119.42
Tax (including FBT)	136.87	193.83	(39.50)	66.73	139.48
Deferred Tax	8.07	(2.01)	(59.85)	2.52	(24.03)
Profit after Tax	577.97	676.10	209.70	618.50	1003.97
Basic and Diluted EPS (in ₹)	165.91	194.07	60.19	177.54	288.19
Cash EPS (in ₹)	227.18	369.77	236.99	428.88	406.34
Investment in Fixed Assets (Gross Block + CWIP)	2734.80	3918.28	5069.90	5516.42	6410.93
Net Block	626.86	751.95	1167.06	1521.06	1781.94
Shareholders' Fund	1210.02	1833.24	1986.18	2733.93	3843.65
Total Capital Employed	2706.17	3939.48	4241.29	5285.40	5588.28
Return on Net Worth (%)	48.85	37.02	7.83	18.65	26.13
Return on Avg. Capital Employed (%)	33.98	30.00	6.98	15.50	24.14

Note: Figures regrouped, rearranged and annualized wherever necessary.

Twenty Five Years Highlights

Year		Clinker Production Lac MT	Cement Production Lac MT	Cement Sales Lac MT	Gross Sales Value (in ₹ Cr.)	Shareholders' Fund** (in ₹ Cr.)	Book Value (₹ per Share)
1987		6.13	7.23	7.33	72.75	15.38	9.98
1992-93		8.04	7.98	8.07	145.28	63.28	25.94
1995-96		8.88	8.62	8.68	207.66	134.87	46.46
1996-97	(15 months)	10.79	11.85	11.62	251.12	182.03	52.25
1997-98		14.36	17.26	16.62	342.78	190.57	54.70
1998-99		19.45	20.44	20.91	442.15	196.54	56.42
1999-00		22.85	23.12	23.10	484.56	219.39	60.82
2000-01		21.13	23.83	24.00	554.60	247.06	66.61
2001-02	(9 months)	16.25	18.06	18.02	397.22	215.61	57.58
2002-03		22.85	27.47	27.25	582.43	222.40	63.84
2003-04		22.94	28.41	28.41	606.93	251.38	72.16
2004-05		24.83	30.16	30.61	723.03	289.49	83.10
2005-06		27.71	32.20	32.03	824.13	296.30	85.05
2006-07		35.06	47.99	48.33	1613.14	454.55	130.48
2007-08		46.23	63.37	63.34	2440.32	672.81	193.13
2008-09*		64.18	77.65	77.36	3091.59	1210.02	347.33
2009-10*		80.45	93.72	92.71	4014.09	1833.24	526.23
2010-11*		74.65	94.28	93.38	3879.45	1986.18	570.13
2011-12*	(15 months)	102.88	142.02	142.06	6478.60	2733.93	784.77
2012-13*		86.82	123.32	122.77	6145.97	3843.65	1103.32
Absolute No. of Times	25 Years	14.17	17.06	16.75	84.48	249.98	110.50
	20 Years	10.80	15.45	15.20	42.30	60.74	42.53
	15 Years	6.05	7.15	7.39	17.93	20.17	20.17
	10 Years	3.80	4.49	4.50	10.55	17.28	17.28
	5 Years	1.88	1.95	1.94	2.52	5.71	5.71
CAGR	25 Years	11.19%	12.01%	11.93%	19.42%	24.71%	20.71%
	20 Year	12.64%	14.67%	14.58%	20.59%	22.79%	20.62%
	15 Years	12.75%	14.01%	14.26%	21.22%	22.17%	22.17%
	10 Years	14.28%	16.20%	16.24%	26.57%	32.97%	32.97%
	5 Years	13.43%	14.24%	14.15%	20.29%	41.70%	41.70%

* Sales value includes amount of power sale. ** Net of revaluation reserve.

Notes: Figures regrouped and rearranged wherever necessary.

Directors' Report and Management Discussion & Analysis

Dear Shareholders,

The Directors of the Company are pleased to present their report together with Management Discussion and Analysis for the year ended on 30th June, 2013.

Financial Results

Brief summary of the Company's standalone and consolidated financial performance is as under:

Particulars	(₹ in Crore)	
	Standalone Performance	Consolidated Performance
	2012-13 (12 months)	2011-12 (15 months)
Revenue from Operations	5590.25	5799.52
Profit Before Depreciation, Interest and Taxes	1749.25	1808.54
Profit before Tax	1119.42	687.75
Tax Expense	115.45	69.25
Profit after Tax	1003.97	618.50
Balance Brought forward from previous year	1091.61	1139.09
Profit available for appropriation	2095.58	1757.59
Appropriations:		
Interim Dividend	27.87	41.81
Proposed Final Dividend	41.81	27.87
Dividend Distribution Tax		
• Interim Dividend	4.52	6.78
• Proposed Final Dividend	7.10	4.52
Transferred to Debenture Redemption Reserve	-	300.00
Transferred to General Reserve	900.00	285.00
Surplus carried to Balance Sheet	1114.28	1091.61

Dividend

The Directors are pleased to recommend a final dividend @ ₹ 12/- per share. Together with interim dividend of ₹ 8/- per share, total dividend for 2012-13 (12 months) would be ₹ 20/- per share as against ₹ 20 per share for the year 2011-12 (15 months). The total outgo on dividend payment for 2012-13 amounts to ₹ 81.30 Crore including dividend distribution tax of ₹ 11.62 Crore as against ₹ 80.99 Crore including dividend distribution tax of ₹ 11.30 Crore for 2011-12 (15 months).

Economic Scenario and Outlook

Indian Economy – records Slowest Decadal Growth Rate – Trying to gain gradual recovery

The Indian economy faced another challenging year with the GDP growth slowing down to 5%, the lowest in the past decade. The Economy and industry dealt with multi-fold problems due to high current account deficit, high inflation, lacklustre saving and investment climate and subdued consumption. The Reserve Bank of India adopted a stringent monetary policy stance resulting in high interest costs and slackening demand for goods and services.

This adversely impacted the new investments in the country. As a result, the industrial growth as measured by Index of Industrial Production fell to a paltry 1.0% from an already low of 2.9% recorded in 2011-12. The global situation was also adverse to India and the BRIC countries with US and Eurozone slowdown. The withdrawal of the quantitative easing of the US Fed had led to fears of capital movement away from India and other BRIC and is one of the factors of lending rates rising which has domestic consequences including constructions. It is hoped that our negotiations at the G20 and in the Bank-Fund meetings will do all that is possible to revive the economy in a difficult global situation.

Off-late, however, there are positive signs. The Government has risen to the need for another round of reforms and has indeed taken several steps to express its commitment for the same. Measures such as partial decontrol of diesel prices, fast tracking project approvals, progress on Direct Benefit Transfer and restructuring of State power utilities are clear indications of the pro-growth stance adopted by the Government in order to stimulate GDP growth. The current progress of monsoon is also encouraging.

Overall, the Government's will and commitment gives confidence that India will be back on the path of sound economic growth for attaining its high growth potential. The improvement will however, be a gradual process.

Cement Industry Developments and Outlook

2012-13 a modest year, Outlook somewhat better

In line with the slow economic growth, the cement demand has also witnessed sluggish growth during 2012-13. Indian cement industry is estimated to have grown at about 6% during April '12 to March '13 period. The major drivers of cement demand are housing and infrastructure sectors. In the housing sector, especially in big real estate projects, cement demand was weak on account of high interest costs and rising land prices. While, in the infrastructure sector, tight credit conditions; uncertain policy environment and sector specific issues resulted in weak cement demand. Road projects during the financial year were badly hit due to delays in clearances along with financing issues. A similar scenario was witnessed across several other infrastructure segments.

On the supply side, the Cement industry continued to witness an over-supply situation. This adversely affected the price realizations. North India, however, which is key market for the Company, was not as much impacted as the rest of the country.

The Cement industry had to also deal with increase in almost all inputs prices. The partial decontrol of diesel prices announced by the Government in September 12, led to an immediate spike of over 15% in diesel prices; not only this, there were small hikes being

witnessed every month thereafter. As a result, the transportation costs both inward as well as outward went up. Fly ash and Gypsum cost also witnessed an increasing trend largely on account of increase in transportation cost. Imported fuel prices, although saw some softening because of fall in international prices but this was partly offset by depreciation of Indian rupee.

As a result, the year 2012-13 has not been a good year for the industry.

Going forward, the industry is expected to witness continuation of the above dull trend for some more time. The situation is however, likely to improve from second half of 2013-14 when impact of recent impetus given by Government to push economic growth starts to show its results. On the supply side also, factors such as land acquisition issues, delays in obtaining various approvals, difficulty in acquiring new limestone reserves as also rising capital costs have slowed down the pace of new capacity addition considerably. The prospects, therefore, though not bright in the near term, are likely to get better in medium term.

Power Sector developments and outlook

Bottlenecks addressed partly, Fundamental issues continue to linger

The country witnessed highest capacity addition of 20622 MW during 2012-13 which is on top of 20562 MW added during 2011-12. This augmented the power generation capacity in the country. The position of Electricity Demand and its availability during 2012-13 vis-à-vis 2011-12 was as under: -

Region	Energy Deficit (Million Units)							
	2012-13 (Apr - Mar)				2011-12 (Apr - Mar)			
	Demand	Supply	Deficit	Deficit (%)	Demand	Supply	Deficit	Deficit (%)
Rest of India	716272	673151	43121	6.0%	676897	620406	56491	8.3%
South India	281842	238058	43784	15.5%	260302	237480	22822	8.8%
All India	998114	911209	86905	8.7%	937199	857886	79313	8.5%
Demand Growth%	6.5%							

Region	Peak Deficit (MW)							
	2012-13 (Apr - Mar)				2011-12 (Apr - Mar)			
	Demand	Supply	Deficit	Deficit (%)	Demand	Supply	Deficit	Deficit (%)
Rest of India	96686	91708	4978	5.1%	92407	84003	8404	9.1%
South India	38767	31586	7181	18.5%	37599	32188	5411	14.4%
All India	135453	123294	12159	9.0%	130006	116191	13815	10.6%
Demand Growth%	4.2%							

It is clearly evident that, with increasing generation capacity, the power situation in the country has improved during 2012-13. Southern India has, however, witnessed increase in deficits as it is facing transmission bottlenecks in transmission of power from rest of India. Going forward also, the country is expected to see large capacity additions. The transmission bottlenecks for power

flow to South are expected to ease. This is likely to improve overall availability of power further in the country.

The tariff reforms have though, improved the financial health of State power utilities to some extent, these increases are still inadequate to fully cover the deficit. Moreover their debt

burden, because of accumulated losses of past several years, is also straining their financials. Accordingly, the State utilities have been resorting to power cuts rather than purchasing power from the market.

As a cumulative effect of increased overall availability and curbs placed by State utilities in their power procurements, there has been a declining trend in prices of the short term merchant market; which has impacted the profitability of the merchant power producers. The Central Government has initiated a debt recast scheme for State utilities in exchange of commitments from them for increase in tariffs and reduction in their transmission and distribution losses. This should enable utilities to raise their power procurement and help Merchant Power Plants in increasing their volumes and price realizations.

Performance Highlights

The Company's operating and financial performance during 2012-13 (12 months) vis-à-vis 2011-12 (15 months) was as hereunder:-

Particulars	Unit	2012-13 (12 months)	2011-12 (15 months)	+/-% (Annualized)
Cement Production	Lac Tonnes	123.32	142.02	8.5
Cement Sale	Lac Tonnes	122.77	142.06	8.0
Clinker Sale	Lac Tonnes	1.84	6.64	-65.4
Cement & Clinker Sale	Lac Tonnes	124.61	148.69	4.8
Power Generation	Million Units	3569	2342	90.5
Power Sale	Million Units	2610	1322	146.8
Revenues				
– Cement	₹ Crore	4544.31	5218.74	8.8
– Power	₹ Crore	1045.94	580.78	125.1
Total	₹ Crore	5590.25	5799.52	20.5
Operating Profit				
– Cement	₹ Crore	1496.32	1709.04	9.4
– Power	₹ Crore	252.93	99.50	217.8
Total	₹ Crore	1749.25	1808.54	20.9
EBIDTA Margin to Revenue	%	31.29	31.18	-
Net Profit	₹ Crore	1003.97	618.50	102.8

Cement Business

I) Performance Highlights

In the midst of dismal economic conditions and moderate growth in cement demand, the Company recorded a relatively better growth during 2012-13. While Indian Cement Industry is estimated to have grown at about 6.0% during April' 12 – March' 13; the Company's cement production recorded an annualized growth

of around 8.5%. The price realizations marginally improved by 3% which together with volume growth helped the Company improve its cement revenues grow by 8.8% during 2012-13.

On the cost front, the overall raw material costs went up by 7%. This was mainly on account of fly ash cost which went up 8% on account of increased diesel prices as well as fly ash procurement from longer distances due to constrained supplies from nearby thermal power plants. The power and fuel costs were down by 8% during the year largely on account of softening coal prices in the international market, though the same was partly offset by the rising exchange rate of Indian Rupee vis-à-vis other currencies. The logistics costs went up by 5% driven by rising diesel prices and increase in railway freight.

Overall, the Company was able to record an annualized increase of 9.4% in operating profit of its cement business which stood at ₹ 1496.32 Crore.

II) New Projects

Considering that the cement demand and supply situation is likely to turn favourable over medium term, Company had undertaken to enhance its cement capacity. As part of this capacity enhancement, a clinker manufacturing unit of 2.0 MTPA capacity at Ras has been completed in June 2013. Its two Cement Mills of total capacity of 4.0 MTPA are being set up and are scheduled to be commissioned in 2014. The work on another clinker manufacturing unit at Ras of 2.0 MTPA is running on schedule and is expected to be completed by June 2014.

Company has also planned to add split clinker grinding capacity at other locations in North India and has initiated steps for acquiring land and obtaining necessary clearances. The Company has also started project activities to create its footprint in Eastern India. It has started the work on setting up an integrated unit (clinkerization cum grinding) of 2.0 MTPA in Baloda Bazar, near Raipur in Chhattisgarh. This is expected to be completed by March 2015. The work on setting up a split grinding capacity of 2.0 MTPA in Aurangabad district of Bihar is also under execution and likely to be completed by June 2014.

Power Business

During 2012-13, Company completed first full year performance of its 300 MW (2 x 150 MW) Thermal power plant at Beawar. The Company takes pride in stating that plant has created landmarks in efficiencies in its operations in terms of heat rate, auxiliary and other performance parameters in the very first full year of operation. The plant has also achieved plant load factor of 80%. The plant has also well demonstrated its capability of operating on different types of fuels. This has enabled the Company to properly manoeuvre its fuel procurement strategy and make

better and economical choices amongst different fuels available in the market.

The aggregate power generation (net) from all the power plants during the year stood at 3569 Million Units (12 Months) as against 2342 Million Units during the previous year (15 Months). This shows an annualized growth of 90% largely on account of generation from 300 MW power plant.

On the power sale front, the year 2012-13 has been a tough year for the merchant power market. Falling power prices on the Exchange platform, dwindling power purchases by utilities owing to poor financials and rising competition with increasing volumes of merchant capacities in the market, made selling power difficult. Despite the challenging market conditions, Company's power trading division has contracted power sale deals with various utilities and has enabled Company clocking good sale volumes during the year. The aggregate power sale during the year stood at 2610 Million Units (12 Months) as against 1322 Million Units in 2011-12 (15 Months) registering an annualized increase of 147%.

Apart from selling power generated from Company's power plants, the power trading division carries out trading activities for other parties as well. The power trading activities generated an income of ₹ 3.12 Crore during the year.

The power sale revenues increased during the year from ₹ 580.78 Crore to ₹ 1045.94 Crore showing an annualized increase of 125%. As a result, the EBITDA from power sales also went up from ₹ 99.50 Crore to ₹ 252.93 Crore.

Risk mitigation and opportunity

Risk management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and control the probability and / or impact of unforeseen events and to maximize the realization of opportunities. Company has institutionalized a risk and opportunity management framework and continuously monitors and re-visits the same. Following are the key factors:

a) **Economic Slowdown and Supply Overhang in the Industry:** Growth of the Cement Industry is linked to economic growth of the country. India's GDP growth has slowed down over last 2 years resulting in constrained cement demand. On the other hand, supply overhang because of large capacity additions over last 3-4 years continues. This has resulted in lower capacity utilization across the cement industry. Company perceived this risk well in advance and adopted measures like multi-brand strategy, expanding market base, faster delivery to

consumers and consistent quality etc. It also concentrated on its capacity additions in markets where demand-supply conditions are relatively favourable. All these measures have helped the Company in increasing its market share and better capacity utilization rates. With new cement plants in Chhattisgarh and Bihar which are currently under implementation, Company is now moving into Eastern India which is a new market and will enable it to quickly gain extra market share.

b) **Logistics Costs and Fuel prices:** As part of its reform measures, Government de-regulated diesel prices during 2012-13. This has resulted in consistent rise in diesel prices. This has not only put pressure on the cost of all input prices of the Company but has also resulted in increase in logistic cost of cement and clinker. Company has been tackling this by making judicious use of transportation modes, route optimization, use of latest technologies like GPS in transportation etc. in an effort to keep its overall logistics costs under check. Also, the Company has set up split grinding units in proximity of its markets as well as fly ash sources which helps it reduce its transportation cost.

Company is completely dependent on the open market for meeting its fuel requirement. International prices of coal have volatile movements; which exposes the Company to high volatility risk in its energy costs as it uses large amount of fuel for its cement and power plants. Company has deployed multi-fuel usage strategy and has opted for best technology in its cement and power operations which allows it to use different fuels and not remain straddled with any particular type of fuel. This has enabled it to use the most economical fuel from a basket of different fuels as per prevailing trends in the market. Also, the Company has been continually working on optimising its transportation cost of fuel. Additionally, Company has invested in Green Power Plants which have reduced its fuel requirement and thereby cushioned it from fuel price volatility to that extent.

c) **Movement in Currency Exchange rates:** Company makes payments in foreign currency for import of fuel and project equipments. Exchange rates of Indian Rupee vis-à-vis other foreign currencies especially US dollar has been exhibiting high volatility. In order to mitigate the risk, Company, as a policy, hedges all its foreign currency transactions through appropriate forward covers and swap instruments. All imports under Letter of Credit (LC) are also hedged through appropriate forward cover.

d) **Power prices:** Company's power business model which entails selling of power in merchant market exposes it to

price volatility in this segment which has been showing downward trend over last one year. Company manages this challenge through active monitoring of demand and supply trends of various states, tracking power procurement plans of buyers and other developments in power business. Company's power trading division helps it market the power at competitive prices.

- e) **Limestone resource:** Limestone is a key input in cement production and key to decide its future expansion plans. The Company has adequate limestone deposits at its existing operational sites as well as new project sites to support existing as well as future expansion. Company is also acquiring additional areas in the surrounding of these sites to augment the limestone reserves. Company has been continuously looking out for new areas for securing limestone reserves and doing exploratory activities at various places. It is scouting the opportunities to acquire new limestone deposits.
- f) **Entry into new geography:** Company is setting up new cement plants in new geographical areas especially in East India. Hitherto, Company's operations were mainly concentrated in North India. Entry into a new geographical area, poses risks of developing new markets, operations in different culture etc. Company has already undertaken market assessment study, brand awareness exercise and is in the process of development of dealer-base which will help in developing the market in this new geography. To address culture challenge, Company has adapted its recruitment plans in such a way that all the senior management positions are manned by employees from existing operations to ensure that its current culture is extended to the new geographical locations. The entry into new geography will help the Company expand its market and quickly add to the current market share.

Achieving sustainability through responsible growth

At Shree, Sustainability forms an integral part of its business and is well embedded in its strategies and operations. It treats sustainability as a key business lever in the same way as it treats production, finance, marketing and other functions. This way, sustainability is well integrated, not as a layer, but as a fabric of the Company's business. As such, sustainability is viewed, not an external burden, but as a source of advantage which is very well manifested in its continual growth and high performance.

Company focusses and develops practices and systems that help conserve resources, improve environment, foster innovation, motivate people and create trust amongst all the stakeholders. Company's mainstay is on low carbon growth that promotes

application of efficient and state-of-the-art technologies, helps reduce emissions of harmful gases, supports use of alternative raw materials and fuels and conserve energy, water and other resources while meeting the expectations of its local community, investors, Government and other stakeholders. This ensures a healthy and responsible growth which encompasses all aspects of sustainability i.e. economic, social and environmental.

Bettering the Environment

In its continual efforts towards better environment, Company has taken multiple initiatives such as building Green Power Plants that generate power from waste heat, installation of Air Cooled Condensers for water conservation, production of synthetic gypsum for conserving mineral gypsum, use of fly ash to conserve limestone reserves and constant thrust for sustained reduction in consumption of other resources. In order to intensify its efforts, Company, during the year, acted as a Co-Chair for development of Technology Roadmap on low carbon technology for the Indian Cement Industry. This is an initiative of Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development (WBCSD), Geneva and International Energy Agency (IEA) supported by International Finance Corporation (IFC). The roadmap outlines a low-carbon growth pathway for the Indian Cement Industry that could lead to carbon intensity reductions of 45% by 2050 from 2010 level under which, a set of new technologies and practices have been identified for implementing on pilot basis. Once successfully implemented, the same will be shared with other cement companies for its replication benefits.

Some of the initiatives taken on the environment front during the year are as under:-

- **Green Power Generation**

Company has continued to lay its focus on optimising and enhancing the capacity of its Green Power Plants (Waste Heat Recovery Power Plants, known as GPPs) as they provide benefits in terms of reducing CO₂ emissions and conserving fuel as well as water. During the year, the Company has increased the capacity of its GPPs from 46 MW to 56 MW. Company is in the process of installing GPPs of 25 MW capacity at its new kilns at Ras (Unit IX & X) which is likely to be operational by June' 14. The Company continues to enjoy the distinction of having the largest capacity of Green Power in the World Cement Industry excluding China. Taking this journey forward, Company has also decided to install GPPs in its integrated cement unit coming up in Chhattisgarh.

Company installed a roof-top off grid solar system at one

of its grinding unit which meets the lighting requirements of the plant. Also, the Company experimented with installation of a micro sized wind turbine at discharge of dust collector fan to utilize its exit air to rotate the turbine for producing power.

- **Alternative Fuels and Raw Materials**

Company always endeavours to use alternate fuels and raw materials to reduce consumption of natural resources. During the year, Company experimented and utilized textile sludge sourced from textile mills and paint sludge sourced from automotive companies. The Company is continuing its efforts to reduce dependence on fossil fuel and other natural resources.

Continuing its focus on clinker substitution, Company was able to reduce clinker consumption in cement production from 68.38% in 2011-12 (15 months) to 67.96% in 2012-13 by higher blending of fly ash. This has enabled the Company to conserve natural resources like limestone and fuel and reduce CO₂ emission in producing cement.

- **Sharing of Information on Carbon emissions**

Company continued to participate in the Carbon Disclosure Project (CDP) and reported its emission data i.e. Scope 1 (Emission from own energy), Scope 2 (Emission from purchased energy) and Scope 3 (Emission from travel and transport). The Company has also been reporting its data under GNR (Getting the Numbers Right) database of CSI (Cement Sustainability Initiative) on CO₂ emissions and energy consumption.

- **Active Association with Forums working on Sustainability Issues**

The Company is a member of Cement Sustainability Initiative (CSI) of World Business Council of Sustainable Development (WBCSD) Switzerland. As part of the CSI forum, Company is actively working on issues related to climate protection, emission reductions, employee health & safety, alternative fuels and raw materials etc. CSI has set up "CSI in India" which is co-chaired by Shri Mahendra Singhi, Executive Director of the Company along with CEO of one other cement Company. "CSI in India" will work on taking forward the CSI agenda on various sustainability matters for implementation in Indian cement industry. The first meeting of the Co-chairs is expected to be held in last quarter of 2013 to decide about the future strategy and work programme of "CSI in India".

This apart, Company is also actively associated with World

Economic Forum, TERI – BCSD, Global Reporting Initiative on various sustainability related matters.

- **Clean Development Projects**

Company has continued to pursue projects which contribute to reduction of carbon footprint. Company has applied to UNFCCC for registration of its Green Power Plants at Ras as a CDM (Clean Development Mechanism) project which is currently at validation stage. Company is also pursuing few other CDM projects.

- **Energy Conservation and Management**

Company has a Central Energy Cell for overseeing energy management and carrying out energy audit for identifying areas for energy efficiency improvement as well as suggesting better ways of energy management. The Energy Cell monitors the energy consumption on daily basis and deputes energy audit checks in the areas where deviations are significant. This has helped in creating a system of continual awareness about the energy conservation and an effective energy management system across the Company.

- **Water Conservation**

Company places great importance to conserving water and has taken up initiatives in the past such as installation of Air Cooled Condensers in power plants and creation of water harvesting structures at its plants and mines to conserve rainwater. Company has one of the lowest water consumption levels both in cement and power plants. In order to identify the areas where there can be further potential for saving water consumption, a water audit was carried out through an external agency M/s. TUV SUD. The Company has initiated the work on the areas identified during the said audit to further bring down its water consumption. A Sewerage Treatment Plant (STP) of 600 KLD capacity was also installed to enhance the capacity of treating domestic waste water. The treated water is used for plantation activities.

- **8th Sustainability Report**

Company released its 8th Sustainability Report during the year. The report was prepared as per the latest 3.1 guidelines issued by Global Reporting Initiative (GRI). The report was independently vetted by assurance agency Ernst & Young and received highest A+ rating from GRI.

Further, Company is in process of preparing this year's CSR report naming it as 'Corporate Sustainability and Responsibility Report' with a view to integrate the compliance

with requirements of Business Responsibility Reporting Framework (BRR).

‘Samaj Sewa’ - Corporate Social Responsibility

As a responsible corporate, Company believes that its growth is linked with that of its neighbouring communities. It has always given importance to upliftment of these communities and considers this as a voluntary endeavour rather than a responsibility. In line with this belief, Company has aptly named these endeavours as “Samaj Sewa”.

Shree Rural Foundation Society (SRFS) is the arm created by the Company, which takes care of all its initiatives in the field of ‘Samaj Sewa’. The focus areas of the foundation include promoting education and supporting healthy living among communities, empowering women, creating sustainable livelihood through constructive programmes and infrastructure development for community welfare. The initiatives taken in these areas during the year are listed below:-

- **Promoting Education**

“Shree Ki Pathshala” is a programme undertaken to provide primary education to drop-out children or children who never attended any formal school education. Around 222 children were benefited during the year from this initiative. After completion of one year literacy course from these centres, the beneficiary students are encouraged to appear in examinations conducted by Board of Secondary Education, Rajasthan. The girls enrolled with ‘Shree Ki Pathshala’ are also provided opportunities to pursue their interest like crafting, painting, designing, rangoli etc. under “Umang Programme”. For promotion of technical education, ITI scholarship to 35 students was given to students of nearby villages. Computer training at Computer Learning Centre was imparted to boys and girls at nearby villages. Company also provided financial and in-kind assistance to schools and Anganwaris for creating proper infrastructure for students.

- **Health and Family Welfare programmes**

Company organizes rural medical camps in nearby villages for three days in a month, where free medical services are provided by expert team of doctors. Company also operates a mobile medical van which visits Anganwari centres of nearby villages every Tuesday and provides medical services. Various vaccination camps were organized by Company at different schools in its operational villages where around 1433 children were benefited. Mega Health Camps are also organized at every alternate month to cover patients suffering from certain specific diseases/

ailments. These patients are treated by expert doctors of relevant disciplines. On an average, 300-400 patients per camp are given treatment with medicines. Free treatment and medicines are provided to local villagers through fully-equipped Company operated ‘Health Management Centres’ at Beawar and Ras. Sessions on health awareness based on personal hygiene and cleanliness are also conducted in schools and Anganwari centres of nearby villages. Company also provides financial and non-financial aid to various hospitals for creating infrastructures and better medical facilities.

Through its ‘Mamta Project’, the Company focusses on addressing issues related to child mortality and maternal health in nearby areas. During the year, more than 1000 women were beneficiaries of this programme. For creating awareness across the communities, Company organizes awareness programmes on different issues i.e. safety, environment, HIV/AIDs, health and hygiene. Aiming at achieving behavioural change, Company used media which communities easily relate to like local folk show, to take various health issues to the community. Eight programmes were organized by a team of 6-7 people from “Ghumar Lok Kala Nartya Dal” which is certified by Ministry of Information and Broadcasting, Govt. of India.

- **Women Empowerment and Skill Development**

The Company has established Stitching Training Centres, wherein women from local community are given training of stitching clothes and other income generating activities like bag making etc. Further, awareness programmes are also organized at these centres about income generating opportunities. Company also facilitates formation of Self Help Groups (SHG) consisting of local women. These groups have the backing of Government schemes and get financial assistance from banks / financial institutions to undertake income generating activity like food processing, cutting and tailoring etc. In 6 villages, 7 such self-help groups have been formed involving 84 local women.

- **Agriculture and Horticulture Development Programmes**

The Company supports farmers of its nearby villages. Farmers’ training is provided at the local level by classroom and practical demonstrations through internal developed faculty and sometimes with the support of Govt.’s subject matter specialist. These trainings cover specific topics like water conservation, soil conservation, common property resource management, better crop yielding, seed treatment, cattle insurance, livestock management, use of fertilizers, Govt. schemes etc. During the year, around 461 farmers benefited under above scheme. This apart, exposure visits

to Govt. Krishi Vigyan Kendra were organized to improve knowledge level of farmers on new horticulture and agricultural techniques. Assistance in the form of provision of sprinkler sets, PVC pipes and sprayers for adopting the modernized farming techniques was provided to 60 farmers. Under seed distribution programme, modern and hybrid quality seeds were distributed to 649 farmers to improve farm productivity.

- **Infrastructure and Community Development Programmes**

To improve the infrastructure in nearby localities, construction projects such as interlock roads, drainage channels and culverts have been taken up at various places which help in improving passage facilities and sanitation and hygiene conditions. Construction of water tanks in Gram Panchayats has been carried out for improving water storage and distribution system. For community meetings and organising various social & religious programs, community centres and other structures are built at nearby villages. Deepening of water harvesting structures in eight surrounding villages was carried out for capacity enhancement of the groundwater recharging capability. For effectively utilising rainwater, rooftop rainwater harvesting structures were implemented in surrounding government school buildings which are capable of storing 70,000 litres of water. This system also benefits in avoiding flooding of roads and school premises which can affect sanitation and hygiene condition in schools.

- **Employee Volunteerism Programme**

To add to the initiatives of the Company, its employees have also undertaken to contribute to the cause of Samaj Sewa as part of their self engagement for these initiatives. Under this programme, teams of employees from various departments visit the nearby villages, Anganwari centers etc. and interact with villagers and provide the required support.

Occupational Health and Safety

Health, safety and welfare of its people at workplace have always been an important focus area for the Company. The Company's occupational health and safety initiatives are targeted to foster a safe, healthy and happy work environment for its people. Some of the initiatives taken during the year were as under:-

- **Safety Excellence Journey**

In order to strengthen safety systems and develop harmonious relations with workers and contractors, an initiative called 'Safety Excellence Journey' has been initiated under which training and guidance are imparted to them about safety of men and machines. Under this

initiative, one apex committee and six sub committees have been formed. It contains 16 training modules such as Incident / Hazard Investigation, Safety Observation, Electrical Safety, Defensive Driving etc. on which structured training are imparted. A total of 25 internal faculties have been developed to give training on these modules. Since introduction, 30 training programmes have been conducted covering 624 staff members.

- **Safety Observation Portal**

An in-house developed Safety Observation Portal was launched to inculcate safety culture through positive change in people's behaviour in the form of voluntary adherence to safety practices. It is a structured six steps, two-way safety conversation process with people at their workplace to recognize and reinforce positive safety behaviour, identify and rectify behaviour at risk and engage in conversation regarding safety concerns or issues. Around 1268 safety observations have been registered and 1059 observations rectified by relevant departments through the portal.

- **Checklist-based Audit**

Using a safety checklist simplifies the audit procedure of any machine/equipment as it includes all safety checkpoints and hence it eliminates risk of ignoring some safety aspects which may have potential for adverse repercussions. Further corrective actions on these checklist-based audits are more effective as the audit reports give a clear unsafe picture of the equipment. A checklist-based audit of gas cutting sets, welding machines, acid tankers, flyash bulkers, pressure vessels etc was started. This has helped in improving the overall safety level of plants.

Mock drills on emergency preparedness in night hours are conducted to meet any contingency. This apart, 33 classroom training programmes on "Defensive Driving and Road Safety" were imparted covering 596 truck drivers and helpers. Road Safety awareness programmes and Safety quiz competition were also organized for school children for spreading awareness on safety.

Human Resources

People are the foremost stakeholders and are considered the building blocks of an organization. For achievement of business objectives, it is imperative to have a dedicated and talented pool of people. The Company's people programmes are targeted to attract, develop and retain talent within the organization. Initiatives taken in this area were as under:-

• **Employee Engagement**

Company's people-friendly policies have earned it high engagement levels from its employees which is reflected in its high efficiency and productivity levels and consistently rising financial performance. Company always aims to enhance the engagement levels of its people. During 2012-13 Company carried out a study aimed at understanding perceptions of people within the organization on different issues related to their career growth, job satisfaction, service conditions, workplace environment etc. The objective was to further enhance happiness and engagement level of its employees, increase their capabilities through learning and development programmes and deliver on the high growth objectives of the Company as well as its people. The study was carried out with help of external consultant Ernst & Young. The response was overwhelming as nearly 100% of its people participated in the study. The results of study showed that 86% of the Company's employees have high engagement levels. This was an outstanding distinction for the Company as not many organizations have such high engagement levels.

The study identified five 'Signature Strengths' of the Company which have contributed to such high engagement levels are given below:-

- (i) Culture - Provides freedom to try new things, a friendly work environment, family-like atmosphere, happiness and openness
- (ii) Challenge – Understanding of vision and values of the Company, awareness about business targets and challenging and ambitious targets
- (iii) Supervisor - Supervisors are approachable, act as guide and role model and are open to communication
- (iv) Recreational - Enjoy being together on cultural events, festival celebrations and sports activities
- (v) Samaj Sewa (CSR) – Awareness about the social responsibility and perceived effectiveness of the initiatives

Another outcome was identification of certain value projects such as career management and learning and development etc. which have been undertaken by the Company to further enhance the people engagement and achieve all-round growth.

Company is working on strengthening and building talent in its Human Resources management team for supporting the growth trajectory. Recruitments have been made from premier B- Schools of the country to strengthen HR

process capabilities in talent acquisition, on-boarding, performance management, learning and development, career management, employee wellness, communication mechanism etc. It is working on further supporting the leadership pipeline development programme to meet the future business growth of the Company.

To inculcate higher level of engagement, Company undertook to improve the existing Performance Management System. For this, an action research project was carried, wherein a new system 'Shree Happiness Management System' was developed after thorough analysis, review and revamp. The system has been well received by the employees and is being implemented with great amount of ownership by the managers across functions & geographies.

The no. of employees as on 30th June, 2013 were 4200.

• **Engagement of Interns from prestigious institutes**

The students of technology and management institutions need to be imparted opportunity of practical application to knowledge gained by them during their study. In line with its philosophy of welcoming noble thoughts from all over the world and as part of its responsibility to the society, Company offers opportunity to these students of undertaking their research projects at its facilities. Company encourages students from prestigious institutes like IITs, IIMs, XLRI and BITS to carry out their internship programmes with it. This programme offers mutual benefits. Company provides the students with the best facilities to carry out their projects and opportunities to gain real field experience by giving them interesting and challenging assignments to work upon. In turn, Company gains through the fresh ideas and perspectives of these students that are presented in the form of their well-prepared project presentations.

