



Change is the new normal

FORWARD LOOKING STATEMENT

On 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 whenever possible to identify such statements by using words such as 'anticipated', 'estimated', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, 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.

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Concept note



Change

To change is to explore new dimensions

Change is to go beyond mere routine

To change is to think new and create newer paths

Change is to set newer goals

To change is to build on the present

Change means to prepare for tomorrow, today

To change is to capitalize on opportunities

Change means to build capacities

To change is to expand reach

Change means to power ahead

To change is to integrate knowledge

Change means to sustain the future

At Shree,

Change is the new normal

Foreword



The Theme – Change is the new normal

We look at our annual reports as a tool of transparently communicating the developments we have made and the plans to sustain these developments to all our stakeholders. Each year, we attempt to highlight an inherent characteristic that drives our success. This year's annual report is based on our inherent capability to continually CHANGE. Change to us means innovating, constantly improving and exploring various possibilities of doing things differently. This understanding of change, which we put into practice at Shree, is the centerpiece of the Annual Report 09–10.

Competition is intensifying, quality demands and preferences of customers are increasing, technology is changing fast, regulatory environment is rising, and expectations of all stakeholders are growing. All around, change is happening fast. Those who cannot mould themselves to this fast changing environment are bound to see failures. This requires companies to continually innovate and try to do newer things in order to prepare and keep themselves ready to best meet the competition and customer expectations, embrace new technology and satisfy ever rising demands of all stakeholders.

Successful companies never settle for today's success, rather, they try to make it enduring. They try to anticipate the markets of tomorrow, keep track of customer demands; constantly review existing processes and re-invent them for new technologies and improvements. They place continual thrust on innovation and build a culture of doing newer things in their people rather than being mired in

daily routines. This creates an 'entrepreneurship culture' where the dominant characteristics are dynamism, risk taking, zeal to continually experiment with existing scheme of things for further improvement. They are constantly looking for change. The people of such companies are in a way "change or innovation drivers". They drive their organization in such a way that it becomes a tendency to continually make changes (improvements /innovations) in its products, processes and business model. This enables their organization to achieve a sustainable competitive advantage in the market helping make their success enduring.

Why this theme?

We have tried to elaborate on the philosophy of continual change, which we have adopted at Shree. We have made an attempt to navigate the reader through the seamless transition of inherent potential into the pro-active capability to change and finally into enhanced performances, performances that set internal higher standards with each passing day, across departments and at the organizational level.

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

Chairman's Perspective



B G Bangur
Executive Chairman

Change is a natural law. It is inevitable. It is the very nature of life, a force that affects one and all without exception.

Change is a natural law. It is inevitable. It is the very nature of life, a force that affects one and all without exception. Wherever we look, we see that everything and everyone is in a state of constant change.

As humans, we have a choice about how we relate to change. Whether we engage with change in a conscious and active state or respond reactively to it is a decision we need to make.

An active or proactive engagement with change gives you opportunity, well in advance, to look at and evaluate a multitude of choices with regard to change-actions and thereby help in making right decisions. Putting active change into practice thus enables taking charge of change and driving it instead of being driven by it. It helps in creating new core competencies, expanding dimensions and the building an outlook that values, plans and executes

innovation and improvisation. One is then naturally alert to surroundings, is constantly on the look out for emerging opportunities and goes beyond the layers of the obvious. On the other hand, reactive engagement doesn't allow much scope of choice and one is forced to accept the outcome, whether positive or negative.

It is only by actively engaging with 'change' that we are enabled to grow and thrive.



About Shree Cement



Shree Cement is the largest cement manufacturer in North India and among the top five cement manufacturing groups in the country.

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Turnover of the company for 2009-10 was Rs. 3632 Crores and Net profit was Rs. 676 Crores.

It has more than quadrupled its capacity in the last 5 years to reach present cement capacity of 12 million tons p.a. with manufacturing plants at Beawar, Ras, Khushkhara and Suratgarh in Rajasthan and Laksar (Roorkee) in Uttarakhand.

Company follows a multi-brand strategy and sells cement under the highly

recognized brands of Shree Ultra, Bangur and Rockstrong which together enjoy largest market share in high value markets of Rajasthan, Delhi & Haryana.

Shree is also into the power sector with a Power generation capacity of 210 MW which is set to go up to 560 MW by December 2011.

It is known to be an energy efficient and environment friendly company and has received various awards and accolades at national and international level for excellence in energy efficiency and environment management.

Shree has set up waste heat recovery projects of 46 MW capacity which is the largest waste heat power generation capacity in world cement industry excluding China.

Shree follows the triple bottom-line approach of measuring performance against the three benchmarks of Economical, Social and Environmental.

Shree is an active participant at Climate change forums and is the first Indian cement company to join the Cement Sustainability Initiative of the World Business Council for Sustainable Development, Switzerland.

The Shree Vision

Vision

“To drive and sustain industry leadership of the company within a global context - by developing individual leadership competencies at every level, through a robust backbone of trust, support, innovation and reward”

Mission

- To harness sustainability through low carbon philosophy
- To sustain its reputation as one of the most efficient manufacturers globally
- To continually have most engaged team
- To drive down cost through innovative practices
- To continually add value to its products and operations meeting expectations of all its stakeholders
- To continually build and upgrade skills and competencies of its human resource for growth
- To be a responsible corporate citizen with total commitment to communities in which it operates and society at large

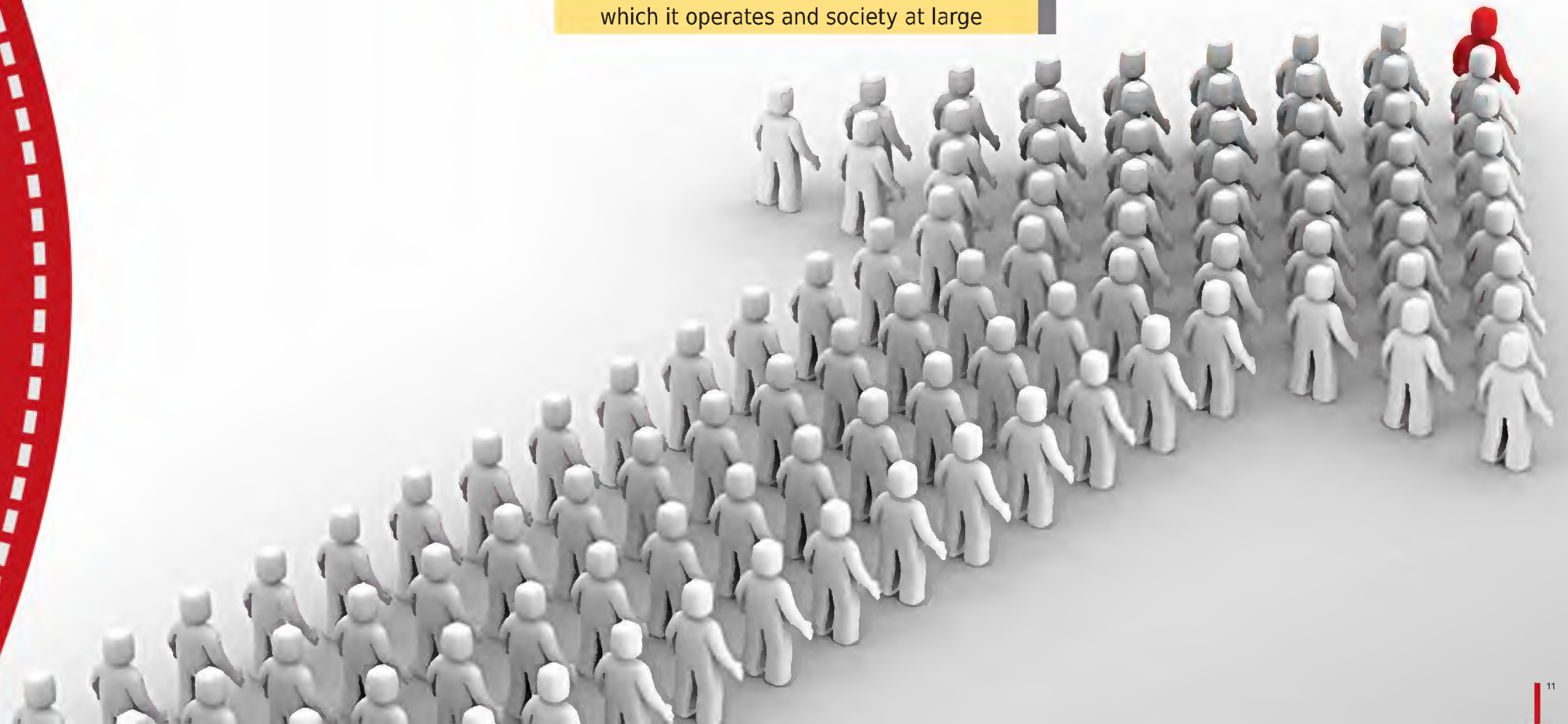
Guiding Principles

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

Philosophy

“Aah no bhadra: Kratavo
yantu vishwatah”
- *Rigveda*

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



MD's Message

Aspiring for a change that is perpetual



H M Bangur
Managing Director

People are never tired of hard work, they get easily tired by boredom. Challenge for the management is to break this boredom in a creative way. Japanese have given the process of continuous improvement a name kaizen. It is a must for every running company. How one implements kaizen depends upon the internal culture of individual company.

To the outsiders, it will mean that we are taking big risks and our risk profile is high. This is not at-all so. It is very simple that if changed action does not work, we can immediately get back to the initial level. At best, we have lost some time and efforts, and in the process, get a little deeper understanding of the situation. Biggest problem of this coming back to the old is loss of self-esteem and ego. If the organization is able to protect the fear of failure, new ideas will come continuously and can be tried. In Shree, there is no individual failure and this is the reason that continuous suggestions come from all levels. Of course, success has many fathers and all of us enjoy the new outcome.

Running the present system requires minimal efforts. As the system grows, people become more and more experienced to do the same things and in the process, the amount of their efforts for the job decreases continuously. They can get bored with the routine job. The famous story "Tortoise & Hare" clearly demonstrates that hare lost the race because he felt no challenge. If there is no challenge in the work and the same routine is followed month after month, then it dulls the sharpness of mind. This results in a situation where the person loses interest and makes mistakes even in seemingly full-proof situation. New challenges help in keeping their mental alertness on

Change has a peculiar nature; it places most people in discomfort. People have to leave the comfort of the known and are forced to travel into uncharted areas. Fear of the unknown prevails with the new set up. That is why managing change is a challenge.

We, at Shree have developed an altogether different view on change. Innovation has become a routine job. A sense of discomfort develops when no new ideas are tried.

Ordinarily a target is fixed and management pursues the target. If anything goes wrong, it is corrected and again the company moves towards achieving the target. We, at Shree, continuously want to set higher targets. For this, maintaining the status-quo or repairing the current situation will not work. Same action is bound to give same result. So, to have different results, we have to change the action and try new things. This requires continuous experimentation.

toes and ultimately give superior results.

Newton's Law holds good even for corporate management. It clearly says "everything stays in its state of rest or uniform motion unless and until external force is applied on it". So, for change, apart from innovative thinking, additional work is required. Important thing to understand is why a team which is comfortable will voluntarily take hard work. The fatigue of their efforts is balanced by hope before the experiment and pride and joy after the work is accomplished.

People are never tired of hard work, they get easily tired by boredom. Challenge for the management is to break this boredom in a creative way. Japanese have given the process of continuous improvement a name "kaizen". It is a must for every running company. How one implements "kaizen" depends upon the internal culture of individual company.