Internal Controls

The Company remains committed to ensuring an effective and comprehensive internal control system. Company has an Internal Audit department and has also engaged the services of a professional firm to carry out internal audit spanning all production units and functions. All business processes are covered in the audit process and controls are continually reviewed and strengthened. Business as well as process risks are dealt with immediately and adequately addressed. The control systems are regularly reviewed by the functional heads who are required to confirm the effectiveness and adequacy of the systems. All material audit observations and follow-up actions thereon are reported to the Audit Committee which reviews the adequacy and effectiveness of the internal control environment and monitors implementation of audit recommendations.

Awards & Accolades

Major awards and accolades received by the Company during the year are as under:-

- a. "International Green Apple Award" for environmental best practices. The award is instituted by England-based "The Green Organization" dedicated to recognising, rewarding and promoting environmental best practices around the world. The award was presented at the House of Commons, London.
- b. "Mother Teresa Award for Corporate Citizen 2012" in recognition of various "Samaj Sewa Work" done for nearby community in the field of healthcare, woman empowerment, self employment training activities, providing primary education and ITI Scholarship to underprivileged youths for encouraging self reliance etc. and for achieving high standards of quality, performance and excellence in corporate citizenship. The award was given by Loyola Institute of Business Administration, Chennai.
- c. "Social and Corporate Governance Award 2013" in recognition of its Corporate Governance Practices and CSR activities. The award was instituted by Bombay Stock Exchange (BSE) and presented at Mumbai in World CSR Congress Conference.
- d. "Golden Peacock Business Excellence Award" for the year 2013 during the Dubai Global Convention on Business Excellence. This Award has been instituted by the 'Institute of Directors' Delhi to encourage Business Excellence achievements in both manufacturing as well as service organizations globally.
- e. "Global HR Excellence Award" for Innovative HR Practices and HR Research. The award was presented by Honourable Lyonpo Dorji Wangdi, Minister of Human and Labour Resources, Bhutan and Dr. Bhaskar Chatterjee, Director General and CEO, Indian Institute of Corporate Affairs in Mumbai at the World HRD Congress.
- f. "Nirmata Rajya Mitra Award" by Department of Taxes, Govt. of Rajasthan for maximum tax payment for the year 2011-12 in "manufacturer category" and "State Level Productivity Excellence Award" for the year 2011 by Rajasthan State Productivity Council for efforts made by the Company towards improvement in productivity participative work system & culture, research and development and improvement in technology and innovative practices in Human Resources.

Directors

In accordance with the provisions of Articles of Association of the Company, Dr. Y.K. Alagh and Shri Shreekant Somany, Directors of the Company, will retire by rotation at the ensuing

Annual General Meeting of the Company and being eligible, offer themselves, for re-appointment. The Board recommends their re-appointment.

Dr. Leena Srivastava has been appointed as Additional Director on the Board on 21st January, 2013 under Section 260 of the Companies Act, 1956. The term of appointment of Dr. Leena Srivastava as Additional Director shall expire at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company. She being eligible, offers herself for re-appointment. The Board recommends for her re-appointment.

Further, a brief profile with relevant details of these Directors pursuant to Clause 49 of the listing agreement is given in the Notice convening the Annual General Meeting.

Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, confirm that they have taken all reasonable steps, as are required, to ensure that:

- The applicable accounting standards have been followed in the preparation of the annual accounts for the year ended 30th June, 2013 and in case of material departures, proper explanation has been given in the accounts and notes thereon
- Such accounting policies (as mentioned in the Notes forming part of financial statements) have been selected and applied consistently, and that the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of Company as at 30th June, 2013 and of the profit and cash flow of Company for the year ended on that date
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of Company and for preventing and detecting fraud and other irregularities
- The annual accounts have been prepared on a going concern basis

Auditors

The Statutory Auditors' of Company M/s. B. R. Maheswari & Company, Chartered Accountants would retire at the ensuing Annual General Meeting. They have confirmed their eligibility under section 224 of the Companies Act, 1956 and willingness for re-appointment as Statutory Auditors of the Company.

The Board of Directors recommends the re-appointment of M/s. B. R. Maheswari & Company as Statutory Auditors from conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

The observations of the Auditors in their report under para 6, read with note no. 27 of financial statements are self-explanatory.

Cost Audit

Pursuant to the directives of Central Government, Company had appointed M/s. K. G. Goyal & Associates, Cost Accountants, Jaipur (Registration No. 000024) as Cost Auditors of the Company under section 233B of the Companies Act, 1956 for the year 2012-13. In accordance with Cost Audit (Report) Rules, 2011 (as amended), the due date for filing the Cost Audit Report in XBRL for the financial year ended 30th June, 2012 was 28th February, 2013 (as extended by MCA). Company filed the same on 26th December, 2012 vide SRN No. S19562057 with the Ministry of Corporate Affairs.

Transfer to Investor Education and Protection Fund

The Company has transferred a sum of ₹ 5.99 Lac during the year 2012-13 to the Investor Education and Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividend pertaining to year 2004-05 which was lying with the Company for a period of 7 years from its due date of payment. Prior to transferring the aforesaid sum, the Company sent reminders to the shareholders for submitting their claims for unclaimed dividend. The amount of unclaimed dividend for subsequent years is given in the Notice convening the AGM.

Corporate Governance

A separate section on Corporate Governance together with a certificate from the Auditors of the Company regarding full compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of Annual Report.

Business Responsibility Report

In terms of Clause 55 of the Listing Agreement executed with stock exchanges, a separate section on Business Responsibility Report is given which forms part of the Annual Report.

Particulars of Employees

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other

particulars of employees are to be set out in the Directors' Report as an addendum or annexure thereto. However, in line with the provisions of Section 219(1)(b)(iv) of the Act, the report and the Accounts as required therein, are being sent to all members of the Company excluding the above information regarding the particulars of the employees. Company shall provide these particulars to any member who is interested in obtaining the same and writes to the Company Secretary at the registered office of the Company.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

The information required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is set out in Annexure I which forms part of this report.

Subsidiary Companies

Ministry of Corporate Affairs, Government of India, has vide its circular no. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has exempted companies from attaching the annual accounts and other particulars of its subsidiary companies along with the Annual Report of the Company as required u/s 212 of the Companies Act, 1956. Therefore, the annual accounts of subsidiary companies viz. (1) Katni Industries Pvt. Ltd. & (2) Shree Global Pte. Ltd. are not attached with this Annual Report. However, a statement giving certain information as required vide aforesaid circulars is placed along with the Consolidated Accounts.

The Annual Accounts of the above subsidiary companies and the related information shall be made available to the shareholders of the Company upon receipt of a request from them. The same is also kept open for inspection at the Registered Office of the Company as well as its subsidiaries.

Consolidated Financial Statement

The Consolidated Financial Statements have been prepared in order to comply, in all material respects, with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 along with the provisions of the Listing Agreement with the Stock Exchanges. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

The consolidated net profit of the Company and its subsidiaries amounted to ₹ 1003.94 Crore for the financial year ended 30th June, 2013.

Cautionary Statement

Statements in the Directors' Report and the Management Discussion & Analysis describing the Company's objectives, expectations or predictions, may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include: demand and supply conditions of products the Company deals with, selling prices, new capacity additions, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the country and such other factors which are materials to the business operations of the Company.

Acknowledgement

Directors take this opportunity to express their deep sense of gratitude to the Banks, Central and State Governments and

their departments and the local authorities for their continued co-operation and support.

Directors would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Shree family for the Company's success and achievements and to its various stakeholders i.e. customers, dealers, supplies, transporters, advisors, local community etc. for their continued committed engagement with the Company.

For and on behalf of the Board

Place: Kolkata

Date: 30th July, 2013

B. G. Bangur

Chairman

Annexure to Directors' Report

ANNEXURE-I

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Companies (Disclosures of Particulars in the report of the Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 30th June, 2013.

A. Conservation of Energy

Particulars	Cement	Power
a) Measures taken for conservation of energy	<ul style="list-style-type: none"> • Installation of 'loss in weight' system for better consistency and fine control in coal firing • Rockwool insulation in top cyclones and down pipe for reduction in specific heat • Installation of MVD in kiln and pyro string • Installation of 'K' turbo blower for jet air coal firing in burner pipe • Installation of energy saver in plant welding machines • Installation of high efficiency motors for compressor and cooler fan • Installation of Supply Side Management system for air compressors • Installation of SPRS in Preheater fan motor • Relocation of transformers to reduce cable losses • Conversion of manual dampers to auto mode VFDs • Provided shut off valve in the overflow line of the process water pumps and closed the valve to avoid the recirculation • Optimization of compressors to reduce idle running • Increasing of Purging time of the Bag Filters • Removal of dampers of clinker unloading bag filters fans and further reduce the RPM • Installation of VFD at Fly-ash unloading, clinker unloading and packing plant bag filters 	<ul style="list-style-type: none"> • Interconnection of CEP discharge to water pre-heater of waste heat recovery boiler to reduce heat rate • Chemical cleaning and change in blade angle in GPP cooling tower to reduce auxiliary power • Insulation of waste heat recovery boiler and GCT to reduce heat rate • Change of material of construction from MS to SS in AQC-1 & AQC-2 duct to reduce heat loss • Installation of Heat exchanger for CBD flash water waste heat recovery system • Improvement in turbine inlets steam temperature resulting in improved heat rate
b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy	<ul style="list-style-type: none"> • Installation of K-Turbo blower for kiln firing system in other plants • Installation of energy efficient compressors • Installation of MVD in preheater fan • Installation of energy efficient process pumps 	<ul style="list-style-type: none"> • Installation of high efficiency boiler fed pump • Installation of demand side air controller for lime handling system • Installation of high energy efficient pumps for saving and treating water • Addition of ECO & APH Bank in Boiler
c) Impact of measures taken at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods	The measures stated in points (a) and (b) above, have resulted / will result in saving of energy used, both thermal and electrical as well as improvement of quality of cement and overall productivity	
d) Total energy consumption and energy consumption per unit of production	Information given in the prescribed Form A annexed	

B. Technology Absorption

Information given in the prescribed Form B annexed.

C. Foreign Exchange Earnings and Outgo

- a) Activities relating to export, initiative taken to increase export, development of new export market for products and services and export plans

During the year, Company exported clinker & cement to Nepal and Bhutan. Payment for these exports was received in Indian Rupees. Company is exploring new opportunities of clinker and cement exports continuously.

- b) Total Foreign Exchange used and earned:

(₹ in Crore)

Particulars	2012-13 (12 months)	2011-12 (15 months)
Used	666.27	814.31
Earned	-	-

ANNEXURE-I

Form-A (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel Consumption

S. No.	Particulars	2012-13 (12 months)	2011-12 (15 months)
1.	Electricity		
	a) Purchased		
	i. From Grid		
	Units (Kwh in Lac)	524.32	991.56
	Total amount (₹ in Crore)	29.91	49.15
	Rate/unit (₹)	5.70	4.96
	ii. From Energy Exchange		
	Units (Kwh in Lac)	66.00	281.51
	Total amount (₹ in Crore)	3.14	10.94
	Rate/unit (₹)	4.76	3.89
	b) Own Generation		
	i. Through Diesel Generators		
	Units (Kwh in Lac)	5.09	5.04
	Unit per Ltr. of Diesel	3.14	3.21
	Cost/unit (₹)	16.70	14.30
	ii. Through Steam Turbine/Generators (See Nos. 1, 2 and 3)		
	Units (Kwh in Lac)	9614.05	10192.79
	Unit per Kg. of fuel	3.12	2.96
	Cost/unit (₹)	2.35	2.50
2.	Coal and other Fuels		
	a) Used in Kiln & Calciner		
	Quantity (in Lac MT)	9.06	11.61
	Total cost (₹ in Crore)	603.69	796.81
	Average rate per MT (₹)	6660	6865
	b) Used in Steam Turbine/Generators		
	Quantity (in Lac MT)	3.08	3.45
	Total cost (₹ in Crore)	197.26	220.49
	Average rate per MT (₹)	6411	6395

B. Consumption per unit of Production

Particulars	Standard (if any)	2012-13 (12 months)	2011-12 (15 months)
Product : Cement			
Unit : MT			
Electricity (Kwh/MT of Cement)	75-100	78	77
Coal and other fuel (% of Clinker)	15	10.44	11.28

Notes:

- Cost per unit of own generation (through steam turbines/generators) has been worked out considering power generated from Waste Heat Recovery Plants also.
- Total generation (net of auxiliary) from Waste Heat Recovery Power Plants during 2012-13 was 3435 Lac units (3416 Lac units for 2011-12). Out of the above generation by Waste Heat Recovery Power Plants, 1944 Lac units for 2012-13 (2542 Lac units for 2011-12) have been consumed for own consumption. The same is included in electricity consumed from own generation (through Steam Turbines/Generators).
- Does not include generation of 0.10 Lac units during 2012-13 from Solar Power.

ANNEXURE-I

Form-B (See Rule 2)

Form for disclosure of particulars with respect to Research & Development and Technology Absorption, Adaptation and Innovation

A. Research & Development (R&D)**1. Specific area in which R&D is carried out by the Company**

- a) Established separate coal laboratory
- b) Conducted trials of alternative fuels and raw materials
- c) Optimization of separator systems
- d) Energy audits
- e) Reduce the cost and optimization of cement use in concrete
- f) Use of fly ash

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

- a) More information regarding alternative fuels and raw materials and their usage
- b) Saving of resources, better environment, cost reduction
- c) Cost saving of concrete and improved quality of concrete
- d) Energy saving through continuous energy audits
- e) Optimization of use of fly ash to improve quality of Cement

3. Future plan of action

- a) Optimization of thermal energy
- b) Increase use of alternative fuels and raw materials
- c) Energy audits for electrical system
- d) Use of mineraliser for saving of fuel

4. Expenditure on R&D

Particulars	Beawar	Ras	Khushkhhera	Suratgarh	Jobner	Roorkee	Total
Capital Expenditure (₹ in Crore)	0.37	12.61	0.00	0.00	0.00	0.00	12.98
Recurring Expenditure (₹ in Crore)	7.74	2.74	0.61	0.41	0.34	0.37	12.21
Total Expenditure (₹ in Crore)	8.11	15.35	0.61	0.42	0.34	0.37	25.19
Total R&D Expenditure as a percentage of turnover (in %)							0.56%

B. Technology Absorption, Adaptation and Innovation**1. Efforts in brief, made towards technology absorption, adaptation and innovation**

Company's R&D centres at Beawar and Ras are recognised by Department of Science and Industrial Research, Govt. of India. These centres make continuous efforts to adapt and implement new technologies for quality improvement, energy and water conservation, natural resource conservation and cost optimization. Various actions are undertaken such as conducting various trial experiments for the effective utilization of alternative fuels & waste materials in cement kiln, conducting feasibility studies of various energy efficient equipments and calculating & reporting Company's carbon footprint. Company is the member of Cement Sustainability Initiative (CSI) which works under the aegis of World Business Council for Sustainable Development (WBCSD) and has been one of the co-chairs in CSI's low carbon technology road map 2050 formulation. R&D centres also participate in dialogues and discussions on technology adaptations, policy framing and knowledge sharing at various global forums at national and international platforms.

2. Benefits derived as a result of above efforts

- a) Cost saving and optimization
- b) Natural resources conservation
- c) Improved quality of the product
- d) Utilization of wastes of other industries
- e) Reduction in energy consumption

3. Information regarding technology imported during last 5 years

1.	Technology imported	-
2.	Year imported	-
3.	Has technology been fully absorbed?	-
4.	If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action	N.A.

Business Responsibility Report

Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company: **L26943RJ1979PLC001935**
- Name of the Company: **SHREE CEMENT LTD.**
- Registered Address: **Bangur Nagar, Beawar 305901, Distt: Ajmer, Rajasthan**
- Website: **www.shreecement.in**
- E-mail id: **shreebwr@shreecementltd.com**
- Financial Year reported: **July 2012 to June 2013**
- Sector(s) that the Company is engaged in (industrial activity code-wise):

i. **CEMENT**

ii. **POWER**

2	5	2	3	.	2	9
		N	A			

- List three key products/services that the Company manufactures/provides (as in balance sheet):

i. **CEMENT**

ii. **POWER**

- Total number of locations where business activity is undertaken by the Company:

i. Number of International Locations: **NIL**

ii. Number of National Locations: **Integrated Cement units at 2 locations, Grinding Units at 4 locations, 1 Corporate and 1 Registered Office and several marketing offices.**

- Markets served by the Company: **Predominantly National. However, a small quantum of cement and clinker is exported to Nepal and Bhutan.**

Section B: Financial Details of the Company

- Paid up Capital (₹ Crore) **34.84 (FY 2012-13)**
- Total Turnover (₹ Crore) **5567.14 (FY 2012-13)**
- Total Profit after Taxes (₹ Crore) **1003.97 (FY 2012-13)**

- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) **1.52% of average profit after tax in the previous three financial years (CSR spent is ₹ 9.28 Crore during FY 2012-13)**
- List of activities in which expenditure in 4 above has been incurred:-
 - Promotion of Education
 - Infrastructure Development
 - Health and Family Welfare
 - Community Welfare
 - Environment and Sustainability

Section C: Other Details

- Does the Company have any Subsidiary Company/Companies?

Yes. There are two subsidiary companies as below:

- Shree Global Pte Ltd., Singapore
- Katni Industries Pvt. Ltd., India

- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)

These subsidiary companies have no operations. Hence, they do not have any BR initiatives.

- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Yes. However, due to the complex network of diverse suppliers, distributors, transport companies, etc. the measure of participation of these entities in percentage terms cannot be exactly gauged.

Section D: BR Information

- Details of Director/Directors responsible for BR**

- Details of the Director/Director responsible for implementation of the BR policy/policies

• DIN Number	00243835
• Name	Mahendra Singhi
• Designation	Executive Director

b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	N.A.
2.	Name	S.S.Khandelwal
3.	Designation	Company Secretary
4.	Telephone number	01462-228101-6, Extn-3290
5.	E-mail id	khandelwalss@shreecementltd.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The nine principles as per BRR are as given below:-

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 – Businesses should promote the well-being of all employees.

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 – Businesses should respect and promote human rights.

P6 – Businesses should respect, protect, and make efforts to restore the environment.

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 – Businesses should support inclusive growth and equitable development.

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No.	Questions	P1- Ethics, Transparency and Accountability	P2- Product Responsibility	P3- Employees' Well-being	P4- Stakeholder Engagement	P5- Human Rights	P6- Environment	P7- Policy Advocacy	P8- Inclusive Growth (CSR)	P9- Customers' Relations
1	Do you have a policy/ policies on the BR principles (The policies of the Company covers all the principles envisaged)	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	<p>Company has adopted various standards specified by the ISO. These are</p> <ol style="list-style-type: none"> 1. ISO 9001 for Quality in systems 2. ISO 14001 for Environment 3. ISO 50001 for Energy Efficiency 4. OHSAS 18001 for Health and Safety 5. SA 8000 for Social Accountability <p>Company is complying with the framework as provided in these standards. All policies on the areas mentioned above are in compliance with these standards. Other than these, our policies are based on the generally accepted practices for the respective principles.</p>								
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y

S. No.	Questions	P1- Ethics, Transparency and Accountability	P2- Product Responsibility	P3- Employees' Well-being	P4- Stakeholder Engagement	P5- Human Rights	P6- Environment	P7- Policy Advocacy	P8- Inclusive Growth (CSR)	P9- Customers' Relations
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes. The Board has formed a "BRR Committee" consisting of 3 Directors (including 2 Independent Directors). This Committee is responsible for overseeing implementation of various policies adopted by the Company. Apart from this, there is also an Environment Social and Governance (ESG) Committee consisting of senior executives of the Company, which carries out continuous monitoring and implementation at the operational level.								
6	Indicate the link for the policy to be viewed	www.shreecement.in/policies.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	All the relevant policies are displayed at appropriate places within the facilities. Further information about the policies is also kept at the entrance of the plants of the Company. The information regarding these policies is also carried on the Company's website.								
8	Does the Company have in-house structure to implement the policy/ policies?	Company has constituted a sub-committee consisting of senior and other officials of the Company to look after and ensure appropriate implementation of the policies. The Chief Climate and Sustainability Officer looks after the day-to-day issues with regard to sustainability. Further, the Executive Director periodically reviews major issues related to sustainability.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	The concerns are adequately considered to ensure that the same are disposed of within time and to the satisfaction of the party raising the concern.								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	As part of the compliance with the ISO standards adopted by the Company, an external agency evaluates the implementation of the ISO standards on an annual basis. Apart from this, Company also has a system of undertaking regular audit of the implementation of various standards. An external consultant also gives an assurance that our CSR report is in line with the internationally accepted GRI Guidelines.								

2a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-								

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The BR performance is reviewed by the BRR Committee on annual basis.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Company publishes Corporate Sustainability Report on an annual basis. This report incorporates the various activities undertaken by the Company on the environmental, social and governance front. The hyperlink to view the report is www.shreecement.in/csr.html

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Policy relating to Ethics, Transparency and Accountability covers the entire operations of the Company. The policy includes a Code of Conduct prescribed by the Company for all its employees including the Directors. There is no group or Joint Venture as such at present for the Company. The subsidiaries of the Company have no operations at present. The Company also encourages parties associated with it in the value chain like vendors, suppliers, contractors etc. to follow and adopt the principles envisaged in our policies.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If so, provide details thereof, in about 50 words or so.*

The various stakeholders identified by the Company are:

S. No.	Broad Category	Constituents
1.	Business Partners	Investors Business Associates Lenders Government Bodies
2.	People	Employees
3.	Supply Chain	Suppliers Customers Contractors
4.	Community	Local Community NGO's Competitors

There were 15 complaints received from the investors during the period July'12 to June'13. All these complaints were satisfactorily resolved. Further, we are in process of instituting/ strengthening systems to track complaints from other stakeholders.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Company deals in two products only viz., Cement and Power.

CEMENT - Cement manufacturing is an energy intensive process. To reduce its carbon footprint, the Company has made significant efforts and has evolved several path breaking initiatives. Some of them are as below:-

- Waste Heat Recovery Power Plants** – Company calls these as Green Power Plants (GPPs) as they help in reducing carbon emission by utilizing waste hot gases generated in cement manufacturing for power generation. As the GPPs do not require any fossil fuel, they help in conserving coal, a natural resource with depleting reserves, which is otherwise used for generation of power. Moreover, water required for cooling of the waste hot gases is also conserved. Company's present GPP capacity of 56 MW is the largest in World Cement Industry excluding China.
- Use of flyash** – Flyash (waste generated by power plants) is an environmentally harmful waste disposed off in landfills. Company utilized this waste in manufacturing of cement by blending fly ash with clinker. This had multiple advantages as it has eliminated dumping of fly ash in the landfills thereby saving environment. It has also reduced carbon emission to the extent it replaced clinker in cement and thereby eliminating emission of CO₂ which gets released through combustion of limestone in clinker manufacturing. It also helped in conservation of fuel saved through lesser requirement of clinker.

However, with capacity expansion across the industry the demand for fly ash and its cost too has increased.

- The Company utilizes energy efficient and environment friendly technologies in its operations to ensure optimal

utilization of resources. This is reflected in Company's energy and fuel usage being one of the lowest in industry.

- d. In order to conserve natural resources, the Company has always been striving to use alternate fuels and raw materials. During the year, the Company has utilized various alternate fuels like Textile sludge sourced from Textile mills, Paint sludge sourced from automotive companies, etc. to replace conventional fuels like coal and Pet coke.
- e. Company is a member of the Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development, Switzerland which has been working on minimization of energy footprints, implementation of best practices and sharing of knowledge with other members. CSI has set up "CSI in India" which is co-chaired by Shri Mahendra Singhi, Executive Director of the Company along with CEO of one other cement Company. "CSI in India" will work on taking forward the CSI agenda on various sustainability matters for implementation in Indian cement industry. The first meeting of the Co-chairs is expected to be held in last quarter of 2013 to decide about the future strategy and work programme of "CSI in India". The Company is also actively associated with World Economic Forum, TERI – BCSD, Global Reporting Initiative on various sustainability related matters.

POWER - In order to contribute towards energy efficiency and resource conservation, the Company made various efforts in its power business, some of which are as below:

- a. **Air Cooled Condensers** – The Company, in order to conserve water, has installed Air Cooled Condensers in place of usual practice of Water Cooled Condensers in all its power plants. This has reduced the water consumption by nearly 90%. In fact Company has also installed Air Cooled Condensers in the 300 MW power plants even though projects of such large size do not install such condensers as it entails higher investment and increases the project cost.
- b. **Flue Gas Desulphurization (FGD)** – Company installed Flue Gas Desulphurization (FGD) pilot plant at its R&D centre in Beawar, Rajasthan to capture sulphur released from power plants. This FGD plant is not only an environmentally conscious move to capture SOx gases but also helps us substitute increasingly scarce mineral gypsum.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Following is the status of change in various inputs used in cement production:

Resources	Units of measurement	Per Unit Consumption	
		2012-13 (12 months from July' 12-Jun'13)	2011-12 (15 months from Apr'11 to Jun'12)
Limestone	Tonnes Per tonne of cement	1.012	1.015
Gypsum		0.0630	0.0677
Fly ash		0.2458	0.2463
Power	Kwh per tonne of cement	78	77
Fuel	% of Clinker	10.44	11.28

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Cement, as a product is sold to diverse consumers (both institutional and retail consumers) who use it in buildings and construction. As such it is not feasible to track energy and water usage in cement consumption. The Company, however, has made a conscious effort to educate communities where possible by organizing mason meets to educate them on the uses of cement, details on the product, its quality and the right mix of concrete to ensure resource optimization. Company's R&D centre also actively engages and advises user communities on ways to optimize cement usage. Further, the Company also attempts to educate and guide consumers from time to time on using the right mix of concrete, optimum way of cement application, etc, and thereby facilitate saving of water and material consumption.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has put in place procedures for promoting sustainability in its activities including sourcing and

transportation. Prior to the selection of the supplier, Company provides a detailed questionnaire and selection is made through scrutiny. Company strives to source maximum number of inputs sustainably. Company has incorporated its policies on Sustainability and Social Accountability as a part of its purchase order/ contracts executed with the suppliers/ contractors to ensure that they are aware of the same. The contracts terms executed with transporters incorporate an essential condition that the drivers need to carry Pollution Certificates for vehicles deployed for the Company's operations. Further, the drivers and support staff are required to always carry safety aprons, helmets, driving license, etc. which is checked by our security staff. In addition, the Company runs an HIV/AIDS awareness campaign for drivers to educate them on this topic.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company accords priority to local suppliers in the procurement of stores and spares. Company also uses trucks for transportation from local transporters. Company provides people from local community with technical know-how to carry out repair works in equipments. Company encourages the local community to buy trucks which is then used in its value chain. This ensures sustainable livelihood for the local community and improves their standard of living. Further, Company also helps small suppliers by providing training on commercial matters like service tax, etc. to enable them to imbibe better financial planning in their operations.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.

The products cement and power are not meant for recycling. Cement is primarily used in building and construction which typically have long life span. Power is consumed immediately. Used oil is the only hazardous waste being generated and is sold to recyclers authorized by the Central Pollution Control Board (CPCB). We make constant efforts to recycle and reuse the other wastes generated out of our operations. We also utilize wastes of other industries like zinc slag from zinc producing industries. The waste that cannot be utilized effectively is disposed off to authorized recyclers.

Principle 3: Businesses should promote the well-being of all employees.

Company's people friendly policies have earned it high engagement levels from its employees which is reflected in its high efficiency and productivity levels. The Company carried out a study aimed at understanding the perceptions of people within the organization on different issues related to career growth, job satisfaction, service conditions, workplace environment etc. with an objective to further enhance happiness and engagement level of its employees. The response to the study carried out with help of external consultant Ernst & Young was overwhelming with nearly 100% of the employees participating in the study. The results of study showed that 86% of the Company's employees have high engagement levels. This is an outstanding distinction for the Company as not many organizations have such high engagement levels.

1. Please indicate the Total number of employees.

4200 employees as on 30th June 2013.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Total temporary/contractual/ casual employees were 158 as on 30th June 2013.

3. Please indicate the Number of permanent women employees.

There were 28 permanent women employees as on 30th June 2013.

4. Please indicate the Number of permanent employees with disabilities

There were 3 permanent employees with disabilities as on 30th June 2013.

5. Do you have an employee association that is recognized by management?

We have recognized trade unions of workers affiliated to various trade union bodies.

6. What percentage of your permanent employees is members of this recognized employee association?

Around 11.5% of total permanent employees are members of above trade unions.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Type of Employee	Total	Training Imparted	% of total
Permanent Employees	4200	3056	73%
Permanent Women Employees	28	13	46%
Casual/Temporary/ Contractual Employees	158	90	57%
Employees with Disabilities	3	1	33%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

- Has the Company mapped its internal and external stakeholders? Yes/No
Mapping of Stakeholders is a continual process and is being done by the Company.
- Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.
Company always gives special focus on those sections of society who are needy and requires special attention. People suffering from physical disability and women from poorer section of society are identified as stakeholders which needs special attention. Further there are some issues like child mortality and maternal health, education, health and hygiene, etc. which are considered as important engagements by the Company.
- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and

marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Company regularly holds camps for physically disabled people like eye vision, AIDS awareness, Polio vaccination, health camps, etc. Company has undertaken projects for addressing child mortality and maternal health issues in nearby areas. Company has developed education centres for non school going children. Village development committee has been formed to engage with local community to address their needs and for planning and coordinating the CSR activities. Company also engages with external agencies, NGOs and Govt. bodies on issues related to women empowerment, sustainable livelihood for local community and promoting education. Company has registered "Shree Rural Foundation" as a structured platform to undertake its social welfare and community development activities. Further Shree Ladies Club, a club formed by the spouses of Shree employees, is actively engaged in such activities. The club regularly undertakes various Samaj sewa activities through organizing eye and other medical camps, undertaking activities towards promoting education, providing financial assistance to needy, etc.

Principle 5: Businesses should respect and promote human rights.

- Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The policy on human rights covers the entire operations of the Company. There is no group or Joint Venture as such at present for the Company. The subsidiaries of the Company have no operations at present. The Company also encourages parties associated with it in the value chain like vendors, suppliers, contractors, etc. to follow the principles envisaged in the policy. As a matter of policy, Company has made its policies on Sustainability and Social Accountability a part of its purchase order/ contracts executed with the suppliers/ contractors to ensure that they are aware of the same and implement it in their business areas.

- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Company encourages respect for Human Rights in line with the National Laws and also International Standards. There were no complaints received on Human Rights issues.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The policy on environment covers the entire operations of the Company. There is no group or Joint Venture as such at present for the Company. The subsidiaries of the Company have no operations at present. The Company also encourages parties associated with it in the value chain like vendors, suppliers, contractors etc to follow the principles envisaged in the policy. The contracts terms executed with transporters incorporate an essential condition that the drivers need to carry Pollution Certificates for the vehicles deployed for the Company's operations. Further, they are also required to carry safety aprons, helmets, driving license, etc. which are checked by our security staff. As a matter of policy, Company has made its policies on Sustainability and Social Accountability a part of its purchase order/ contracts executed with most of the suppliers/ contractors to ensure that they are aware of and implements the same in their business areas. Company celebrates Environment Day each year to create awareness about safe environment practices.

Company regularly reports its emission related data to the Carbon Disclosure Project (CDP) for the last three years. The data are reported under three categories which are Scope 1 (Emission from own energy), Scope 2 (Emission from Purchased energy) and Scope 3 (Emission from Travel and Transport).

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Company has undertaken several initiatives and innovative practices to reduce its carbon footprint. In this regard, Company has formulated a "Low Carbon Strategy" to address future climate change regulations and identify opportunities from environmental market based mechanisms.

Company acted as Co- Chair of CSI Technology Roadmap on low carbon technology for the Indian Cement Industry. This initiative outlines a low-carbon growth pathway for the Indian Cement Industry that could lead to carbon intensity reductions of 45% by 2050 from 2010 level under which, a set of new technologies and practices have been identified for implementing on pilot basis. Once successfully implemented,

the same will be shared with other cement companies for its replication benefits.

All these activities are detailed in the annual CSR report for which the weblink is www.shreecement.in/csr.html

3. Does the Company identify and assess potential environmental risks? Y/N

Yes. Company has instituted a comprehensive Risk Management Framework to identify and assess existing and potential risks and to proactively take action to not only mitigate such risks but to also convert the risks into future business opportunities. Company has initiated a voluntary assessment of its green house gas emissions footprint to evaluate options to minimize the same. Also as mentioned above, Company's "Low Carbon Strategy" helps it to address future climate change regulations and identify opportunities from environmental market based mechanisms.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Company was the 1st cement Company in India to register its project "Optimum Utilization of Clinker" with the UNFCCC under the Clean Development Mechanism (CDM). Company was granted 4,50,000 CERs by UNFCCC for the above project. Company has continued to pursue the projects which contribute to reduction of carbon footprint. Company has applied to UNFCCC for registration of its Green Power Plants at Ras as CDM project which is currently at validation stage. Company is also pursuing few other projects.

There is no statutory requirement mandating the filing of an Environment Compliance Report. A Validation and Verification Report is required to be submitted and the same has been filed, wherever required.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company has undertaken several initiatives on clean technology, energy efficiency, renewable energy, etc. Company has formed a Central Energy Cell for overseeing energy management and carrying out energy audit. The Energy Cell monitors energy consumption on daily basis and deposes energy audit checks in areas where deviations are

significant. This has enabled the Company to create a system for continual awareness about energy conservation and management.

Details of these initiatives are covered in the Corporate Sustainability Report issued by the Company every year. The weblink for the above report is www.shreecement.in/csr.html

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, emissions / wastes generated are within permissible limits. Company regularly submits reports on emission levels to CPCB/SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is member of several trade chambers, associations and forums which makes effort towards climate change, global warming and sustainable business development. Some of them are as below:-

- a. Cement Manufacturing Association (CMA)
- b. Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development
- c. The Energy and Resource Institute (TERI)
- d. World Economic Forum (WEF)
- e. Bureau of Energy Efficiency (BEE)
- f. Global Reporting Initiative (GRI)
- g. Association of Power Producers

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes. Company has utilized these forums to advocate framing of policies towards advancement of public good. Some of them are as below:

- a. Made submissions through CMA for promoting cemented roads which are beneficial, eco-friendly and cheaper in the long-term than conventional tar roads made in India.
- b. Recommended increasing use of fly ash in cement industry.
- c. Co-chairing of CSI in India to develop roadmap for low carbon technology.

Principle 8: Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. We are committed to responsible growth – growing and contributing in the economic, social and environmental fronts making this an integral part of our overall business philosophy and we reiterate it in all that we do. We have since inception been engaging with local community for their development and upliftment voluntarily and it is not perceived as a compliance or mandatory responsibility thrust upon us. Accordingly, the Company has aptly named its CSR initiatives as “Samaj Sewa” to be undertaken voluntarily. Company has registered “Shree Rural Foundation” as a structured platform to undertake its social welfare and community development activities. On social front, various initiatives have been undertaken such as “MAMTA” project for addressing child mortality and maternal health issues, “SHREE KI PATHSHALA” project for providing education to school dropouts, formation of Village development committee to engage with local community to address their needs, external engagement with NGOs and Govt. bodies on social issues, etc. The Company supports farmers in nearby villages through classroom and practical training by both internal faculty and Govt.’s subject matter specialist.

On economic front Company provides sustainable livelihood to local community through opening of vocational centers like Stitching Training Centers wherein women from local community are given training of stitching clothes and other income generating activities like bag making, etc. Company also provides technical knowhow to enable people from local community to acquire skills to undertake equipment repair jobs, small scale manufacturing etc.

Company takes up projects to improve infrastructure in nearby localities. Construction projects such as interlock roads, drainage channels and culverts have been taken up at various places to improve passage facilities and sanitation & hygiene conditions. Other community development projects include construction of water tanks for improving water storage and distribution, building community centers and other structures at nearby villages, deepening of water harvesting structures in villages for capacity enhancement of ground water recharging capability and implementing roof-top rain water harvesting structures in government school buildings for utilizing rain water and avoiding flooding of roads and school premises.

To add to the initiatives of the Company, its employees have also undertaken to contribute to the cause of Samaj Sewa as part of their self- engagement for these initiatives. Under this program, teams of employees from various departments visit the nearby villages, Anganwari centres, etc. and interact with villagers and provide the required support.

In line with its philosophy of welcoming noble thoughts from all over the world, Company encourages students from prestigious institutes like IITs, IIMs, XLRI and BITS for their internship programs. This program offers mutual benefits to the Company and the students. The Company provides students with opportunities to gain real field experience by giving them interesting and challenging assignments with best facilities to work upon. In return, the Company gains new insights, receives fresh ideas and acquires new perspectives by the fresh and innovative thinking of the students. The students present their well-researched projects in the form of detailed presentations.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

The projects are undertaken by both the internal and external teams. Company while undertaking projects via its "SHREE RURAL FOUNDATION" also engages with external engagement like NGOs and government bodies on social issues concerning women empowerment, promoting education, health and hygiene etc. The Shree ladies Club (a club formed by spouses of employees of the Company) also undertakes various social development initiatives in and around the operations of the Company. Company also facilitates formation of Self Help Groups (SHG) consisting of local women. These groups have the backing of Government schemes and get financial assistance from banks / financial institutions to undertake

income generating activity like food processing, cutting and tailoring, etc.

3. Have you done any impact assessment of your initiative?

Impact assessment is conducted on regular basis in the nearby villages. Based on these impact assessments, Company decides upon appropriate intervention to be undertaken.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The total contribution towards CSR activities (Samaj Sewa) for 2012-13 is ₹ 9.28 Crore on following activities:

- i. Promotion of Education
- ii. Infrastructure Development
- iii. Health & Family Welfare
- iv. Community welfare activities
- v. Environment & Sustainability

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Company has a process of engaging with the local community to understand their concern. The CSR interventions are carried out on a need based approach which is developed after consultations with the local community. This ensures that the activities are adopted by the local community.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Company regularly conducts meetings with customers to educate and appraise and to understand their concerns. All the concerns are taken up and resolved immediately to the satisfaction of the consumer.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

The Company displays all information as mandated by the regulations to ensure full compliance with relevant laws.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising

and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

The Company never indulges in any anti-competitive or anti-consumer behaviour as it understands that consumers are the most important stakeholder for the Company. Company has laid down policies to ensure full satisfaction to its customers with regard to quality and value for money. However in 2006, Builder Association of India filed a complaint against cement industry. The matter was investigated and the Competition Commission of India (CCI) has, vide its order dated 30.07.2012 imposed penalty of ₹ 397.51 Crore

on the Company for alleged contravention of provisions of the Competition Act, 2002. The said order of CCI is challenged by the Company on several grounds by filing appeal before the Competition Appellate Tribunal (COMPAT) which is pending for disposal.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Consumer Satisfaction Survey is carried out by the Company every year to gauge consumer sentiments and to take appropriate measures to increase customer satisfaction.

Auditors' Certificate on Corporate Governance

To,

The Members of **Shree Cement Limited**

We have examined the compliance of conditions of Corporate Governance by Shree Cement Limited, for the year ended on 30th June, 2013 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 the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no Investor Grievance is pending for a period exceeding one month against the Company as per records maintained by the Company or its Registrar and Share Transfer Agents.

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.

Place: Kolkata

Date: 30th July, 13

for **B. R. Maheswari & Co.**

Chartered Accountants

Registration No. 001035N

Sudhir Maheshwari

Partner

Membership No. 081075

Report on Corporate Governance

The Company has always endorsed the principles of good Corporate Governance and has endeavoured to follow these principles in their true letter and spirit in conduct of its business. The Board of Directors of the Company has been assigned the responsibility of ensuring true Corporate Governance. The Board always strives to ensure that the management protects the long-term interests of all the stakeholders of the Company.

Governance Structure

Shree Cement's governance structure is a layered structure with Board and its Committees at the apex level and the management structure at the operational level. The Board at the top provides strategy, direction and freedom to the management to achieve the strategy within a given framework of corporate governance; thereby creating value for our entire stakeholders.

Description of the governance structure of the Company is enumerated below:-

- i) **Board of Directors:** The Board plays a pivotal role in ensuring that the Company runs on sound business practices that creates value for all its members, business partners, community and all other stakeholders at large, while ensuring that the valuable resources of the Company are utilised effectively and efficiently.
- ii) **Committees of Directors:** The Board has constituted various main committees of its Directors viz. Audit Committee, Stakeholders' Relationship Committee, Nomination cum Remuneration Committee, Business Responsibility Reporting Committee and Corporate Social Responsibility Committee. These committees enable Board to have a more focussed attention on various facets of its business.
- iii) **Executive Management:** The Company's Management Structure encompasses of the following:
 - (a) **Managing Director:** The Managing Director of the Company provides overall strategic direction for business strategies, new projects, acquisitions, along with all other significant policy decisions having significant business & financial implications.
 - (b) **Whole-time Director:** The Whole-time Director of the Company is involved in all strategic and policy matters of the Company, along with providing any critical insight and directions in the operational and management decisions of the Company.
 - (c) **Executive Director:** The Executive Director is responsible for the entire operations of the Company along with its overall performance and growth. He in his capacity as Executive Director provides strategic decisions, policy guidelines and coordination about all actions on ground.

- (d) **Functional Heads:** In order to decentralise the powers and responsibilities and to build leaders, functional heads have been nominated who are responsible for the day-to-day operations of their assigned functions.

Board of Directors: Composition, functioning & procedures

Composition of Board of Directors as on 30th June, 2013

The Company has a very balanced structure of Board of Directors, comprising of Executive, Non-Executive and Independent Directors, to maintain independence of the Board and to separate the functions of governance and management. The composition of the Board also complies with the provisions of the Companies Act, 1956 along with the requirements of the Listing Agreement.

As at 30th June, 2013 the total Board strength comprises of the following:

Categorisation of Directors	No (s)
Working/ Whole-time Director(s)	3
Non-Executive Director(s)	1
Independent Director(s)	6
Total	10

None of the Directors hold directorship in more than 15 public limited companies and is not a member of more than 10 committees or acts as Chairman of more than 5 committees across all the companies in which he/she acts as Director.

The Board is headed by Shri B. G. Bangur, the founder Director of the Company who is acting as Non- Executive Chairman. Independent Directors consist of persons having diverse backgrounds, experience and personalities viz. Economist, Banker, Industrialist, Solicitors etc.

Shri Prashant Bangur was appointed as Whole-time Director w.e.f. 23rd August, 2012; the Company benefits from his expertise in Business Planning & Corporate Management Areas. Further, the Board had in its meeting held on 21st January, 2013 appointed Dr. Leena Srivastava as an Additional Director.

A brief profile of all the Directors is given in a separate section of this Annual Report.

As per the terms of the Articles of Association of the Company, all the Independent & Non-Executive Directors are liable to retire by rotation subject to the provisions of section 255 of the Act. One-third of the Directors, who are liable to retire by rotation, retire every year. In terms of the Articles of Association of the Company, the strength of the Board shall neither be fewer than three nor more than twelve. The Company has appropriate size of Board looking to the current requirements.

Further, the Independent Directors do not have any material pecuniary relationship with the Company.

The details of Directorship, Membership/Chairmanship in Board Committees of other Companies as on 30th June, 2013 is as under:

Name of Director	Category	Number of Directorships and Committee Memberships/Chairmanships in other Companies as at 30 th June, 2013**			Number of Shares held
		Directorship(s)	Committee Position(s) ***		
			Member	Chairman	
Shri B.G. Bangur*	Non-Executive Chairman	-	-	-	425821
Shri H.M. Bangur	Managing Director	-	-	-	462438
Shri Prashant Bangur [§]	Whole-time Director	-	-	-	57475
Shri R. L. Gaggar	Independent and Non-Executive Director	11	7	-	-
Shri Shreekant Somany	Independent and Non-Executive Director	5	-	-	-
Shri O.P. Setia	Independent and Non-Executive Director	-	-	-	-
Dr. Y.K. Alagh	Independent and Non-Executive Director	4	4	1	-
Shri Nitin Desai	Independent and Non-Executive Director	-	-	-	-
Dr. Leena Srivastava ^{§§}	Independent and Non-Executive Director	2	1	-	-
Shri Mahendra Singhi	Executive Director	1	-	-	4451

* Till 23rd January, 2012 as Working Director and thereafter Non-Executive Chairman.

** Excludes directorships held in Private Limited Companies, Foreign Companies and Section 25 Companies.

*** Only mandatory committees considered viz. Audit Committees & Shareholders'/Investors' Grievance Committee.

§ Appointed w.e.f. 23rd August, 2012

§§ Appointed w.e.f. 21st January, 2013

Board Functioning and Procedures

The Board of Directors of the Company act in their capacity as 'management trustee', being responsible for managing day-to-day affairs of the Company on behalf of the shareholders. Therefore, it is absolutely necessary to ensure complete transparency and foresightedness in the decision-making process. The Board takes decision based on detailed discussion and deliberation amongst the Directors. The members of the Board have complete independence to raise any issue/matter for discussion.

Meetings of the Board are governed by a structured agenda. Agenda of meeting is circulated to the Board Members well in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. To supplement this, it is ensured that Board members are presented with all the relevant information, in addition to the agenda of the meeting, for review on vital matters affecting the working of the Company including the information as inter-alia specified under Clause 49 Annexure-IA of the Listing Agreement. The matters placed before the Board includes the following:

- Business Plans and Progress thereof
- Company performance
- The information on recruitment and remuneration of senior officers of the Company
- Delegation of the power to the Management
- Show cause, demand, prosecution notices and penalty notices which are materially important

- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Significant human resource-related issues
- Sale/purchase of investments, assets of material nature
- Any issue which involves possible public or product liability, claims of substantial nature, including any judgement or order which may have passed stricture on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Review of compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and the steps taken by the Company to rectify instances of non-compliance, if any.

Meetings and Attendance

The Board generally meets 4 times during the year. The Boards meets as and when it is necessary to do so; however, the annual calendar of the meeting is determined at the beginning of each year. Meetings of the Board are held once in every three months. It is ensured that the time gap between two consecutive board meetings is less than four months. Details of the meetings held during the year under review along with the attendance of the Directors in those meetings are as under:

Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors Present
23 rd August, 2012	9	7
16 th October, 2012	9	7
21 st January, 2013	10	10
29 th April, 2013	10	8

Name of Director(s)	Attendance of Directors in Board Meetings during year ended on 30 th June, 2013				Attendance of Directors in last AGM
	23 rd August, 2012	16 th October, 2012	21 st January, 2013	29 th April, 2013	16 th October, 2012
Shri B.G. Bangur	✓	✓	✓	✓	✓
Shri H.M. Bangur	✓	✓	✓	✓	✓
Shri Prashant Bangur*	✓	✓	✓	✓	✓
Shri R. L. Gaggar	✗	✗	✓	✓	✗
Shri Shreekant Somany	✓	✗	✓	✗	✗
Shri O.P. Setia	✓	✓	✓	✗	✓
Dr. Y.K. Alagh	✓	✓	✓	✓	✓
Shri Nitin Desai	✓	✓	✓	✓	✓
Dr. Leena Srivastava**	-	-	✓	✓	-
Shri Mahendra Singhi	✓	✓	✓	✓	✓

* Appointed w.e.f. 23rd August, 2012

** Appointed w.e.f. 21st January, 2013

Committees of the Board of Directors

The Board has constituted Committees of Directors to look into and monitor the matters falling within their terms of reference:

A. Audit Committee

A.1. Terms of Reference:-

The Audit Committee reviews the matters falling in its terms of reference and addresses larger issues that could be of vital concerns to the Company. The terms of reference of the Audit Committee, constituted by the Board in terms of Section 292A of the Companies Act, 1956 and the Corporate Governance Code as prescribed under Clause 49 of the Listing Agreement, broadly includes matters pertaining to adequacy of internal control systems, review of financial reporting process, discussion of financial results, interaction with auditors, appointment and remuneration of auditors, adequacy of disclosures and other relevant matters. In particular, these include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reference for the same;
 - c. Major accounting entries involving estimates based on exercise of judgement by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the statutory and internal auditors, the adequacy of internal controls and steps to be taken

for strengthening the areas of weakness in internal controls.

7. Reviewing reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors, any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) & creditors.

12. To review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by the management;
- c. Management letter/letters of internal control weaknesses issued by the statutory auditors.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

A.2. Constitution of Audit Committee

All the members of the Audit Committee apart from being independent have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

The Composition of the Committee is as below:

Name of Member	Category	Qualification of the Member
Shri O.P. Setia – Chairman	Independent & Non-Executive Director	The Chairman is Master of Commerce and Ex-Managing Director of State Bank of India. He possesses the requisite accounting and financial management expertise.
Shri R.L. Gaggar	Independent & Non-Executive Director	Member is a renowned Solicitor and Advocate of Kolkata. He possesses good accounting and financial management knowledge.
Dr. Y.K. Alagh	Independent & Non-Executive Director	Member is a noted Economist. He has good accounting and financial management knowledge.
Shri Nitin Desai*	Independent & Non-Executive Director	Member is a noted Economist. He has good accounting and financial management knowledge.

* Appointed as a member in Board Meeting held on 23rd August, 2012.

A.3. Meetings of the Committee

The Committee met four times during the year ended 30th June, 2013 including for approval of accounts for the year ended 30th June, 2012 before placing the same before the Board. The attendance of the members of the Committee is as under:

Name of Director	Attendance of Audit Committee Meetings held on			
	23 rd August, 2012	16 th October, 2012	21 st January, 2013	29 th April, 2013
Shri O.P. Setia – Chairman	✓	✓	✓	✗
Shri R.L. Gaggar	✗	✗	✓	✓
Dr. Y.K. Alagh	✓	✓	✓	✓
Shri Nitin Desai*	- *	✓	✓	✓

* Appointed as a member in the Board Meeting held on 23rd August, 2012.

A.4. Invitees to the Committee

- a. Executive Director, Chief Financial Officer, along with Representative(s) from Statutory and Internal Auditors of the Company are permanent invitees to the meetings for responding to the observations of the Committee.
- b. Representatives from the Internal Audit Department of the Company are invited for discussion and also for review of the matters that come up during the discussion, as and when required.
- c. The Companies Secretary acts as Secretary to the Committee.

B. Nomination cum Remuneration Committee

B.1. Purpose of this Committee of the Board of Directors is to:

- Identify individuals qualified to become Directors & recommend to Board for selection of the candidates for all Directorships to be filled by the Board.
- Determine the remuneration packages of the Whole-time Directors such as salary, benefits, bonus, stock options including pension's rights, notice period, severance fee/compensation, performance linked incentives, commission and other terms and conditions of their appointment(s).

B.2. Composition of the Nomination cum Remuneration Committee, consisting of all Independent Directors, as at 30th June, 2013 is as under:

Name of the Member	Category
Shri R.L. Gaggar - Chairman	Independent & Non-Executive Director
Shri O.P. Setia	Independent & Non-Executive Director
Shri Shreekant Somany	Independent & Non-Executive Director
Dr. Y. K. Alagh	Independent & Non-Executive Director

B.3. Meetings of the Nomination cum Remuneration Committee:

During the period under review, Committee met twice. On 23rd August, 2012 to recommend to the Board for appointment of Shri Prashant Bangur as Whole-time Director of the Company along with his terms and conditions of remuneration. The Committee also met on 21st January, 2013 to recommend to the Board for appointment of Dr. Leena Srivastava as Director of the Company. The details of attendance of the Directors in the meetings of the Committee are as under:

Name of Director	Attendance of Nomination cum Remuneration Committee Meetings held on	
	23 rd August, 2012*	21 st January, 2013
Shri R.L. Gaggar – Chairman	✗	✓
Shri O.P. Setia	✓	✓
Shri Shreekant Somany	✓	✓
Dr. Y. K. Alagh	✓	✓

*In absence of Shri R.L. Gaggar, Shri O.P. Setia acted as Chairman of the Committee

B.4. Remuneration Policy

The remuneration policy is directed towards rewarding performance based on review of achievement on a periodical basis.

I. For Whole-time Directors/Working Directors

The appointment of Whole-time Directors is made by the Board of Directors in their meeting and remuneration as determined by Nomination cum Remuneration Committee is agreed upon. The remuneration is decided on the basis of following broad criteria(s):-

- Industry trend
- Remuneration package in other comparable Corporates
- Job contents and key performance areas
- Company's performance

The remuneration structure of the Whole-time Directors comprises of salary, contribution to provident & superannuation funds, commission/bonus, perquisites & allowances and gratuity in accordance with Company's rules. Necessary approvals from shareholders are sought in the general meetings for confirming the remuneration package.

Whole-time Directors are not paid any sitting fees for attending meetings of Board or Committee thereof.

II. For Independent & Non-Executive Directors

The Independent & Non-Executive Directors are paid sitting fees of ₹ 20,000/- for each meeting of the Board/ Committee of the Board attended by them. Besides the sitting fees, they are also paid commission. The shareholders had, at the Annual General Meeting of the Company held on 16th October, 2012, approved payment of Commission to Independent and Non-Executive Directors not exceeding one percent of net profit of the Company computed in the manner provided under Section 198(1) of the Companies Act, 1956. Payment of commission to Independent and Non-Executive Directors is made based on their contribution at the Board, time spent on operational matters and other responsibilities assigned.

Apart from above, Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance is made available to enable him to discharge his responsibilities effectively.

The details of remuneration package, fees paid etc. to Directors for the year ended on 30th June, 2013 for information of Members, are given hereunder:

a) Paid to Non-Executive Directors:

(₹ in Lac)

S. No.	Name of Director	Sitting Fees	Commission	Total
1	Shri B. G. Bangur	0.80	13.50	14.30
2	Shri R. L. Gaggar	1.20	13.50	14.70
3	Shri Shreekant Somany	0.80	13.50	14.30
4	Shri O.P. Setia	1.80	13.50	15.30
5	Dr. Y.K. Alagh	2.20	13.50	15.70
6	Shri Nitin Desai	1.60	13.50	15.10
7	Dr. Leena Srivastava *	0.40	13.50	13.90

* Appointed w.e.f. 21st January, 2013

b) Paid to Whole-time Directors/Working Directors:

(₹ in Crore)

S. No.	Particulars	Shri H. M. Bangur Managing Director	Shri Prashant Bangur Whole-time Director w.e.f. 23 rd August, 2012	Shri Mahendra Singhi Executive Director
(i)	Remuneration			
	Basic Salary	3.45	1.30	2.88
	Contribution to Provident and Superannuation Fund	0.48	0.23	0.63
	Benefits – allowances/perks	2.91	0.84	2.79
	Bonus	-	-	-
	Commission	11.50	2.70	-
	Stock Options	-	-	-
	Pensions	-	-	-
	Total	18.34	5.07	6.30
(ii)	Details of Fixed Component and performance linked incentives along with the performance criteria			
	a) Fixed Component:			
	- Effective date of commencement of remuneration	1 st April, 2011 Remuneration revised w.e.f. 1 st April, 2013	23 rd August, 2012	1 st April, 2011 Re-appointed on new terms for a period of 3 years w.e.f. 1 st April, 2013
	- Basic Salary	- ₹ 25,00,000 per month (till 31 st March, 2013) - Increased to ₹ 40,00,000 per month w.e.f. 1 st April, 2013	- ₹ 11,25,000 per month (till 31 st March, 2013) - Increased to ₹ 15,89,600 per month w.e.f. 1 st April, 2013	- ₹ 22,00,000 per month (till 31 st March, 2013) - Increased to ₹ 30,00,000 per month w.e.f. 1 st April, 2013
	- Retaining Allowance	- ₹ 3,27,382 per month upto 31 st March, 2013 - ₹ 5,28,274 per month w.e.f. 1 st April, 2013	- ₹ 5,50,000 per month upto 31 st March, 2013 - ₹ 6,12,223 per month w.e.f. 1 st April, 2013	- For period upto 31 st March, 2013, refer note under perks and other allowances - From 1 st April, 2013 ₹ 13,80,000 per month - An amount of ₹ 13.75 lac has also been approved by Board as Additional Retaining Allowance for the period 1 st April, 2013 to 30 th June, 2013
	- Contribution to Provident Fund & Superannuation Fund	As per rules of Company	As per rules of Company	As per rules of Company

(₹ in Crore)

S. No.	Particulars	Shri H. M. Bangur Managing Director	Shri Prashant Bangur Whole-time Director w.e.f. 23 rd August, 2012	Shri Mahendra Singhi Executive Director
	- Perks and other allowances	As per terms of appointment	As per terms of appointment	As per terms of appointment The Salary of Shri Singhi was restructured by Board vide its meeting dated 15 th May, 2012 which resulted in certain perks and bonus being merged with Retaining Allowance for the period up to 31 st March, 2013
	b) Performance Linked Incentive: Commission/Bonus (Based on net profit for the year as computed u/s 349 of the Companies Act, 1956 within the individual/overall ceiling for managerial remuneration from time to time)	Commission as may be decided by the Board, limited to 5% of the Net Profit by way of Salary, Perks and Commission taken together	Commission as may be decided by the Board, limited to 5% of the Net Profit by way of Salary, Perks and Commission taken together	Bonus as may be decided by the Board, limited to 5% of the Net Profit by way of Salary, Perks and Bonus taken together (Refer note under Perks and other allowances)
	c) Minimum Remuneration in case of inadequacy of profits in any year as calculated under section 198/349 of the Act	Within the ceiling of Schedule XIII as amended from time to time	Within the ceiling of Schedule XIII as amended from time to time	Within the ceiling of Schedule XIII as amended from time to time
(iii)	Service Contracts, Notice Period, Severance Fees			
	a) Service Contract	Appointment is for five years i.e. till 31 st March, 2016	Appointment is for five years i.e. till 22 nd August, 2017	New terms of appointment which have become effective from 1 st April, 2013 is for three years i.e. till 31 st March, 2016
	b) Notice Period	As per terms of appointment	As per terms of appointment	As per terms of appointment
	c) Severance Fees	Except Gratuity and earned leave at the end of the tenure, no other severance fee is payable	Except Gratuity and earned leave at the end of the tenure, no other severance fee is payable	Except Gratuity and earned leave at the end of the tenure, no other severance fee is payable
(iv)	Stock Options details, if any, and whether the same has been issued at discount as well as the period over which accrued and over which exercisable	No stock options issued, hence not applicable	No stock options issued, hence not applicable	No stock options issued, hence not applicable

C. Stakeholders' Relationship Committee

The Board had vide its meeting held on 21st January, 2013 decided to enlarge the scope of the then existing 'Shareholders' and Investors' Grievance Committee', to look at the grievances of all the Stakeholders of the Company and changed its nomenclature to "Stakeholders' Relationship Committee".

C.1. Purpose of this Committee of the Board of Directors is to:

- I. Review, on a periodic basis, status of cases relating to transfer, transmission of shares, issue of duplicate shares/debentures etc;
- II. Monitor expeditious redressal of investors' grievances;
- III. Review instances of non-receipt of Annual Report and declared dividend; and
- IV. Consider all other matters related to all security holders of the Company.

- C.2.** Composition of the Stakeholders' Relationship Committee, consisting of all Independent Directors, as at 30th June, 2013 is as under:

Name of the Member	Category
Shri R.L. Gaggar - Chairman	Independent & Non-Executive Director
Dr. Y.K. Alagh	Independent & Non-Executive Director
Shri Nitin Desai*	Independent & Non-Executive Director

* Appointed as a member in Board Meeting held on 23rd August, 2012.

C.3. Meetings of the Stakeholders' Relationship Committee:

The Committee during the year met once on 21st January, 2013 and reviewed the status of investors' complaints received and resolved during the calendar year 2012. The attendance details of the Directors in the meeting are as under:

Name of Director	Attendance of Stakeholders' Relationship Committee Meeting held on 21 st January, 2013
Shri O.P. Setia - Chairman*	✓
Shri R.L. Gaggar	✓
Dr. Y. K. Alagh	✓
Shri Nitin Desai	✓

* The Board vide its meeting held on 21st January, 2013 reconstituted the Committee and whereupon Shri Nitin Desai was inducted as member in place of Shri O.P. Setia.

- C.4.** Particulars of investors' complaints handled by the Company and its Registrar & Share Transfer Agent during the year are as under:

M/s. Karvy Computershare Pvt. Ltd., Hyderabad is acting as the Share Transfer Agent of the Company to carry out the share transfer and other related work. Shri S.S. Khandelwal, Company Secretary of the Company is the Compliance Officer in terms of Clause 47 of the Listing Agreement. The Share Transfer Agent/Company has timely resolved/attended all the complaints (total 15 complaints were received during the year ended 30th June, 2013) and no complaint or grievance remained unattended/unresolved at the end of period.

The Committee expressed satisfaction on the Company's/ Share Transfer Agent's efforts to resolve investor grievances. Following is the composition of the complaints received and resolved during the year ended 30th June, 2013:

S. No.	Nature of Complaints	No. of Complaints received	No. of Complaints resolved
I	Dividend related issues	4	4
II	Duplicate shares related issues	3	3
III	Shares transfer / transmission related issues	1	1
IV	Annual Report related issues	6	6
V	Others - Dematerialization of shares	1	1
	Total	15	15

In addition, the Company has Share Transfer Committee of the Board of Directors for approving transfers / transmission of physical shares and other shareholder related matters, which met 20 times during the year ended 30th June, 2013. All the transfers of shares have been done within stipulated period.

Further, the Company has paid listing fees to all the Stock Exchanges for the financial year 2012-13.

D. Other Committees of the Board

In addition to the above mentioned Committees, the Board of Directors of the Company have also constituted the below-mentioned Committees to look into various matters:

(A) Business Responsibility Reporting Committee (BRR Committee)

The Board had in its meeting held on 21st January, 2013 formed the BRR Committee; for the purpose of monitoring and reviewing of compliance requirements specified under the Clause 55 of the Listing Agreement. The Committee comprises of Shri Nitin Desai as Chairman, Shri O.P. Setia and Shri Mahendra Singhi as Members.

(B) Corporate Social Responsibility Committee (CSR Committee)

The Board had in its meeting held on 21st January, 2013 formed the CSR Committee; for the purpose of monitoring and reviewing of Company's Social Development Initiatives. The Committee comprises of Shri O.P. Setia as Chairman, Dr. Leena Srivastava, Shri Prashant Bangur and Shri Mahendra Singhi as the Members.

General Body Meetings

The required information under Clause 49 of the Listing Agreement under this heading is given in the "Shareholders' Information" separately in the annexure to this Corporate Governance Report.

Postal Ballot

During the year, no postal ballot process was undertaken.

Subsidiary Companies

The Company does not have a material non-listed Indian subsidiary. The Audit Committee of the Company reviews the financial statements, in particular, the investments, if any, made by its unlisted subsidiary company during the financial year. Copies of Minutes of the Audit Committee/Board Meeting of Subsidiary Companies are individually given to all the Directors and are tabled at the subsequent Board Meeting.

Disclosures

- *Related Party Transactions:* None of the transactions with any of the related party was in conflict with the interest of the Company. The details of related party transactions are given in the Notes forming part of the financial statements.
- *Non-compliance / strictures / penalties imposed:* No non-compliance / strictures / penalties have been imposed on the Company by the Stock Exchange(s) or the SEBI or any statutory authority on any matters related to capital markets during the last three years.
- *Accounting Treatment:* In the preparation of financial statements, the Company has followed the Accounting Standard notified in the Companies (Accounting Standards) Rules, 2006 (as amended). Where, in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact has been disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction. The significant accounting policies which are consistently applied have been set out in the Notes forming part of the financial statements.
- *Risk Management:* Risk evaluation and management is an ongoing process within the Organization. During the period under review, a detailed exercise on Risk Management was carried out covering the entire gamut of operation of the Company and the Board was informed about the same.
- *Details of compliance with mandatory requirements and adoption of non-mandatory requirements:* The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement and non-mandatory requirements are being reviewed by the Board from time to time.

CEO / CFO Certification

Chief Executive Officer (CEO) and Chief Finance Officer (CFO) Certification, on financial statements is issued pursuant to the provisions of Clause 49 of the Listing Agreement and is annexed to the Corporate Governance report and forms part of the Annual Report.

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board Members and all the Employees in the management grade of the Company. The code covers amongst other things the Company's commitment to honest and ethical personal conduct, fair competition, corporate social responsibility, sustainable development, health & safety, transparency and compliance of laws & regulations etc. The code of conduct is posted on the website of the Company.

All the Board members and senior management personnel have confirmed compliance with the code. A declaration to that effect signed by the Managing Director is attached and forms part of the Annual Report of the Company.

Trading in the Company's shares by Promoters, Promoters' Group, Directors and Designated Employees

As per the amended SEBI (Prevention of Insider Trading) Regulations 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Promoters, Promoters' Group, Directors & Designated Employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company are governed by this Code. The Company has appointed Shri S.S. Khandelwal, Company Secretary as Compliance Officer who is responsible for setting forth procedures & implementation of the Code of Conduct for trading in the Company's securities. During the year under review, there has been due compliance with the said code.

Means of Communication

- The unaudited quarterly and audited annual financial results are announced immediately after approval from the Board and sent to respective stock exchanges where the Company's shares are listed within the time specified in the listing agreement with the stock exchange(s).
- Thereafter, these are circulated among media / news agencies / analyst etc. along with official press release of the Company and are displayed on the Company's website www.shreecement.in. These results are published in all leading newspapers within forty-eight hours.
- Annual Report of the Company is sent to each shareholder prior to the Annual General Meeting.

- Company also sends reminders to all shareholders, whose dividends have remained unclaimed, before depositing the monies to Investors' Education and Protection Fund (IEPF).
- NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases etc. are filed electronically on NEAPS.
- SEBI Complaints Redress System (SCORES): Company has registered itself with SEBI for using its online and centralized web based complaint redressal system SCORES. All the complaints received through SCORES are attended by Company and necessary reporting is made to SEBI.
- Website: The Company's website www.shreecement.in contains a separate dedicated section 'Investor Center' wherein online query lodging facility has been made available to the investors.

A feedback form is being given in this report. Members are requested to send their response about this Annual Report in the feedback form. This would encourage us to improve our Annual Reporting.

General Shareholders' Information

The required information under Clause 49 of the Listing Agreement under this heading is given in the "Shareholders' Information" given separately in the annexure to this Corporate Governance Report.

Annexure to Corporate Governance Report

Shareholders' Information

Registered Office:

Bangur Nagar, Beawar - 305 901,
Distt.: Ajmer, Rajasthan
Phone: (91)1462-228101-06
Fax: (91)1462-228117 / 228119
Toll Free No.: 1800 180 6003 / 6004
Email: shreebwr@shreecementltd.com
Website: www.shreecement.in

Corporate Office:

21, Strand Road, Kolkata - 700 001
Phone: (91)33-22390601-05 Fax: (91)33-22434226
Email: sclcal@shreecementltd.com

Plants Locations:

Integrated Cement Unit I & II and Power Plants:

Bangur Nagar, Beawar - 305 901, Distt.: Ajmer, Rajasthan

Integrated Cement Unit III to IV and Clinker Unit V to IX and Power Plants:

Bangur City, Ras, Tehsil: Jaitaran, Distt.: Pali, Rajasthan

Cement Grinding Unit(s):

Khushkhera: Plot No. SP-3 / A-II, RIICO Industrial Area,
Khushkhera, Tehsil: Bhiwadi, Distt.: Alwar, Rajasthan - 301 707

Suratgarh: Near N.H.-15, Udaipur Udasar, Tehsil: Suratgarh,
Distt.: Sriganganagar, Rajasthan 335 804

Laksar (Roorkee): Akbarpur - Oud, Tehsil: Laksar,
Distt.: Haridwar, Uttarakhand - 247 663

Jobner (Jaipur): Mahela - Jobner Road, Village: Aslapur, Tehsil:
Phulera, Distt.: Jaipur, Rajasthan - 303 331

Address for Correspondence:

Shree Cement Limited,

Bangur Nagar, Beawar - 305 901, Distt.: Ajmer, Rajasthan
Phone: (91)1462-228101-06
Fax: (91)1462-228117 / 228119
Toll Free No.: 1800 180 6003 / 6004
Email: shreebwr@shreecementltd.com

Shareholders' Enquiries:

Shri S.S. Khandelwal, Company Secretary
Tele: (91)1462-228101 to 06
Fax: (91)1462-228117/19
Toll Free: 1800 180 6003 / 6004
Exclusive e-mail ID for shareholders' queries:
khandelwalss@shreecementltd.com
Corporate Secretarial e-mail ID :
investor@shreecementltd.com

Clarifications on financial statement:

Shri Ashok Bhandari, Chief Finance Officer
Phone: (91)33-22390601-05, Fax: (91)33-22434226
E-mail: bhandaria@shreecementltd.com

Annual General Meeting

Day & Date of AGM	Time	Venue
25 th October, 2013	11:30 AM	Registered Office at Bangur Nagar, Beawar - 305 901, Distt.: Ajmer, Rajasthan

a) Details of the Annual General Meeting held in the last three years are as under:

Year Ended	Day & Date of AGM	Time	Venue
31 st March, 2010	Saturday, 14 th August, 2010	11:30 AM	Registered Office at Bangur Nagar, Beawar - 305 901, Distt.: Ajmer, Rajasthan
31 st March, 2011	Monday, 1 st August, 2011	11:30 AM	-do-
30 th June, 2012	Tuesday, 16 th October, 2012	11:30 AM	-do-

b) Special Resolution passed in previous three AGMs:

Date of AGM	Special Resolution passed by Members
14 th August, 2010	No special resolution was passed by the members
1 st August, 2011	a) Re-appointment of Shri B.G. Bangur as Executive Chairman of the Company for a period of 5 years w.e.f. 01.04.2011 b) Re-appointment of Shri H.M. Bangur as Managing Director of the Company for a period of 5 years w.e.f. 01.04.2011 c) Revision in remuneration of Shri Prashant Bangur, relative of the Directors of the Company d) Revision in remuneration of Shri Mahendra Singhi, Executive Director of the Company w.e.f. 01.04.2011
16 th October, 2012	a) Appointment of Shri Prashant Bangur as Whole-time Director of the Company for a period of 5 years w.e.f. 23 rd August, 2012 b) Re-appointment of Shri Mahendra Singhi as Executive Director of the Company for a period of 3 years w.e.f. 1 st April, 2013 c) Revision in remuneration of Shri H.M. Bangur, Managing Director of the Company w.e.f. 1 st April, 2013 d) Payment of commission to Non-Executive Directors of the Company i.e. not exceeding 1% of the net profit of the Company, for a period of 5 years w.e.f. 1 st April, 2013

Financial Calendar (For the Year 2013-2014)

Board of Directors of the Company had vide circular resolution dated 8th May, 2012 approved change of financial year from 'April - March' ended to 'June - July' ended. In view of the above, next annual financial statements of the Company shall be for the period from 1st July, 2013 to 30th June, 2014.

Un-audited/Limited Review Results:	
First Quarter ended 30.09.2013	Within 45 days from the end of quarter
Second Quarter/half year ended 31.12.2013	Within 45 days from the end of quarter
Third Quarter/nine months ended 31.03.2014	Within 45 days from the end of quarter
Last Quarter/year ended 30.06.14	Within 45 days from the end of quarter
Audited Results:	
Year ended 30.06.2014	Within 60 days from the end of the year

Date of Book Closure

Monday, 21st October, 2013 to 25th October, 2013 (Both days inclusive)

Dividend Payment Date

Company's Board, vide its meeting held on 29th April, 2013 declared an interim dividend of ₹ 8 per share, which was paid to those shareholders who held shares in the Company on the record date i.e. 6th May, 2013. Board, further at its meeting held on 30th July, 2013 has recommended a final dividend of ₹ 12/- per share for the year ended 30th June, 2013 to be paid to those shareholders who hold shares in the Company on 25th October, 2013 (last day of Book Closure). In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.