Decision becomes final only when no more thinking about it is being done. Till people work on that, the decision is not final and can always change. It is quite

normal to take the final decision as early as possible. In the process, thinking about the same stops as decision has been finalized. In Shree, we like to take final decision as late as possible as it gives that much more time for the people to think about the solution. Higher the time spent on a particular decision, better is the outcome. Patience in planning and impatience in implementation is the key to success.

Our Company is in commodity market. Ups & downs are the nature of commodity. For the last 3 years, we at Shree, have taken few steps to smoothen the impact of bad commodity cycle. We have entered the power sector. Though power sector is very small today compared to cement, but within the next 2 years this business will have sufficient importance on our working. Company changed part of its focus from cement to power.

There exists a big challenge for cement industry. Market has shifted from "advantage seller" to "advantage buyer". Capacity utilization of industry has come down to below 80% and with new

capacities coming in; this scenario is likely to continue for quite sometime.

The biggest challenge in today's time is to contain cost. Fuel is the single most important cost centre for our company. Shree has developed the preparedness for using all sort of solid fuels, whether it is Petroleum Coke, Bituminous Coal or Lignite. We improved upon the existing system in our power plants and re-designed them in a manner which has enabled us to change the fuel as soon as we change our thoughts.

We have an active workforce of 3244 people. The biggest challenge for the management is to encourage them all to have new ideas. This encouragement can come if their ideas are heard and acknowledged by a proper team and detailed feedback is given to them about the positiveness or shortfall of their views. A strong co-relation exists between the sincerity with which the ideas are heard and generation of new ideas. Co-relation with cash reward is little. In Shree there is quite a competition to generate new ideas.

ED Speaks

Re-look
Re-discover
Re-invent



M K Singhi
Executive Director

This attitude of constantly striving to find newer ways of doing things, present in our people across all levels, is change for us.

The definition of an ideal work place changes from one individual to another. So, how do we define 'an ideal work place' at Shree Cement? We have given shape to our own definition of an ideal workplace. We do not come to our workplace merely to fulfill our assigned duties. Each day brings with it, opportunities to find happiness by effecting change through improvisations, big or small. The happiness thus experienced, motivates us even further to better our performance. Each day, for all of us at Shree Cement, is a challenge we take upon ourselves of changing the existing way of doing things and making it better. We are driven to seek newer goals to achieve and find more happiness in the process.

How can we make an existing process better? What kind of an improvement can be made to increase the overall productivity and efficiency of our company? Which initiatives would help us add to our customer's delight? How can the realizations be increased? What kind of innovations would help us 'green' our processes even further? Which measure would help bring down logistics costs? How can we better serve our communities and contribute towards conservation of the eco-system? These are the kind of questions that we ask ourselves when we step into our work stations every morning. It is a passion to perform and to out-perform ourselves every single day. In order to achieve this, we ceaselessly try to re-look, re-discover and re-invent not only the processes, systems and areas with scope for improvement, but our inherent potentials as well.

This attitude of constantly striving to find newer ways of doing things, present in our people across all levels, is change for us. We believe in dynamism, in constantly moving ahead and finding tomorrow's answers today. We do not wait for external factors to determine the changes that we have to undertake; instead we work with an outlook of making ourselves future-ready and try to stay a step ahead always.

The operating word in all our day-to-day functions is 'improve' and the philosophy behind it is of 'Never say yes to no'. What this has translated into is our endeavour to better ourselves at all levels and at all times. This is where the role of the leadership comes in. It becomes the foremost responsibility of the leadership to provide a work environment that is motivating, encouraging and one that is able to sustain this drive amongst its

people. Once this is in place, then it is the people themselves that become 'change drivers' and take the responsibility of perpetuating this change adaptive culture upon themselves.

Change is a mind-set

Our belief in the principle of not settling for the achievements of the past has played a pivotal role in enhancing the performance of our organization. For us, achievements of the past are just a foundation for future accomplishments. We have lived upto this ideology by developing a mind-set that is open to change. We as an organization have been able to achieve all that we have and are still fervent for more, as the need for constant change is not forced upon us, rather, it is practiced by our own free will.

We have time and again put our young team in charge of various projects and they have not only lived up to our expectations but also surpassed it.

Readiness to change ensures better collaboration within departments

The process of adapting to change at Shree is systemic. This ensures that each and every department at Shree is in sync with each other and together enable, the optimum output. Our work culture stems from a belief in strong, mutually reinforcing exchanges and linkages between employees and departments. In this culture, operating policies, procedures, standards and tasks are all designed with one goal in mind – to encourage cooperation, teamwork and camaraderie among our people. Creating such an environment in which people feel empowered, share responsibilities and are part of a team creates synergy and increases productivity. It is a culture where our people take ownership of their tasks and act proactively instead of just being told what to do at every step.

Encouraging young talent to come forth

We have time and again put our young team in charge of various projects and they have not only lived up to our expectations but also surpassed it. It is the zeal of this young team to go beyond the usual way of doing things and try different approaches that has resulted in numerable positive changes taking place at Shree. In accordance with this, the seniors have taken upon an important role of nurturing and giving proper direction to the passion and the new line of thought that this young brigade brings to work. Moving from micro-management towards de-centralization has yielded benefits for us in terms of prominent talent constantly emerging.

Our people are young at heart and in their ideas. We keep our enthusiastic and dynamic team at the helm of things, which is hungry to explore the unexplored and have the zeal and the confidence to pursue it and transform it into success.

Benefits of being change adaptive

Various studies have shown that an organization that is receptive to change will always be ahead of the ones that are rigid in their ways of functioning. There are certain very important and specific benefits that we have and are experiencing by virtue of being an organization constantly on its toes. I would like to take you through certain very tangible gains that we have reaped by infusing ‘changeability’ in our style of working:

- Awareness of the market and capacity to shift according to its demands
- Easy transfer of learning and knowledge within departments

- Positive approach to problem solving by inculcating a culture of openness to learn from mistakes
- Clear processes in place to evaluate, innovate and implement future ideas
- Guarded from operating as a silos
- Increased people potential

Consistent change for total prosperity

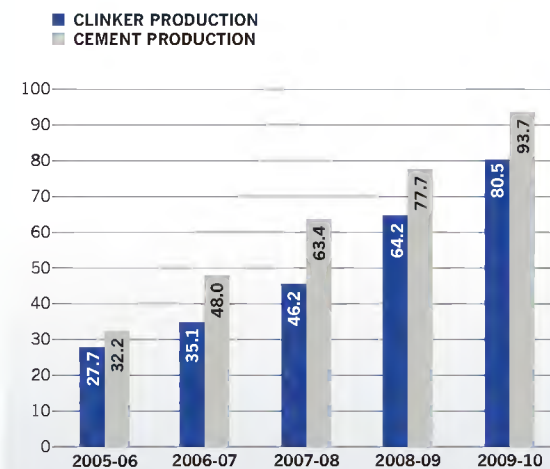
Total prosperity. That is what we are out to achieve, continually. Our objective behind introducing innovations and improvisations is to create an environment where our people feel proud about their work and feel happy coming to their workspace every day. Performance, I believe, is a result of this feeling of happiness. Once we have managed to achieve this, performance is bound to follow. One of the biggest change that has taken place at Shree is the systemic movement towards Total Prosperity Management, which has resulted in the wholesome growth of our people, our company and the society at large.

We have created our ‘Ideal Workplace’. A workplace that intrinsically motivates us to find newer potentials within ourselves, that encourages us to push ourselves that much further, that gives us the confidence to redefine our areas of responsibilities and explore unknown possibilities. With this clarity in place, the future for Shree definitely looks promising.

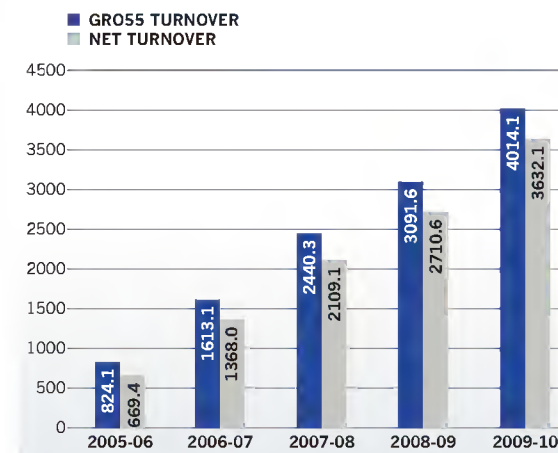
Performance Highlights



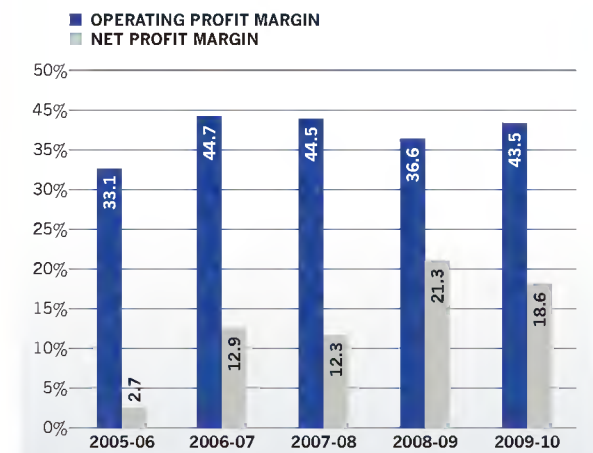
CLINKER & CEMENT PRODUCTION (Lac tons)



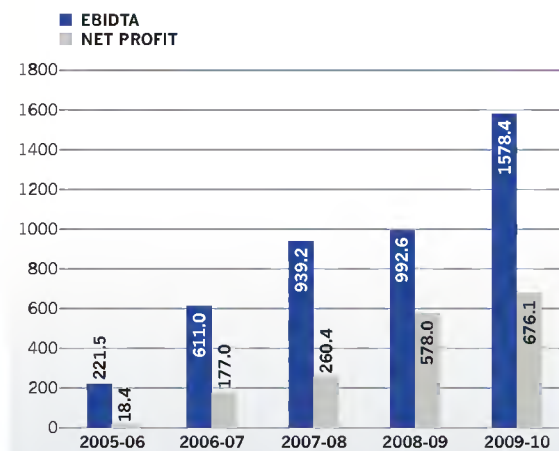
GROSS & NET TURNOVER (Rs. Crore)



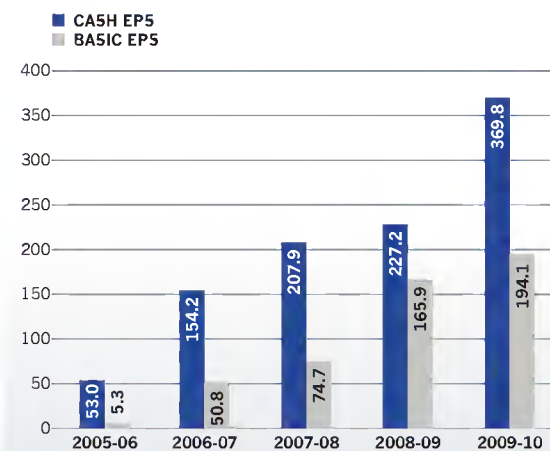
OPERATING & NET PROFIT MARGIN (%)



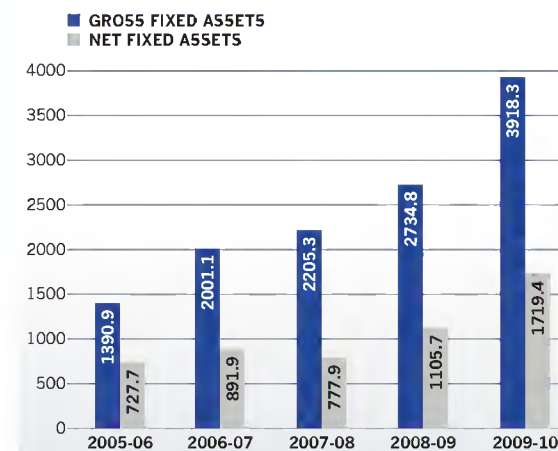
EBIDTA & NET PROFIT (Rs.Crore)



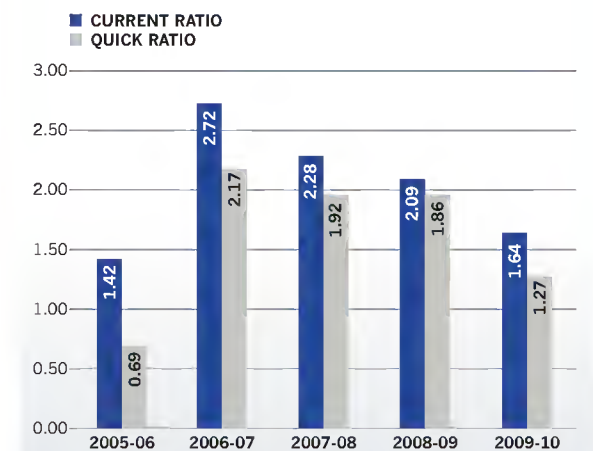
CASH EPS & BASIC EPS (Rs. per Share)



GROSS & NET FIXED ASSETS (Rs. Crore)



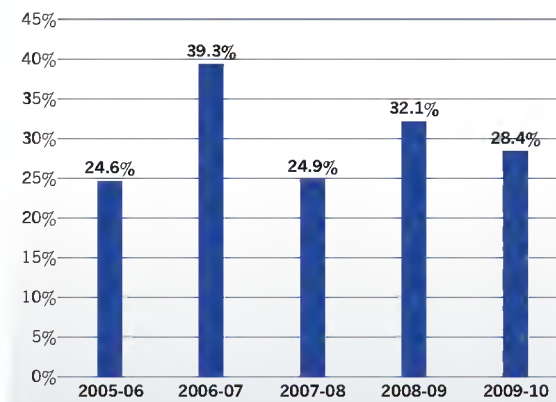
CURRENT & QUICK RATIO (TIMES)



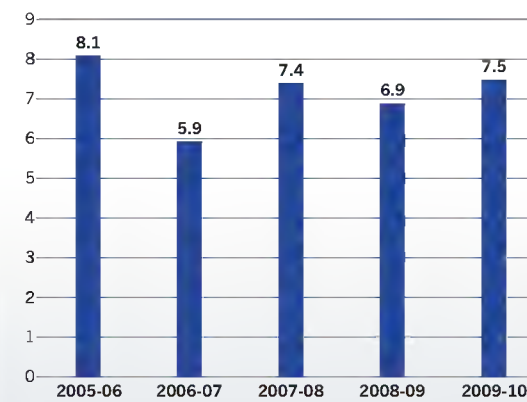
Performance Highlights



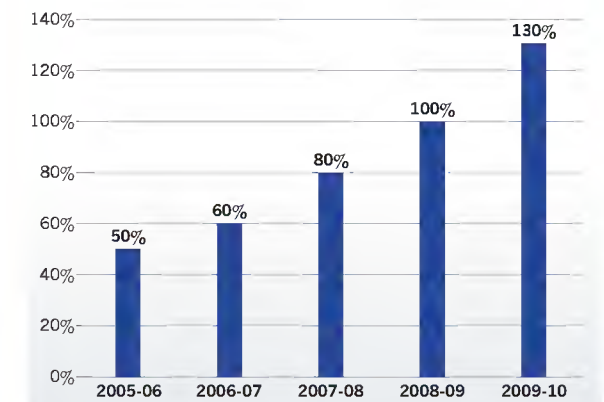
RETURN ON CAPITAL EMPLOYED (%)



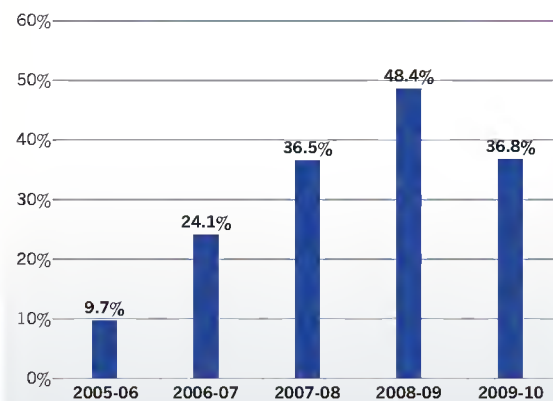
DEBTORS TURNOVER (Times)



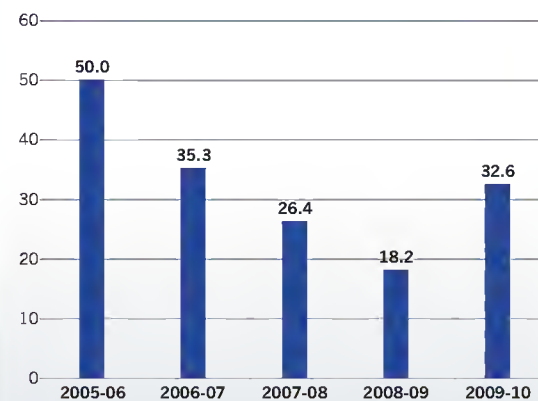
DIVIDEND (%)



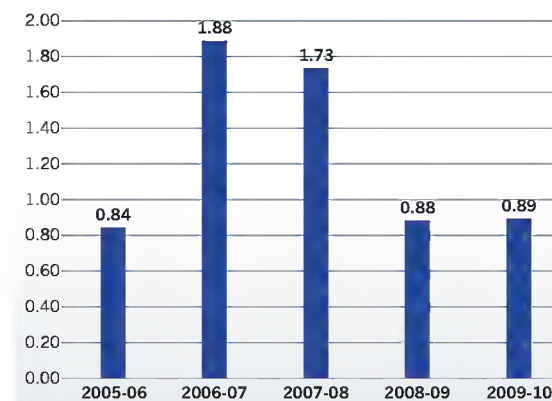
RETURN ON NET WORTH (%)



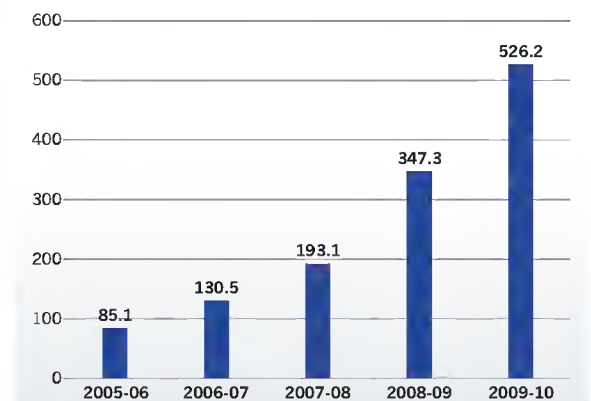
INVENTORY TURNOVER (Days)



DEBT EQUITY RATIO (Times)



BOOK VALUE (Rs. per Share)



THE KEYS FOR SUSTAINING SUCCESS



To ensure a state of constant change, where each day is dedicated to the cause of improving upon yesterday, a special set of skills is required. We call them the keys for sustaining success.

Sustaining, because the application of these keys is not a short-term process, rather they are values that are entrenched at the core of our business strategy, practiced on a daily basis to be a sustainable organization.

In the following pages, you will see how we have imbibed and practiced these keys. The success we have met so far due to these practices give us the confidence that tomorrow's success will be greater than today's.



Materials Management



Raw material procurement is an important and critical activity. A regular and timely supply of raw materials in required quantity and quality in a cost-effective manner is the key for successful manufacturing operations. We employ an approach with a singular focus - optimum deliverance cost for this purpose, which has been quite successful.

The working methodology involves critical analysis on a regular basis, experimentation and high levels of market & business intelligence. This helps us pre-empt scarcities, gauge future scenarios, successfully meet production requirements for our expanding capacities and changes in preference of raw material. Innovation has also played a leading role in adding to our flexibility

KEY *Optimum Deliverance Cost*

and enabling a future-ready department with the best example being the exploration of alternate materials.

Enhanced technological applications in mining leading to increased efficiency and reduced costs:

Structural Mapping in limestone is one such advancement. This system provides facilities to accurately judge deformation patterns in mining deposits present at surface and in subsurface of the earth. Previously this was used only in the mining of metallic minerals but we have been able to successfully use structural mapping systems to the same effect for limestone mining as well. This technology has also helped in providing informed instructions about ore/waste delineation, making better decisions about safety, and enabling the latest geology and geotechnical data to be used in design. The end result of this system is higher productivity and improved head grades i.e. quality of material leaving the mines and entering the processing units.

Digital Elevation Modeling (DEM) and Photogrammetry has also been successfully put to application in mine planning as well as mine surveying in consultation with ISRO (Indian Space Research Organization) personnel. As per

the feedback from research organizations and technocrats, the study is probably the first in India for mine surveying & mine planning in limestone mining industry. Successful implementation of this study has helped to save a considerable amount of working time as well as man power.

Latest Mine Planning Software and instruments such as Datamine, GPS, Total Station, AutoCAD and Geographical Information System (GIS) have also been put to use in a highly customized manner. By utilizing these techniques we are able to independently conduct all exploration activities, reserve estimation and mines planning without engaging any external agency. This has helped us to make considerable amount of savings and the development of skill set in our people.

Materials Management



Cost - Effective Procurements

The prices of raw materials are volatile due to their supply-demand dynamics. As a result of regularly tracking price trends and ability to pre-empt future availability of raw materials, we at times procure and stock materials in bulk quantities according to our requirements and market situation. We have also entered into long-term MoU with suppliers of various raw materials which has made it possible for us to procure materials at the best rates. We have successfully procured pet coke, sulphuric acid and other raw materials in this cost-effective manner.

Fly Ash

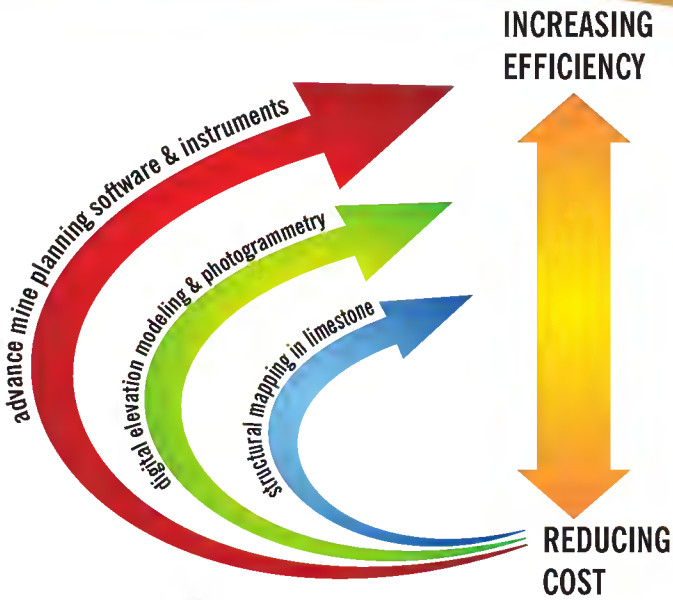
Fly Ash being a waste generated at Thermal Power Plants has gained importance in cement industry and now has become a 'Resource'. Cement industry is playing a key role in utilization of Fly Ash. Cost effective procurement of dry Fly Ash is very critical as almost all cement companies are facing tough competition and scarcity. Expansions at our production units required higher quantities of Fly Ash and a steady supply of the same was a possible bottleneck. This potential roadblock was successfully overcome by our efforts to optimize the current supply and increase

the number of supply sources. We have created our own solution to tackle problems of competition and scarcity, by entering into MoU with around 17 sources, most of which are long-term, for eco-friendly disposal of Fly ash.