Listing on Stock Exchange

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited P J Towers, Dalal Street, Fort, Mumbai - 400 001	500387
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	SHREECEM EQ
Name of the Depositories (for Demat only)	ISIN
National Securities Depository Ltd. Trade World, 'A' Wing, 4 & 5 Floors, Kamala Mills Compound, Lower Parel, Mumbai – 400 013	INE070A01015
Central Depository Services (India) Ltd. P J Towers, 17 th Floor, Dalal Street, Fort, Mumbai - 400 001	INE070A01015

Corporate Identification Number (CIN): L26943RJ1979PLC001935

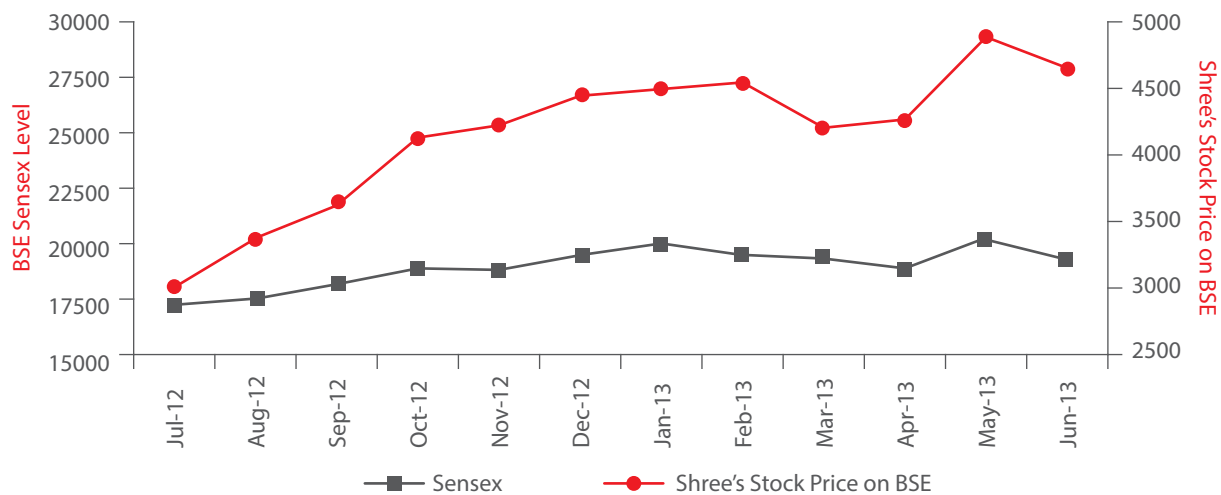
Market Price data

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
July - 12	3189.70	2805.10	61856	3184.00	2790.00	195372
Aug - 12	3674.00	3050.00	48034	3579.95	2903.60	254583
Sep - 12	3989.00	3315.15	13938	3984.00	3282.60	201634
Oct - 12	4442.00	3752.00	1226715	4445.00	3586.30	616784
Nov - 12	4470.00	3916.85	14407	5100.00	3911.95	208802
Dec - 12	4689.80	4175.55	38309	4689.00	4165.05	336135
Jan - 13	4700.00	4242.35	47811	4740.00	4243.40	305191
Feb - 13	4800.00	4250.75	10761	5384.35	4250.00	394913
Mar - 13	4450.00	3955.05	14938	5200.00	3939.00	425615
Apr - 13	4547.05	3950.00	63816	4579.95	3937.60	295356
May - 13	5210.00	4533.65	83908	5220.70	4490.00	314162
June - 13	4961.35	4299.00	19310	4935.00	4260.00	119323
TOTAL			1643803			3667870

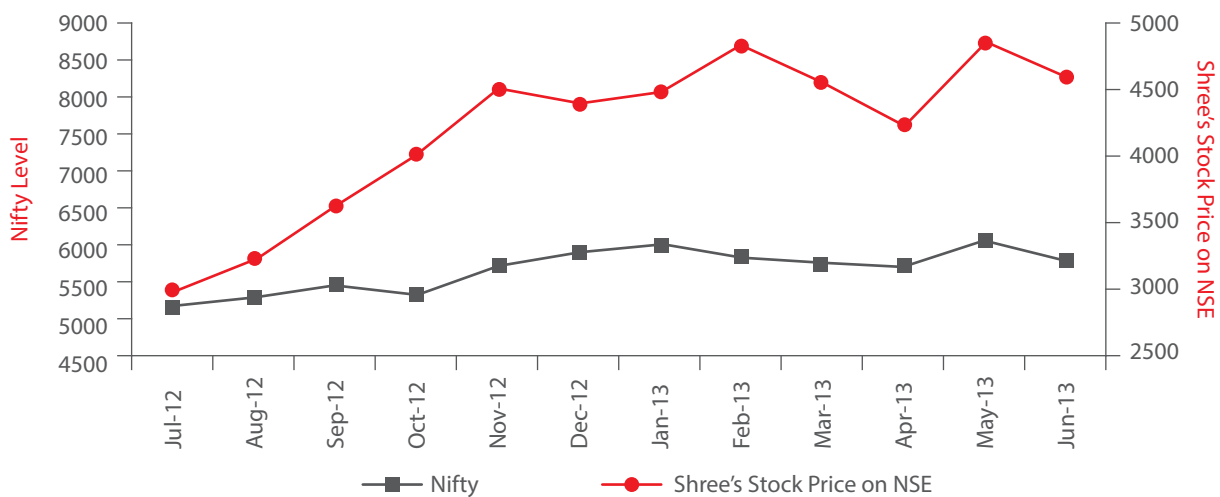
The performance in comparison to broad-based indices:

Indices	BSE (Sensex)	SCL Quote at BSE (₹)	NSE (Nifty)	SCL Quote at NSE (₹)
01.07.2012 (open)	17438.68	3020.00	5283.85	3011.00
30.06.2013 (close)	19395.81	4667.90	5842.20	4667.20
Increase/Decrease	11.2%	54.6%	10.6%	55.0%

**Movement of Shree's stock vis-à-vis Sensex
(Average of monthly high-low)**



**Movement of Shree's stock vis-à-vis Nifty
(Average of monthly high-low)**



Registrar and Share Transfer Agents

M/s. Karvy Computershare Private Limited
 Unit: SHREE CEMENT LIMITED
 Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081
 Contact Person: Mr. K. S. Reddy, Asstt. General Manager
 Phone No.: (91) 40-44655000
 Fax No.: (91) 40 -23420814
 E-mail: einward.ris@karvy.com

Share Transfer System

Transfer of shares in dematerialised form is done through the Depository Participant without any involvement of the Company/ Share Transfer Agent. As regards transfer of share in physical form, the transfer document can be lodged with Karvy Computershare Pvt. Ltd., Registrar and Share Transfer Agent or with the Company.

The physical shares along with transfer instruments, as and when received, are duly processed and shares in respect of valid transfer instruments are transferred in the name of transferees complying with the rules in force. The shares are transferred after obtaining approval from Share Transfer Committee. Duly transferred share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

Nomination facility for shareholding

As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders in respect of shares held by them. Those shareholders who hold shares in physical form may fill in the prescribed Form No. 2B enclosed with this Annual Report and send to the Registrar and Share Transfer Agent of the Company. Investors holding share in electronic form should contact their concerned Depository Participant (DP) directly for nomination.

Usage of electronic payment modes for making cash payments to the investors

Securities and Exchange Board of India (SEBI) vide circular number CIR/MRD/DP/10/2013 dated 21st March, 2013 issued to all Companies whose securities are listed on Stock Exchanges, all Registrars to an Issue and Share Transfer Agents (RTI & STA), all Depositories and all Stock Exchanges, has specified that for making cash payments to the investors, Companies whose securities are listed on Stock Exchanges shall use approved electronic mode of payment viz., NECS, NEFT, RTGS etc.

Company, wherever it is possible based on the details submitted by members to R&T agent or Depository Participants, as the case

may be, is using electronic modes such as RTGS, NEFT, NECS, Swift transfer for making payment of dividend amounts. In remaining cases, dividend warrants or demand drafts are issued in favour of members and dispatched to their recorded address.

Members who so far have not given their bank account no. with 9 digit MICR or bank account no. with IFSC code to R&T agent in case of physical holding and to their respective depositories in case of electronic holding, are requested to submit the same at the earliest, so that the same can be utilised by the Company while making payment of dividend etc. For more details, please refer specified section of the Notice attached with the Annual Report.

Unclaimed dividends

The Company is required to transfer dividends which have remained unpaid/unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will accordingly transfer the amount of unpaid dividend for the year 2005-06 and year 2006-07 (interim) to Investor Education & Protection Fund during 2013-14. As per practice, Company sends reminders to shareholders whose dividend amount is unpaid before transferring the same to IEPF.

Shareholders are requested to revert to the Company, if they have not received/encashed their dividend warrants of relevant year. For the dates of transfer of unpaid dividend amount to IEPF, please refer the relevant section of Notice.

In compliance with Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed dividend amounts lying with Companies) Rules, 2012 Company has uploaded the information in respect of dividend amounts remaining unpaid and unclaimed as on date of Annual General Meeting with Ministry of Corporate Affairs. The same information has been uploaded on Company's website www.shreecement.in also as prescribed in the above referred rules. Shareholders can visit website of MCA / Company for checking the status of dividend amounts remaining unpaid/unclaimed dividend in respect of their holding in the Company.

Unclaimed share certificates lying with Company / R&T agent

In compliance with the SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16.12.2010 Company had after issuing three reminders to 11 shareholders holding 645 shares of the Company whose physical share certificates were remaining unclaimed/undelivered with Company, got the same dematerialised in 'Unclaimed Shares Demat Suspense Account of Shree Cement Limited'.

The details of such Unclaimed Share Demat Suspense Account as on 30th June, 2013 are as under:

Particulars	Aggregate number of Shareholders	Outstanding shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year i.e. 01.07.2012	11	645
Number of Shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year*	1	50
Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	0	0
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. 30.06.2013	11	645

* Shares transferred after 30.06.2013

Correspondence regarding change of address etc.

Shareholders are requested to ensure that all events of change of address, change in Bank Mandate etc., should be intimated to Company or Share Transfer Agent promptly. Such requests duly signed by all holders, where there are more than one, along with supporting documents such as proof of residence and proof of identification should be sent for updating Company's records. Shareholders who hold shares in dematerialised form should correspond with the Depository Participant with whom they have opened Demat Account(s).

Furnishing Permanent Account Number (PAN) for share transfer cases

The Securities Exchange Board of India (SEBI) vide its earlier circulars had made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Further to this, SEBI had vide its Circular No. NRD/Dop/Cir-05/2009 dated May 20, 2009 directed that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s)

to furnish a copy of the PAN card to the Company / RTA, as the case may be, for registration of transfer of shares. In continuation to this circular, SEBI had vide its Circular No. SEBI/MRD/Dop/SE/RTA/Cir-03/2010 dated January 7, 2010 had clarified that it shall be mandatory to furnish a copy of PAN in the following case:

- Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders
- Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares
- Transposition of share, when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders

In case of mismatch in PAN card details as well as difference in maiden name and current name (in case of married women) of the investors, the PAN card as submitted by the transferee(s) can be provided by furnishing sufficient evidence of the identity of the transferees like passport, voter ID card, driving licence, photo identity cards issued by statutory bodies, banks, public sector undertaking etc.

Distribution of shareholding as on 30th June, 2013

S. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1 - 50	6478	59.36	142153	0.41
2	51 - 100	2045	18.74	188258	0.54
3	101 - 200	946	8.67	158646	0.46
4	201 - 500	742	6.80	270553	0.78
5	501 - 1000	291	2.67	228735	0.66
6	1001 - 5000	224	2.05	515865	1.48
7	5001 - 10000	56	0.51	402891	1.16
8	10001 and above	131	1.20	32930124	94.53
	TOTAL	10913	100.00	34837225	100.00

Shareholding Pattern

Description	No. of Shares held as on		%	
	30 th June, 2013	30 th June, 2012	30 th June, 2013	30 th June, 2012
Promoters	22569997	22567147	64.79	64.78
Mutual Fund & UTI	2029545	1796023	5.83	5.16
Financial Institutions, Banks, Insurance Companies etc.	20591	50363	0.06	0.15
FII's	2836297	2757216	8.14	7.91
NRIs/OCBs/Non-Domestic Companies	3748760	3760101	10.76	10.79
Private Corporate Bodies	2422180	2673378	6.95	7.67
Indian Public	1205394	1228536	3.46	3.53
Others - Directors/Relatives (non-Promoters)	4461	4461	0.01	0.01
Total	34837225	34837225	100.00	100.00

Dematerialization of Shares & Liquidity

The trading in the Company's Equity Shares has been permitted in Demat form w.e.f. 29th November, 1999. The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for maintaining and facilitating transactions in the Company's shares in electronic mode.

In view of the advantage offered by the Depository System, members are requested to avail the facility of dematerialization. As on 30th June, 2013, 88.62% (as on 30th June, 2012: 88.53%) of the Company's share capital has been dematerialised.

Shareholders holding shares in Demat form are requested to give all instructions regarding the change of address, nomination, power of attorney and bank mandate directly to their Depository Participants.

The shares are actively traded at BSE and NSE and have adequate liquidity.

There were no outstanding GDRs / ADRs / Warrants or any other Convertible Instruments as on 30th June, 2013.

Declaration on Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management executives/personnel have confirmed compliance with the Code of Conduct for the year ended on 30th June, 2013.

for SHREE CEMENT LIMITED

Place: Kolkata
Date: 30th July, 2013

H.M. Bangur
Managing Director

CEO/CFO Certificate

(Pursuant to Clause 49 of the Listing Agreement)

The Board of Directors,

SHREE CEMENT LIMITED

Pursuant to Clause 49 of the Listing Agreement, this is to certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended on 30th June, 2013 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements 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. There are, to the best of our knowledge and belief, no transactions 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 for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies made 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 system over financial reporting.

Place: Kolkata

Date: 30th July, 2013

Ashok Bhandari

Chief Finance Officer

H.M. Bangur

Managing Director

Code of Conduct

This code of conduct is prescribed for all employees, including Directors, of the Company. Every employee of the Company must adhere to the guidelines prescribed below in his conduct and behaviour:

1. Act in the best interests of, and fulfill fiduciary obligations to the Company;
2. Act honestly, fairly, ethically and with integrity;
3. Conduct themselves in a professional, courteous and respectful manner and not take improper advantage of the position;
4. Act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the countries in which the Company operates;
5. Act for the upliftment of poor, downtrodden and needy;
6. Comply with communication and other policies of the Company;
7. Act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
8. Not to use the Company's property or position for personal gain;
9. Not to use any information or opportunity received by them for personal interest or in a manner that would be detrimental to the Company's interests;
10. Act in a manner to enhance and maintain the reputation of the Company;
11. Help create and maintain a culture of high ethical standards and commitment to compliance;
12. Keep the Company informed in an appropriate and timely manner any information in the knowledge of the member which is related to the decision making or is otherwise critical for the Company.
13. Show and practice no discrimination based on race, gender, religion, caste, age, disability, national origins or other such factors;
14. Pursue excellence in all sphere of activities and strive to achieve the highest quality, effectiveness and dignity in their professional work and give utmost attention to business responsibilities and do their duty conscientiously and without fear or favour;
15. Encourage and support professional development of fellow employees by providing necessary assistance and cooperation, thus enhancing the quality of working;
16. Not put himself in a position where there is potential conflict of interest between personal interest and duty to Company;
17. Not indulge in any internal trading of the Company's shares and stocks;
18. Not indulge in consumption of tobacco, cigarette, drugs, alcohol or any other banned substance within the premises of the Company within and after office hours;
19. Not carry any weapon or other unsafe article within the premises of the Company;
20. All personnel shall ensure protection of Company's properties and interests at all times.

Independent Auditors' Report

TO THE MEMBERS OF SHREE CEMENT LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Shree Cement Limited ("Company"), which comprise the Balance Sheet as at June 30, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. *Management has not made the provision for penalty of ₹397.51 Crore imposed by the Competition Commission of India, which constitutes a departure from the Accounting Standard-29 referred to in sub-section (3C) of section 211 of the Act. Had management made the provision for penalty, an amount of ₹397.51 Crore would have been required to write the liabilities up to their adequate value. Accordingly, Expenses would have been increased by ₹397.51 Crore, and Profit for the year would have been reduced by ₹397.51 Crore.*

Qualified Opinion

7. *In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion in paragraph 6 above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (a) *in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2013;*
 - (b) *in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and*
 - (c) *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. *except for the effect of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement 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 June 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

Sudhir Maheshwari
Partner
Membership No. 081075

Place: Kolkata
Date: 30th July, 2013

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) As explained to us, a Substantial portion of fixed assets has been physically verified during the year by the management and in our opinion the frequency is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any major part of fixed assets that would affect the Going Concern status of the Company.
- 2) (a) As explained to us, inventories were physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and such discrepancies have been properly dealt with in the books of accounts.
- 3) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause (iii) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company for the current year.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangement referred to in section 301 of the Companies Act, 1956 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 contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five Lac in respect of any party during the year have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposit from the public during the year.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of record with a view to determine whether they are accurate or complete.
- 9) (a) According to the information and explanations given to us, the company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 30.06.2013 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, the details of disputed amount of Income Tax, Sales Tax, Excise Duty, Custom duty, Entry Tax, Service Tax and Cess not deposited by the Company are as follows :

Name of Statute	Nature of the dues	Amount under dispute not yet deposited (₹ In Crore)	Period to which the amount relates	Forum where dispute is pending
A. Entry Tax				
Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax including Interest on goods purchased from outside Rajasthan	139.67	2005-06 to 2012-13	Rajasthan High Court, Jodhpur
	Entry tax including Interest - 50% Exemption on Ras Plant.	29.73	2005-06 to 2010-11	Deputy Commissioner (Appeals), Ajmer (also pending with Raj HC, Jodhpur)
		14.84	2011-12 to 2012-13	CTO, Special Circle, Ajmer (also pending with Raj HC, Jodhpur)

Name of Statute	Nature of the dues	Amount under dispute not yet deposited (₹ In Crore)	Period to which the amount relates	Forum where dispute is pending
UP Tax on Entry of Goods Act, 2000	Entry Tax including Interest on stock transfer from Rajasthan to Uttar Pradesh	17.39	2003-04 to 2009-10	Apex Court
Total (A)		201.63		
B. Excise and Service Tax				
Central Excise Act, 1944	Cenvat credit on Inputs and capital goods	1.16	1994-95 to 2011-12	Commissioner (Appeals) of Central Excise
	Cenvat credit on Inputs and capital goods	0.28	1997-98, 2007-08 & 2008-09	Customs Excise Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax credit	0.09	2008-09 to 2010-11	Commissioner (Appeals) of Central Excise
	Service Tax credit on Road Freight & Others	1.61	2004-05 to 2008-09	Customs Excise Service Tax Appellate Tribunal (CESTAT)
Total (B)		3.14		
(C) Sales Tax				
Central Sales Tax Act, 1956	Partial Exemption claim including Interest	6.73	1998-99 to 2000-01	Rajasthan High Court, Jodhpur
Total (C)		6.73		
(D) Others				
The Rajasthan Finance Act, 2008	Environment & Health Cess on Limestone including Interest	41.78	2007-08 to 2012-13	Rajasthan High Court, Jodhpur
Total (D)		41.78		
Grand Total (A+B+C+D)		253.28		

- 10) The Company does not have any accumulated losses at the end of the financial year and the Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- 11) Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institutions, banks 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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund Company or nidhi / mutual benefit fund / society. Therefore, the provision of clause 4(xiii) of the order is not applicable to the Company.
- 14) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 15) As informed to us, the company has not given any guarantees for loans taken by others from bank or financial institutions.
- 16) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 17) According to information and explanations given to us and on an overall examination of the balance sheet of the Company,

we are of the opinion that the funds raised on short – term basis have not been used for long-term investment.

- 18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act and therefore, the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- 19) The Company has created securities or charge in respect of debentures issued and outstanding at the year end.
- 20) During the year under audit, the Company has not raised money by public issue and accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- 21) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

Sudhir Maheshwari
Partner
Membership No. 081075

Place: Kolkata
Date: 30th July, 2013

Balance Sheet

As at 30th June, 2013

		(₹ in Crore)	
	Note	As at 30 th June, 2013	As at 30 th June, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	34.84	34.84
Reserves and Surplus	3	3,808.81	2,699.09
		3,843.65	2,733.93
Non-Current Liabilities			
Long-Term Borrowings	4	443.08	817.74
Other Long-Term Liabilities	5	438.23	369.69
Long-Term Provisions	6	18.16	17.41
		899.47	1,204.84
Current Liabilities			
Short-Term Borrowings	7	534.30	603.46
Trade Payables	8	80.74	124.16
Other Current Liabilities	8	715.17	1,128.26
Short-Term Provisions	6	86.79	89.28
		1,417.00	1,945.16
Total		6,160.12	5,883.93
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		1,781.94	1,520.59
Intangible Assets		-	0.47
Capital Work-in-Progress		133.33	96.73
Non-Current Investments	10	1,501.46	1,335.20
Deferred Tax Assets (Net)	11	93.77	69.74
Long-Term Loans and Advances	12	377.89	205.30
		3,888.39	3,228.03
Current Assets			
Current Investments	13	701.83	1,200.00
Inventories	14	530.48	503.32
Trade Receivables	15	314.66	181.08
Cash and Bank Balances	16	369.37	458.97
Short-Term Loans and Advances	12	326.11	274.01
Other Current Assets	17	29.28	38.52
		2,271.73	2,655.90
Total		6,160.12	5,883.93
Significant Accounting Policies	1		

Accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Chairman

H. M. Bangur
Managing Director

Prashant Bangur
Whole Time Director

R. L. Gaggar
Director

O. P. Setia
Director

Shreekant Somany
Director

Dr. Y. K. Alagh
Director

Dr. Leena Srivastava
Director

Mahendra Singhi
Executive Director

Place : Kolkata
Date : 30th July, 2013

Ashok Bhandari
Chief Finance Officer

S. S. Khandelwal
Company Secretary

Statement of Profit & Loss

For the Year Ended 30th June, 2013

	Note	For the Year Ended 30 th June, 2013	(₹ in Crore) For the Period Ended 30 th June, 2012 (15 Months)
REVENUE			
Revenue from Operations (Gross)	18	6,169.08	6,478.77
Less: Excise Duty		578.83	679.25
Revenue from Operations (Net)		5,590.25	5,799.52
Other Income	19	188.33	162.78
		5,778.58	5,962.30
EXPENDITURE			
Cost of Materials Consumed	20	538.02	579.04
Purchases of Stock-in-Trade		-	0.18
Changes in Inventories of Finished Goods and Work-in-Progress	21	(15.40)	18.69
Employee Benefits Expense	22	314.25	319.49
Power and Fuel		1,512.87	1,499.87
Freight and Forwarding Expenses	23	915.01	1,006.35
Finance Costs	24	193.14	235.36
Other Expenses	25	774.32	735.39
		4,232.21	4,394.37
Captive Consumption of Cement [Net of Excise Duty ₹1.31 Crore (Previous Period ₹0.65 Crore)]		(9.74)	(5.25)
		4,222.47	4,389.12
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAX		1,556.11	1,573.18
Depreciation and Amortization Expense		435.63	873.09
Exceptional Items			
Assets Constructed at Other's Premises Written Off		1.06	12.34
PROFIT BEFORE TAX		1,119.42	687.75
Current Tax		219.81	141.48
Less: MAT Credit Entitlement		80.33	-
Net Current Tax		139.48	141.48
Prior Period Tax Expense (Net)		-	(74.75)
Deferred Tax (Credit) / Charge		(24.03)	2.52
PROFIT FOR THE YEAR		1,003.97	618.50
Earnings per Equity Share of ₹10 each (In ₹)			
Cash	36	406.34	428.88
Basic and Diluted		288.19	177.54
Significant Accounting Policies	1		

Accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Chairman

H. M. Bangur
Managing Director

Prashant Bangur
Whole Time Director

R. L. Gaggar
Director

O. P. Setia
Director

Shreekant Somany
Director

Dr. Y. K. Alagh
Director

Dr. Leena Srivastava
Director

Mahendra Singhi
Executive Director

Place : Kolkata
Date : 30th July, 2013

Ashok Bhandari
Chief Finance Officer

S. S. Khandelwal
Company Secretary

Cash Flow Statement

For the Year Ended 30th June, 2013

		(₹ in Crore)	
Particulars		For the Year Ended 30 th June, 2013	For the Period Ended 30 th June, 2012 (15 Months)
A	Cash Flow From Operating Activities		
	Profit Before Tax	1,119.42	687.75
	Add: Exceptional Items	1.06	12.34
	Profit Before Tax and Exceptional Items	1,120.48	700.09
	Adjustments For :		
	Depreciation and Amortization	435.63	873.09
	Foreign Exchange Rate Differences (Net)	(1.51)	1.23
	Balances Written Back (Net)	(1.13)	(6.86)
	Provision for Bad and Doubtful Receivables (Net)	(0.03)	0.45
	Profit on Sale of Investments (Net)	(112.33)	(13.11)
	Interest Income	(64.28)	(100.71)
	Dividend Received	(1.46)	(0.09)
	Profit on Sale of Fixed Assets (Net)	(2.32)	(1.26)
	Finance Costs	193.14	235.36
	Operating Profit Before Working Capital Changes	1,566.19	1,688.19
	Adjustments For :		
	(Increase) / Decrease in Trade and Other Receivables	(119.57)	(189.42)
	(Increase) / Decrease In Inventories	(27.16)	(99.09)
	Increase / (Decrease) in Trade Payables, Other Liabilities and Provisions	82.32	204.86
		(64.41)	(83.65)
	Cash Generated From Operations	1,501.78	1,604.54
	Direct Taxes Paid (Net of Refunds)	(240.99)	8.71
	Cash Flow Before Exceptional Items	1,260.79	1,613.25
	Exceptional Items	(1.06)	(12.34)
	Net Cash From Operating Activities	1,259.73	1,600.91
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets (Including Capital Work-in-Progress and Advances)	(897.08)	(473.84)
	Sale of Fixed Assets	3.63	4.46
	Purchase of Investments	(1,435.18)	(2,708.91)
	Proceeds from sale of Investments	1,889.48	1,373.28
	Investments in Subsidiary Companies	(0.06)	-
	Investments in Bank Deposits	(215.89)	(14.11)
	Maturity of Bank Deposits	309.61	50.13
	Change in Earmarked Balances with Banks (Unpaid Dividend)	4.21	(4.58)
	Dividend Received	1.46	0.09
	Interest Received	70.12	96.07
	Net Cash Used In Investing Activities	(269.70)	(1,677.41)

Particulars		(₹ in Crore)	
		For the Year Ended 30 th June, 2013	For the Period Ended 30 th June, 2012 (15 Months)
C	Cash Flow From Financing Activities		
	Proceeds from Long Term Borrowings	-	89.20
	Repayment of Long Term Borrowings	(806.97)	(193.01)
	(Repayment) / Proceeds of Short Term Borrowings (Net)	(69.16)	246.64
	Capital Subsidy	187.05	210.23
	Interest and Financial Charges Paid	(223.63)	(208.48)
	Dividend and Tax Paid there on (Interim and Final)	(68.99)	(76.40)
	Net Cash (Used In) /From Financing Activities	(981.70)	68.18
	Net Increase/(Decrease) In Cash and Cash Equivalents	8.33	(8.32)
	Cash and Cash Equivalents as at the beginning of the Year	21.80	30.12
	Cash and Cash Equivalents as at the end of the Year	30.13	21.80

Accompanying notes are an integral part of the Financial Statements.

Notes :

- 1 Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2 Previous period figures have been regrouped and rearranged wherever necessary.
- 3 Cash and Cash Equivalents are as per note 16 of Financial Statements.

As per our report of even date

For **B. R. Maheswari & Co.**

Chartered Accountants

Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari

Partner

Membership No. 081075

B. G. Bangur

Chairman

H. M. Bangur

Managing Director

Prashant Bangur

Whole Time Director

R. L. Gaggar

Director

O. P. Setia

Director

Shreekant Somany

Director

Dr. Y. K. Alagh

Director

Dr. Leena Srivastava

Director

Mahendra Singhi

Executive Director

Place : Kolkata

Date : 30th July, 2013

Ashok Bhandari

Chief Finance Officer

S. S. Khandelwal

Company Secretary

Notes Forming Part of Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

I. Accounting Convention

The Financial statements of the Company are prepared under the historical cost convention using the accrual method of accounting and comply with the Accounting Standards notified in the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of Companies Act, 1956 unless stated otherwise hereinafter. Accounting Policies not specifically referred to, are consistent with Generally Accepted Accounting Principles.

II. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

III. Fixed Assets

Tangible Assets

- a) Free hold land not containing mineral reserves is disclosed at cost less impairment loss, if any.
- b) Other Fixed assets are disclosed at cost less accumulated depreciation/amortization and impairment loss, if any. Cost comprises of purchase price and attributable cost of bringing the asset to its working condition for its intended use (net of credit availed, if any).

Intangible assets

Intangible assets are recognized only if its cost can be measured reliably and it is possible that future economic benefits will flow to the Company. Such assets are stated at cost (net of credit availed, if any) less accumulated amortization and impairment loss, if any. Cost includes purchase price and directly attributable expenditure on making the assets ready for its intended use.

Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An

asset's recoverable amount is the higher of the asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

IV. Capital Work In Progress

- a) Capital work in progress is carried at cost and Pre-operative expenditure during construction period which is allocated to the fixed assets on the completion of project.
- b) Expenditures on construction of assets for Company's use at premises owned by Government/Local Authorities/others are charged to Statement of Profit and Loss in the year of expenditure.

V. Depreciation and Amortization

Tangible Assets

- a) Depreciation is provided on Written down Value method at the rates specified in Schedule XIV of the Companies Act, 1956 or the rates prescribed in the Income Tax Act 1961, whichever is higher. However, in case of those assets whose WDV as per Income Tax Act, 1961 is lower than the WDV as per books, additional depreciation is provided to align the Book WDV with WDV as per Income Tax Act, 1961.
- b) Leasehold land not containing mineral reserve is amortized over the period of lease.
- c) Land bearing mineral reserves is amortized over its estimated commercial life based on the unit-of-production method.

Intangible Assets

- a) Expenditure on Computer Software is amortized in the year in which it is capitalized.
- b) Amount paid for Mining rights is amortized in the same year.

VI. Foreign Currency Transactions

Foreign currency transactions are recorded by applying the exchange rates on the date of transaction.

Notes Forming Part of Financial Statements

At each Balance sheet date, foreign currency monetary items are reported using the closing rates. Non Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange difference arising on the settlement of monetary items / foreign exchange contracts are recognized as income or as expense in the period in which they arise.

Derivative Instruments

Derivative financial instruments are used to hedge risk associated with foreign currency fluctuations and interest rates. The derivative contracts are closely linked with the underlying transactions and are intended to be held till maturity. These are accounted on the date of their settlement and realized gain/loss in respect of settled contracts is recognized in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts is amortized over the life of the contract.

VII. Investments

Investments, that are intended to be held for not more than one year, from the date of acquisition, are classified as current investments. All other investments are classified as long term investments/non-current investments.

Current Investments are carried at lower of cost or fair market value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

VIII. Inventories

a) Raw Materials, Stores & Spare Parts, Packing Materials and Fuel

These are valued at lower of cost and net realizable value. However, materials and other items 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. Cost is determined on a weighted average basis.

b) Work-in-progress and Finished goods

These are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

IX. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured

- a) Revenue from sale of goods and power is recognized when significant risks and rewards of ownership is transferred to the buyer. Sales are disclosed net of sales tax / VAT, trade discounts and returns, as applicable.
- b) Power supplied under banking arrangements is accounted for as per terms of related agreements. Quantity of power banked is recorded as loan transaction valued at cost or net realizable value whichever is lower and recognized as revenue when the same is returned and sold to an ultimate customer.
- c) Dividend income on investments is accounted for when the right to receive the payment is established.
- d) Interest is recognized using the time-proportion method, based on rates implicit in the transaction.
- e) Certain insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on mutually agreed price.
- f) Sale of Certified Emission Reductions (CERs) is recognized as income on the delivery of the CERs to the buyer's account as evidenced by the receipt of confirmation of execution of delivery instructions.

X. Government Grants/Subsidies

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached thereto and the grants will be received.

Government grants/subsidies, which are capital in nature, are credited to capital reserve.

Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the period to match them with the related costs.

Notes Forming Part of Financial Statements

XI. Employee Benefits

Defined Contribution Plan

Superannuation and Provident Fund are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year in which the contributions to the respective funds are due.

Defined Benefit Plan

- a) Gratuity is considered as defined benefit plan and is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
- b) Contribution to provident Fund set up by the Company in respect of a few employees is also defined benefit plan and contribution is charged to Statement of Profit and Loss of the year in which the contribution is due.
- c) Encashable leave in case of employees covered by Cement Wage Board is considered as defined benefit plan and is accounted for on the basis of actuarial valuation, as at the Balance Sheet date.

Other Benefits

Non encashable leave are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance sheet.

Actuarial gains and losses, if any, are recognized in the Statement of Profit and Loss in the year in which they arise.

XII. Operating Leases

Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

XIII. Borrowing Costs

Borrowing costs directly attributable to the acquisition / construction of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

XIV. Research and Development

Expenditure on research phase is recognized as an expense when it is incurred. Expenditure on development phase which results in creation of assets is included in related Fixed Assets.

XV. Mines Reclamation Expenditure

The Company provides for the expenditure to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted.

XVI. Segment Reporting

Segment is identified and reported taking into account the nature of products and services, the different risks and returns and the internal business reporting systems. The identification of geographical segment is based on the areas in which major operating divisions of the Company operates.

Inter Segment Transfers are accounted for as if the sales or transfers were to third parties at market price.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Assets, Liabilities, Revenue and Expenses which are not allocable to segments are included under "unallocated".

XVII. Taxation

Tax expenses comprises of Current and Deferred Tax.

Current Tax is measured on the basis of estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax is recognized, for all the timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Tax credit is recognized in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and the same is reviewed at each Balance sheet date.

XVIII. Provisions, Contingent Liabilities and Contingent Assets

Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimate can be made of the amount of the obligations. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Notes Forming Part of Financial Statements

The contingent liabilities are disclosed, unless the possibility of outflow of resources is remote. Contingent Assets are generally neither recognized nor disclosed in the financial statements.

XIX. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity

shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTE 2 - SHARE CAPITAL

	As at 30 th June, 2013	(₹ in Crore) As at 30 th June, 2012
Authorized		
6,00,00,000 (Previous Period 6,00,00,000) Equity Shares of ₹10/- each	60.00	60.00
15,00,000 (Previous Period 15,00,000) Cumulative Preference Shares of ₹100/- each	15.00	15.00
	75.00	75.00
Issued, Subscribed and Paid-up		
3,48,37,225 (Previous Period 3,48,37,225) Equity Shares of ₹10/- each fully paid-up	34.84	34.84
	34.84	34.84

2.1 Details of shareholders holding more than 5% shares of the Company:

Name of Shareholder	Number of Shares Held as at 30 th June, 2013	% of Total Paid- up Equity Share Capital	Number of Shares Held as at 30 th June, 2012	% of Total Paid- up Equity Share Capital
Shree Capital Services Limited	8,984,155	25.79	8,984,155	25.79
Digvijay Finlease Limited	4,234,780	12.16	4,234,780	12.16
FLT Limited	3,600,000	10.33	3,600,000	10.33
Mannakrishna Investments Private Limited	2,042,824	5.86	2,042,824	5.86

2.2 The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity share is entitled to one vote per share.

2.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.4 The Board of Directors, in its meeting held on 29th April, 2013 declared interim dividend of ₹8 each per equity share. The Final dividend of ₹12 each per equity share proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2.5 As no fresh issue of shares or reduction in capital was made during the current year as well as during the previous period, hence there is no change in the opening and closing capital. Accordingly, reconciliation of share capital has not been given.