Transporter Bidding System

To nullify the vulnerability to fluctuations in availability and price of transportation, we engaged our focus on the micro-planning of raw material logistics. To implement this micro-planning, an online transporter bidding system was created and successfully implemented.

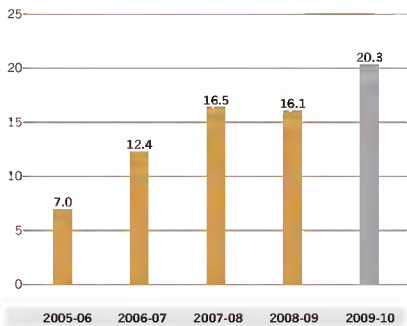
The authorized transport vendors are able to access via internet (ERP) and submit all their price offers and truck fleet deployment. The subsequent bidding process ensures the best price for that day and clears doubts of availability as well. This transparent system was implemented to use market dynamics for company's benefit. Market driven freight system was implemented to create more competition amongst the transporters and to provide equal opportunity to all in a transparent manner.



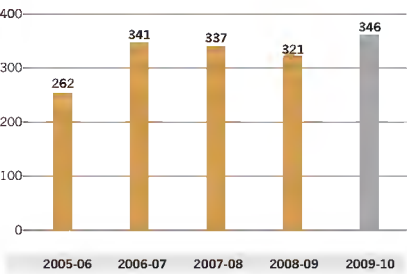
Use of Alternatives

We are constantly innovating and finding alternatives and new supply sources to substitute and augment our existing materials. We have been successful in replacing some of our costly materials with low cost materials of an even better quality. We have already started using alternatives like pond ash and lignite based ash in place of Fly Ash and synthetic gypsum in place of mineral gypsum, to mention a few examples. Apart from finding cost-effective alternatives, we are also furthering our cause of conservation of natural resources to the maximum possible extent.

FLY ASH PROCUREMENT (Lac Ton)



RAW MATERIAL COST PER TON OF CEMENT (Rs.)



Manufacturing

KEY *Being Confident*



We, at Shree Cement, have always believed that there is always a better way of doing things. All it takes is confidence and the enthusiasm to go beyond the normal ways of doing them.

Across the cement industry in India, while the average annual growth in cement production has been close to 11%, we have recorded 21% growth in cement production and 25% increase in clinker production.

The high growth rates that we have achieved this fiscal can be attributed to micro as well as macro-level planning and application. We have bettered upon our production capacities by maximum capacity utilization, process & equipment optimization, deployment of latest technology and through innovative practices like reducing shutdown time during maintenance. Periodic review and analysis of energy consumption data of all equipments is done to effect reduction in energy consumption as well.

Utmost importance is given to the expansion of knowledge base in order to stay abreast with the latest trends. For this, we ensure increased interaction of our team with personnel from other Cement Plants as well as their participation in various national as well as international seminars.

Innovations introduced in the manufacturing process for enhanced efficiency and reduced cost

Insulation in Unit- II Preheater & Pyroclone

We believe in optimum utilization of equipment for improving productivity and reducing cost. We consider any heat radiation above the ambient temperature that goes unutilized as heat loss. An observation was made that the heat escaping from Preheater and Pyroclone of a cement plant could be captured and utilized. Preheater and Pyroclone, typically, are internally insulated. However based on our observation, we thought of providing an

external insulation to the Preheater and Pyroclone so as to capture the escaping heat radiation and use it as a resource.

Initially, only the Pyroclone of Unit-II (except top and bottom portions) was insulated and the radiation temperature decreased from 103° to 52° C. This decrease saved us 2.90 kcal/kg of clinker and convinced us to insulate the entire pyroclone and preheater.

Upon doing so, the saving now rose to around 8.5 kcal/kg of clinker. But during a routine check, when we measured the shell body temperature by making a hole in the insulation, it was found to be abnormally high as the external insulation was preventing any heat from escaping. Immediately, a decision was taken to remove the whole insulation. Prompt action saved the preheater from a possible mishap as lack of external cooling on the preheater body was causing rapid increase in temperature.

The experiment was not a success per say but definitely laid the foundation for future success. Significant expenditure was incurred in insulation and subsequent removal. But we firmly believe that “the cost of failure is money spent on training and is always rewarding”. The team was applauded for

its efforts and encouraged to further the idea after making suitable changes.

The subsequent new initiative involved using thermal insulation between shell and brick in the Calcliner area during annual shutdown and immediate success in the form of a 15° reduction in radiation temperature materialized. Upon replicating the same at all preheater areas, Shree expects the saving of specific heat by 3.0 kcal/kg of clinker and monetary benefits of Rs. 2.3 Crores per annum.

Besides the saving of specific heat and the monetary gains, a more appreciable aspect of this experience was the determination and the dedication of our team. It is highly commendable that despite the initial failure, our team did not get disheartened; instead they zealously went about finding answers and their belief in themselves finally resulted in success.

Use of Indigenous Alumina Bricks and SS Plate

Earlier imported bricks were being used for lining in the burning zone of the kiln. The cost of lining was approximately Rs.164 Lacs. Identifying this as an area which could be improved upon, we thought shifting towards the use of

indigenous Alumina Bricks in Kiln I instead of imported bricks. To ensure that this change would yield benefits, various factors like consistent and stable operation of kiln with reduced stoppage frequency, installation and optimization of multi-channel burner to have stable coating in burning zone, ensuring consistency in raw mix composition and utmost care while laying / application of bricks were taken into consideration. The above mentioned precautions made the shift successful and resulted in saving of costs. The cost of lining of Alumina Bricks was approximately Rs. 85 Lacs, resulting in significant saving.

Secondly, we installed SS plates of 0.5mm thickness to reduce the wear and tear and increase the life of kiln shell. Previously, Zircoat was applied on the kiln shell to reduce the effect of wear and tear. Installation of SS plates instead of applying Zircoat was an innovation done for the first time across the cement industry. As a result of this innovation when the kiln shell thickness was measured during shutdown it was noticed that there was practically no wear in kiln shell and that the SS plate was slightly worn out and was replaced with new one. Substantial monetary saving was also realized.

Manufacturing

In-house Manufacturing of Grinding Media Ball Sorting Machine

Once again our will to do something different along with our focus on self-sustainability and development of in-house expertise reaped results, this time in the form of in-house manufacturing of Grinding Media Ball Sorting Machine. Previously, this machine was purchased and we had to wait for months to get the machine to our site. The resulting delays eventually led us to make a successful attempt at manufacturing the machine ourselves. By using scrap material and own manpower, the machine was built for Rs. 20,000 as against the purchasing cost of Rs. 42 Lacs. The new machine order was cancelled, savings of Rs. 41.80 Lacs were made and now the machine can be used in other grinding units as well.

Rearrangement of Seal Air Piping in all Raw Mills

In some of the raw mills, seal air piping is provided inside the mill. This arrangement leads to wear and tear of the piping, resulting in loss of air for sealing of the roller bearings and causing subsequent

stoppage of mill. The working hours lost on account of this was about 80 hours annually per mill. Additionally there was always a risk of roller bearing seizure which could lead to plant stoppage for 6-7 days. As an alternative, the system was redesigned and the piping was installed outside the mill housing. This change helped in reducing the wear and tear of the piping and the number of running hours also went up which was done for the first time in such raw mills.

Interconnection of Two Fly Ash Silos

Breaking the convention of one silo for one cement mill, we at Shree undertook the interconnection of Fly Ash silos of cement mills III and IV. The interconnection ensured that there are no mill shutdowns due to fluctuations in availability of Fly Ash as either silo can be used for providing fly ash to either mill. This has also resulted in the reduction of retention times of trucks.



Consumption – Power and Fuel

We are an eco-conscious company. We have introduced various energy conservation measures in our processes so as to reduce the consumption of power and fuel. These measures have helped us in bringing down the power consumption from 76.72 Kwh per ton of cement in 08-09 to 75.25 Kwh per ton of cement in 09-10. Similarly the percentage of fuel consumption has gone down from 10.75 in 08-09 to 10.64 in 09-10.

Improving Productivity
Clinker Production (TPH)

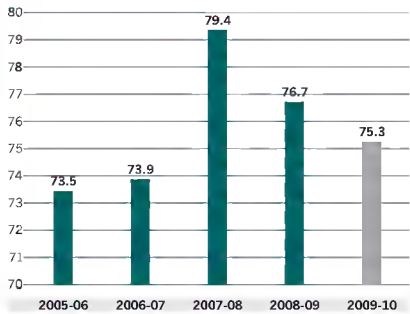
Kiln	2008-09	2009-10
I	131	127
II	189	189
III	131	135
IV	135	136
V	129	134
VI	132	138
VII	-	136

Highest ever, 346 running days achieved in Kiln – II this financial year

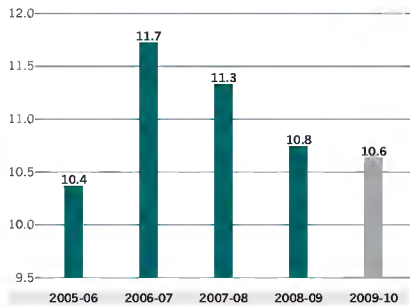
In the first year of operations (after commissioning) of Unit VII, a landmark across the global cement industry was set with capacity utilization crossing above 100%

A unique feat of uninterrupted line life of 219 days was recorded in Unit I

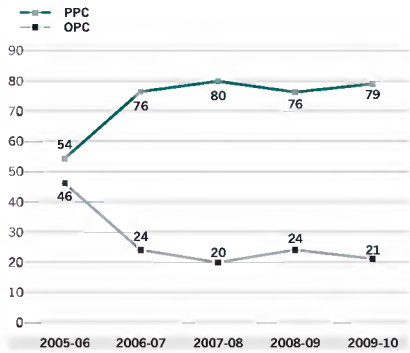
POWER CONSUMPTION
(Kwh per Ton of Cement)



FUEL CONSUMPTION (% of Clinker)



OPC & PPC PRODUCTION (%)



KEY *Setting a fast pace*



Our determination to move logistics beyond a mere support function and towards an innovative and reliable strategic edge for the organization as a whole, has helped us achieve cost-effectiveness, capture and cater to newer markets as well as build upon existing market share.

This has been made possible by an approach that professes 'optimization of chain' achieved by the setting of a fast-pace and other innovative approaches. This optimization of chain was possible through our in-depth study, regular analysis and monitoring of loading and unloading time. This study and analysis helped us in reducing the Road Truck Cycle time.

Efficient use of transport mix, i.e. rail and road, was another important factor that helped in rationalising turnaround time. Our awareness regarding various transportation schemes made it possible for us to draw maximum benefits from them and make considerable amount of savings. Better management of various ancillaries like truckers, workers etc; was also carried out along with better co-ordination with the Marketing team. Efficient co-ordination made it possible for the logistics team to make direct

deliveries to customers from the Plant itself and save upon secondary freight elements.

Planning for optimum benefits

Building upon the practice of open wagon loading was a notable shift that has taken place in the year 09-10. Earlier the practice of closed wagon loading and road dispatches was preferred over open wagon loading. The marketing team was apprehensive about the exposure of the dispatches in open wagon loading due to factors like rain, safety of the dispatches and deterioration in quality and hence there was some resistance towards the same. However, our logistics team took it upon themselves and ensured that the dispatches would be loaded taking utmost care. The dual benefits of Open wagon loading like lower freight costs along with the augmentation of dispatch capacities by not relying solely upon closed wagons, was put forth by the logistics team. Placing trust on the confidence shown by our logistics team we decided to build upon the practice of open wagon loading. The result is; open wagon loading was increased from 0.60 Lacs to 7.39 Lacs metric tons in 09-10. It enabled deliveries to the tune of

OPTIMIZATION OF LOGISTICS CHAIN



better management
of various ancillaries

efficient use of
transport mix



regular analysis and monitoring
of loading and unloading time



25,000 metric tons per month to new markets in Bihar and central U.P. The company gained significant savings in logistic costs.