2.6 The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the annual listing fees has been paid for the year.

Notes Forming Part of Financial Statements

NOTE 3 - RESERVES AND SURPLUS

	(₹ in Crore)	
	As at 30 th June, 2013	As at 30 th June, 2012
Capital Reserve		
As per last Financial Statements	210.75	0.52
Add: Addition During the Year	187.05	210.23
	397.80	210.75
Capital Redemption Reserve		
As per last Financial Statements	15.00	15.00
	15.00	15.00
Securities Premium Account		
As per last Financial Statements	26.53	26.53
	26.53	26.53
Debenture Redemption Reserve		
As per last Financial Statements	500.00	200.00
Add: Transfer from Surplus in the Statement of Profit and Loss	-	300.00
Less: Transfer to General Reserve	300.00	-
	200.00	500.00
General Reserve		
As per last Financial Statements	750.00	465.00
Add: Transfer from Surplus in the Statement of Profit and Loss	900.00	285.00
Add: Transfer from Debenture Redemption Reserve	300.00	-
	1,950.00	750.00
Special Reserve (Refer Note 3.1)		
As per last Financial Statements	105.20	105.20
	105.20	105.20
Surplus in the Statement of Profit and Loss		
As per Last Financial Statements	1,091.61	1,139.09
Add: Profit for the Year	1,003.97	618.50
	2,095.58	1,757.59
Less: Appropriations		
Transferred to General Reserve	900.00	285.00
Transferred to Debenture Redemption Reserve	-	300.00
Interim Dividend on Equity Shares	27.87	41.81
Corporate Dividend Tax on Interim Dividend	4.52	6.78
Proposed Final Dividend on Equity Shares	41.81	27.87
Corporate Dividend Tax on Final Dividend	7.10	4.52
	981.30	665.98
Net Surplus	1,114.28	1,091.61
	3,808.81	2,699.09

3.1 Special reserve is free reserve and available for distribution.

NOTE 4 - LONG-TERM BORROWINGS

	(₹ in Crore)			
	Non-Current Portion		Current Maturities	
	As at 30 th June, 2013	As at 30 th June, 2012	As at 30 th June, 2013	As at 30 th June, 2012
Secured Loans				
Redeemable Non Convertible Debentures (NCDs)				
2,000 (Previous Period 2,000) 8.42% NCDs of ₹10,00,000/- each	200.00	200.00	-	-
Nil (Previous Period 3,000) 8.10% NCDs of ₹10,00,000/- each	-	-	-	300.00
Term Loans from Banks	243.08	553.94	310.86	443.17
	443.08	753.94	310.86	743.17

Notes Forming Part of Financial Statements

NOTE 4 - LONG-TERM BORROWINGS

(₹ in Crore)

	Non-Current Portion		Current Maturities	
	As at 30 th June, 2013	As at 30 th June, 2012	As at 30 th June, 2013	As at 30 th June, 2012
Unsecured Loans				
Deferred Sales Tax	-	63.80	-	-
	-	63.80	-	-
Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)	-	-	(310.86)	(743.17)
	443.08	817.74	-	-

4.1 Nature of securities and terms of repayment of each loan:

(₹ in Crore)

S. No.	Nature of Securities	Rate of Interest	Loan Amount		Terms of Repayment
			As at 30 th June, 2013	As at 30 th June, 2012	
	Non Convertible Debentures				
1	These debentures (redeemable at par) are secured by joint equitable mortgage over all the immovable assets and by way of hypothecation of all the movable fixed assets on the first charge basis, pari pasu with other term lenders. These debentures are also secured by a legal mortgage over immovable property of the Company situated at Jamnager (Gujarat).	8.42%	200.00	200.00	Fully Repayable on 22.07.2015
		8.10%	-	300.00	Paid during the year
	Term Loans from Banks				
2	These all Term loans are secured by joint equitable mortgage on all the immovable assets and by way of hypothecation of all the movable assets ranking subsequent and subservient to the prior mortgages and charges created/ to be created in favour of banks and institutions for their various term loans and working capital facilities.	9.35%	-	98.32	Paid during the year
		9.35%	-	98.26	Paid during the year
		9.35%	-	98.28	Paid during the year
		10.00%	121.08	121.08	Fully Repayable on 26.07.2013
3	These all Term loans from Banks are secured by joint equitable mortgage on all the immovable fixed assets and by way of hypothecation of all the movable fixed assets of the Company on the first charge basis, pari pasu with other term lenders. The above charge(s) rank pari passu inter-se among these Lenders.	6.98%	-	90.72	Paid during the year
		9.42%	148.97	170.25	Repayable in 7 half yearly installments of ₹21.282 Crore each w.e.f. 09.09.2013
		9.65%	104.87	117.98	Repayable in 6 half yearly installments w.e.f. 03.09.2013, out of which 2 installments of ₹6.554 Crore each, next 2 installments of ₹17.041 Crore each and last 2 installments of ₹28.839 Crore each
		8.04%	89.82	89.82	Repayable in 4 half yearly installments of ₹22.455 Crore each w.e.f. 05.07.2013

Notes Forming Part of Financial Statements

4.1 Nature of securities and terms of repayment of each loan:

(₹ in Crore)

S. No.	Nature of Securities	Rate of Interest	Loan Amount		Terms of Repayment
			As at 30 th June, 2013	As at 30 th June, 2012	
4	Secured by joint equitable mortgage on all the immovable fixed assets and hypothecation of all movable fixed assets on pari passu basis with other term lenders and by way of pari passu second charge on stock and book debts of the Company	8.50%	-	23.20	Paid during the year
5	Secured by Hypothecation of all movable fixed assets of the Company on first charge basis, pari passu with other term lenders.	8.76%	89.20	89.20	Fully Repayable on 29.04.2014
Total			753.94	1,497.11	
Less: Current Maturities			310.86	743.17	
Total Non-Current Portion			443.08	753.94	

NOTE 5 - OTHER LONG-TERM LIABILITIES

(₹ in Crore)

	As at 30 th June, 2013	As at 30 th June, 2012
Security Deposits	141.54	139.72
Statutory Liabilities	296.69	229.97
	438.23	369.69

NOTE 6 - PROVISIONS

(₹ in Crore)

	Long-Term		Short-Term	
	As at 30 th June, 2013	As at 30 th June, 2012	As at 30 th June, 2013	As at 30 th June, 2012
Income Tax (Net of Advance Tax)	-	-	35.95	54.94
Wealth Tax	-	-	0.31	0.22
Gratuity and Staff Benefit Schemes	0.86	0.64	0.22	0.21
Mines Reclamation Expenses (Refer Note 37)	17.30	16.77	1.40	1.52
Proposed Dividend - Final	-	-	41.81	27.87
Corporate Dividend Tax	-	-	7.10	4.52
	18.16	17.41	86.79	89.28

Notes Forming Part of Financial Statements

NOTE 7 - SHORT-TERM BORROWINGS

	(₹ in Crore)	
	As at 30 th June, 2013	As at 30 th June, 2012
Secured Loan		
Loan Repayable on Demand from Banks (Refer Note 7.1)	110.82	117.85
Bank and Book Overdraft (Refer Note 7.2)	31.91	25.48
Unsecured Loan		
Buyers Credit from Banks	391.57	460.13
	534.30	603.46

7.1 Demand loans from banks are secured by hypothecation of inventories of stock-in-trade, stores & spares, book-debts and all other current assets of the Company on First charge basis and on whole of movable fixed assets of the Company on second charge basis and also secured by joint equitable mortgage on all the immovable assets of the Company on second charge basis.

7.2 Bank Overdraft is secured against pledge of Fixed Deposits and payable on demand. (Refer Note 16)

NOTE 8 - TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	(₹ in Crore)	
	As at 30 th June, 2013	As at 30 th June, 2012
Trade Payables		
Micro, Small and Medium Enterprises (Refer Note 8.1)	2.50	0.76
Others	78.24	123.40
	80.74	124.16
Other Current Liabilities		
Current Maturities of Long-Term Borrowings (Refer Note 4)	310.86	743.17
Interest Accrued but not Due on Borrowings	20.88	51.37
Customers Advances	63.52	63.95
Withholding and Other Taxes Payable	49.96	50.42
Payable for Capital Goods	48.56	7.25
Security Deposits and Retention Money	5.95	4.34
Provident Fund and Superannuation Payable	5.54	4.13
Investor Education and Protection Fund shall be credited by the following amount:		
- Unpaid Dividend (There are no amounts due and outstanding to said fund as at 30 th June, 2013)	1.21	5.42
Other Statutory Liabilities	48.07	56.31
Other Payables (Refer Note 8.2)	160.62	141.90
	715.17	1,128.26
	795.91	1,252.42

8.1 Trade Payables are 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" and there are no delays in payments to Micro, Small and Medium Enterprises as required to be disclosed under the said Act. This has been relied upon by the Auditors.

8.2 Other Payables include the liability related to Employees, Rebate and Discount to customers etc.

Notes Forming Part of Financial Statements

NOTE 9 - FIXED ASSETS

Particulars	Gross Block			Depreciation/Amortization			Net Block	
	As at 30 th June, 2012	Additions during the year	Deductions/ Adjustments during the year	Provisions during the year	Upto 30 th June, 2012	Upto 30 th June, 2013	As at 30 th June, 2013	As at 30 th June, 2013
Tangible Assets :								
Free Hold Land	374.81	90.24	-	0.37	2.24	2.61	465.05	462.44
Lease Hold Land	8.33	11.78	-	0.10	0.40	0.50	20.11	19.61
Buildings	184.49	24.74	0.03	10.31	67.21	77.51	209.20	131.69
Plant and Machinery	4,553.12	553.48 (a)	5.68	416.32	3,563.12	3,977.71	5,100.92	1,123.21
Railway Siding	12.58	0.24	-	0.24	11.53	11.77	12.82	1.05
Furniture and Fixtures	24.30	8.33	0.21	2.93	14.36	17.13	32.42	15.29
Office Equipments	36.61	9.51	1.28	5.27	26.34	30.34	44.84	14.50
Vehicles	28.74	7.10	2.50	3.87	17.19	19.19	33.34	14.15
Sub Total	5,222.98	705.42	9.70	439.41 (b)	3,702.39	4,136.76	5,918.70	1,781.94
Intangible Assets :								
Cleant Development Mechanism (Internally Generated)	0.47	-	0.47	-	-	-	-	-
Computer Software	5.26	-	-	-	5.26	5.26	5.26	-
Mining Rights	16.33	-	-	-	16.33	16.33	16.33	-
Sub Total	22.06	-	0.47	-	21.59	21.59	21.59	-
Total (A)	5,245.04	705.42	10.17	439.41	3,723.98	4,158.35	5,940.29	1,781.94
Capital Work-in-Progress (B)								
Grand Total (A+B)								1,915.27

Particulars	Gross Block			Depreciation/Amortization			Net Block	
	As at 31 st March, 2011	Additions during the period	Deductions/ Adjustments during the period	Provisions during the period	Upto 31 st March, 2011	Upto 30 th June, 2012	As at 30 th June, 2012	As at 30 th June, 2012
Tangible Assets :								
Free Hold Land	188.87	185.94	-	2.24	-	2.24	374.81	372.57
Lease Hold Land	8.33	-	-	0.40	-	0.40	8.33	7.93
Buildings	154.15	31.77	1.43	12.03	55.60	67.21	184.49	117.28
Plant and Machinery	3,578.88	996.23 (a)	21.99	846.67	2,737.77	3,563.12	4,553.12	990.00
Railway Siding	12.32	0.26	-	0.53	11.00	11.53	12.58	1.05
Furniture and Fixtures	20.00	4.33	0.03	2.58	11.80	14.36	24.30	9.94
Office Equipments	31.96	4.90	0.25	4.13	22.41	26.34	36.61	10.27
Vehicles	26.80	6.35	4.41	4.34	15.80	17.19	28.74	11.55
Sub Total	4,021.31	1,229.78	28.11	872.92 (b)	2,854.38	3,702.39	5,222.98	1,520.59
Intangible Assets :								
Cleant Development Mechanism (Internally Generated)	0.13	0.34	-	-	-	-	0.47	0.47
Computer Software	4.30	0.96	-	0.96	4.30	5.26	5.26	-
Mining Rights	16.33	-	-	-	16.33	16.33	16.33	-
Sub Total	20.76	1.30	-	0.96	20.63	21.59	22.06	0.47
Total (A)	4,042.07	1,231.08	28.11	873.88	2,875.01	3,723.98	5,245.04	1,521.06
Capital Work-in-Progress (B)								
Grand Total (A+B)								1,617.79

(a) Includes ₹12.98 Crore (Previous Period ₹3.83 Crore) for capital expenditure on research and development.
(b) Depreciation for the year includes ₹3.78 Crore (Previous Period ₹0.79 Crore) on assets during construction period.

Notes Forming Part of Financial Statements

NOTE 10 - NON-CURRENT INVESTMENTS (valued at cost, unless stated otherwise)

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013		As at 30 th June, 2012	
		No.	Amount	No.	Amount
LONG TERM (OTHER THAN TRADE)					
QUOTED					
Government Securities					
8.26% GOI Bonds - 02AG27 (Previous Period Face Value ₹15.00 Crore)			-		14.84
Bonds					
National Bank for Agriculture and Rural Development (Refer Note 10.3)					
Zero Coupon NABARD Bhavishya Nirman Bonds - 01AG17	20000	199,335.000	214.41	199,335.000	214.41
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JN18	20000	83,840.000	87.51	83,840.000	87.51
Zero Coupon NABARD Bhavishya Nirman Bonds - 01FB18	20000	5,000.000	5.29	5,000.000	5.29
Zero Coupon NABARD Bhavishya Nirman Bonds - 01AP18	20000	180.000	0.22	180.000	0.22
Zero Coupon NABARD Bhavishya Nirman Bonds - 01MY18	20000	180.000	0.22	180.000	0.22
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JU18	20000	460.000	0.55	460.000	0.55
Zero Coupon NABARD Bhavishya Nirman Bonds - 01NV18	20000	65.000	0.07	65.000	0.07
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JN19	20000	314,660.000	307.45	294,010.000	283.32
Zero Coupon NABARD Bhavishya Nirman Bonds - 01FB19	20000	11,800.000	11.36	10,700.000	10.08
Zero Coupon NABARD Bhavishya Nirman Bonds - 01MR19	20000	16,160.000	15.26	15,710.000	14.74
Zero Coupon NABARD Bhavishya Nirman Bonds - 31MR19	20000	128,945.000	113.08	128,945.000	113.08
National Housing Bank (Refer Note 10.3)					
Zero Coupon NHB Bonds - 24DC18	10000	327,711.000	160.10	315,627.000	153.03
Zero Coupon NHB Bonds - 31MR19	10000	83,760.000	39.21	83,760.000	39.21
Indian Railway Finance Corporation					
8.50% Indian Railway Finance Corporation Bonds - 22JU20	1000000	650.000	64.79	650.000	64.79
Power Finance Corporation					
8.70% Power Finance Corporation Bonds - 14MY20	1000000	880.000	87.98	880.000	87.98
Rural Electrification Corporation					
8.65% Rural Electrification Corporation Bonds - 15JN19	1000000	200.000	19.95	200.000	19.95
8.65% Rural Electrification Corporation Bonds - 22JN20	1000000	50.000	4.98	50.000	4.98
Power Grid Corporation					
8.64% Power Grid Corporation of India Bonds - 08JL21	1250000	120.000	14.95	120.000	14.95
National Highways Authority of India					
8.20% NHAI Tax Free Bonds - 25JN22	1000	1,188,951.000	119.50	1,188,951.000	119.50
India Infrastructure Finance Company Limited					
6.85% IIFCL Tax Free Bonds - 22JN14	100000	-	-	1,200.000	11.83
Housing and Urban Development Corporation Limited					
8.20%/8.35% HUDCO Tax Free Bonds - 05MR27	1000	100,000.000	9.65	100,000.000	9.65
In Units of Mutual Funds					
Tata Fixed Maturity Plan Series 40 Scheme F - Growth	10	-	-	15,000,000.000	15.00
UTI Fixed Term Income Series - XII - IV (369 Days)- Growth	10	-	-	50,000,000.000	50.00
UNQUOTED					
Preference Shares					
L&T Finance Holding Limited					
8.75% Cumulative Compulsory Redeemable Preference Shares (Fully Paid-up), redeemable at par in 3 years from the date of issue, i.e. 25 March, 2016	100	6,000,000.000	60.89	-	-

Notes Forming Part of Financial Statements

NOTE 10 - NON-CURRENT INVESTMENTS (valued at cost, unless stated otherwise)

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013		As at 30 th June, 2012	
		No.	Amount	No.	Amount
8.75% Cumulative Compulsory Redeemable Preference Shares (Fully Paid-up), redeemable at par in 3 years from the date of issue, i.e. 31 March, 2016	100	1,141,136.000	11.41	-	-
Investments in Subsidiary Companies					
Fully Paid Equity Shares					
Shree Global Pte. Ltd.	1USD	10,000.000	0.05	-	-
Katni Industries Private Limited	10	10,000.000	0.01	-	-
In Units of Mutual Funds					
JM Arbitrage Fund (Direct)-Dividend	10	23,566,896.994	25.00	-	-
IDFC Arbitrage Fund - Dividend Direct Plan	10	19,939,384.272	25.00	-	-
Kotak Equity Arbitrage Fund-Direct-Dividend	10	23,206,809.806	25.00	-	-
ICICI Prudential Plan Blended Plan A- Direct Plan-Dividend	10	18,796,003.218	25.00	-	-
L&T Triple Ace Bond Fund-Bonus	10	26,870,163.370	50.00	-	-
Reliance Income Fund Growth Plan-Bonus Option	10	4,903,108.890	2.57	-	-
Total			1,501.46		1,335.20

10.1 Aggregate Cost and Market Value of Quoted Investments :

	As at 30 th June, 2013		As at 30 th June, 2012	
	Aggregate Net Cost	Market Value	Aggregate Net Cost	Market Value
Quoted Investments:				
- In Government Securities and Bonds of Public Financial Institutions	1,276.53	1,610.16	1,270.20	1,462.60
- In Units of Mutual Funds	-	-	65.00	65.16
Total	1,276.53	1,610.16	1,335.20	1,527.76
10.2 Aggregate Cost of Unquoted Investments		224.93		-

10.3 NABARD Bhavishya Nirman Bonds and NHB Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.

NOTE 11 - DEFERRED TAX ASSETS (Net)

	As at 30 th June, 2013	As at 30 th June, 2012
Deferred Tax Assets		
Arising on account of :		
Long-term and Short-term Capital Losses	6.71	6.39
Expenses allowed for tax purpose when paid	89.00	63.93
Depreciation	5.34	5.02
Others	0.14	-
Less: Deferred Tax Liabilities		
Arising on Account of :		
Others	7.42	5.60
	93.77	69.74

Notes Forming Part of Financial Statements

NOTE 12 - LOANS AND ADVANCES

(₹ in Crore)

	Long-Term		Short-Term	
	As at 30 th June, 2013	As at 30 th June, 2012	As at 30 th June, 2013	As at 30 th June, 2012
(Unsecured, Considered Good)				
Capital Advances	337.31	174.65	-	-
Advance Recoverable in Cash or in Kind or for Value to be Received	25.95	21.00	121.48	123.04
Deposits with Government Departments and Others	11.90	8.95	58.86	61.40
Balance with Customs, Excise and Port Trust etc. on Current Accounts	-	-	56.67	81.95
Loans and Advances to Staff and Workers	2.73	0.70	2.48	3.09
Advance Tax (Net of Provisions)	-	-	2.28	-
MAT Credit Entitlement	-	-	81.03	0.70
Prepaid Expenses	-	-	3.31	3.83
	377.89	205.30	326.11	274.01

NOTE 13 - CURRENT INVESTMENTS

(₹ in Crore)

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013		As at 30 th June, 2012	
		No.	Amount	No.	Amount
CURRENT PORTION OF LONG TERM INVESTMENTS (OTHER THAN TRADE) (valued at cost, unless stated otherwise)					
QUOTED					
Bonds					
India Infrastructure Finance Company Limited					
6.85% IIFCL Tax Free Bonds - 22JN14	100000	1200.000	11.83	-	-
OTHER CURRENT INVESTMENTS (OTHER THAN TRADE) (valued at lower of cost or fair market value)					
QUOTED					
In Units of Mutual Funds					
HDFC FMP 370D February 2012 (2) - Series XXI Growth	10	-	-	10,000,000.000	10.00
Kotak Mahindra FMP Series 56 - Growth	10	-	-	20,000,000.000	20.00
Kotak Mahindra FMP Series 62 - Growth	10	-	-	10,000,000.000	10.00
Kotak Mahindra FMP Series 74 - Growth	10	-	-	39,999,980.000	40.00
Kotak Mahindra FMP Series 75 - Growth	10	-	-	29,999,990.000	30.00
Reliance Fixed Horizon Fund - XX - Series 24 - Growth	10	-	-	10,000,000.000	10.00
ICICI Prudential FMP Series 59 - 1 Year Plan B Cumulative	10	-	-	10,000,000.000	10.00
DWS Fixed Term Fund - Series 88 - Growth	10	-	-	10,000,000.000	10.00
DSP Blackrock FMP - Series 6 - 12 M Growth	10	-	-	30,000,000.000	30.00
UTI Fixed Income Interval Fund - Annual Interval Plan Series - II - Institutional Growth	10	-	-	25,996,759.071	30.00
Baroda Pioneer 367 Days FMP - Series 2 - Growth	10	-	-	10,000,000.000	10.00

Notes Forming Part of Financial Statements

NOTE 13 - CURRENT INVESTMENTS

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013		As at 30 th June, 2012	
		No.	Amount	No.	Amount
Baroda Pioneer 367 Days FMP - Series 3 - Growth	10	-	-	19,999,990.000	20.00
DSP Blackrock FMP - Series 16 - 12 M Growth	10	-	-	25,000,000.000	25.00
DSP Blackrock FMP - Series 34 - 12 M Growth	10	-	-	34,999,990.000	35.00
ICICI Prudential Interval Fund Annual Interval Plan III Institutional Cumulative	10	-	-	18,445,079.775	20.00
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative	10	-	-	15,822,651.720	20.00
Sundaram Fixed Term Plan BN Growth	10	-	-	10,000,000.000	10.00
Sundaram Fixed Term Plan CL Growth	10	-	-	14,999,990.000	15.00
Sundaram Fixed Term Plan CM Growth	10	-	-	9,999,990.000	10.00
Birla Sun Life Fixed Term Plan Series EI Growth	10	-	-	24,999,990.000	25.00
Birla Sun Life Fixed Term Plan Series EM Growth	10	-	-	34,999,990.000	35.00
Birla Sun Life Fixed Term Plan Series EQ Growth	10	-	-	19,999,990.000	20.00
ICICI Prudential FMP Series 61 - 1 Year Plan A Cumulative	10	-	-	39,999,990.000	40.00
IDFC Fixed Maturity Plan - Yearly Series - 48 Growth	10	-	-	19,999,990.000	20.00
UTI Fixed term Income Fund - Series X - VIII (368 Days) Growth	10	-	-	4,999,990.000	5.00
Birla Sun Life Fixed Term Plan Series FD Growth	10	-	-	29,999,990.000	30.00
Reliance Fixed Horizon Fund - XXII - Series 2 - Growth	10	-	-	39,999,990.000	40.00
Reliance Fixed Horizon Fund - XXII - Series 6 - Growth	10	-	-	24,999,990.000	25.00
DSP BlackRock FMP - Series 47 - 12M Growth	10	-	-	25,000,000.000	25.00
Religare FMP Series XIV Plan E - Growth	10	-	-	5,000,000.000	5.00
IDFC Fixed Maturity Plan - 366 Days Series 72 Growth	10	-	-	25,000,000.000	25.00
Baroda Pioneer 367 Days FMP - Series 4 - Growth	10	-	-	10,000,000.000	10.00
Taurus Fixed Maturity Plan Series S - Growth	10	-	-	9,999,990.000	10.00
Birla Sun Life Fixed Term Plan Series FJ Growth	10	-	-	25,000,000.000	25.00
Kotak Mahindra FMP Series - 87 - Growth	10	-	-	25,000,000.000	25.00
ICICI Prudential FMP Series 64 - 367 Days Plan C Cumulative	10	-	-	40,000,000.000	40.00
UTI Fixed Term Income Fund Series XI - X (366 Days) - Growth	10	-	-	25,000,000.000	25.00
SBI Debt Fund Series - 366 Days - 5 - Growth	10	-	-	25,000,000.000	25.00
Birla Sun Life Fixed Term Plan Series FM Growth	10	-	-	35,000,000.000	35.00
Reliance Annual Interval Fund Series I - Institutional Growth	10	-	-	18,152,123.797	20.00
Birla Sun Life Fixed Term Plan Series FP Growth	10	-	-	10,000,000.000	10.00
UTI Fixed Term Income Fund - Series XII - I (368 Days) Growth	10	-	-	40,000,000.000	40.00
IDFC Fixed Maturity Plan 366 Days Series 79 Growth	10	-	-	25,000,000.000	25.00
Reliance Fixed Horizon Fund - XXII - Series 9 - Growth	10	-	-	10,000,000.000	10.00
Birla Sun Life Fixed Term Plan Series FQ Growth	10	-	-	5,000,000.000	5.00
DWS Fixed Maturity Plan - Series 9 - Growth	10	-	-	15,000,000.000	15.00

Notes Forming Part of Financial Statements

NOTE 13 - CURRENT INVESTMENTS

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013		As at 30 th June, 2012	
		(₹ in Crore)			
		No.	Amount	No.	Amount
ICICI Prudential FMP Series 63 - 378 Days Plan I Cumulative	10	-	-	19,999,990.000	20.00
Tata Fixed Maturity Plan Series 39 Scheme H - Growth	10	-	-	14,999,990.000	15.00
BNP Paribas Fixed Term Fund Series 23E Growth	10	-	-	20,000,000.000	20.00
SBI Debt Fund Series - 366 Days - 7 - Growth	10	-	-	50,000,000.000	50.00
Birla Sun Life Fixed Term Plan Series FO Growth	10	-	-	35,000,000.000	35.00
IDFC Fixed Maturity Plan 366 Days Series 74 - Growth	10	-	-	30,000,000.000	30.00
Peerless Liquid Fund - Super Institutional Growth	10	-	-	8,331,319.931	10.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth	10	-	-	3,737,493.413	10.00
Birla Sun Life Floating Rate Fund - Short Term - IP - Growth	100	-	-	1,027,816.131	15.00
Kotak Floater Short Term - Growth	10	-	-	8,336,204.693	15.00
Birla Sunlife Fixed Term Plan-Series GR (399 days)	10	45,000,000.000	45.00	-	-
ICICI Prudential FMP Series 64 - 367 Days Plan J Cumulative	10	40,000,000.000	40.00	-	-
ICICI Prudential FMP Series 66-407 Days Plan I Cumulative	10	75,000,000.000	75.00	-	-
SBI Debt Fund Series-13 Months-14- Direct plan- Growth	10	15,000,000.000	15.00	-	-
Reliance Fixed Horizon Fund - XXII - Series 14 - Growth Plan	10	35,000,000.000	35.00	-	-
Reliance Fixed Horizon Fund - XXII - Series 15 - Growth Plan	10	20,000,000.000	20.00	-	-
Reliance Fixed Horizon Fund - XXIII - Series 5 - Growth Plan	10	100,000,000.000	100.00	-	-
DSP Blackrock FMP - Series 64 - 12 M - Growth	10	5,000,000.000	5.00	-	-
DSP Blackrock FMP - Series 66 - 12 M - Growth	10	20,000,000.000	20.00	-	-
Kotak FMP Series 90 - Growth	10	5,000,000.000	5.00	-	-
ICICI Prudential FMP Series 66-412 Days Plan E Cumulative	10	45,000,000.000	45.00	-	-
HDFC FMP 371D July 2012 (1) - Growth	10	30,000,000.000	30.00	-	-
HDFC FMP 371D August 2012 (1) - Growth - Series 22	10	30,000,000.000	30.00	-	-
Tata Fixed Maturity Plan Series 40 Scheme F - Growth	10	15,000,000.000	15.00	-	-
Tata Fixed Maturity Plan Series 40 Scheme H - Growth	10	10,000,000.000	10.00	-	-
UTI Fixed Term Income Fund Series - XII - IV - Growth	10	50,000,000.000	50.00	-	-
UTI Fixed Term Income Fund Series XII - IX - Growth Plan	10	20,000,000.000	20.00	-	-
UTI Fixed Income Interval Fund - Annual Interval Plan Series - II - Institutional Growth Plan	10	31,596,575.000	40.00	-	-
LIC Nomura MF FMP Series 53 - 367 Days - Growth Plan	10	10,000,000.000	10.00	-	-

Notes Forming Part of Financial Statements

NOTE 13 - CURRENT INVESTMENTS

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013		As at 30 th June, 2012	
		No.	Amount	No.	Amount
SBI Debt Fund Series - 366 Days - 12 - Growth	10	25,000,000.000	25.00	-	-
SBI Debt Fund Series - 366 Days - 14 - Growth	10	10,000,000.000	10.00	-	-
HDFC FMP 371D September 2012 (1) - Growth - Series 22	10	10,000,000.000	10.00	-	-
IDFC Fixed Term Plan Series 11 Direct Plan-Growth	10	15,000,000.000	15.00	-	-
UNQUOTED					
In Units of Mutual Fund					
Peerless Liquid Fund Direct Plan Growth	10	15,259,604.013	20.00	-	-
Total			701.83		1,200.00

AGGREGATE COST AND MARKET VALUE OF CURRENT INVESTMENTS :

	As at 30 th June, 2013		As at 30 th June, 2012	
	Aggregate Net Cost	Market Value	Aggregate Net Cost	Market Value
Quoted Investments:				
- In Bonds of Public Financial Institutions	11.83	11.93	-	-
- In Units of Mutual Funds	670.00	710.98	1,200.00	1,235.91
Total	681.83	722.91	1,200.00	1,235.91
AGGREGATE COST OF UNQUOTED INVESTMENT	20.00		-	

NOTE 14 - INVENTORIES (Valued at Lower of Cost and Net Realizable Value)

	As at 30 th June, 2013	As at 30 th June, 2012
Raw Materials [Includes in transit ₹0.11 Crore (Previous Period ₹0.06 Crore)]	23.94	24.73
Fuel [Includes in transit ₹18.51 Crore (Previous Period ₹172.86 Crore)]	73.90	198.69
Stores, Spares and Packing Materials	348.93	211.59
Work-in-Progress [Includes in transit ₹4.29 Crore (Previous Period ₹5.31 Crore)]	47.83	31.34
Finished Goods [Includes in transit ₹10.18 Crore (Previous Period ₹12.75 Crore)]	35.88	36.97
	530.48	503.32
Details of Inventory		
Work-in-Progress		
Raw Meal	1.12	0.78
Clinker	43.92	28.81
Synthetic Gypsum	2.79	1.75
	47.83	31.34
Finished Goods		
Cement	35.88	36.97

Notes Forming Part of Financial Statements

NOTE 14 - INVENTORIES (Valued at Lower of Cost and Net Realizable Value)

	(₹ in Crore)	
	As at 30 th June, 2013	As at 30 th June, 2012
Raw Materials		
Limestone	8.23	7.82
Gypsum	8.93	10.89
Fly Ash	2.61	2.90
Iron Ore, Laterite and Slag	3.65	2.65
Sulphuric Acid	0.10	0.05
Others	0.42	0.42
	23.94	24.73

NOTE 15 - TRADE RECEIVABLES

	(₹ in Crore)			
	Non-Current		Current	
	As at 30 th June, 2013	As at 30 th June, 2012	As at 30 th June, 2013	As at 30 th June, 2012
Outstanding for a Period Exceeding Six Months from the Date they are Due for Payment				
Secured, Considered Good	-	-	0.02	-
Unsecured				
Considered Good	-	-	9.43	1.97
Considered Doubtful	0.42	0.21	-	-
	0.42	0.21	9.45	1.97
Less: Provision for Doubtful Receivables	0.42	0.21	-	-
	-	-	9.45	1.97
Others				
Secured, Considered Good	-	-	70.47	46.39
Unsecured				
Considered Good	-	-	234.74	132.72
Considered Doubtful	-	0.24	-	-
	-	0.24	305.21	179.11
Less: Provision for Doubtful Receivables	-	0.24	-	-
	-	-	305.21	179.11
	-	-	314.66	181.08

Notes Forming Part of Financial Statements

NOTE 16 - CASH AND BANK BALANCES

	(₹ in Crore)	
	As at 30 th June, 2013	As at 30 th June, 2012
Cash and Cash Equivalents:		
Balances with Banks	29.08	21.30
Cash on Hand	1.05	0.50
	30.13	21.80
Other Bank Balances:		
Margin Money (Pledged with Banks)	1.73	1.06
Earmarked Balance with Banks for Unpaid Dividend	1.21	5.42
Fixed Deposits with Banks		
Maturity less than twelve months (Refer Note 16.1)	301.30	309.61
Maturity more than twelve months	35.00	121.08
	339.24	437.17
	369.37	458.97

16.1 Deposits of ₹15.22 Crore (Previous Period ₹13.50 Crore) are pledged with banks against overdraft facilities.

NOTE 17 - OTHER CURRENT ASSETS

	(₹ in Crore)	
	As at 30 th June, 2013	As at 30 th June, 2012
Interest Accrued		
On Fixed Deposits	8.95	16.92
On Tax Free and Other Bonds	12.30	10.17
Unamortized Premium on Forward Contracts	8.03	11.43
	29.28	38.52

Notes Forming Part of Financial Statements

NOTE 18 - REVENUE FROM OPERATIONS

	For the Year Ended 30 th June, 2013	(₹ in Crore) For the Period Ended 30 th June, 2012 (15 Months)
Sale of Products		
Cement	5,050.42	5,726.67
Clinker	49.65	171.32
Power	1,042.78	574.53
	6,142.85	6,472.52
Revenue from Power Trading		
Revenue from Traded Power	94.91	205.58
Less: Purchase of Traded Power	91.79	199.50
	3.12	6.08
Other Operating Revenue	23.11	0.17
Revenue from Operations (Gross)	6,169.08	6,478.77

18.1 Cement sale includes sale from trading activity ₹ Nil (Previous Period ₹0.18 Crore)

NOTE 19 - OTHER INCOME

	For the Year Ended 30 th June, 2013	(₹ in Crore) For the Period Ended 30 th June, 2012 (15 Months)
Interest Income		
On Fixed Deposits	33.66	53.54
On Tax Free and Other Bonds	27.98	26.91
On Income Tax and Sales Tax Refund	0.22	18.30
Others	2.42	1.96
Dividend from Current Investments (Other than Trade)	1.46	0.09
Profit on Sale of Investments (Other than Trade)		
Long term (Net)	113.65	9.94
Current (Net)	(1.32)	3.17
Provision No Longer Required (Net)	4.59	40.28
Profit on Sale of Fixed Assets (Net)	2.32	1.26
Balances Written Back (Net)	1.13	6.86
Foreign Exchange Rate Differences (Net)	1.51	-
Miscellaneous Income	0.71	0.47
	188.33	162.78

Notes Forming Part of Financial Statements

NOTE 20 - COST OF MATERIALS CONSUMED

	For the Year Ended 30th June, 2013	(₹ in Crore) For the Period Ended 30th June, 2012 (15 Months)
Raw Materials Consumed		
Limestone	206.76	213.45
Gypsum	86.07	113.26
Fly Ash	197.79	210.47
Iron Ore, Laterite and Slag	13.62	14.65
Sulphuric Acid	17.69	13.40
Others	16.09	13.81
	538.02	579.04

NOTE 21 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the Year Ended 30th June, 2013	For the Period Ended 30th June, 2012 (15 Months)	(₹ in Crore) (Increase) / Decrease
Closing Stock			
Work-in-Progress	47.83	31.34	(16.49)
Finished Goods	35.88	36.97	1.09
	83.71	68.31	(15.40)
Opening Stock			
Work-in-Progress	31.34	43.62	12.28
Finished Goods	36.97	43.38	6.41
	68.31	87.00	18.69
(Increase) / Decrease	(15.40)	18.69	

NOTE 22 - EMPLOYEE BENEFITS EXPENSE

	For the Year Ended 30th June, 2013	(₹ in Crore) For the Period Ended 30th June, 2012 (15 Months)
Salaries, Wages, Bonus and Allowances	246.64	246.84
Contribution to Provident, Superannuation and Gratuity Funds	42.29	47.56
Employees Welfare Expenses	25.32	25.09
	314.25	319.49

Notes Forming Part of Financial Statements

NOTE 23 - FREIGHT AND FORWARDING EXPENSES

	For the Year Ended 30th June, 2013	(₹ in Crore) For the Period Ended 30th June, 2012 (15 Months)
On Finished Products	638.27	720.78
On Inter Unit Clinker Transfer	276.74	285.57
	915.01	1,006.35

NOTE 24 - FINANCE COSTS

	For the Year Ended 30th June, 2013	(₹ in Crore) For the Period Ended 30th June, 2012 (15 Months)
Interest Expenses	154.10	213.50
Other Borrowing Costs	39.04	21.86
	193.14	235.36

NOTE 25 - OTHER EXPENSES

	For the Year Ended 30th June, 2013	(₹ in Crore) For the Period Ended 30th June, 2012 (15 Months)
Stores and Spares Consumed	172.25	153.13
Packing Materials Consumed	186.24	190.69
Mines Reclamation Expenses	1.04	2.49
Excise Duty on Captive Consumption of Clinker	19.95	32.68
Repairs to Plant and Machinery	77.63	65.62
Repairs to Buildings	11.37	9.26
Rent	7.73	7.84
Insurance	2.20	2.33
Rates and Taxes	7.44	7.87
Travelling	18.52	18.93
Commission to Non-executive Directors	0.95	0.81
Directors' Sitting Fees and Expenses	0.20	0.24
Foreign Exchange Rate Differences (Net)	-	1.23
Advertisement and Publicity	40.20	32.12
Discount, Sales Promotion and Other Selling Expenses	172.22	158.15
Excise duty variance on Closing/Opening Stock (Refer note 30)	(0.08)	(1.07)
Provision for Bad and Doubtful Receivables (Net)	(0.03)	0.45
Miscellaneous (Refer Note 25.1)	56.49	52.62
	774.32	735.39

Notes Forming Part of Financial Statements

	For the Year Ended 30 th June, 2013	(₹ in Crore) For the Period Ended 30 th June, 2012 (15 Months)
25.1 Miscellaneous Expenses include the payments made to Auditors:		
Statutory Auditors		
Audit Fees	0.22	0.22
Tax Audit Fees	0.05	0.03
Certification / Other Services	0.05	0.06
Reimbursement of Expenses	0.07	0.06
Cost Auditors		
Audit Fees	0.02	0.02
Certification / Other Services	0.01	0.01
Reimbursement of Expenses [₹8080 (Previous period ₹16333)]		

26 Contingent Liability

Custom duty claim not acknowledged as debt ₹56.56 Crore (Previous period ₹ Nil).

- 27** The Competition Commission of India (CCI) has, vide its order dated 30.07.2012, imposed penalty of ₹397.51 Crore on the Company for alleged contravention of provision of the Competition Act, 2002. The said order of CCI is challenged by the Company on several grounds by filing appeal before the Competition Appellate Tribunal (COMPAT) which is pending for disposal. Pending final decision, no provision has been made in the financial statements.
- 28** Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹772.06 Crore (Previous period ₹220.35 Crore).
- 29** Capital Work-in-Progress includes pre-operative expenses of ₹29.91 Crore (Previous period ₹17.60 Crore) which includes depreciation of ₹1.13 Crore (Previous period ₹0.36 Crore) on assets during construction period.
- 30** Excise duty on sales amounting to ₹578.83 Crore (Previous period ₹679.25 Crore) has been reduced from sales in Statement of Profit and Loss and excise duty on increase / decrease in stock amounting to ₹(0.08) Crore [Previous period ₹(1.07) Crore] has been considered as other expenses.
- 31** Expenditure on Research and Development :

Particulars	2012-13	(₹ in Crore) 2011-12 (15 Months)
Capital	12.98	3.83
Revenue	12.21	12.57
Total	25.19	16.40

Notes Forming Part of Financial Statements

32 a) Unhedged Foreign Currency Exposure :

			(Amount in Crore)	
S. No.	Purpose	Currency	As at 30 th June, 2013	As at 30 th June, 2012
1	Outstanding creditors for Spares, Capital Goods and Coal	USD	0.01	1.10
2	Outstanding creditors for Spares, Capital Goods and Coal	JPY	1.28	-
3	Outstanding creditors for Spares, Capital Goods and Coal [6750 GBP (previous period Nil)]	GBP	-	-
4	Interest Payable	USD	0.01	0.02
5	Interest Payable	JPY	0.01	-
6	Interest Payable [3376 EURO (Previous period Nil)]	EURO	-	-
7	Outstanding creditors for Consultancy [2790 EURO (Previous period 2790 EURO)]	EURO	-	-

b) The details of Derivatives outstanding at the year end are as follows :

					(Amount in Crore)
S. No.	Nature of Contract	Currency	Buy Amount		Purpose
			As at 30 th June, 2013	As at 30 th June, 2012	
1	Forward Contracts	USD	6.30	8.64	Hedging of Buyers Credit
2	Forward Contracts	JPY	11.52	-	Hedging of Buyers Credit
3	Forward Contracts	EURO	0.26	-	Hedging of Buyers Credit
4	Forward Contracts [47025 USD (Previous period Nil)]	USD	-	-	Hedging of Imports
5	Forward Contracts	GBP	0.01	-	Hedging of Imports
6	Forward Contracts	EURO	1.93	-	Hedging of Imports
7	Currency and Interest rate Swap	USD	12.22	21.53	Hedging of Loans
8	Currency and Interest rate Swap	JPY	-	57.43	Hedging of Loans

33 Employee Benefits:

(a) Contribution to defined contribution plans recognized as expenses are as under:

		(₹ in Crore)	
Particulars		2012-13	2011-12 (15 Months)
Superannuation		6.18	14.08
Provident fund		17.76	18.10
Total		23.94	32.18

Notes Forming Part of Financial Statements

- (b) **Defined Benefit Plans** – The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

Disclosure for defined benefit plans based on actuarial reports:

		(₹ in Crore)	
S. No.	Particulars	Gratuity (Funded Plan)	
		As at 30 th June, 2013	As at 30 th June, 2012
I	Change in Obligation		
1	Present value of defined benefit obligation at the beginning of the year	72.13	53.02
2	Current service cost	7.62	7.93
3	Interest cost	5.77	4.24
4	Actuarial (gain)/loss on obligation	14.11	11.99
5	Benefits paid	(1.76)	(5.05)
6	Present value of defined benefit obligation at the end of the year	97.87	72.13
II	Change in the Fair Value of Plan Assets		
1	Fair value of plan assets at the beginning of the year	71.92	52.23
2	Expected return on plan assets	7.21	5.84
3	Contributions by employer	20.28	18.90
4	Actuarial (gain)/loss on plan assets	-	-
5	Benefits paid	(1.76)	(5.05)
6	Fair value of plan assets at the end of the year	97.65	71.92
III	Expenses recognized in Statement of Profit and Loss		
1	Current service cost	7.62	7.93
2	Interest cost	5.77	4.24
3	Expected return on plan assets	(7.21)	(5.84)
4	Net actuarial (gain)/loss recognized in the current year	14.11	11.99
5	Expenses recognized in Statement of Profit and Loss	20.29	18.32
IV	Amount recognized in the Balance Sheet as at the end of the year		
1	Present value of defined benefit obligation	97.87	72.13
2	Fair Value of plan assets at the end of the year	97.65	71.92
3	Funded status [Surplus/(Deficit)]	(0.22)	(0.21)
4	Net assets/(liability) as at the end of the year	(0.22)	(0.21)
V	The major categories of plan assets as a percentage of total plan		
1	Qualifying Insurance Policy	100%	100%
VI	Actuarial Assumptions		
1	Discount rate	8.00% p.a.	8.00% p.a.
2	Mortality rate	LIC (1994-96 Ultimate)	LIC (1994-96 Ultimate)
3	Withdrawal rate	1-3% depending on age	1-3% depending on age
4	Actual return on plan assets	7.21	5.84

- (c) The Company expects to contribute ₹20 Crore to gratuity fund in next year.
- (d) The estimates of future salary increases have been considered in actuarial valuation after taking into consideration the impact of inflation, seniority, promotion and other relevant factors such as supply and demand situation in the employment market.
- (e) Provident fund managed by a trust set up by the Company:

In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumption provided below there is no short fall as at 30.6.2013.

Notes Forming Part of Financial Statements

The details of the plan assets and obligations position are as follows:

(₹ in Crore)

Particulars	2012-13
Plan assets at year end, at fair value	29.92
Present value of defined obligation at year end	29.92
Liability recognized in Balance Sheet	-

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	2012-13
Discounting Rate	7.50%
Expected Guaranteed Interest Rate	8.50%
Expected Rate of Return on Assets	9.00%

(f) Basis used to determine expected rate of return on assets:

The expected return on plan assets is based on market expectation, at the beginning of the period, which is used for calculating returns over the entire life of the related obligation. The Gratuity Scheme is invested in group Gratuity-Cum-Life assurance cash accumulation policy offered by Life Insurance Corporation of India.

(g) Amount for the current and previous four years are as follows:

(₹ in Crore)

Gratuity-Funded plan	As at				
	30 th June, 2013	30 th June, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009
Defined benefit obligation	97.87	72.13	53.02	39.14	23.53
Plan assets	97.65	71.92	52.23	38.92	23.53
Surplus/ (deficit)	(0.22)	(0.21)	(0.79)	(0.22)	-

(h) Amount recognized as an expense in respect of leave encashment and compensated absences are ₹9.83 Crore (Previous period ₹11.08 Crore).

Notes Forming Part of Financial Statements

34 Segment Reporting :

A. The Company has two primary business segments, namely Cement and Power.

Revenue, Results and other information:

Particulars	2012-13				2011-12 (15 Months)			
	Cement	Power	Inter-Segment Eliminations	Total	Cement	Power	Inter-Segment Eliminations	Total
Revenue								
External Sales	4544.31	1045.94	-	5590.25	5218.74	580.78	-	5799.52
Inter Segment Revenue	-	546.13	(546.13)	-	-	546.71	(546.71)	-
Total Revenue	4544.31	1592.07	(546.13)	5590.25	5218.74	1127.49	(546.71)	5799.52
Results								
Segment Results (Profit before Finance costs, Exceptional Items and Tax)	741.84	393.71	-	1135.55	1099.95	(278.41)	-	821.54
Add: Un-allocated Income	-	-	-	178.07	-	-	-	113.91
Less: Finance costs	-	-	-	193.14	-	-	-	235.36
Profit before Exceptional items & Tax	-	-	-	1120.48	-	-	-	700.09
Less: Exceptional Items	-	-	-	1.06	-	-	-	12.34
Profit before Tax	-	-	-	1119.42	-	-	-	687.75
Less : Tax Expenses	-	-	-	115.45	-	-	-	69.25
Profit after Tax	-	-	-	1003.97	-	-	-	618.50
Segment Assets	2869.85	511.25	-	3381.10	2130.91	639.89	-	2770.80
Un-allocated Assets	-	-	-	2779.02	-	-	-	3113.13
Total Assets	-	-	-	6160.12	-	-	-	5883.93
Segment Liabilities	699.84	69.32	-	769.16	614.69	78.08	-	692.77
Un-allocated Liabilities & Provisions	-	-	-	111.58	-	-	-	148.80
Total Liabilities	-	-	-	880.74	-	-	-	841.57
Depreciation and Amortization	253.85	181.78	-	435.63	191.69	681.40	-	873.09
Capital expenditure	696.99	45.03	-	742.02	199.28	399.51	-	598.79
Significant Non Cash Expenses other than Depreciation and Amortization.	-	-	-	-	-	-	-	-

Notes Forming Part of Financial Statements

B. Geographical Segment is identified as the secondary segment and details are given below:

Particulars	(₹ in Crore)	
	2012-13	2011-12 (15 Months)
Segment Revenue from Operations (Net)		
Within India	5574.00	5704.15
Outside India	16.25	95.37
Total	5590.25	5799.52

All the assets of the Company are within India.

35 Related Party Disclosure :

Relationships:

(a) Parties where control exists:

(i) Raipur Cement Company Private Limited	Subsidiary Company (From 4.5.2012 to 21.6.2012)
(ii) Shree Global Pte. Ltd.	Subsidiary Company (w.e.f 8.10.2012)
(iii) Katni Industries Private Ltd.	Subsidiary Company (w.e.f 11.9.2012)

(b) Enterprises over which Key Management Personnel (KMP) are able to exercise significant influence :

- (i) The Kamla Company Limited
- (ii) Shree Capital Services Ltd.
- (iii) Aqua Infra Project Limited
- (iv) Shri Venkatesh Ayurvedic Aushadhalaya
- (v) Asish Creations Pvt. Ltd.
- (vi) Alpha Buildhome Pvt. Ltd.
- (vii) Rajasthan forum

(c) Key Management Personnel :

(i) Shri B.G. Bangur	Executive Chairman (upto 23.01.2012)
(ii) Shri H.M. Bangur	Managing Director
(iii) Shri Mahendra Singhi	Executive Director
(iv) Shri Prashant Bangur	Wholetime Director (From 23.08.2012)

(d) Relatives to Key Management Personnel :

(i) Shri B.G. Bangur	Father of Shri H.M. Bangur
(ii) Shri Prashant Bangur	Son of Shri H.M. Bangur

Notes Forming Part of Financial Statements

Details of Transactions:

(a) Parties where control exists:

Particulars	(₹ in Crore)	
	2012-13	2011-12 (15 Months)
Equity Contribution		
- Shree Global Pte. Ltd.	0.05	-
- Katni Industries Private Ltd.	0.01	-
Loan and Advances Given		
- Shree Global Pte. Ltd.	0.05	-

(b) Enterprises where KMPs have significant influence:

Particulars	(₹ in Crore)	
	2012-13	2011-12 (15 Months)
Usage charges of common facilities		
- The Kamla Company Limited	0.52	0.39
- Aqua Infra Project Limited	0.10	0.06
Purchase of Stores & Spares		
- Aqua Infra Project Limited	-	0.06
Payment for office rent		
- Alpha Buildhome Pvt. Ltd.	1.02	-
- Shree Capital Services Ltd.	0.05	0.08
Sale of Goods		
- Alpha Buildhome Pvt. Ltd.	0.02	0.04
Reimbursement of Expenses		
- Alpha Buildhome Pvt. Ltd.	-	0.39
Reimbursement of Expenses Received		
- Shri Venkatesh Ayurvedic Aushadhalaya	-	0.11
Receiving of Services		
- Asish Creations Pvt. Ltd.	1.00	0.81
Contribution Towards Social Activities		
- Rajasthan Forum	0.35	-
Security Deposit Given and Balance at the year end		
- Alpha Buildhome Pvt. Ltd.	0.45	-

Notes Forming Part of Financial Statements

(c) Key Management Personnel:

Remuneration	(₹ in Crore)	
	2012-13	2011-12 (15 Months)
- Shri B.G. Bangur (upto 23.01.2012)	-	13.73
- Shri H.M. Bangur	18.34	13.66
- Shri Mahendra Singhi	6.31	5.57
- Shri Prashant Bangur	5.07	-
Total	29.72	32.96

(d) Relatives to Key Management Personnel:

Particulars	(₹ in Crore)	
	2012-13	2011-12 (15 Months)
Director commission, Sitting Fee and reimbursement of expenses		
- Shri B.G. Bangur	0.17	-
Remuneration (upto 22-8-2012)		
- Shri Prashant Bangur	0.17	1.73

36 Earnings Per Share (EPS) :

A. Basic and Diluted EPS:

Particulars		(₹ in Crore)	
		2012-13	2011-12 (15 Months)
Profit attributable to Equity shareholders	₹ in Crore	1003.97	618.50
Equity share capital	₹ in Crore	34.84	34.84
Weighted average number of Equity shares outstanding (Face value of ₹10/- per share)	Nos.	3,48,37,225	3,48,37,225
Earnings Per Share – Basic and Diluted	₹	288.19	177.54

B. Cash EPS: (Profit for the year + Depreciation + Deferred Tax) / (Weighted average number of Equity shares outstanding)

37 Movement of Provision of Mines Reclamation Expenses :

Particulars	(₹ in Crore)	
	2012-13	2011-12 (15 Months)
Opening Provision	18.29	16.50
Add : Provision during the year	1.04	2.49
Less : Utilization during the year	0.63	0.70
Closing Provision	18.70	18.29

Notes Forming Part of Financial Statements

38 Purchases of stock-in-trade represent cement.

39 The following expenses are included in the different heads of expenses in Statement of Profit and Loss :

Particulars	2012-13			2011-12 (15 Months)		
	Raw Materials Consumed	Power and Fuel	Total	Raw Materials Consumed	Power and Fuel	Total
Salaries, Wages, Bonus and Allowances	10.21	9.68	19.89	12.00	12.20	24.20
Contribution to Provident, Superannuation and Gratuity Funds	1.05	0.92	1.97	1.44	1.55	2.99
Employees Welfare Expenses	0.96	0.94	1.90	1.06	1.18	2.24
Stores and Spares consumed	18.99	12.50	31.49	20.51	12.01	32.52
Repairs to Plant and Machinery	7.39	7.54	14.93	6.25	7.07	13.32
Repairs to Buildings	0.07	0.87	0.94	0.01	0.42	0.43
Insurance	0.01	0.20	0.21	-	0.27	0.27
Rates and Taxes	0.05	0.06	0.11	0.01	0.10	0.11
Royalty and Cess	92.78	-	92.78	107.40	-	107.40
Miscellaneous Expenses	0.52	2.04	2.56	0.61	1.70	2.31
Total	132.03	34.75	166.78	149.29	36.50	185.79

40 Other Notes:

(A) Value of imports during the year calculated on CIF basis:

S. No.	Particulars	2012-13	2011-12 (15 Months)
(i)	Raw Materials	11.49	-
(ii)	Coal	541.27	765.85
(iii)	Stores, Spare parts and components	23.14	17.27
(iv)	Capital Goods	73.93	17.99

Notes Forming Part of Financial Statements

(B) Expenditure incurred in foreign currencies:

S. No.	Particulars	(₹ in Crore)	
		2012-13	2011-12 (15 Months)
(i)	Foreign Travel	0.63	0.50
(ii)	Consultancy charges	0.17	0.41(#)
(iii)	Interest	9.14	4.09
(iv)	Others	0.74	1.00
(#) For Capital Projects ₹ Nil (Previous period ₹0.13 Crore)			

(C) Value of imported and indigenous raw materials, stores, spare parts and components consumed and their percentage to total consumption:

(a) Raw Materials:

S. No.	Particulars	2012-13		2011-12 (15 Months)	
		Value (₹ in Crore)	%	Value (₹ in Crore)	%
(i)	Imported	18.58	3.45	6.63	1.15
(ii)	Indigenous	519.44	96.55	572.41	98.85

(b) Stores, Spare Parts and Components:

S. No.	Particulars	2012-13		2011-12 (15 Months)	
		Value (₹ in Crore)	%	Value (₹ in Crore)	%
(i)	Imported	9.72	4.77	13.78	7.42
(ii)	Indigenous	194.02	95.23	171.87	92.58

(D) Net dividend remitted to non-resident shareholders in foreign currency:

(a) Final Dividend

S. No.	Particulars	(₹ in Crore)	
		2012-13	2011-12 (15 Months)
(i)	No. of non-resident share holders	2	2
(ii)	No. of shares held	3600500	3600500
(iii)	Year to which dividend relates	2011-12	2010-11
(iv)	Amount remitted (₹ in Crore)	2.88	2.88*

* It does not include ₹1500 paid in the year 2011-12 for final dividend of Year 2003-04 which was lying in unpaid dividend account.

Notes Forming Part of Financial Statements

(b) Interim Dividend

S. No.	Particulars	2012-13	2011-12 (15 Months)
(i)	No. of non-resident share holders	1	2
(ii)	No. of shares held	3600000	3600500
(iii)	Year to which dividend relates	2012-13	2011-12
(iv)	Amount remitted (₹ in Crore)	2.88	4.32

- 41** Previous year figures have been regrouped and rearranged wherever necessary.
- 42** The figures of current year are for twelve months whereas that of previous period are for fifteen months.
- 43** Figures less than 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest Lac.

Signature to Note 1 to 43

As per our report of even date

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Chairman

H. M. Bangur
Managing Director

Prashant Bangur
Whole Time Director

R. L. Gaggar
Director

O. P. Setia
Director

Shreekant Somany
Director

Dr. Y. K. Alagh
Director

Dr. Leena Srivastava
Director

Mahendra Singhi
Executive Director

Place : Kolkata
Date : 30th July, 2013

Ashok Bhandari
Chief Finance Officer

S. S. Khandelwal
Company Secretary

Independent Auditors' Report

On Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF SHREE CEMENT LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of SHREE CEMENT LIMITED (the "Company"), its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at June 30, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. Management has not made the provision for penalty of ₹ 397.51 crore imposed by the Competition Commission of India, which constitutes a departure from the Accounting Standard-29 referred to in sub-section (3C) of section 211 of the Act. Had

management made the provision for penalty, an amount of ₹ 397.51 crore would have been required to write the liabilities up to their adequate value. Accordingly, Expenses would have been increased by ₹ 397.51 crore, and Profit for the year would have been reduced by ₹ 397.51 crore.

Qualified Opinion

7. Subject to our comments in paragraph 6 above and based on our audit and on consideration of the reports of the other auditors and the management on the financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2013;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

8. We did not audit the financial statements of subsidiary Company "Katni Industries Private Limited", whose financial statements reflect total assets (net) of ₹ 87,603/- as at June 30, 2013, total revenue of ₹ Nil and net cash flows amounting to ₹ 87,603/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Company's management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.
9. The Consolidated financial statements include the unaudited financial statements of subsidiary Company "Shree Global Pte. Limited", whose financial statements reflect total assets (net) of ₹ 3,49,058/- as at June 30, 2013, total revenue of ₹ Nil and net cash flows amounting to ₹ 1,01,805/- for the year ended on that date. Our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based solely on such management accounts. Our opinion is not qualified in respect of this matter.

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

Sudhir Maheshwari
Partner

Membership No. 081075

Place: Kolkata
Date: 30th July, 2013

Consolidated Balance Sheet

As at 30th June, 2013

(₹ in Crore)

	Note	As at 30 th June, 2013
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	34.84
Reserves and Surplus	3	3,808.78
		3,843.62
Non-Current Liabilities		
Long-Term Borrowings	4	443.08
Other Long-Term Liabilities	5	438.23
Long-Term Provisions	6	18.16
		899.47
Current Liabilities		
Short-Term Borrowings	7	534.30
Trade Payables	8	80.75
Other Current Liabilities	8	715.17
Short-Term Provisions	6	86.79
		1,417.01
Total		6,160.10
ASSETS		
Non-Current Assets		
Fixed Assets	9	
Tangible Assets		1,781.94
Intangible Assets		-
Capital Work-in-Progress		133.33
Non-Current Investments	10	1,501.40
Deferred Tax Assets (Net)	11	93.77
Long-Term Loans and Advances	12	377.89
		3,888.33
Current Assets		
Current Investments	13	701.83
Inventories	14	530.48
Trade Receivables	15	314.66
Cash and Bank Balances	16	369.39
Short-Term Loans and Advances	12	326.13
Other Current Assets	17	29.28
		2,271.77
Total		6,160.10
Significant Accounting Policies	1	

Accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **B. R. Maheswari & Co.**

Chartered Accountants

Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari

Partner

Membership No. 081075

B. G. Bangur

Chairman

H. M. Bangur

Managing Director

Prashant Bangur

Whole-time Director

R. L. Gaggar

Director

O. P. Setia

Director

Shreekant Somany

Director

Dr. Y. K. Alagh

Director

Dr. Leena Srivastava

Director

Mahendra Singhi

Executive Director

Place : Kolkata

Date : 30th July, 2013

Ashok Bhandari

Chief Finance Officer

S. S. Khandelwal

Company Secretary

Consolidated Statement of Profit & Loss

For the Year Ended 30th June, 2013

(₹ in Crore)

	Note	For the Year Ended 30 th June, 2013
REVENUE		
Revenue from Operations (Gross)	18	6,169.08
Less: Excise Duty		578.83
Revenue from Operations (Net)		5,590.25
Other Income	19	188.33
		5,778.58
EXPENDITURE		
Cost of Materials Consumed	20	538.02
Changes in Inventories of Finished Goods and Work-in-Progress	21	(15.40)
Employee Benefits Expense	22	314.25
Power and Fuel		1,512.87
Freight and Forwarding Expenses	23	915.01
Finance Costs	24	193.14
Other Expenses	25	774.35
		4,232.24
Captive Consumption of Cement (Net of Excise Duty ₹ 1.31 crore)		(9.74)
		4,222.50
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAX		1,556.08
Depreciation and Amortisation Expense		435.63
Exceptional Items		
Assets Constructed at Other's Premises Written Off		1.06
PROFIT BEFORE TAX		1,119.39
Current Tax		219.81
Less: MAT Credit Entitlement		80.33
Net Current Tax		139.48
Prior Period Tax Expense (Net)		-
Deferred Tax (Credit)		(24.03)
PROFIT FOR THE YEAR		1,003.94
Earnings per Equity Share of ₹ 10 each (In ₹)	36	
Cash		406.33
Basic and Diluted		288.18
Significant Accounting Policies	1	

Accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **B. R. Maheswari & Co.**

Chartered Accountants

Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari

Partner

Membership No. 081075

B. G. Bangur

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Director

Shreekant Somany

Director

Dr. Y. K. Alagh

Director

Dr. Leena Srivastava

Director

Mahendra Singhi

Executive Director

Place : Kolkata

Date : 30th July, 2013

Ashok Bhandari

Chief Finance Officer

S. S. Khandelwal

Company Secretary

Consolidated Cash Flow Statement

For the Year Ended 30th June, 2013

(₹ in Crore)

Particulars	For the year ended 30 th June, 2013	
A. Cash Flow From Operating Activities		
Profit Before Tax		1,119.39
Add: Exceptional Items		1.06
Profit Before Tax and Exceptional Items		1,120.45
Adjustments For :		
Depreciation and Amortisation	435.63	
Foreign Exchange Rate Differences (Net)	(1.51)	
Balances Written Back (Net)	(1.13)	
Provision for Bad and Doubtful Receivables (Net)	(0.03)	
Profit on Sale of Investments (Net)	(112.33)	
Interest Income	(64.28)	
Dividend Received	(1.46)	
Profit on Sale of Fixed Assets (Net)	(2.32)	
Finance Costs	193.14	445.71
Operating Profit Before Working Capital Changes		1,566.16
Adjustments For :		
(Increase) / Decrease in Trade and Other Receivables	(119.59)	
(Increase) / Decrease In Inventories	(27.16)	
Increase / (Decrease) in Trade Payables, Other Liabilities and Provisions	82.33	(64.42)
Cash Generated From Operations		1,501.74
Direct Taxes Paid (Net of Refunds)		(240.99)
Cash Flow Before Exceptional Items		1,260.75
Exceptional Items		(1.06)
Net Cash From Operating Activities		1,259.69
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets (Including Capital Work-in-Progress and Advances)	(897.08)	
Sale of Fixed Assets	3.63	
Purchase of Investments	(1,435.18)	
Proceeds from sale of Investments	1,889.48	
Investments in Bank Deposits	(215.89)	
Maturity of Bank Deposits	309.61	
Change in Earmarked Balances with Banks (Unpaid Dividend)	4.21	
Dividend Received	1.46	
Interest Received	70.12	
Net Cash Used In Investing Activities		(269.64)
C. Cash Flow From Financing Activities		
Repayment of Long Term Borrowings	(806.97)	
Repayment of Short Term Borrowings (Net)	(69.16)	
Capital Subsidy	187.05	
Interest and Financial Charges Paid	(223.63)	
Dividend and Tax Paid there on (Interim and Final)	(68.99)	
Net Cash Used In Financing Activities		(981.70)
Net Increase/(Decrease) In Cash and Cash Equivalents		8.35
Cash and Cash Equivalents - Opening Balance		21.80
Cash and Cash Equivalents - Closing Balance		30.15

Accompanying notes are an integral part of the Consolidated Financial Statements.

Notes :

- 1 Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2 Cash and Cash Equivalents are as per note 16 of Consolidated Financial Statements.

As per our report of even date

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Chairman

H. M. Bangur
Managing Director

Prashant Bangur
Whole-time Director

R.L. Gaggar
Director

O.P. Setia
Director

Shreekant Somany
Director

Dr. Y.K. Alagh
Director

Dr. Leena Srivastava
Director

Mahendra Singhi
Executive Director

Place : Kolkata
Date : 30th July, 2013

Ashok Bhandari
Chief Finance Officer

S.S. Khandelwal
Company Secretary

Notes Forming Part of Consolidated Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

I. Accounting Convention

The Financial statements of the Company are prepared under the historical cost convention using the accrual method of accounting and comply with the Accounting Standards notified in the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of Companies Act, 1956 unless stated otherwise hereinafter. Accounting Policies not specifically referred to, are consistent with Generally Accepted Accounting Principles.

II. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

III. Principles of Consolidation:

The Subsidiaries (which alongwith Shree Cement Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

S. No.	Name of the Subsidiary Company	Country of Incorporation	% age Shareholding As at 30 th June, 2013
1.	Shree Global Pte. Ltd. (w.e.f. 08.10.12)	Singapore	100%
2.	Katni Industries Private Limited (w.e.f. 11.09.12)	India	100%

The Consolidated Financial Statements of the Group are prepared on following basis:

- The Consolidated Financial Statements are prepared in accordance with Accounting Standard-21 "Consolidated Financial Statements" as notified under the Companies (Accounting Standard) Rules, 2006 (as amended).
- The Financial Statements of the Company and its Subsidiary Companies are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating Intra-group balances and intra-group transactions and resulting unrealized profits or losses in accordance with AS-21.

- The Consolidated Financial Statements are 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 Standalone Financial Statements.
- The Financial Statements of the Company and its Subsidiaries used in the consolidation are drawn upto the same reporting date i.e. June 30, 2013.

The Financial Statements of foreign Subsidiaries have been re-stated in Indian Rupees considering them as non-integral part of the Group's operations and the resultant exchange gain/loss on conversion has been carried forward as 'Foreign Currency Translation Reserve'.

IV. Fixed Assets

Tangible Assets

- Free hold land not containing mineral reserves is disclosed at cost less impairment loss, if any.
- Other Fixed assets are disclosed at cost less accumulated depreciation/amortization and impairment loss, if any. Cost comprises of purchase price and attributable cost of bringing the asset to its working condition for its intended use (net of credit availed, if any).

Intangible assets

Intangible assets are recognized only if its cost can be measured reliably and it is possible that future economic benefits will flow to the Company. Such assets are stated at cost (net of credit availed, if any) less accumulated amortization and impairment loss, if any. Cost includes purchase price and directly attributable expenditure on making the assets ready for its intended use.

Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Notes Forming Part of Consolidated Financial Statements

A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

V. Capital Work In Progress

- a) Capital work in progress is carried at cost and Pre-operative expenditure during construction period which is allocated to the fixed assets on the completion of project.
- b) Expenditures on construction of assets for Company's use at premises owned by Government/Local Authorities/others are charged to Statement of Profit and Loss in the year of expenditure.

VI. Depreciation and Amortization

Tangible Assets

- a) Depreciation is provided on Written down Value method at the rates specified in Schedule XIV of the Companies Act, 1956 or the rates prescribed in the Income Tax Act 1961, whichever is higher. However, in case of those assets whose WDV as per Income Tax Act, 1961 is lower than the WDV as per books, additional depreciation is provided to align the Book WDV with WDV as per Income Tax Act, 1961.
- b) Leasehold land not containing mineral reserve is amortized over the period of lease.
- c) Land bearing mineral reserves is amortized over its estimated commercial life based on the unit-of-production method.

Intangible Assets

- a) Expenditure on Computer Software is amortized in the year in which it is capitalized.
- b) Amount paid for Mining rights is amortized in the same year.

VII. Foreign Currency Transactions

Foreign currency transactions are recorded by applying the exchange rates on the date of transaction.

At each Balance sheet date, foreign currency monetary items are reported using the closing rates. Non Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange difference arising on the settlement of monetary items / foreign exchange contracts are recognized as income or as expense in the period in which they arise.

Derivative Instruments

Derivative financial instruments are used to hedge risk associated with foreign currency fluctuations and interest rates. The derivative contracts are closely linked with the underlying transactions and are intended to be held till maturity. These are accounted on the date of their settlement and realized gain/loss in respect of settled contracts is recognized in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts is amortised over the life of the contract.

VIII. Investments

Investments, that are intended to be held for not more than one year, from the date of acquisition, are classified as current investments. All other investments are classified as long term investments/non-current investments.

Current Investments are carried at lower of cost or fair market value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

IX. Inventories

a) Raw Materials, Stores & Spare Parts, Packing Materials and Fuel

These are valued at lower of cost and net realizable value. However, materials and other items 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. Cost is determined on a weighted average basis.

b) Work-in-progress and Finished goods

These are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Notes Forming Part of Consolidated Financial Statements

X. Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

- a) Revenue from sale of goods and power is recognized when significant risks and rewards of ownership is transferred to the buyer. Sales are disclosed net of sales tax / VAT, trade discounts and returns, as applicable.
- b) Power supplied under banking arrangements is accounted for as per terms of related agreements. Quantity of power banked is recorded as loan transaction valued at cost or net realizable value whichever is lower and recognized as revenue when the same is returned and sold to an ultimate customer.
- c) Dividend income on investments is accounted for when the right to receive the payment is established.
- d) Interest is recognized using the time-proportion method, based on rates implicit in the transaction.
- e) Certain insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on mutually agreed price.
- f) Sale of Certified Emission Reductions (CERs) is recognized as income on the delivery of the CERs to the buyer's account as evidenced by the receipt of confirmation of execution of delivery instructions.

XI. Government Grants/Subsidies

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached thereto and the grants will be received.

Government grants/subsidies, which are capital in nature, are credited to capital reserve.

Government grants related to revenue are recognized on a systematic basis in the Statement of Profit and Loss over the period to match them with the related costs.

XII. Employee Benefits

Defined Contribution Plan

Superannuation and Provident Fund are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year in which the contributions to the respective funds are due.

Defined Benefit Plan

- a) Gratuity is considered as defined benefit plan and is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
- b) Contribution to provident Fund set up by the Company in respect of a few employees is also defined benefit plan and contribution is charged to Statement of Profit and Loss of the year in which the contribution is due.
- c) Encashable leave in case of employees covered by Cement Wage Board is considered as defined benefit plan and is accounted for on the basis of actuarial valuation, as at the Balance Sheet date.

Other Benefits

Non encashable leave are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance sheet.