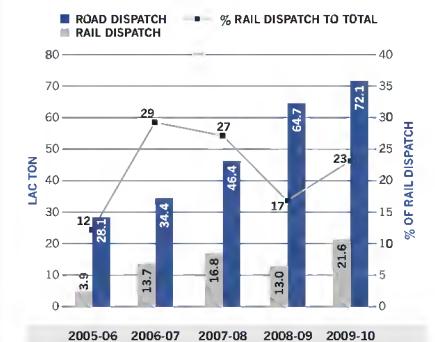
Optimum utilization of 30-46% railway freight discount scheme was also made. Railways had come out with a discount scheme in the empty flow directions. This incentive was offered as it would help them generate revenues by ensuring dispatches on its route back rather than returning with empty wagons after having delivered dispatches. The logistics team extracted maximum benefit from this scheme in empty flow directions, which was an important factor in increasing clinker sale to 1 million ton and making substantial savings in logistics cost.

The share of rail dispatches was increased from 17% to 23% in order to utilize the benefits of the low fares railways offers when compared to road transport dispatches. In order to gain maximum benefits from the low freight costs of railways, a new rail siding was developed at Merta which helped in increasing the volume of dispatches from Ras.

Effective Fleet Management through innovative methods was also undertaken. One such method was an incentive scheme given to the truckers. Under this scheme, cash rewards were given to truckers upon increased number of trips. This resulted in truckers making maximum utilization of their fleet. By giving such incentives to the truckers we have been able to reduce our operational costs through optimum utilization of resources. Another method introduced was starting of Khushkhera Transit Dump which led to the utilization of the fleet at Khushkhera to balance lower cement production at Khushkhera during times of stoppages or shutdowns. Dispatches were carried to Khushkhera from Ras and

Beawar, which were then carried forward through the trucks lying idle at the Khushkhera site. This has helped us retain our truckers by preventing them from leaving the site upon seeing inactivity.

RAIL & ROAD DISPATCH (Cement)



Reduced the loading and unloading time by fixing clinker target as per Khushkhera Grinding Unit's cement production and time monitoring

An automatic loading system has been installed, which has reduced the clinker loading and unloading time to 7 hours from 18 hours



KEY *Being Flexible*

Our foray into Power Sector was a strategic decision taken after realizing the potential of the power sector. As a captive power producer, we already had the basic infrastructure, technology and skill sets and it was only a question of exploring further possibilities. With the power sector opening up, the previous year presented a perfect opportunity to do the same and we, by expanding and enhancing capabilities, successfully did so.

Today, we are among the first Indian cement companies to generate power on a large scale, enough not only for own requirements but also for power sale.

Change happens when someone is flexible enough to see the next step. At Shree, we have taken it upon ourselves to be that someone. A willingness to try new things, learning to do the never done before and adding new competencies has helped us master the opportunities of a major change. This change is a consequence of our belief that today flexibility is an important key to attain higher performance. Our broad knowledge of the power industry and competence gave us the flexibility to seamlessly shift and excel in this new sector as well.

We have increased our power generation capacity to 210 MW from 119.50 MW and are further expanding it to 560 MW

by Dec 2011. We have introduced various novel initiatives in the operations of our plants as well.

Green Power Plants

We believe that any heat above the ambient temperature is energy loss and that this loss can be converted into a possible gain. A change in the way we perceived this energy loss led to the development and commissioning of Green Power Plants (GPPs). Waste gases that are emitted from the Preheaters and Clinker Coolers are used as fuel in the waste heat recovery plants or GPPs. This power is termed as 'Green Power' since it is generated by recycling waste hot gases.

Today, we generate 46 MW of power from waste heat recovered from our cement plants, which is the highest across the global cement industry after China.

Key benefits of GPPs are the reduction of green-house gas emissions, conservation of fossil fuels which would have otherwise been used to produce the equivalent amount of power and conservation of water as previously water was used to cool the waste gases.

Air Cooled Condensers

Water is the most critical component in power generation. Through future-needs

assessment studies, a water scarcity in surrounding areas of our Power Plants was forecasted.

A change towards adopting more proactive measures and attaching higher importance to their development has led to the replacement of Water Cooled Condensers by Air Cooled Condensers (ACCs). This forecast led to the shift towards ACCs in the Beawar Power Plants, which required micro-planning and working on a full-kit. By making huge water savings in the condensation cycle, sufficient water supply was ensured for the generation cycle.

In times where every drop of water is precious, post implementation of ACCs, 30,00,000 litres of water was saved everyday at Shree.

Chemical Bonded Refractory

A decision to choose value over initial cost while evaluating the operations of power plants led to a change from water bonded refractory to chemical bonded refractory. This was done after analysis of erosion patterns revealed more shutdowns and replacement times in the case of water bonded refractory. By switching to chemical bonded refractory, shutdowns were reduced and the subsequent rise in productivity led to faster recovery of initial investments.



In-House Initiatives

By giving more preference to the self-sustainability of Shree Power, in-house engineering, research and development was encouraged and employed. This change saw the in-house customization of Boiler No.5, a CFBC Boiler utilizing latest technology.

During the stabilization of the boiler to ensure reliable production, our teams received exposure to large scale projects and by rapidly learning from mistakes, an accelerated learning curve was achieved. This in turn led to high confidence levels across the organization to successfully manage expansion projects and in particular, the installation of a 300 MW Mega Power Plant.

Fly Ash is left as residue in the power generation process. The unburnt calorific content left in this Fly Ash is significantly high. We have redesigned our systems in a way that this Fly Ash is used as primary fuel in our CFBC boilers to effectively utilize the unburnt calorific value.

We also have regular interaction with professors, lecturers, students from educational institutions like IIT and experts from

other organizations like NTPC to increase our knowledge base about latest technological trends.

New IT Initiatives for Optimization

PMS (Power Management System), one of the various IT initiatives for the optimization of operations, has enabled integrated power

monitoring. This system helps in intelligent load shedding as well as automated generation control. This software has made it easy for us to determine which power or cement plant should be stopped in order to deal with a situation when power is surplus / deficit, leading to improvement in efficiency of power plants.

Power Monitoring & Optimizing Software has been implemented at power plants at Ras to monitor and optimize heat rate and equipment performance.

Steam Path Audit by ESTAP Software was conducted using the consultancy services of an external agency. This audit has helped us in the quantification of losses resulting in optimum utilization of steam and in identifying gaps / leakages and plugging them on time.

Adaptability of Power Plants to Multiple Fuels

As is the industry standard, a thermal plant is usually run on one particular kind of fuel for long durations of time. However we have adapted our Power Plants to the use of multiple fuels. By reconfiguring the power plants within 4-6 days to suit different types of fuels, we were able to mitigate the risk of depending on a particular type of fuel.

Power Sales

This year saw us entering into all types of power sales options, such as, Power Exchanges, bilateral transactions with both government and private sector

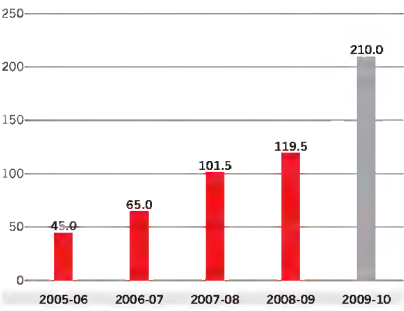
distribution utilities etc. This has helped us in understanding the finer commercial nuances of power sale. The knowledge gained through this, has helped us build upon our strengths and has made our foray into Power Trade possible.

A Mega Future

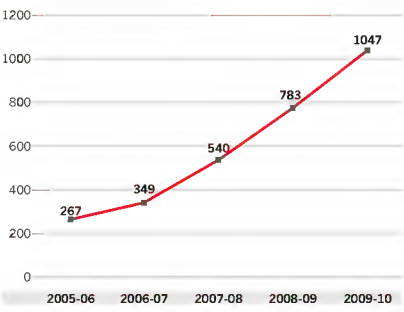
Building upon our existing Power capacity, we are well on course to commission a 300 MW Power Plant which would have India's biggest Air Cooled Condenser (ACC). Another feature of this Power Plant is that it would have a 500 ton capacity CFBC Boiler which would be one of the largest in the country.

As per the industry norm, a project of this size would be commissioned by Sept. / Dec. 2011. However, with our substantial project execution experience, we have been able to identify the possible improvement areas and have taken corrective measures to expedite the project execution. This coupled with our innovative practices of speeding up the project execution gives us the confidence that we would be able to commission the Power Plant around 6-9 months earlier than the standard industry time.

POWER PLANT CAPACITY (MW)



POWER GENERATION (Million Units)



Quality and R&D

Our focus is primarily on three key spheres – researching and developing cost-effective alternatives, incessantly improving the quality of our product and finding green solutions that would benefit the ecology.



KEY *Raising the learning curve*

We deem the value of being prepared for the future as extremely important. This sense of preparedness is what has assisted us, in not only staying ahead but also, raising the curve time and again.

Our focus is primarily on three key spheres – researching and developing cost-effective alternatives, incessantly improving the quality of our product and finding green solutions that would benefit the ecology. Our effort to attain a positive balance between three such varied spheres has been hugely successful. This success can largely be attributed to our openness to adopt newer methods, value based experimentation and keenness to learn about latest technologies.

Synthetic Gypsum

Gypsum is a vital ingredient in the cement making process and 90% of gypsum found in India is found in Rajasthan. Almost all of it is state owned and with many companies vying for large shares, availability has become unpredictable.

Our forecast systems alerted us to scarcities in the very near future and that set into motion a drive to find solutions. After a lot of indigenous research and testing, a proposal was put forward to attempt and manufacture synthetic gypsum. This possibility was virtually unknown in the global cement industry.

The purpose behind encouraging this initiative was dual - preservation of our natural resources and also finding a cost-effective solution to the problem of procuring mineral gypsum.

Taking the initiative further, we commenced the implementation and commissioned this as a pilot plant, which is the first of its kind in India. Its manufacturing technology will soon be patented.

Refractory Testing Laboratory

Refractory bricks are used as lining in burning zones where temperatures are extremely high. The cost of refractory lining of a cement kiln, including removal and installation are not significant but the losses caused by interruption in production are drastically higher. Therefore, the improvement or optimization of the useful life of refractories is one of the major objectives for cement research and development teams.

At Shree, a full-fledged refractory testing laboratory is fulfilling this objective by assessing the refractory quality which in turn implies higher savings.

Particle Size Analyzer

Cement is produced by inter grinding of Clinker, Gypsum & Fly Ash to produce cement. Over grinding & under grinding

affects the quality of the cement. Grinding is optimized to get production & quality of the cement. For optimization of grinding, particle size distribution is a very important factor. The optimized particle size distribution governs the maximum production & best quality.

Identifying this as an issue of importance, we further studied how consistent quality of cement could be ensured. We found the answer in the form of setting up a laboratory for particle size analysis using a Particle Size Analyzer and an Optical Microscope. This has helped us determine the particle size distribution of cement and hence manufacture cement with consistency in quality. The laser diffraction technique is quick, easy, reproducible, and provides a complete picture of the full size distribution. Apart from this it has also helped in optimization of cement mill operation.

Knowledge Processes & Structures



IT at Shree has grown from a de-centralized support and administrative function to a more centralized, pro-active and strategic one. For us, IT is a modern tool that helps conduct 'Real-time' operations, a factor which is especially crucial in any business. IT has been the primary Business Enabler for the operations at Shree Cement, providing scalable & robust solutions as per the business requirements.

The year 09-10 has been a dynamic and eventful one for our IT Team. We were able to successfully stabilize & strengthen the ERP. The important points worth mentioning with regards to this are the various exercises that have led to the seamless transition to ERP, the Zero blackout time recorded and 40% betterment in performance after the deployment of ERP. Such exercises have also benefited us in developing strong skill sets as these innovations have been carried out successfully by our in-house team.

KEY *Using innovative tools*

Our IT success is attributed to the ability to change and adapt to the latest tools in knowledge management. We regularly check bottlenecks, take corrective measures in advance and ensure that the knowledge system works in a manner that supports scalability without users being disturbed and create solutions that enhance performance.

Committed to go beyond routine

We would like to put forth an example of our people's attitude of never giving up and being resilient in their commitment to go beyond their routine and find solutions. A bottleneck was observed in the performance of our ERP Solution since "Go Live" in ERP Receiving Transactions which is meant for receiving of material. As a result of this snag each Material Receipt Note (MRN) transaction consumed around 20 minutes. Our team identified this obstacle and realized that this was seriously impacting the productivity of the logistics cycle as well. This problem was discussed with the personnel from two leading IT solutions providing firms. They tried their best to find a solution to overcome this problem but were unable to. Finally they conceded that it was a design flaw and hence could not be corrected. Our

internal team however, did not give-up and consistently pursued the issue and was finally successful in resolving the issue, which was later accepted by the ERP solution provider as a unique resolution to the problem. It was done by adding custom code in the application and changing the business workflow of the native ERP application.

This determination of our team resulted into better application performance for all users, saving their valuable time and increasing their efficiency. The MRN transaction time was reduced to 2 minutes. This solution also helped us in saving huge amount of time on our Truck Movement Cycle. The direct impact could be seen by a 30-40% improvement in application response time.

In addition to the points mentioned above, the solution developed by the one-time dedication of the team also resulted in recurring advantages like replicating the ERP solution in the new plants that are being set-up and hence avoiding a situation where new workflows and additional servers might have been required to support the additional load of users.

The point worth highlighting, over and above the benefits that we enjoyed is

this: our team could have given up. They had already fulfilled their responsibility and even the two IT firms had mentioned that the problem could not be rectified. However our people refused to overlook this flaw and went ahead with a dogged determination and found an answer to solve the problem which would now also help the general ERP community to resolve this issue using the Shree approach.

ERP Sustainability

The Data Base Administrator (DBA) Team identified that the weekly downtime consumption was an area which could be improved upon. They developed custom scripts to reduce the weekly downtime to bimonthly for upgrading / backup by migrating the archives and logs in real time. The backup time window was reduced by 60% through innovative practices. These added more than 300 extra hours of ERP solution availability.

For better application performance for all users and to save their valuable time, ERP Servers were migrated to the latest IBM Power6 Series Servers. The migration was done successfully without impacting the business operations.



For the first time in the cement industry a tool like Auto – Generated Real-time Reports (Reporting on SMSs) was developed and put to use. ERP suite was integrated with SMS Services using an in-house developed customized solution to send the information on cement dispatches as well as MIS information on cement as well as raw materials to all intended users thereby aiding the planning as well as decision making processes.

A new practice of sending automated feedback on tenders via e-mails about rates, terms and conditions to vendors whose tender has been accepted as well as to the ones who have not been awarded the contract has been adopted. This has ensured

transparency & higher competitiveness amongst the vendors, thereby realizing competitive rates. This practice is the first of its kind in the cement industry in India.

Disaster Recovery Solution (DR)

IT DR Solution strategy was finalized and implemented. A new state-of-the-art Data Centre has been created in our premises in a fully secured environment. The complete DR solution design and implementation has been done by our internal team and customized as per requirements. Oracle Data Guard would be used to synchronize the data between two sites.

Complete RAC, ASM and Oracle Server configuration of the new production instance was done completely by our in-house team within 50 days. The benefit would be reduction in downtime hours and would add to the running hours of all the plant locations.

Upgradation of Infrastructure

The IT network infrastructure was upgraded to minimize single point of failure and all critical network segments were migrated to redundant connectivity. Apart from this, New Core layer switch has been procured to provide enhanced performance and auto-failover connectivity in case of any network failure. VLAN have been configured to optimize the data traffic and quality of service. Upgraded systems have made it possible to centrally monitor the entire network spread across 5 manufacturing locations and all depots from the primary data centre at Beawar.

Server, Network & Security

With the latest systems in place we have ensured that all servers and network uptime is more than 99.99%. All maintenance activities are carried out during the off hours with utmost care to minimize the impact on user performance.

Stringent systems have been set in place to provide optimal security. Our users are

protected from the external threats by using latest security tools and pro-active monitoring. As a result of these measures no data theft, loss due to any virus or security lapse have occurred.

Online Knowledge base & Intranet Portal

IT team has deployed SCL Content Management System (SCL CMS) using the open source development tools. SCL CMS has provided the platform for the SCL members to communicate and share knowledge and information. It has more than 525 members who regularly contribute their views and articles on the SCL CMS.

SCL CMS has personalized blogs, social networking community and discussion

forums for all members. We encourage the members to share their success stories, concerns and general blogs which help them develop their communication skills & personality.

Remote Surveillance

IP based high precision cameras were installed. These cameras allowed the management to monitor the security and project progress remotely. Large numbers of camera have been deployed at suitable locations to allow remote monitoring and surveillance. This has facilitated the management to see the ongoing project progress in real time manner right from their office. Network based video recorders have minimized any security lapses.

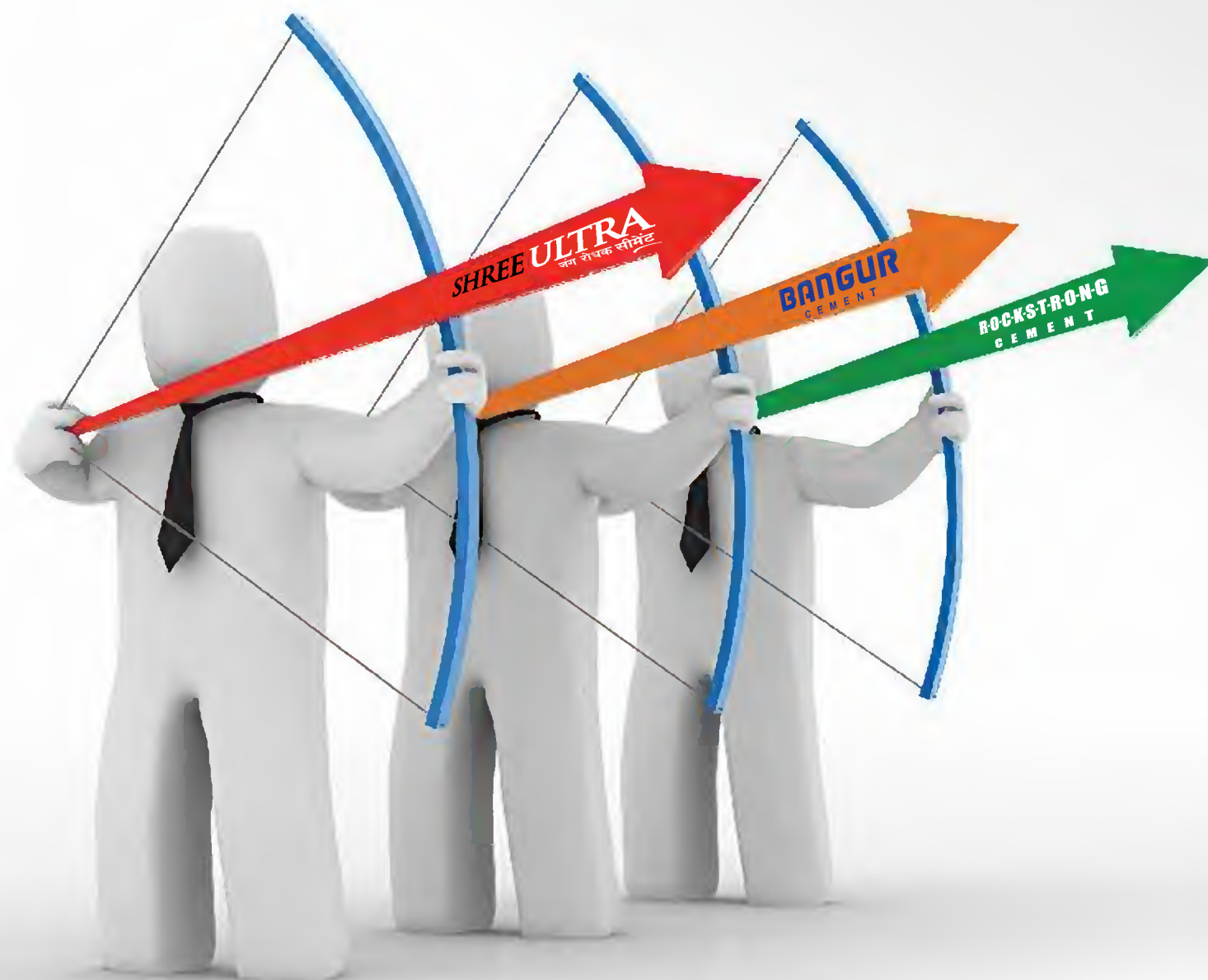
Our efforts were recognized at national as well as international forums and we received 3 Awards for implementing the RF-id based Vehicle Tracking and Transporter Bidding System

Silver Edge Award 2009, Singapore for using IT for Maximum business Impact by Network Computing (United Business Group)

Polycom Intelligent Enterprise Award 2009 in the General Category by Indian Express Group

IDG CIO “Special Innovation” Award 2009 (Organized by IDG Media Group)

Marketing & Branding



KEY *Creating what customers want*

We differentiate ourselves in a highly competitive market with continual changes in our marketing & branding strategy and by aligning our offerings to the customer's needs instead of forcefully pushing products. This is to say we do not create customers, we create what customers want.

We believe that our sustained success is because of our highly satisfied customers and that continuous learning about their psyche and behavior is the only path ahead.

Today, by creating depth in dealer networks, extensive brand promotion and opening up new strategic markets, we are able to absorb a larger sales quantum, ensure better realizations and increase our competitiveness.

Our multiple brand strategy has enabled us to successfully market our enhanced production which is growing at a Compounded Annual Growth Rate (CAGR) of 25% over last 3 years.

Increased Sales

The year 09-10 has seen increased sale volumes for all our three brands, Shree Ultra, Bangur Cement and Rockstrong Cement. Our combined sales have registered a growth of 20% as against industry growth of 11%.

Brand Story

Shree Ultra

Shree Ultra is our flagship brand contributing to more than half of our sales volume and is the first manifestation of our 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 (masons etc.) and high brand recall value. The brand, while enhancing its presence in highly educated markets of Delhi has increased its reach in the interior markets of Madhya Pradesh, Uttarakhand, Uttar Pradesh and Punjab.



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", continued its status of 'top of the market' value brand. It has also expanded its operations into other parts of Uttar Pradesh, Uttarakhand and Punjab. As a result, its dealer network strength has increased to 2012 in 09-10 as compared to 1679 in 08-09.

Rockstrong Cement

It is the youngest brand from the Shree stable. It has recorded the highest year on year growth amongst the three brands of Shree. Its positioning in the market on the promise of high performance and ability to withstand exceptionally harsh environment conditions has gone well in the market.