Actuarial gains and losses, if any, are recognized in the Statement of Profit and Loss in the year in which they arise.

XIII. Operating Leases

Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

XIV. Borrowing Costs

Borrowing costs directly attributable to the acquisition / construction of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

XV. Research and Development

Expenditure on research phase is recognized as an expense when it is incurred. Expenditure on development phase which results in creation of assets is included in related Fixed Assets.

XVI. Mines Reclamation Expenditure

The Company provides for the expenditure to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted.

Notes Forming Part of Consolidated Financial Statements

XVII. Segment Reporting

Segment is identified and reported taking into account the nature of products and services, the different risks and returns and the internal business reporting systems. The identification of geographical segment is based on the areas in which major operating divisions of the Company operates.

Inter Segment Transfers are accounted for as if the sales or transfers were to third parties at market price.

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Assets, Liabilities, Revenue and Expenses which are not allocable to segments are included under "unallocated".

XVIII. Taxation

Tax expenses comprises of Current and Deferred Tax.

Current Tax is measured on the basis of estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax is recognised, for all the timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Tax credit is recognised in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and the same is reviewed at each Balance sheet date.

XIX. Provisions, Contingent Liabilities and Contingent Assets

Provisions in respect of present obligation arising out of past events are made in the accounts when reliable estimate can be made of the amount of the obligations. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

The contingent liabilities are disclosed, unless the possibility of outflow of resources is remote. Contingent Assets are generally neither recognized nor disclosed in the financial statements.

XX. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes Forming Part of Consolidated Financial Statements

NOTE 2 - SHARE CAPITAL

(₹ in Crore)

	As at 30 th June, 2013
Authorised	
6,00,00,000 Equity Shares of ₹10/- each	60.00
15,00,000 Cumulative Preference Shares of ₹100/- each	15.00
	75.00
Issued, Subscribed and Paid-up	
3,48,37,225 Equity Shares of ₹10/- each fully paid-up	34.84
	34.84

2.1 Details of shareholders holding more than 5% shares of the Company:

Name of Shareholder	Number of Shares Held as at 30 th June, 2013	% of Total Paid-up Equity Share Capital
Shree Capital Services Limited	8,984,155	25.79
Digvijay Finlease Limited	4,234,780	12.16
FLT Limited	3,600,000	10.33
Mannakrishna Investments Private Limited	2,042,824	5.86

- 2.2 The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.
- 2.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 2.4 The Board of Directors, in its meetings held on 29th April, 2013 declared interim dividend of ₹ 8 each per equity share. The Final dividend of ₹12 each per equity share proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 2.5 As no fresh issue of shares or reduction in capital was made during the current year, hence there is no change in the opening and closing capital. Accordingly, reconciliation of capital has not been given.
- 2.6 The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the annual listing fees has been paid for the year.

Notes Forming Part of Consolidated Financial Statements

NOTE 3 - RESERVES AND SURPLUS

(₹ in Crore)

	As at 30 th June, 2013
Capital Reserve	
Opening Balance	210.75
Add: Addition During the Year	187.05
	397.80
Capital Redemption Reserve	
Opening Balance	15.00
	15.00
Securities Premium Account	
Opening Balance	26.53
	26.53
Debenture Redemption Reserve	
Opening Balance	500.00
Less: Transfer to General Reserve	300.00
	200.00
General Reserve	
Opening Balance	750.00
Add: Transfer from Surplus in the Statement of Profit and Loss	900.00
Add: Transfer from Debenture Redemption Reserve	300.00
	1,950.00
Special Reserve (Refer Note 3.1)	
Opening Balance	105.20
	105.20
Foreign Currency Translation Reserve	
Opening Balance	-
Add: Addition during the Year (₹ 20778)	-
	-
Surplus in the Statement of Profit and Loss	
Opening Balance	1,091.61
Add: Profit for the Year	1,003.94
	2,095.55
Less: Appropriations	
Transferred to General Reserve	900.00
Interim Dividend on Equity Shares	27.87
Corporate Dividend Tax on Interim Dividend	4.52
Proposed Final Dividend on Equity Shares	41.81
Corporate Dividend Tax on Final Dividend	7.10
	981.30
Net Surplus	1,114.25
	3,808.78

3.1 Special reserve is free reserve and available for distribution.

Notes Forming Part of Consolidated Financial Statements

NOTE 4 - LONG-TERM BORROWINGS

(₹ in Crore)

	As at 30 th June, 2013	
	Non-Current Portion	Current Maturities
Secured Loans		
Redeemable Non Convertible Debentures (NCDs)		
2,000 8.42% NCDs of ₹ 10,00,000/- each	200.00	-
Term Loans from Banks	243.08	310.86
	443.08	310.86
Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)	-	(310.86)
	443.08	-

4.1 Nature of securities and terms of repayment of each loan:

(₹ in Crore)

S. No.	Nature of Securities	Rate of Interest	Loan Amount As at 30 th June, 2013	Terms of Repayment
	Non Convertible Debentures			
1	These debentures (redeemable at par) are secured by joint equitable mortgage over all the immovable assets and by way of hypothecation of all the movable fixed assets on the first charge basis, pari pasu with other term lenders. These debentures are also secured by a legal mortgage over immovable property of the Company situated at Jamnager (Gujarat).	8.42%	200.00	Fully Repayable on 22.07.2015
	Term Loans from Banks			
2	These all Term loans are secured by joint equitable mortgage on all the immovable assets and by way of hypothecation of all the movable assets ranking subsequent and subservient to the prior mortgages and charges created/ to be created in favour of banks and institutions for their various term loans and working capital facilities.	10.00%	121.08	Fully Repayable on 26.07.2013
3	These all Term loans from Banks are secured by joint equitable mortgage on all the immovable fixed assets and by way of hypothecation of all the movable fixed assets of the Company on the first charge basis, pari pasu with other term lenders. The above charge(s) rank pari passu inter-se among these Lenders.	9.42%	148.97	Repayable in 7 half yearly installments of ₹ 21.282 crore each w.e.f. 09.09.2013
		9.65%	104.87	Repayable in 6 half yearly installments w.e.f. 03.09.2013, out of which 2 installments of ₹ 6.554 crore each, next 2 installments of ₹ 17.041 crore each and last 2 installments of ₹ 28.839 crore each
		8.04%	89.82	Repayable in 4 half yearly installments of ₹ 22.455 crore each w.e.f. 05.07.2013
4	Secured by Hypothecation of all movable fixed assets of the Company on first charge basis, pari passu with other term lenders.	8.76%	89.20	Fully Repayable on 29.04.2014
	TOTAL		753.94	
	Less: Current Maturities		310.86	
	Total Non-Current Portion		443.08	

Notes Forming Part of Consolidated Financial Statements

NOTE 5 - OTHER LONG-TERM LIABILITIES

(₹ in Crore)

	As at 30 th June, 2013
Security Deposits	141.54
Statutory Liabilities	296.69
	438.23

NOTE 6 - PROVISIONS

(₹ in Crore)

	As at 30 th June, 2013	
	Long-Term	Short-Term
Income Tax (Net of Advance Tax)	-	35.95
Wealth Tax	-	0.31
Gratuity and Staff Benefit Schemes	0.86	0.22
Mines Reclamation Expenses (Refer Note 37)	17.30	1.40
Proposed Dividend - Final	-	41.81
Corporate Dividend Tax	-	7.10
	18.16	86.79

NOTE 7 - SHORT-TERM BORROWINGS

(₹ in Crore)

	As at 30 th June, 2013
Secured Loan	
Loan Repayable on Demand from Banks (Refer Note 7.1)	110.82
Bank and Book Overdraft (Refer Note 7.2)	31.91
Unsecured Loan	
Buyers Credit from Banks	391.57
	534.30

7.1 Demand loans from banks are secured by hypothecation of inventories of stock-in-trade, stores & spares, book-debts and all other current assets of the Company on First charge basis and on whole of movable fixed assets of the Company on second charge basis and also secured by joint equitable mortgage on all the immovable assets of the Company on second charge basis.

7.2 Bank Overdraft is secured against pledge of Fixed Deposits and payable on demand. (Refer Note 16)

Notes Forming Part of Consolidated Financial Statements

NOTE 8 - TRADE PAYABLES AND OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 30 th June, 2013
Trade Payables	
Micro, Small and Medium Enterprises (Refer Note 8.1)	2.50
Others	78.25
	80.75
Other Current Liabilities	
Current Maturities of Long-Term Borrowings (Refer Note 4)	310.86
Interest Accrued but not Due on Borrowings	20.88
Customers Advances	63.52
Withholding and Other Taxes Payable	49.96
Payable for Capital Goods	48.56
Security Deposits and Retention Money	5.95
Provident Fund and Superannuation Payable	5.54
Investor Education and Protection Fund shall be credited by the following amount:	
- Unpaid Dividend (There are no amounts due and outstanding to said fund as at 30.06.2013)	1.21
Other Statutory Liabilities	48.07
Other Payables (Refer Note 8.2)	160.62
	715.17
	795.92

- 8.1 Trade Payables are 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" and there are no delays in payments to Micro, Small and Medium Enterprises as required to be disclosed under the said Act. This has been relied upon by the Auditors.
- 8.2 Other Payables include the liability related to Employees, Rebate and Discount to customers etc.

Notes Forming Part of Consolidated Financial Statements

NOTE 9 - FIXED ASSETS

Particulars	Gross Block			As at 30 th June, 2013	Depreciation/Amortization			Net Block	
	Opening Balance	Additions during the year	Deductions/ Adjustments during the year		Opening Balance	Provisions during the year	Deductions/ Adjustments during the year	Upto 30 th June, 2013	As at 30 th June, 2013
Tangible Assets :									
Free Hold Land	374.81	90.24	-	465.05	2.24	0.37	-	2.61	462.44
Lease Hold Land	8.33	11.78	-	20.11	0.40	0.10	-	0.50	19.61
Buildings	184.49	24.74	0.03	209.20	67.21	10.31	0.01	77.51	131.69
Plant and Machinery	4,553.12	553.48 (a)	5.68	5,100.92	3,563.12	416.32	1.73	3,977.71	1,123.21
Railway Siding	12.58	0.24	-	12.82	11.53	0.24	-	11.77	1.05
Furniture and Fixtures	24.30	8.33	0.21	32.42	14.36	2.93	0.16	17.13	15.29
Office Equipments	36.61	9.51	1.28	44.84	26.34	5.27	1.27	30.34	14.50
Vehicles	28.74	7.10	2.50	33.34	17.19	3.87	1.87	19.19	14.15
Sub Total	5,222.98	705.42	9.70	5,918.70	3,702.39	439.41 (b)	5.04	4,136.76	1,781.94
Intangible Assets :									
Clean Development Mechanism (Internally Generated)	0.47	-	0.47	-	-	-	-	-	-
Computer Software	5.26	-	-	5.26	5.26	-	-	5.26	-
Mining Rights	16.33	-	-	16.33	16.33	-	-	16.33	-
Sub Total	22.06	-	0.47	21.59	21.59	-	-	21.59	-
Total (A)	5245.04	705.42	10.17	5,940.29	3723.98	439.41	5.04	4,158.35	1781.94
Capital Work-in- Progress (B)									133.33
Grand Total (A+B)									1915.27

(a) Includes ₹ 12.98 Crore for capital expenditure on research and development.

(b) Depreciation for the year includes ₹ 3.78 Crore on assets during construction period.

Notes Forming Part of Consolidated Financial Statements

NOTE 10 - NON-CURRENT INVESTMENTS (valued at cost, unless stated otherwise)

(₹ in Crore)

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013	
		No.	Amount
LONG TERM (OTHER THAN TRADE)			
QUOTED			
Bonds			
National Bank for Agriculture and Rural Development (Refer Note 10.3)			
Zero Coupon NABARD Bhavishya Nirman Bonds - 01AG17	20000	199,335.000	214.41
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JN18	20000	83,840.000	87.51
Zero Coupon NABARD Bhavishya Nirman Bonds - 01FB18	20000	5,000.000	5.29
Zero Coupon NABARD Bhavishya Nirman Bonds - 01AP18	20000	180.000	0.22
Zero Coupon NABARD Bhavishya Nirman Bonds - 01MY18	20000	180.000	0.22
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JU18	20000	460.000	0.55
Zero Coupon NABARD Bhavishya Nirman Bonds - 01NV18	20000	65.000	0.07
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JN19	20000	314,660.000	307.45
Zero Coupon NABARD Bhavishya Nirman Bonds - 01FB19	20000	11,800.000	11.36
Zero Coupon NABARD Bhavishya Nirman Bonds - 01MR19	20000	16,160.000	15.26
Zero Coupon NABARD Bhavishya Nirman Bonds - 31MR19	20000	128,945.000	113.08
National Housing Bank (Refer Note 10.3)			
Zero Coupon NHB Bonds - 24DC18	10000	327,711.000	160.10
Zero Coupon NHB Bonds - 31MR19	10000	83,760.000	39.21
Indian Railway Finance Corporation			
8.50% Indian Railway Finance Corporation Bonds - 22JU20	1000000	650.000	64.79
Power Finance Corporation			
8.70% Power Finance Corporation Bonds - 14MY20	1000000	880.000	87.98
Rural Electrification Corporation			
8.65% Rural Electrification Corporation Bonds - 15JN19	1000000	200.000	19.95
8.65% Rural Electrification Corporation Bonds - 22JN20	1000000	50.000	4.98
Power Grid Corporation			
8.64% Power Grid Corporation of India Bonds - 08JL21	1250000	120.000	14.95
National Highways Authority of India			
8.20% NHAI Tax Free Bonds - 25JN22	1000	1,188,951.000	119.50
Housing and Urban Development Corporation Limited			
8.20%/8.35% HUDCO Tax Free Bonds - 05MR27	1000	100,000.000	9.65
UNQUOTED			
Preference Shares			
L&T Finance Holding Limited			
8.75% Cumulative Compulsory Redeemable Preference Shares (Fully Paid-up), redeemable at par in 3 years from the date of issue, i.e. 25 th March, 2016	100	6,000,000.000	60.89
8.75% Cumulative Compulsory Redeemable Preference Shares (Fully Paid-up), redeemable at par in 3 years from the date of issue, i.e. 31 st March, 2016	100	1,141,136.000	11.41
In Units of Mutual Funds			
JM Arbitrage Fund (Direct)-Dividend	10	23,566,896.994	25.00
IDFC Arbitrage Fund - Dividend Direct Plan	10	19,939,384.272	25.00
Kotak Equity Arbitrage Fund-Direct-Dividend	10	23,206,809.806	25.00
ICICI Prudential Plan Blended Plan A- Direct Plan-Dividend	10	18,796,003.218	25.00
L&T Triple Ace Bond Fund-Bonus	10	26,870,163.370	50.00
Reliance Income Fund Growth Plan-Bonus Option	10	4,903,108.890	2.57
TOTAL			1,501.40

Notes Forming Part of Consolidated Financial Statements

10.1 Aggregate cost and market value of quoted investments:

(₹ in Crore)

	As at 30 th June, 2013	
	Aggregate Net Cost	Market Value
Quoted Investments:		
- In Government Securities and Bonds of Public Financial Institutions	1,276.53	1,610.16
Total	1,276.53	1,610.16
10.2 Aggregate cost of unquoted investments	224.87	

10.3 NABARD Bhavishya Nirman Bonds and NHB Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.

NOTE 11 - DEFERRED TAX ASSETS (Net)

(₹ in Crore)

	As at 30 th June, 2013
Deferred Tax Assets	
Arising on account of :	
Long-term and Short-term Capital Losses	6.71
Expenses allowed for tax purpose when paid	89.00
Depreciation	5.34
Others	0.14
Less: Deferred Tax Liabilities	
Arising on Account of :	
Others	7.42
	93.77

NOTE 12 - LOANS AND ADVANCES

(₹ in Crore)

	As at 30 th June, 2013	
	Long-Term	Short-Term
(Unsecured, Considered Good)		
Capital Advances	337.31	-
Advance Recoverable in Cash or in Kind or for Value to be Received	25.95	121.48
Deposits with Government Departments and Others	11.90	58.88
Balance with Customs, Excise and Port Trust etc. on Current Accounts	-	56.67
Loans and Advances to Staff and Workers	2.73	2.48
Advance Tax (Net of Provision)	-	2.28
MAT Credit Entitlement	-	81.03
Prepaid Expenses	-	3.31
	377.89	326.13

Notes Forming Part of Consolidated Financial Statements

NOTE 13 - CURRENT INVESTMENTS

(₹ in Crore)

Particulars	Face Value (₹ Per Unit)	As at 30 th June, 2013	
		No.	Amount
CURRENT PORTION OF LONG TERM INVESTMENTS (OTHER THAN TRADE) (valued at cost, unless stated otherwise)			
QUOTED			
Bonds			
India Infrastructure Finance Company Limited			
6.85% IIFCL Tax Free Bonds - 22JN14	100000	1200.000	11.83
OTHER CURRENT INVESTMENTS (OTHER THAN TRADE) (valued at lower of cost or fair market value)			
QUOTED			
In Units of Mutual Funds			
Birla Sunlife Fixed Term Plan-Series GR (399 days)	10	45,000,000.000	45.00
ICICI Prudential FMP Series 64 - 367 Days Plan J Cumulative	10	40,000,000.000	40.00
ICICI Prudential FMP Series 66-407 Days Plan I Cumulative	10	75,000,000.000	75.00
SBI Debt Fund Series-13 Months-14- Direct plan- Growth	10	15,000,000.000	15.00
Reliance Fixed Horizon Fund - XXII - Series 14 - Growth Plan	10	35,000,000.000	35.00
Reliance Fixed Horizon Fund - XXII - Series 15 - Growth Plan	10	20,000,000.000	20.00
Reliance Fixed Horizon Fund - XXIII - Series 5 - Growth Plan	10	100,000,000.000	100.00
DSP Blackrock FMP - Series 64 - 12 M - Growth	10	5,000,000.000	5.00
DSP Blackrock FMP - Series 66 - 12 M - Growth	10	20,000,000.000	20.00
Kotak FMP Series 90 - Growth	10	5,000,000.000	5.00
ICICI Prudential FMP Series 66-412 Days Plan E Cumulative	10	45,000,000.000	45.00
HDFC FMP 371D July 2012 (1) - Growth	10	30,000,000.000	30.00
HDFC FMP 371D August 2012 (1) - Growth - Series 22	10	30,000,000.000	30.00
Tata Fixed Maturity Plan Series 40 Scheme F - Growth	10	15,000,000.000	15.00
Tata Fixed Maturity Plan Series 40 Scheme H - Growth	10	10,000,000.000	10.00
UTI Fixed Term Income Fund Series - XII - IV - Growth	10	50,000,000.000	50.00
UTI Fixed Term Income Fund Series XII - IX - Growth Plan	10	20,000,000.000	20.00
UTI Fixed Income Interval Fund - Annual Interval Plan Series - II - Institutional Growth Plan	10	31,596,575.000	40.00
LIC Nomura MF FMP Series 53 - 367 Days - Growth Plan	10	10,000,000.000	10.00
SBI Debt Fund Series - 366 Days - 12 - Growth	10	25,000,000.000	25.00
SBI Debt Fund Series - 366 Days - 14 - Growth	10	10,000,000.000	10.00
HDFC FMP 371D September 2012 (1) - Growth - Series 22	10	10,000,000.000	10.00
IDFC Fixed Term Plan Series 11 Direct Plan-Growth	10	15,000,000.000	15.00
UNQUOTED			
In Units of Mutual Fund			
Peerless Liquid Fund Direct Plan Growth	10	15,259,604.013	20.00
Total			701.83

AGGREGATE COST AND MARKET VALUE OF CURRENT INVESTMENTS:

(₹ in Crore)

	As at 30 th June, 2013	
	Aggregate Net Cost	Market Value
Quoted Investments:		
- In Bonds of Public Financial Institutions	11.83	11.93
- In Units of Mutual Funds	670.00	710.98
Total	681.83	722.91
AGGREGATE COST OF UNQUOTED INVESTMENT	20.00	

Notes Forming Part of Consolidated Financial Statements

NOTE 14 - INVENTORIES (Valued at Lower of Cost and Net Realisable Value)

(₹ in Crore)

	As at 30 th June, 2013
Raw Materials (Includes in transit ₹ 0.11 crore)	23.94
Fuel (Includes in transit ₹ 18.51 crore)	73.90
Stores, Spares and Packing Materials	348.93
Work-in-Progress (Includes in transit ₹ 4.29 crore)	47.83
Finished Goods (Includes in transit ₹ 10.18 crore)	35.88
	530.48
Details of Inventory	
Work-in-Progress	
Raw Meal	1.12
Clinker	43.92
Synthetic Gypsum	2.79
	47.83
Finished Goods	
Cement	35.88
Raw Materials	
Limestone	8.23
Gypsum	8.93
Fly Ash	2.61
Iron Ore, Laterite and Slag	3.65
Sulphuric Acid	0.10
Others	0.42
	23.94

NOTE 15 - TRADE RECEIVABLES

(₹ in Crore)

	As at 30 th June, 2013	
	Non-Current	Current
Outstanding for a Period Exceeding Six Months from the Date they are Due for Payment		
Secured, Considered Good	-	0.02
Unsecured, Considered Good	-	9.43
Considered Doubtful	0.42	-
	0.42	9.45
Less: Provision for Doubtful Receivables	0.42	-
	-	9.45
Others		
Secured, Considered Good	-	70.47
Unsecured, Considered Good	-	234.74
	-	305.21
	-	314.66

Notes Forming Part of Consolidated Financial Statements

NOTE 16 - CASH AND BANK BALANCES

(₹ in Crore)

	As at 30 th June, 2013
Cash and Cash Equivalents:	
Balances with Banks	29.10
Cash on Hand	1.05
	30.15
Other Bank Balances:	
Margin Money (Pledged with Banks)	1.73
Earmarked Balance with Banks for Unpaid Dividend	1.21
Fixed Deposits with Banks	
Maturity less than twelve months (Refer Note 16.1)	301.30
Maturity more than twelve months	35.00
	339.24
	369.39

16.1 Deposits of ₹ 15.22 crore are pledged with banks against overdraft facilities.

NOTE 17 - OTHER CURRENT ASSETS

(₹ in Crore)

	As at 30 th June, 2013
Interest Accrued	
On Fixed Deposits	8.95
On Tax Free and Other Bonds	12.30
Unamortised Premium on Forward Contracts	8.03
	29.28

Notes Forming Part of Consolidated Financial Statements

NOTE 18 - REVENUE FROM OPERATIONS

(₹ in Crore)

	For the Year ended 30 th June, 2013
Sale of Products	
Cement	5,050.42
Clinker	49.65
Power	1,042.78
	6,142.85
Revenue from Power Trading	
Revenue from Traded Power	94.91
Less: Purchase of Traded Power	91.79
	3.12
Other Operating Revenue	23.11
Revenue from Operations (Gross)	6,169.08

NOTE 19 - OTHER INCOME

(₹ in Crore)

	For the Year ended 30 th June, 2013
Interest Income	
On Fixed Deposits	33.66
On Tax Free and Other Bonds	27.98
On Income Tax and Sales Tax Refund	0.22
Others	2.42
Dividend from Current Investments (Other than Trade)	1.46
Profit on Sale of Investments (Other than Trade)	
Long term (Net)	113.65
Current (Net)	(1.32)
Provision No Longer Required (Net)	4.59
Profit on Sale of Fixed Assets (Net)	2.32
Balances Written Back (Net)	1.13
Foreign Exchange Rate Differences (Net)	1.51
Miscellaneous Income	0.71
	188.33

NOTE 20 - COST OF MATERIALS CONSUMED

(₹ in Crore)

	For the Year ended 30 th June, 2013
Raw Materials Consumed	
Limestone	206.76
Gypsum	86.07
Fly Ash	197.79
Iron Ore, Laterite and Slag	13.62
Sulphuric Acid	17.69
Others	16.09
	538.02

Notes Forming Part of Consolidated Financial Statements

NOTE 21 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Crore)

	For the Year ended 30 th June, 2013
Closing Stock	
Work-in-Progress	47.83
Finished Goods	35.88
	83.71
Opening Stock	
Work-in-Progress	31.34
Finished Goods	36.97
	68.31
(Increase) / Decrease	
Work-in-Progress	(16.49)
Finished Goods	1.09
	(15.40)

NOTE 22 - EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the Year ended 30 th June, 2013
Salaries, Wages, Bonus and Allowances	246.64
Contribution to Provident, Superannuation and Gratuity Funds	42.29
Employees Welfare Expenses	25.32
	314.25

NOTE 23 - FREIGHT AND FORWARDING EXPENSES

(₹ in Crore)

	For the Year ended 30 th June, 2013
On Finished Products	638.27
On Inter Unit Clinker Transfer	276.74
	915.01

NOTE 24 - FINANCE COSTS

(₹ in Crore)

	For the Year ended 30 th June, 2013
Interest Expenses	154.10
Other Borrowing Costs	39.04
	193.14

Notes Forming Part of Consolidated Financial Statements

NOTE 25 - OTHER EXPENSES

(₹ in Crore)

	For the Year ended 30 th June, 2013
Stores and Spares Consumed	172.25
Packing Materials Consumed	186.24
Mines Reclamation Expenses	1.04
Excise Duty on Captive Consumption of Clinker	19.95
Repairs to Plant and Machinery	77.63
Repairs to Buildings	11.37
Rent	7.73
Insurance	2.20
Rates and Taxes	7.44
Travelling	18.52
Commission to Non-executive Directors	0.95
Directors' Sitting Fees and Expenses	0.20
Advertisement and Publicity	40.20
Discount, Sales Promotion and Other Selling Expenses	172.22
Excise duty variance on Closing/Opening Stock (Refer note 30)	(0.08)
Provision for Bad and Doubtful Receivables (Net)	(0.03)
Miscellaneous (Refer Note 25.1)	56.52
	774.35
25.1 Miscellaneous Expenses include the payments made to Auditors:	
Statutory Auditors	
Audit Fees	0.22
Tax Audit Fees	0.05
Certification / Other Services	0.05
Reimbursement of Expenses	0.07
Cost Auditors	
Audit Fees	0.02
Certification / Other Services	0.01
Reimbursement of Expenses (₹ 8080)	

Notes Forming Part of Consolidated Financial Statements

26 Contingent liability:

Custom duty claim not acknowledged as debt ₹ 56.56 crore.

27 The Competition Commission of India (CCI) has, vide its order dated 30.07.2012, imposed penalty of ₹ 397.51 crore on the Company for alleged contravention of provision of the Competition Act, 2002. The said order of CCI is challenged by the Company on several grounds by filing appeal before the Competition Appellate Tribunal (COMPAT) which is pending for disposal. Pending final decision, no provision has been made in the financial statements.

28 Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 772.06 crore.

29 Capital Work-in-Progress includes pre-operative expenses of ₹ 29.91 crore which includes depreciation of ₹ 1.13 crore on assets during construction period.

30 Excise duty on sales amounting to ₹ 578.83 crore has been reduced from sales in Consolidated Statement of Profit and Loss and excise duty on increase / decrease in stock amounting to ₹ (0.08) crore has been considered as other expenses.

31 Expenditure on Research and Development :

(₹ in Crore)

Particulars	2012-13
Capital	12.98
Revenue	12.21
Total	25.19

32 a) Unhedged Foreign Currency Exposure:

(Amount in Crore)

S. No.	Purpose	Currency	As at 30 th June, 2013
1	Outstanding creditors for Spares, Capital Goods and Coal	USD	0.01
2	Outstanding creditors for Spares, Capital Goods and Coal	JPY	1.28
3	Outstanding creditors for Spares, Capital Goods and Coal (6750 GBP)	GBP	-
4	Interest Payable	USD	0.01
5	Interest Payable	JPY	0.01
6	Interest Payable (3376 EURO)	EURO	-
7	Outstanding creditors for Consultancy (2790 EURO)	EURO	-

b) The details of Derivatives outstanding at the year end are as follows:

(Amount in Crore)

S. No.	Nature of Contract	Currency	Buy Amount As at 30 th June, 2013	Purpose
1	Forward Contracts	USD	6.30	Hedging of Buyers Credit
2	Forward Contracts	JPY	11.52	Hedging of Buyers Credit
3	Forward Contracts	EURO	0.26	Hedging of Buyers Credit
4	Forward Contracts (47025 USD)	USD	-	Hedging of Imports
5	Forward Contracts	GBP	0.01	Hedging of Imports
6	Forward Contracts	EURO	1.93	Hedging of Imports
7	Currency and Interest rate Swap	USD	12.22	Hedging of Loans

Notes Forming Part of Consolidated Financial Statements

33 Employee Benefits:

(a) Contribution to defined contribution plans recognized as expenses are as under:

(₹ in Crore)

Particulars	2012-13
Superannuation	6.18
Provident fund	17.76
Total	23.94

(b) Defined Benefit Plans – The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

Disclosure for defined benefit plans based on actuarial reports:

(₹ in Crore)

S. No.	Particulars	Gratuity (Funded Plan) As at 30 th June, 2013
I	Change in Obligation	
1	Present value of defined benefit obligation at the beginning of the year	72.13
2	Current service cost	7.62
3	Interest cost	5.77
4	Actuarial (gain)/loss on obligation	14.11
5	Benefits paid	(1.76)
6	Present value of defined benefit obligation at the end of the year	97.87
II	Change in the Fair Value of Plan Assets	
1	Fair value of plan assets at the beginning of the year	71.92
2	Expected return on plan assets	7.21
3	Contributions by employer	20.28
4	Actuarial (gain)/loss on plan assets	-
5	Benefits paid	(1.76)
6	Fair value of plan assets at the end of the year	97.65
III	Expenses recognized in Statement of Profit and Loss	
1	Current service cost	7.62
2	Interest cost	5.77
3	Expected return on plan assets	(7.21)
4	Net actuarial (gain)/loss recognized in the current year	14.11
5	Expenses recognized in Statement of Profit and Loss	20.29
IV	Amount recognized in the Balance Sheet as at the end of the year	
1	Present value of defined benefit obligation	97.87
2	Fair Value of plan assets at the end of the year	97.65
3	Funded status [Surplus/(Deficit)]	(0.22)
4	Net assets/(liability) as at the end of the year	(0.22)
V	The major categories of plan assets as a percentage of total plan	
1	Qualifying Insurance Policy	100%
VI	Actuarial Assumptions	
1	Discount rate	8.00% p.a.
2	Mortality rate	LIC (1994-96 Ultimate)
3	Withdrawal rate	1-3% depending on age
4	Actual return on plan assets	7.21

Notes Forming Part of Consolidated Financial Statements

- (c) The Company expects to contribute ₹ 20 Crore to gratuity fund in next year.
- (d) The estimates of future salary increases have been considered in actuarial valuation after taking into consideration the impact of inflation, seniority, promotion and other relevant factors such as supply and demand situation in the employment market.
- (e) Provident fund managed by a trust set up by the Company:

In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumption provided below there is no short fall as at 30.6 2013.

The details of the plan assets and obligations position are as follows:

(₹ in Crore)	
Particulars	2012-13
Plan assets at year end, at fair value	29.92
Present value of defined obligation at year end	29.92
Liability recognized in Balance Sheet	-

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	2012-13
Discounting Rate	7.50%
Expected Guaranteed Interest Rate	8.50%
Expected Rate of Return on Assets	9.00%

- (f) Basis used to determine expected rate of return on assets:

The expected return on plan assets is based on market expectation, at the beginning of the period, which is used for calculating returns over the entire life of the related obligation. The Gratuity Scheme is invested in group Gratuity-Cum-Life assurance cash accumulation policy offered by Life Insurance Corporation of India.

- (g) Amount for the current year are as follows:

(₹ in Crore)	
Gratuity-Funded plan	As at 30 th June, 2013
Defined benefit obligation	97.87
Plan assets	97.65
Surplus/ (deficit)	(0.22)

- (h) Amount recognized as an expense in respect of leave encashment and compensated absences are ₹ 9.83 crore.

Notes Forming Part of Consolidated Financial Statements

34 Segment Reporting :

A. The Company has two primary business segments, namely Cement and Power.

Revenue, Results and other information:

(₹ in Crore)

Particulars	2012-13			Total
	Cement	Power	Inter-Segment Eliminations	
Revenue				
External Sales	4544.31	1045.94	-	5590.25
Inter Segment Revenue	-	546.13	(546.13)	-
Total Revenue	4544.31	1592.07	(546.13)	5590.25
Results				
Segment Results (Profit before Finance costs, Exceptional Items and Tax)	741.81	393.71	-	1135.52
Add: Un-allocated Income	-	-	-	178.07
Less: Finance costs	-	-	-	193.14
Profit before Exceptional Items & Tax	-	-	-	1120.45
Less: Exceptional Items	-	-	-	1.06
Profit before Tax	-	-	-	1119.39
Less : Tax Expenses	-	-	-	115.45
Profit after Tax	-	-	-	1003.94
Segment Assets	2869.87	511.25	-	3381.12
Un-allocated Assets	-	-	-	2778.98
Total Assets	-	-	-	6160.10
Segment Liabilities	699.85	69.32	-	769.17
Un-allocated Liabilities and Provisions	-	-	-	111.58
Total Liabilities	-	-	-	880.75
Depreciation and Amortization	253.85	181.78	-	435.63
Capital expenditure	696.99	45.03	-	742.02
Significant Non Cash Expenses other than Depreciation and Amortization.	-	-	-	-

B. Geographical Segment is identified as the secondary segment and details are given below:

(₹ in Crore)

Particulars	2012-13
Segment Revenue from Operations (Net)	
Within India	5574.00
Outside India	16.25
Total	5590.25

All the assets of the Company are within India.