Brand with a Cause

We have laid specific stress on newspaper advertisements and our strategy was to highlight various social messages, such as 'Save Water, Blood donation, Swatantarta Ke Rakshak', thereby conveying social message along with brand building.

In case of outdoor media, a novel approach was adopted by highlighting specific current issues for brand building.

Apart from the above, brand building exercises such as conducting Mason Meets, Wall Paintings and various other incentive schemes were also conducted.

Rural penetration and non-traditional markets

We had started operations in some markets of UP which were earlier supplied mostly by Satna Cluster suppliers during some months of the year & Rajasthan based suppliers in balance months.

As brands used to supply & vacate regularly, network development efforts in a shifting market were limited. In the last one year, we have gone through a rigorous exercise of creating a dealer network in rural areas also in these markets. The results are stable sales for us in these markets.

During 09-10 we also extended our reach in some non-traditional markets viz. Bihar, Eastern UP etc; because of good demand in those markets.



Our HR practices not only enhance our people potential but also play an instrumental role in motivating them to go beyond their routine key responsibility areas and set higher standards for themselves.

We constantly review our HR functions and hence have been able to effectively introduce upgradations in areas of functioning like workforce planning, recruitment, induction, orientation & on boarding, training & development, payroll, employee benefits administration, performance appraisal and organizational development.

With the right systems and processes in place, we have been able to recruit personnel with requisite skill sets in response to the increased quantum of operations. This perfect match of the responsibility of a particular position with personnel with those skills has resulted in job satisfaction and increased people involvement. Our HR initiatives have thus managed to create a workforce that is happy and driven to continually improve upon their performance standard. This can be corroborated through the following mentioned figures.

- An increase in manpower from 2566 in 08-09 to 3244 in 09-10
- A decrease in attrition rate from 5.90% in 08-09 to 5.30% in 09-10
- An increase in promotions from 27.50% in 08-09 to 31.22% in 09-10

Our initiatives focus on the holistic development of our people as against a personnel administrative role.

Expanding scope

With changing times, we at Shree have broadened the scope of activities related to HR management. Apart from administering and co-ordinating HR programs across departments, our HR plays an integral part in planning, developing and enhancing the capabilities of our people in alignment with core strategies and objectives. We have achieved this by:-

- Identifying the current and future needs of different functions of the organization
- Monitoring the HR performance on a regular basis
- Studying economic indicators
- Tracking changes in supply and demand of human resource

New Approaches

We understand the responsibilities as well as the challenges that come with multi-dimensional roles. We have applied newer approaches that are simple yet effective and relevant at all levels to meet challenges like ensuring capacity building of our people from time to time, managing conflict and facilitating people engagement.

Better Recruitment Processes

We have introduced various new facets in the recruitment process like assessment of the candidate using aptitude cum psychometric tests, well-defined recruitment modules and competency mapping. This in turn has led to employing the right people in right places and building up of healthy competitive spirit as each employee is happy with the given work profile.

The Circle of People Engagement and Happiness

Based on our policy of promoting in-house talent, we entrust our people with greater responsibilities which also increases the level of engagement and involvement amongst the employees. In turn, the company ensures that the passion of its people is appropriately met with elements of motivation. This has

Human Resources

Taking on multi-dimensional roles

Service Agents	Guide	Advisor	Responsible Partner	Strategist & Consultant	Interventionist	Monitor
<ul style="list-style-type: none">- Human resource planning- Recruitment & selection- Competency development- Reward systems- Employee relations- Health/safety management- Staff amenities- Salary administration- Personnel administration	<ul style="list-style-type: none">- Recommend HR strategies- Culture change- Approaches to the improvements of process capability- Performance management- Reward management- HR policies/ procedures etc.	<ul style="list-style-type: none">- Advice line/staff managers about:- Training needs- Health/safety- Handling people and meet their expectations- Redressing grievances of employees	<ul style="list-style-type: none">- Share responsibility with line/staff managers to ensure smooth functioning of the business as well as overall success of the business	<ul style="list-style-type: none">- Contribute to the long term strategic organizational issues like:- People requirement & selection of people with required skills- People development- Organization development- Quality of work life	<ul style="list-style-type: none">- Proactively contribute to the change management, people management, team development, new technology introduction etc.	<ul style="list-style-type: none">- Close monitoring and ensuring that HR policies / procedures are implemented as projected

resulted in a happy workforce that is internally motivated to perform due to greater levels of oneness with the company.

Another important initiative that our HR department has undertaken is that of approaching the people instead of waiting for the people to come to them with their specific issues. This has helped in creating an atmosphere of trust amongst our people. We have also put into practice, a system of acquiring feedback from the new joinees about their views, opinions and observations about the company and it's functioning. Their valuable inputs are then given the shape of a plan and are implemented accordingly.

The above measures have helped us in providing a work environment that harbors a feeling of happiness and pride amongst our people for being associated with the company and thereby resulting in increased people engagement and involvement.

Bridging the Skill Gap

We organized a 16 PF test in the process of competency mapping of about 400 employees. Based on the test, we have received IDPs (Individual Development Plans) covering strength and

weakness of such employees. On the basis of competency mapping, we organized a counseling-cum-feedback session through the consultants from Ma Foi. Based on the feedback, we compiled and structured the training needs and started providing training to our people to bridge the skill gap.

Improved Information Platforms

We are aware that in this day and age, information is a vital tool. Therefore we provide a rich information sharing platform with in-built feedback systems like our HR-Blog through ERP and publishing article pertaining to current market trends to our employees. This initiative has led to the enhancement of their knowledge base, giving us a competitive advantage in the form of well-informed employees.

Multi-skill Trainings

We impart multi-skill training to our employees across the organization. Apart from this, as a philosophy to further develop the capacities of our employees, we have promoted a good number of workmen to staff category. We have arranged trainings sessions as well as workshops to give behavioral inputs to these promoted staff

members. The very fundamental of providing such training is to help them build a mindset to cope and flourish in this new role.

Well-structured Internship Programs

In line with our company's philosophy of welcoming noble thoughts, we encourage students from prestigious institutes like IITs and IIMs to carry out their internship programs with our company. This program offers mutual benefits for the students as well as our company. We provide 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. We in turn gain through the fresh ideas and perspectives of these students that are put before us in the form of their well-prepared project presentations.

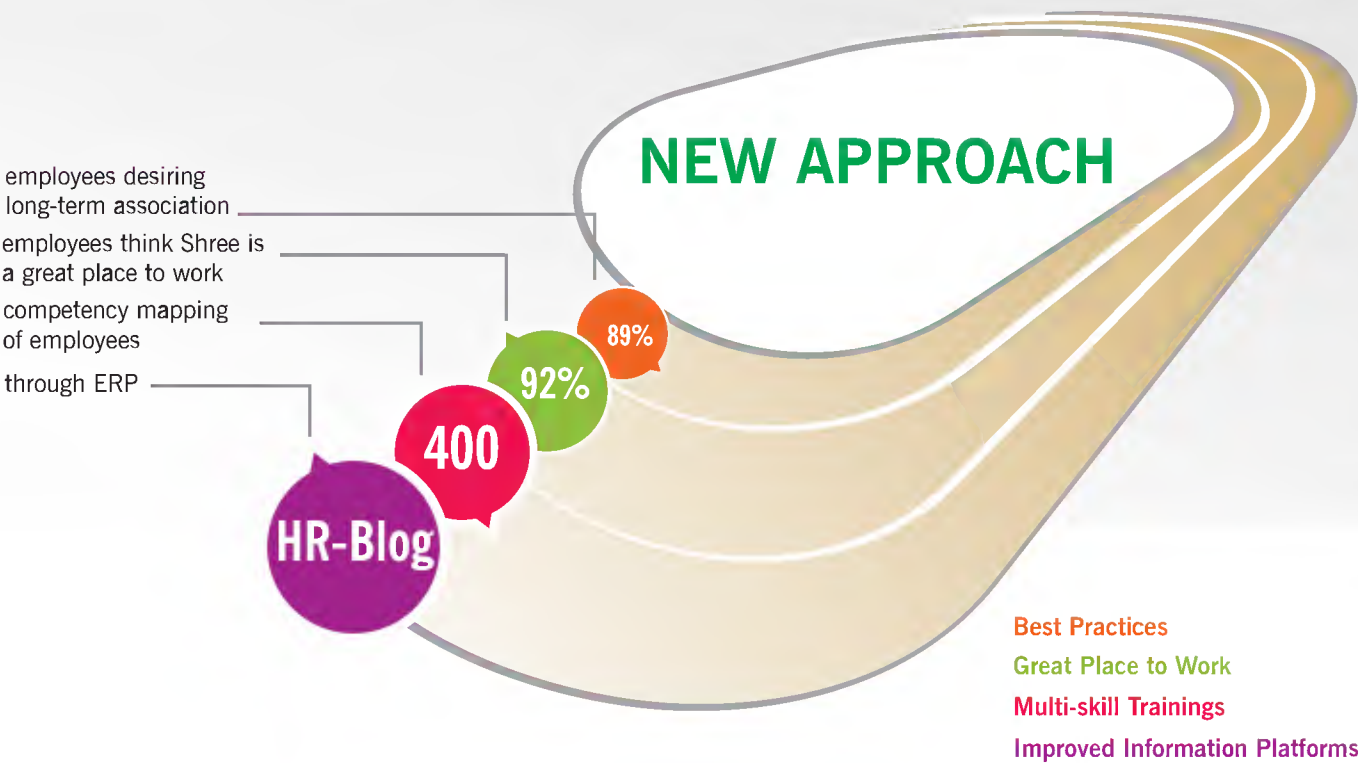
Great Place To Work

We have incorporated various HR related Best Practices, which have helped us accurately identify areas that we could improve upon so as to be able to build a team that is happy, satisfied and motivated. We regularly engage reputed

external agencies to conduct studies, which elaborate on these areas, essential for the development of people in our company. A study for the year 2009 and 2010, by the reputed agency, Great Place To Work Institute India, amongst its many highlights indicates that the people at Shree Cement believe they are given the space to express their view and ideas freely and try newer things without fear of failure.

We are committed to the total well-being of our people and respect them as unique individuals and not just as our 'employees'. Our people have responded





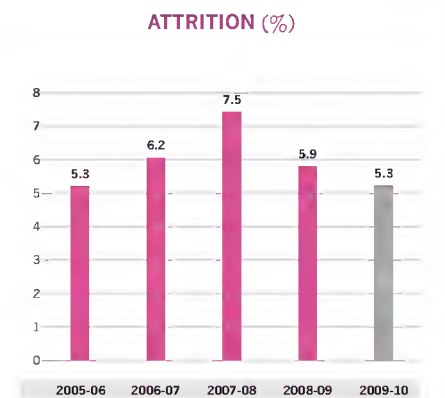
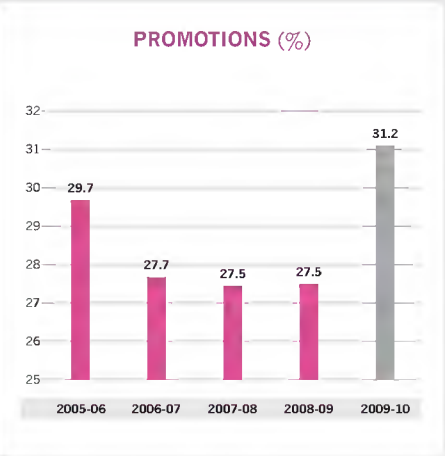
with a similar sentiment and have shown total commitment towards the progress of the company and a willingness to continue being a part of the Shree Parivar. This is clearly reflected by the figures showcased in the report that 89% of our people as against 87% of the people working across India's Top 50 Company, express there desire for long-term association with the company.