Notes Forming Part of Consolidated Financial Statements

35 Related Party Disclosure :

Relationships:

(a) Enterprises over which Key Management Personnel (KMP) are able to exercise significant influence :

- (i) The Kamla Company Limited
- (ii) Shree Capital Services Ltd.
- (iii) Aqua Infra Project Limited
- (iv) Asish Creations Pvt. Ltd.
- (v) Alpha Buildhome Pvt. Ltd.
- (vi) Rajasthan Forum

(b) Key Management Personnel :

- | | |
|----------------------------|--------------------------------------|
| (i) Shri H.M. Bangur | Managing Director |
| (ii) Shri Mahendra Singhi | Executive Director |
| (iii) Shri Prashant Bangur | Wholetime Director (From 23.08.2012) |

(c) Relatives to Key Management Personnel :

- | | |
|---------------------------|----------------------------|
| (i) Shri B.G. Bangur | Father of Shri H.M. Bangur |
| (ii) Shri Prashant Bangur | Son of Shri H.M. Bangur |

Details of Transactions:

(a) Enterprises where KMPs have significant influence:

(₹ in Crore)

Particulars	2012-13
Usage charges of common facilities	
- The Kamla Company Limited	0.52
- Aqua Infra Project Limited	0.10
Payment for office rent	
- Alpha Buildhome Pvt. Ltd.	1.02
- Shree Capital Services Ltd.	0.05
Sale of Goods	
- Alpha Buildhome Pvt. Ltd.	0.02
Receiving of Services	
- Asish Creations Pvt. Ltd.	1.00
Contribution towards social activities	
- Rajasthan Forum	0.35
Security Deposit Given and Balance at the year end	
- Alpha Buildhome Pvt. Ltd.	0.45

(b) Key Management Personnel:

(₹ in Crore)

Remuneration	2012-13
- Shri H.M. Bangur	18.34
- Shri Mahendra Singhi	6.31
- Shri Prashant Bangur	5.07
Total	29.72

Notes Forming Part of Consolidated Financial Statements

(c) Relatives to Key Management Personnel:

(₹ in Crore)

Particulars	2012-13
Director commission, Sitting Fee and reimbursement of expenses	
- Shri B.G. Bangur	0.17
Remuneration (upto 22.08.2012)	
- Shri Prashant Bangur	0.17

36 Earnings per share (EPS):

A. Basic and Diluted EPS:

Particulars		2012-13
Profit attributable to Equity shareholders	₹ in crore	1003.94
Equity share capital	₹ In crore	34.84
Weighted average number of Equity shares outstanding (Face value of ₹ 10/- per share)	Nos.	3,48,37,225
Earnings Per Share – Basic and Diluted	₹	288.18

B. Cash EPS: (Profit for the year + Depreciation + Deferred Tax) / (Weighted average number of Equity shares outstanding)

37 Movement of Provision of Mines Reclamation Expenses :

(₹ in Crore)

	2012-13
Opening Provision	18.29
Add : Provision during the year	1.04
Less : Utilization during the year	0.63
Closing Provision	18.70

38 The following expenses are included in the different heads of expenses in Statement of Profit and Loss :

(₹ in Crore)

Particulars	2012-13		
	Raw Materials Consumed	Power and Fuel	Total
Salaries, Wages, Bonus and Allowances	10.21	9.68	19.89
Contribution to Provident, Superannuation and Gratuity Funds	1.05	0.92	1.97
Employees Welfare Expenses	0.96	0.94	1.90
Stores and Spares consumed	18.99	12.50	31.49
Repairs to Plant and Machinery	7.39	7.54	14.93
Repairs to Buildings	0.07	0.87	0.94
Insurance	0.01	0.20	0.21
Rates and Taxes	0.05	0.06	0.11
Royalty and Cess	92.78	-	92.78
Miscellaneous Expenses	0.52	2.04	2.56
Total	132.03	34.75	166.78

Notes Forming Part of Consolidated Financial Statements

39 Information relating to financial performance of Subsidiaries Companies for the year 2012-13 : (In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 51/12/2007-CL-III dated 8th February, 2011)

Particulars	Shree Global Pte. Ltd.		Katni Industries Private Limited
	Amount In USD	Amount In INR	Amount in INR
Capital	10000	597000	100000
Reserves	(5729.31)	(342040)	(13897)
Total Assets	5846.93	349062	87603
Total Liabilities	1576.24	94102	1500
Detail of Investments (Except investment in subsidiaries)	-	-	-
Turnover excluding other income	-	-	-
Profit / (Loss) before taxation	(5729.31)	(313221)	(13897)
Provision for Taxation	-	-	-
Profit / (Loss) after taxation	(5729.31)	(313221)	(13897)
Proposed Dividend	-	-	-

Note - For converting the figures given in foreign currency appearing in the accounts of the subsidiary Company into equivalent INR, following exchange rates are used.

Currency	Balance Sheet (Closing rate)	Statement of Profit and Loss (Average rate)
United States Dollars (USD) - Indian Rupee	59.70	54.67

40 In view of first time preparation of Consolidated Financial Statements, previous year numbers are not applicable.

41 Figures less than 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lac.

Signature to Note 1 to 41

As per our report of even date

For **B. R. Maheswari & Co.**
Chartered Accountants
Registration No. 001035N

For and on behalf of the Board

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Chairman

H. M. Bangur
Managing Director

Prashant Bangur
Whole-time Director

R.L. Gaggar
Director

O.P. Setia
Director

Shreekant Somany
Director

Dr. Y.K. Alagh
Director

Dr. Leena Srivastava
Director

Mahendra Singhi
Executive Director

Place : Kolkata
Date : 30th July, 2013

Ashok Bhandari
Chief Finance Officer

S.S. Khandelwal
Company Secretary

Ratio Analysis

FINANCIAL PERFORMANCE RATIOS

	2012-13	2011-12#	2010-11	2009-10	2008-09
Raw Material Cost/Total Turnover (%)	8.74	8.98	11.22	8.43	8.35
Power Cost/Total Turnover (%)	4.19	4.75	5.55	4.10	5.56
Fuel Cost/ Total Turnover (%)	20.33	18.41	17.62	11.11	14.03
Manpower & Admin Cost/ Total Turnover (%)	6.61	6.36	6.63	5.18	4.65
Net Interest /Total Turnover (%)	2.09	2.08	2.48	1.91	1.08
Profit Before Depreciation, Interest (Net) & Tax / Total Turnover (%)	27.31	26.36	23.68	39.32	32.11
Profit Before Depreciation & Tax / Total Turnover (%)	25.22	24.28	21.19	37.41	31.03
Depreciation / Total Turnover (%)	7.06	13.48	17.16	14.21	6.64
Tax/ Net Profit (%)	11.50	11.20	-47.38	28.37	25.08
Tax/ Total Turnover (%)	1.87	1.07	-2.52	4.78	4.69
Net Profit/ Total Turnover (%)	16.27	9.55	5.33	16.84	18.69
Net Profit/ Net Turnover (%)	17.96	10.66	6.07	18.61	21.32
Cash Profit/ Total Turnover (%)	22.95	23.06	20.97	31.00	25.60
ROCE (PBIT/ Average Capital Employed) (%)	24.14	15.50	6.98	30.00	33.98
Return on Net Worth (%)	26.13	18.65	7.83	37.02	48.85
Turnover / Average Capital Employed (%)	113.47	108.81	96.27	120.80	131.29
EBIDTA/Net Turnover (With Other Income) (%)	31.29	31.18	29.24	43.46	36.62
EBIDTA/Net Turnover (Without Other Income) (%)	27.92	28.38	25.62	41.37	35.18
Earning Per Share (₹)	288.19	177.54	60.19	194.07	165.91
Cash Earning Per Share (₹)	406.34	428.88	236.99	369.77	227.18

Balance Sheet Ratios	2012-13	2011-12#	2010-11	2009-10	2008-09
Debt -Equity Ratio (Times)	0.20	0.56	0.84	0.89	0.88
Debtors Turnover (Days)	18.62	12.75	10.03	7.49	6.89
Inventory Turnover (Days)	31.39	35.43	37.47	32.56	18.24
Current Ratio (Times)	1.60	1.37	1.58	1.64	2.09
Quick Ratio (Times)	1.23	1.11	1.14	1.27	1.86
Book Value Per Share (₹)	1103.32	784.77	570.13	526.23	347.33

Figures for 2011-12 has been annualized wherever necessary in view of 15 months period.

Corporate Information

Board of Directors

Shri B.G. Bangur	- Chairman
Shri H.M. Bangur	- Managing Director
Shri Prashant Bangur	- Whole-time Director
Shri R.L. Gaggar	
Shri O.P. Setia	
Shri Shreekant Somany	
Dr. Y.K. Alagh	
Shri Nitin Desai	
Dr. Leena Srivastava	
Shri Mahendra Singh	- Executive Director

Chief Finance Officer

Shri Ashok Bhandari

Senior Executives

Shri Diwakar Payal	- President (Marketing)
Shri P.N. Chhangani	- President (Works)
Shri Kuldeep Verma	- Jt. President (Marketing)
Shri Sanjay Mehta	- Jt. President (Commercial) and Chief Happiness Officer
Shri K.C. Gandhi	- Jt. President (Material Management)
Shri Gopal Daga	- Jt. President (Project Management)
Shri Arun Bhalla	- Chief Executive (Power Business Development)
Shri Vikas Rai Bhatnagar	- Chief People and Wellness Officer
Shri Shrinath Savoor	- Sr. Vice President (Strategy)
Shri Arvind Khicha	- Sr. Vice President (Commercial)
Shri Sunil Kumar Gupta	- Sr. Vice President (Project)
Shri Ramakant Sharma	- Sr. Vice President (Public Relations)
Shri S.C. Suthar	- Vice President (Mines)
Shri M.M. Rathi	- Vice President (Power Plant)
Shri Gajraj Jain	- Vice President (Power Plant)
Shri R.K. Agarwal	- Vice President (Projects)
Shri Vinay Saxena	- Vice President (Operations)
Shri Rakesh Bhargava	- Vice President (R & D) and Chief Climate & Sustainability Officer
Shri M.C Gupta	- Advisor (Technical)
Shri Narip Bajwa	- Vice President (Marketing)
Shri Sharad Rajvanshi	- Vice President (Marketing)
Shri Himanshu Dewan	- Vice President (Marketing)
Shri P.C. Jhawar	- Vice President (P&A)
Shri Ravi Kant Tiwari	- Vice President (Liasion)
Shri K.K. Jain	- Jt. Vice President (Accounts)
Shri Yogesh Mehta	- Jt. Vice President (Logistics)
Shri S.K. Soni	- Jt. Vice President (ERP & IT)

Shri R.N. Dani	- Jt. Vice President (Costing & MIS)
Shri N.C. Jain	- Jt. Vice President (Finance & Internal Audit)
Shri Manoj Kumar Mahla	- Jt. Vice President (P&A)
Shri S.R. Singhvi	- Jt. Vice President (HR)
Shri R.K. Manawat	- Jt. Vice President (Operations & Grinding Units)
Shri A.K. Gupta	- Jt. Vice President (Project-Civil)

Company Secretary and Chief Risk & Compliance Officer

Shri S.S. Khandelwal

Bankers

State Bank of Bikaner & Jaipur
 State Bank of India
 ICICI Bank Ltd.
 Axis Bank Ltd.
 Standard Chartered Bank
 HDFC Bank Ltd.
 DBS Bank Ltd.
 The Bank of Tokyo-Mitsubishi UFJ Ltd.
 J P Morgan Chase Bank N.A.

Advertising Consultant

Shri Alyque Padamsee

Statutory Auditors

M/s. B.R. Maheswari & Co., New Delhi

Cost Auditors

M/s. K.G. Goyal & Associates, Jaipur

Internal Auditors

M/s. P.K. Ajmera & Co., Ahmedabad

Registered Office

Bangur Nagar, Beawar-305 901, Distt. Ajmer, Rajasthan
 Phone: (91)1462-228101-06, Fax: (91)1462-228117/19
 Toll free no.: 1800 180 6003-04
 website: www.shreecement.in
 email: sclbwr@shreecementltd.com

Corporate Office

21, Strand Road, Kolkata-700 001
 Phone: (91) 33-22390601-05
 Fax: (91) 33-22434226
 email: sclcal@shreecementltd.com

Company's Plants & Marketing Offices

Manufacturing Facilities

Cement and Power Plants

Beawar:

Bangur Nagar, Beawar-305 901 Ajmer,
Rajasthan (India)
Phone: (91) 1462-228101-06
Fax: (91) 1462-228117 / 228119
Email shreebwr@shreecementltd.com

Ras:

Bangur City, Ras, Tehsil: Jaitaran-306 107,
Pali, Rajasthan (India)
Phone: (91) 1462-228101-06
Fax: (91) 1462-228117 / 228119
Email: shreebwr@shreecementltd.com

Split Grinding Units

Khushkhhera:

Plot No SP 3-II, A-1, RIICO Industrial Area,
Khushkhhera (Bhiwadi),
Distt.: Alwar, Rajasthan

Suratgarh:

Near N.H. 15, Udaipur Udasar,
Tehsil: Suratgarh,
Distt.: Sriganganagar, Rajasthan

Jobner (Jaipur):

Mahela-Jobner Road,
Village: Aslapur, Distt.: Jaipur, Rajasthan

Laksar (Roorkee):

Akbarpur-Oud, Distt.: Haridwar,
Uttarakhand

Marketing Offices

Shree Ultra Cement

Delhi

122-123, Hans Bhawan
1 Bahadur Shah Zafar Marg,
New Delhi-110 002
Phone: (91) 11-23370828, 23379829
Fax: (91) 11-23370499

Jaipur

SB-187, 2nd Floor, Shree Corporate Tower
Opp. Rajasthan University, JLN Marg,
Jaipur-302 015
Phone: (91) 141-6611200
Fax: (91) 141-6611219

Bangur Cement

Delhi

6B, 6th Floor, Hansalaya Building,
15, Barakhamba Road,
New Delhi-110 001
Phone: (91) 11-23702794-95
Fax: (91) 11-23702796

Jaipur

SB-187, 3rd Floor, Shree Corporate Tower
Opp. Rajasthan University, JLN Marg,
Jaipur-302 015
Phone: (91) 141-6611000, 6611322
Fax: (91) 141-6611315

Rockstrong Cement

Delhi

10-A, DCM Building, 16-Barakhamba Road
Connaught Place,
New Delhi-110 001
Phone: (91) 11-23731084-85
Fax: (91) 11-23731084

Jaipur

SB-187, 4th Floor, Shree Corporate Tower
Opp. Rajasthan University, JLN Marg,
Jaipur-302 015
Phone: (91) 141-6611000
Fax: (91) 141-6611421



www.shreecement.in



SHREE CEMENT LIMITED

Regd. Office: Bangur Nagar, BEAWAR-305 901, Distt. Ajmer (Rajasthan)

NOTICE

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Members of SHREE CEMENT LIMITED will be held at the Registered Office of the Company at Bangur Nagar, Beawar 305 901, Distt. Ajmer, Rajasthan on Friday, 25th October, 2013 at 11.30 A.M. to transact the following business: -

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend on equity shares for the year ended 30th June, 2013.
3. To declare Final Dividend on equity shares for the year ended 30th June, 2013.
4. To appoint a Director in place of Dr. Y.K. Alagh who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Shreekant Somany who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. B. R. Maheswari & Company, Chartered Accountants, New Delhi (Registration No.: 001035N) be and is hereby reappointed as Auditors of the Company, to hold office from conclusion of the Thirty Fourth Annual General Meeting until the conclusion of the next Annual General Meeting to be held thereafter at such remuneration, plus service tax as applicable and reimbursement of out-of-pocket expenses in connection with the audit as the Board of Directors may fix in this behalf."

Special Business

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Dr. Leena Srivastava, who was appointed as an Additional Director of the Company by the Board and holds office up to the date of this meeting under Section 260 of the

Companies Act, 1956 (including any statutory modifications and re-enactments thereof for the time being in force) and in respect of whom, the Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing her candidature for the office of the Director, be and is hereby appointed as a Director liable to retire by rotation."

8. To consider and, if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof for the time being in force) read with the Schedule XIII of the said Act and in partial modification of the Special Resolution passed at the Annual General Meeting held on 16th October, 2012, the consent of the Members of the Company be and is hereby accorded for increasing the present overall ceiling on the annual remuneration of Shri Prashant Bangur as Whole-time Director of the Company from ₹ 600 lac per annum to ₹ 2000 lac per annum for the period commencing from 1st April, 2013 till balance period of his present term."

9. To consider and, if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof for the time being in force) read with the Schedule XIII of the said Act and in partial modification of the Special Resolution passed at the Annual General Meeting held on 16th October, 2012, the consent of the Members of the Company be and is hereby accorded for increasing the present maximum limit of annual increase in remuneration of Shri Mahendra Singhi as Executive Director of the Company from 30% of the total remuneration of previous year (which includes Basic Salary and all other allowances and perquisites) to 60% of total remuneration of previous year, effective from such date as may be decided by the Board at its discretion."

By Order of Board of Directors
for **SHREE CEMENT LIMITED**

Place: Kolkata
Date: 30th July, 2013

S. S. Khandelwal
Company Secretary

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at the Meeting is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from 21st October, 2013 to 25th October, 2013 (both days inclusive).
- Dividend of Equity Shares as recommended by the Board of Directors of the Company, if declared at the meeting will be paid from 29th October, 2013 to those shareholders whose name appear on the Register of Members as on 25th October, 2013.
- Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
- (A) The Company has transferred all unclaimed dividend

declared upto the Accounting year 1994-95 to the General Revenue Account of the Central Govt. as required under Companies (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Members who have so far not claimed or collected their dividends declared up to the aforesaid year are requested to claim such dividends from the Registrar of Companies, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur, Rajasthan by making an application in Form II of the said Rules.

- The Company has transferred all unclaimed dividend declared for the years 1995-96, 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 to Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 16th October, 2012 (date of last Annual General Meeting) on the website of the Company (www.shreecement.in), as also on the Ministry of Corporate Affairs website.
- The members who have not yet encashed the dividend warrant(s) for the year 2005-06 and onwards are requested to approach the Company with their warrants for revalidation. Dividend for these years, which remain unclaimed for a period of 7 years, will be transferred by the Company to Investors Education and Protection Fund (IEPF).

The details of unpaid dividend and last date of transfer in IEPF are given hereunder:

Year	Type of Dividend	Dividend per Share (₹)	Date of declaration of Dividend	Dividend Amount unpaid as on 30 th June, 2013 (₹ Lac)	Last date for Transfer of unpaid Dividend in Investors' Education and Protection Fund
2005-06	Final	5.00	31.7.2006	7.18	5.9.2013
2006-07	Interim	6.00	13.3.2007	8.47	18.4.2014
2007-08	Final	8.00	18.7.2008	10.06	23.8.2015
2008-09	Interim	5.00	28.4.2009	7.04	3.6.2016
	Final	5.00	24.7.2009	6.62	29.8.2016
2009-10	Interim	5.00	21.1.2010	6.69	26.2.2017
	Final	8.00	14.8.2010	10.88	19.9.2017
2010-11	Interim	6.00	31.1.2011	7.97	6.3.2018
	Final	8.00	1.8.2011	10.66	6.9.2018
2011-12	Interim	6.00	23.1.2012	8.19	28.2.2019
	Interim	6.00	15.5.2012	9.02	20.6.2019
	Final	8.00	16.10.2012	12.43	21.11.2019
2012-13	Interim	8.00	29.4.2013	15.84	4.6.2020

8. M/s. Karvy Computershare Pvt. Ltd. is acting as Share Transfer Agent for both manual and electronic form of shareholdings. All communications relating to shares should be addressed to:

M/s. Karvy Computershare Pvt. Ltd.
Unit: SHREE CEMENT LIMITED
Plot No. 17-24 Vittal Rao Nagar, Madhapur,
HYDERABAD - 500 081
Attn: Mr. K.S. Reddy, Asstt. General Manager
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar viz. Karvy Computershare Pvt. Ltd./Company.
10. Securities and Exchange Board of India (SEBI) has vide circular number CIR/MRD/DP/10/2013 dated 21st March, 2013 directed to all Companies whose securities are listed on Stock Exchanges; that for making cash payments to the investors, Companies whose securities are listed on Stock Exchanges shall use approved electronic mode of payment viz., NECS, NEFT, RTGS etc.

Members holding shares in electronic form are requested to contact their respective DPs for availing the aforesaid facility. While, Members holding shares in physical form are requested to fill the form attached with this notice, and send the same duly filled and signed along with a photocopy of a cancelled cheque to the Company or its RTA. The said form can also be downloaded from the website of the Company.
11. Members, who are holding physical shares in identical order of names in more than one account, are requested to intimate to the Share Transfer Agent, the Ledger Folio of such accounts and send the Share Certificate(s) to enable the Company to consolidate all the holdings into one account. The Share Certificate(s) will be returned to the members, after making the necessary endorsements, in due course.
12. Shareholders holding shares of the Company in physical format are requested to convert their holding to Demat through a Registered Depository Participant. Benefits of Dematerialisation are:
 - No risk of loss/misplacement/theft/damage of share certificate
 - No risk of bad deliveries
 - Shorter settlement thereby enhancing liquidity
 - No stamp duty on transfer of securities held in Demat form
 - No concept of market lots
 - Change of name, address, dividend mandate, registration of power of attorney, transmission etc. can be effected across companies held in Demat form by a single instruction to the DP
13. As part of Green initiative in Corporate Governance, Ministry of Corporate Affairs (MCA) vide its Circulars No. 17/2011 and No. 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively permitted the Companies to send official documents to their shareholders electronically. Recognising the spirit of the Circular issued by MCA, we are sending the documents like Notice convening the General Meetings, Financial Statements, Directors' Report, Auditors' Report etc. to the e-mail address provided by you with your depositories/ Company.

We request you to update your e-mail address with your Depository Participant/ Company to ensure that the annual report and other documents reach your email account.

Members may also register their e-mail address for seeking the documents electronically by logging onto <http://www.shreecement.in>
14. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days except Sunday and public holiday, between 10.30 hours and 12.30 hours up to the date of meeting.
15. As required under Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed/ re-appointed are given below and forms part of Notice.

Sr. No.	Nature of Information	Item No. 4 of Notice	Item No. 5 of Notice	Item No. 7 of Notice
1	Name	Dr. Y.K. Alagh	Shri Shreekant Somany	Dr. Leena Srivastava
2	Age	74 years	65 years	52 years
3	Nationality	Indian	Indian	Indian
4	Qualification	Doctoral Degree in Economics	B. Sc.	Masters in Economics and Doctoral Degree in Energy Economics
5	Expertise in specific functional area	Eminent Economist with wide experience in Policy Making & Planning	Eminent Industrialist having rich experience of Business	Expert in the field of Energy and Environment
6	Director of Company since (date)	29.10.2004	20.10.2000	21.1.2013
7	Directorship in other Companies	<ul style="list-style-type: none"> Tata Chemicals Ltd. Somany Ceramics Ltd. Rallis India Ltd. Star Agriwarehousing & Collateral Management Limited 	<ul style="list-style-type: none"> Somany Ceramics Ltd. SR Continental Ltd Somany Global Ltd. Sarvottam Vanijya Ltd. Cosmo Ferrites Ltd. Scope Vinimoy Pvt. Ltd. 	<ul style="list-style-type: none"> Bharti Infratel Ltd. Torrent Pharmaceuticals Ltd. Meridian Institute, USA Strategic Media Works Pvt. Ltd. World Environment Centre, USA
8	Member of Committees of Board	Shree Cement Ltd. <ul style="list-style-type: none"> Audit Committee Stakeholders' Relationship Committee Nomination cum Remuneration Committee Tata Chemicals Ltd. <ul style="list-style-type: none"> Shareholders' & Investors' Grievances Committee - Chairman Audit Committee Nomination Committee - Chairman Ethics & Compliance Committee - Chairman Executive Committee of the Board - Chairman Rallis India Ltd. <ul style="list-style-type: none"> Audit Committee Somany Ceramics Ltd. <ul style="list-style-type: none"> Audit Committee 	Shree Cement Ltd. <ul style="list-style-type: none"> Nomination cum Remuneration Committee Selection Committee Cosmo Ferrites Ltd. <ul style="list-style-type: none"> Remuneration Committee 	Shree Cement Ltd. <ul style="list-style-type: none"> CSR Committee Bharti Infratel Ltd. <ul style="list-style-type: none"> HR and ESOP Compensation Committee Torrent Pharmaceuticals Ltd. <ul style="list-style-type: none"> Audit Committee
9	Nature of Directors' Interest, in any of the resolution(s)	Except Dr. Y.K. Alagh himself, none of the remaining directors is concerned or interested in the Resolution	Except Shri Shreekant Somany himself, none of the remaining directors is concerned or interested in the Resolution	Except Dr. Leena Srivastava herself, none of the remaining directors is concerned or interested in the Resolution
10	Number of shares held in the Company	Nil	Nil	Nil

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ANNEXED HERETO AND FORMS PART OF THE NOTICE DATED 30th JULY, 2013

Item No. 7 of Notice

Dr. Leena Srivastava has been appointed as an Additional Director of the Company by the Board of Directors w.e.f. 21st January, 2013 under Section 260 of the Companies Act, 1956 and holds office up to the date of the ensuing Annual General Meeting of the Company.

As required under Section 257 of the Companies Act, 1956, a Notice has been received from a member in writing proposing the candidature of Dr. Leena Srivastava for the Office of Director of the Company.

Board of Directors recommends the resolution for approval of the members.

None of the Directors, except Dr. Leena Srivastava, being appointee, is interested or concerned in the proposed resolution.

Item No. 8 of Notice

Shri Prashant Bangur has been appointed as Whole-time Director of the Company for a period of 5 years w.e.f. 23rd August, 2012 on terms and conditions, which were approved by the Members in their meeting held on 16th October, 2012.

As per terms of appointment of Shri Bangur, the Board of Directors of the Company is authorized to determine the annual increase in his remuneration and approve other variations as are considered appropriate subject however, to a ceiling of ₹ 600 Lac per annum. Board of Directors of the Company in its meeting held on 30th July, 2013, have recommended to increase the said ceiling on the annual remuneration of Shri Prashant Bangur as Whole-time Director of the Company from ₹ 600 lac per annum to ₹ 2000 lac per annum for the period commencing from 1st April, 2013 till balance period of his present term. All other terms and conditions relating to the appointment of Shri Prashant Bangur as approved by the Members of the Company in their meeting held on 16th October, 2012 shall remain unchanged.

Board of Directors recommends the resolution for approval of the members.

None of the Directors except Shri Prashant Bangur himself and Shri B.G. Bangur and Shri H.M. Bangur, being relatives, is interested or concerned in the proposed resolution.

Item No. 9 of Notice

Shri Mahendra Singhi was appointed as Executive Director of the Company for a period of 3 years w.e.f. 1st April, 2013 on terms and conditions, which were approved by the Members in their meeting held on 16th October, 2012.

As per terms of appointment of Shri Singhi, the Board of Directors of the Company is authorized to increase his remuneration and approve other variations as are considered appropriate subject however, to a ceiling of 30% of the total remuneration of previous year (which includes Basic Salary and all other allowances and perquisites).

Board of Directors of the Company had, in their meeting held on 30th July, 2013, have recommended increase in the said limit of increase in remuneration of Shri Mahendra Singhi as Executive Director of the Company from 30% of the total remuneration of previous year (which includes Basic Salary and all other allowances and perquisites) to 60%, of total remuneration of previous year, effective from such date as may be decided by the Board at its discretion. All other terms and conditions relating to the appointment of Shri Mahendra Singhi as approved by the Members of the Company in their meeting held on 16th October, 2012 shall remain unchanged.

Board of Directors recommends the resolution for approval of the members.

None of the Directors, except Shri Mahendra Singhi himself, is interested or concerned in the proposed resolution.

By Order of Board of Directors
for **SHREE CEMENT LIMITED**

Place: Kolkata
Date: 30th July, 2013

S. S. Khandelwal
Company Secretary



SHREE CEMENT LIMITED

NATIONAL ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

Karvy Computershare Pvt Ltd
Unit - Shree Cement Limited
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500081

← For SHARES HELD IN PHYSICAL MODE
Please complete the form and mail to

For SHARES HELD IN ELECTRONIC MODE
Please inform respective DPs

Dear Sir(s),

Sub: Request for recording NECS mandate for receiving payments

I hereby consent to have the amount of dividend on my equity share(s) credited through National Electronic Clearing Service (NECS) facility. The Particulars are:

1. Folio No. / DP ID No. & Client ID No.:
(Folio No. given in Equity Share certificate(s) / Client ID no. given by your DP)
2. Shareholder's Name:
.....
.....
3. Shareholder's Address:
.....
.....
4. Particulars of the Bank:
 - Bank Name :
 - Branch and Address :
 - Telephone No. of Bank:
 - IFSC Code of the branch:
 - Mention the 9 digit-code number of the bank and branch appearing on the MICR Cheque issued by the Bank
.....
(Please attached the photocopy of a cheque or a cancelled bank cheque issued by your bank for accuracy of your code number)
 - Account type (Please ✓) Saving ☐ Current ☐ Cash Credit ☐
 - Account number (as appeared on the cheque book)
5. Permanent Account Number (PAN)
(Please attached a self attested copy of PAN card for verification)
6. Date from which mandate should be effective

I hereby, declare that particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Company/ Registrar and Share Transfer agents of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS.

Signature of the First / Sole shareholder



Regd. Office: Bangur Nagar,
Beawar – 305901 Distt: Ajmer, Rajasthan

SUB: Usage of electronic payment modes for making payments to investors

Dear Shareholder,

Securities and Exchange Board of India (SEBI) vide Circular Number CIR/MRD/DP/10/2013 dated 21st March 2013 issued to all Companies whose securities are listed on Stock Exchanges, all Registrars to an Issue and Share Transfer Agents (RTI & STA), all Depositories and all Stock Exchanges, has specified that for making payments to the investors, Companies shall use approved electronic mode of payment viz., NECS, NEFT, RTGS etc.

In this context, you might be aware that Company had provided the facility to directly receive dividend payments to your bank account through National Electronic Clearing Service (NECS) mechanism. National Electronic Clearing Service (NECS) is a facility which works on the centralized accounting system implemented in banks. Under this mechanism, the account of a bank that is submitting or receiving payment instructions is debited or credited centrally at Mumbai. The branches participating in NECS can, however, be located anywhere across the length and breadth of the country.

In order to register for receiving dividend amount directly through NECS mode as envisaged in aforesaid SEBI circular, shareholders holding shares in physical form may send the enclosed NECS mandate form duly filled up and signed to Company's Registrar and Share Transfer Agents M/s Karvy Computershare Pvt. Ltd. at Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500081. In case of shares held in electronic form, NECS mandate has to be sent to concerned Depository Participant (DP) with whom the demat account is maintained in the format prescribed by the DP.

The form is also available for download on Company's website www.shreecement.in under the 'investor centre' section.

The information should be accurate and complete in all respect so that you get the credit of dividend in time. Please note that NECS operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solution (CBS) for centralized processing. Thus you are requested to furnish the new bank account number allotted by the banks post implementation of CBS, along with a copy of cheque pertaining to the concerned account. Please further note that in case shareholders do not provide their new account number allotted after implementation of CBS, NECS to the shareholders' old account may either be rejected or returned. Similarly it is advised that all changes pertaining to recorded bank mandate are promptly informed and updated to R&TA or DP, as the case may be.

We seek your co-operation to update your Bank Account details immediately by following the above process.

Yours faithfully,

S.S. Khandelwal
Company Secretary



Regd. Office: Bangur Nagar, Beawar-305 901 Distt: Ajmer, Rajasthan

Dear Shareholder(s),

Sub: Nomination facility for shares

You may be aware that the Companies Act, 1956 provides nomination facility to members / debenture holders of the Company for shares / debentures of the Company registered in their name. Nomination enables smooth inheritance of ownership of the shares / debentures to Nominee without any procedural difficulties. Therefore we would recommend you to avail this facility in respect of your holding of equity share(s) in the Company. For this purpose, you may fill in the prescribed Form No. 2B and send it to Registrar and Share Transfer Agent of the Company at following address:

M/s. Karvy Computershare Pvt Ltd,
Unit: SHREE CEMENT LIMITED
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Contact person: Mr. K. S. Reddy, Asstt. General Manager
Phone No.: (91) 040-44655000
Fax No. : (91) 40 -23420814
E-mail: einward.ris@karvy.com

Investors holding share(s) in electronic form should contact their concerned Depository Participant (DP) directly for registering nomination.

Yours faithfully,

S. S. Khandelwal
Company Secretary

Form No. 2B

(See rules 4CCC and 5D of the Companies (Central Government's) General Rules and Forms, 1956)

NOMINATION REQUEST FORM

(To be filled by individual(s) holding shares in physical form – singly or jointly)

To,
M/s. Karvy Computershare Pvt Ltd,
Unit: SHREE CEMENT LIMITED
Plot No.17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad – 500 081

From: _____

Folio No.: _____

No. shares held: _____

I am / We are the holder(s) of shares of the Company as mentioned above. I / We nominate the following person(s) in whose favour all rights of transfer and/or amount payable in respect of equity shares shall vest in the event of my / our death.

Nominee's name: _____ Age

--	--

Date of Birth

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

 (To be furnished only in case the nominee is minor)

Address of the nominee: _____

_____ Pin code

--	--	--	--	--	--

Telephone No(s): _____

Fax No(s): _____

e-mail Address: _____

Mobile No(s): _____

Name and address of Guardian (To be furnished only in case the nominee is minor)

Specimen signature of Nominee / Guardian (in case of nominee is minor) (Optional)

Kindly take the aforesaid information on record.

Thanking you,

Yours faithfully,

Name of all the holder(s) (as appearing on the Certificate(s))	Signature as per specimen recorded with the Company	Date

Signature of two witnesses

Name and address of witness	Signature	Date

Regd. Office: Bangur Nagar, Beawar-305 901 Distt: Ajmer, Rajasthan

Name: _____ e-mail id*: _____

Address: _____

Pin: _____

DP ID: _____ Client ID: _____

Folio no. (In case of physical holding): _____

No. of Equity Shares held: _____

Signature of Member

* for updating records of the Company

	Excellent	Very Good	Good	Satisfactory	Needs improvement
Directors' Report and Management's Discussion and Analysis					
Report on Corporate Governance					
Reporting of Annual Accounts (Financial information)					
Quality of Non-financial information					
-Contents					
-Presentation					

Suggest what other issues should be covered in the Report

Suggest the areas, if any, where more details should be reported?

Please mail your feedback to:

S. S. Khandelwal

Company Secretary

Shree Cement Limited,

Bangur Nagar, Post Box No. 33,

Beawar – 305 901, Distt Ajmer, Rajasthan

Ph: (91) 1462-228101-06 Fax: (91) 1462-228117/119

E-mail: khandelwalss@shreecementltd.com

**SHREE CEMENT LIMITED**

Regd. Office: Bangur Nagar, Beawar-305 901 Distt: Ajmer, Rajasthan

**ATTENDANCE SLIP
THIRTY FOURTH ANNUAL GENERAL MEETING**DP ID* Folio No.: Client ID* No. of shares held:

NAME OF THE SHAREHOLDER/PROXY _____

ADDRESS _____

I hereby record my presence at the 34th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 25th day of October, 2013 at 11.30 A.M. at the Registered Office of the Company at Bangur Nagar, Beawar – 305 901 Distt. Ajmer, Rajasthan.

SIGNATURE OF THE SHAREHOLDER/PROXY

Note: Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

*Applicable for holding in electronic form.

**SHREE CEMENT LIMITED**

Regd. Office: Bangur Nagar, Beawar-305 901 Distt: Ajmer, Rajasthan

**PROXY
THIRTY FOURTH ANNUAL GENERAL MEETING**DP ID* Folio No.: Client ID* No. of shares held:

I/We _____ being a member /members of

SHREE CEMENT LIMITED hereby appoint _____

of _____

or failing him / her _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the 34th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 25th day of October, 2013 at 11.30 A.M. and at any adjournment thereof.

Affix
Revenue
Stamp
here & Sign

Signed this _____ day of _____ 2013

SIGNATURE OF SHAREHOLDER(S)

*Applicable for holding in electronic form

Note: The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be member of the Company.

FORM B
(Pursuant to Clause 31(a) of the Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Shree Cement Limited
2.	Annual financial statements for the year ended	30 June 2013 (Standalone and Consolidated)
3.	Type of Audit qualification	<p>Details of qualification given in Auditors' Report is as under:-</p> <p><i>Management has not made the provision for penalty of Rs. 397.51 crore imposed by the Competition Commission of India, which constitutes a departure from the Accounting Standard-29 referred to in sub-section (3C) of section 211 of the Act. Had management made the provision for penalty, an amount of Rs. 397.51 crore would have been required to write the liabilities up to their adequate value. Accordingly, Expenses would have been increased by Rs. 397.51 crore, and Profit for the year would have been reduced by Rs. 397.51 crore.</i></p>
4.	Frequency of qualification	First time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Note no. 27 of the standalone and consolidated financial statements states as under:-</p> <p>27. The Competition Commission of India (CCI) has, vide its order dated 30.07.2012, imposed penalty of Rs. 397.51 crore on the Company for alleged contravention of provision of the Competition Act, 2002. The said order of CCI is challenged by the Company on several grounds by filing appeal before the Competition Appellate Tribunal (COMPAT) which is pending for disposal. Pending final decision, no provision has been made in the financial statements.</p> <p>The management response to the qualification in the Directors' Report is as under:-</p> <p><i>The observations of the Auditors in their report under para 6 read with note no. 27 of financial statements are self explanatory.</i></p>
6.	Additional comments from the board/audit committee	NIL

7.	To be signed by- • CEO/Managing Director	 (H. M. BANGUR)
	• CFO	(ASHOK BHANDARI) 
	• Auditor of the company	For B. R. Maheshwari & Company  Sudhir Maheshwari Partner
	• Audit Committee Chairman	 (O. P. SETIA)