We continually try to infuse ways and practices in our general way of functioning, so as to create a work place where our people enjoy their work and 'feel good' about their company – Shree Cement. By focusing on areas like developing credibility, giving respect to our people and their contribution to the company, by acknowledging their efforts in an appropriate way and ensuring a feeling of camaraderie amongst our people, we have managed to create such a 'feel-good' work environment. We take great pride in the fact that

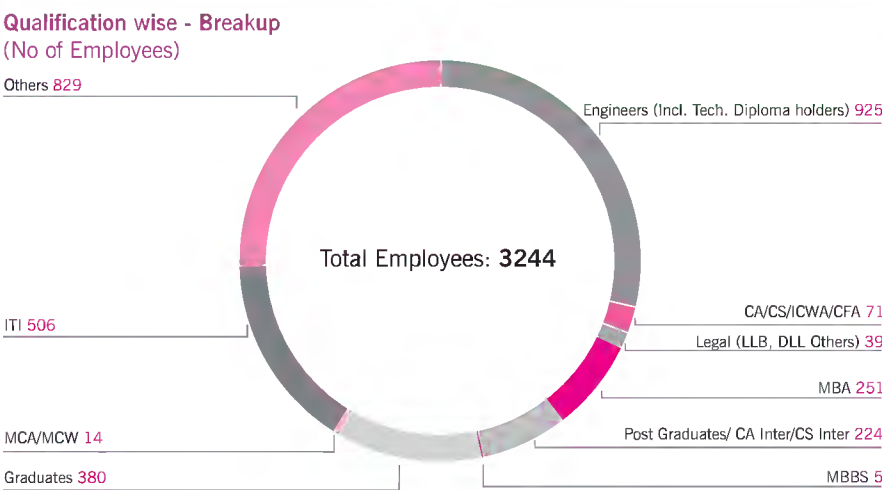
92% of our people (as against 91% of people working across India's Top 50 companies) feel that Shree Cement is indeed a great place to work for.

Strengthening the Team Culture

Through our HR initiatives and practices we have been successful in strengthening the 'Team Culture'. Our success mantra is that we are a unified entity which has effectively aligned its individual goals, departmental goals and company level goals and are moving forward in unison. Whether a process has to be changed or a new process has to be introduced, we always strive to find the best solution by brainstorming together. These solutions are then implemented through a de-centralized opinion sharing and decision making structure. This has enabled us to develop a team that is strong, dedicated, eager to learn and excel as one.



- HR Best Practices award of appreciation by NIPM (National Institute of Personnel Management) for the year 2009-10
- Timely manpower recruited to meet the requirement of upcoming plant – 839 recruited during 2009-10
- Initiated HR-Blog through ERP and publishing article pertaining to HR
- Made Performance Management process (including Key Performance Area) – SMART! Target settings, approval by concerned HoD's, 6 monthly review of employee through on-line ERP System



Details of Training Conducted

	FY- 2009-10		FY- 2008-09	
Particulars	In- house	External	In- house	External
Programmes (Nos.)	516	135	338	99
Participants (Nos.)	8499	239	6100	199
Person days spent on training	5037	524	2900	471
Person hours of training	40302	4190	23206	3769



Being fully aware of the fact that business intelligence is a pivotal factor, we have developed networks that help us gather relevant market information, take quick actions and make the best of the opportunities available. At Shree, this helps plan and take decisive actions which are of competitive and strategic benefit.

One relevant example is optimization of the arbitrage opportunities available in the market in the form of differential tax rates applicable on various financial instruments. This was done by investing into 10 year zero coupon bonds issued by NABARD & NHB with a yield to maturity of around 8.50%.

The direction that we as a company should follow, a project that we should venture into and various other crucial decisions are taken on the basis of the financial roadmap. Hence, when the stakes are high, being accurate and decisive in our financial assessment has helped us reap desired results.

In-house mobilization of capital

One of the many achievements for us this year has been the successful in-house mobilization of Rs. 300 Crores. This was done by placing the Non-Convertible Debentures (NCDs) of 3 years in the capital market at an all inclusive annualized coupon of 8.10%. Another notable aspect of this was that we managed to do it with zero processing and front end fees to any arranger.

Credit ratings

Shree Cement has always believed in moving forward. We however have a tried and tested method of achieving this. For us, going ahead also entails consolidating our existing position and building further from it. This is aptly illustrated by the fact that we have maintained our credit rating of SBBJ – 1, the highest rating for the working capital limits and have simultaneously worked in a manner which has resulted in getting our long term credit rating upgraded from AA to AA+ by CARE and CRISIL S&P for NCD program of Rs. 500 Crores.

The Basel II rating of AA+ has also reaped benefits of finer pricing on our commercial bank borrowings.

Well-informed decisions yield results

Taking well-informed decisions have always paid rich dividends for us. Below mentioned are a few examples that justify this:

- The working capital limits bearing interest rate of around 10% were substituted with low cost MIBOR borrowings from the capital market at an average interest rate of around 3.27%. The average MIBOR utilization during the year was Rs. 425 Crores. A saving of around Rs. 29 Crores was made in interest
- Credit rating of short term debt increased from Rs. 500 Crores to Rs. 600 Crores at the same rating i.e. PR1 + the highest rating. Matching overdraft lines of around Rs. 350 Crores were arranged to meet MIBOR exigencies at an interest rate of MIBOR plus 150/200 bps from Deutsche Bank, Yes Bank and HDFC Bank in addition to the normal consortium lines
- Adoption of RTGS/EFT system to optimize bank charges. The system is being used for both payment and collections

Received disbursement of USD 20 million 3 year ECB at LIBOR plus 250 bps from State Bank of India. The total hedged cost is lower than 7.50% annualized. This has further reduced the weighted average cost of borrowing of the company

Rs. 200 Crores letter of credit line for capital goods arranged within 15 days at nominal LC charges of 0.20% per annum as against Fixed Income Money Market & Derivatives Association of India (FIMMDA) bench mark rate of 0.75% annualized. This results in a saving of around Rs. 1 Crore per annum

Consortium fund based limits increased from Rs. 155 Crores to Rs. 200 Crores & Non Fund based limits increased from Rs. 60 Crores to Rs. 100 Crores during the year. Such large credit lines enabled the company to fully exploit the low cost purchase opportunity of imported

Positive Effects

Adequate cash flow

Better management ensuring that adequate funds are available to acquire the necessary resources needed to help the company realize its objectives

Better cost control

Timely realizations of financial goals



Shareholder's Value



KEY Offering More

We have established an overall growth that is constant and well-balanced. This progress is the result of our enhanced performance, aided by various innovative work methodologies. We keep re-investing our earnings so as to bring more returns for our shareholders. For us, our increased volumes, turnover and profits are just a means of offering that much more to our shareholders.

Good Corporate Governance

We consider ourselves as the guardians of the wealth of our shareholders. In order to fulfill this responsibility with utmost efficiency and to safeguard the assests of our shareholders, we have an apposite risk management structure in place for timely identification and mitigation of any potential risk. Our Good Corporate Governance practices are the reason that we have been able to establish credibility with our shareholders.

We give utmost importance to regular interaction and communication with our shareholders. When relevant developments and events materialize, we share the same with the Stock Exchange so as to keep our shareholders well-informed at all times. Also, we try to make our Annual Reports as informative

as possible so that our shareholders are aware of even the smallest developments that take place. Such practices have time and again reiterated Shree Cement as a transparent and trust-worthy company. Building upon the existing value for our shareholders is our primary goal. All our actions and initiatives are taken bearing this singular thought.

Sustained Value Creation

The principles, on which our company has been founded, have always been our guiding light, leading us to progress. These strong fundamentals of transparency, good-will and integrity along with our people potential and sound operational performance have aided us in continued strong financial performance. We, as a company have maintained and delivered upon our commitment of taking our shareholders along on this growth path. Our focus has always been on creating sustained value for our shareholders and this is vividly substantiated by consistently rising book value and dividend payout.

	2005-06	2006-07	2007-08	2008-09	2009-10
Dividend (Rs. Per Share)	5	6	8	10	13
Book Value (Rs. Per Share)	85.1	130.5	193.1	347.3	526.2
Market Cap (31 st March) (Rs. Crores)	3113	3210	3760	2470	8013



We believe that the word success is plural by definition, in the sense that our success is not separated from the safeguarding of our planet and the well-being of the people that live in it. Our thoughts, planning and implementation contains at its core, environmental improvement and people betterment to ensure a sustainable growth.

Some of our initiatives like setting up of Green Power Plants, manufacturing of synthetic gypsum and use of Air Cooled Condensers (ACCs) corroborate our commitment towards this drive for sustainability.

Reduced Dust Load

We are deeply concerned about our eco-system and are aware of the dependency of our surrounding communities on it. We have introduced various measures in our processes to ensure reduced emissions for the preservation of the environment. While our clinker production has increased, we have brought down the SPM (Kg/ton of clinker) through our conservation measures like improving the efficiency of ESP and Dust Collectors.

Fly Ash Consumption and CO₂ Reduction

Fly Ash is a waste-product of thermal power plants which is discarded as landfills. We have increased the utilization of this waste-product in the

process of cement manufacturing which has led to a decrease in the consumption of clinker. This in turn has helped in the conservation of limestone. As a result, we achieved CO₂ reduction of 18.33 Lac Ton in 09-10 as against 14.09 Lac Ton last year.

Reduction of CO Emission in Heavy Earth Moving Machines (H.E.M.M.)

We monitored the CO emission in all H.E.M.M. on regular intervals with Flue Gas Analyzer. By analyzing the data, we took corrective measures i.e. ensuring proper burning of the fuel (tappet setting), proper fuel injection (injector calibration) and thereby maintained the CO level within limits. Even with increased load on these machines, these steps have enabled us to reduce the fuel consumption, increase the engine life and contribute towards the eco-system.

Green for Good

The company is committed to protect the environment and has taken measures to address global challenges such as climate change. Our Green Power projects and increased use of Fly Ash in cement production is a step in this direction. Besides, our dedicated focus towards the 'green cause' saw an increase in the number of trees planted. The number of plantations done in

09-10 rose to 34,750. The overall greenery level of the plant area is 34%. We have also installed solar lights and heaters in our premises and LED based lights in our plants. The expenditure incurred on environment related activities rose from Rs. 871 Lacs in 08-09 to Rs. 2009 Lacs in 09-10.

We celebrated World Environment Day on 5th June 09 to create awareness about environment safety. An open ended workshop was organized where our people took oath to preserve natural resources, control pollution and educate friends and relatives to adhere to environment safety practices. This was followed by a massive plantation drive where hundreds of our people planted trees and distributed booklets emphasizing on environment protection.

Prudent Water Management

We are committed to conservation, recycling and recharging. One of the major steps towards conservation of water has been the replacement of the Conventional Water Cooling System with Air Cooled Condensing System. Another initiative in this direction was installation of Waste Heat Recovery Boilers (WHRB). In the absence of WHRBs, the waste hot gases had to be conditioned by spraying of water to bring it down to ambient temperature before releasing the gases.



The installations of WHRBs have eliminated the need for conditioning of gases thereby resulting in considerable water savings.

A new sewage treatment plant has been installed for the treatment and reuse of domestic waste water generated from our housing colony. This water is reused for purposes like irrigation, quenching and water spray. We are also engaged in constructing various rain water harvesting structures like check dams, open and injection wells etc. We have adopted unique approaches like utilizing sites of abandoned mines to harvest rain water and Roof Rain Water Harvesting System. For the State at large, we also provide assistance to the government for rejuvenation of local water bodies.

Sustainability at the Grass Roots

We have undertaken grass root development work in two districts of Ajmer and Pali, covering 20 villages. With an effort to formalize our community engagement and developmental initiatives, we have formed ‘Shree Rural Foundation Society’.

Focus on Social Development

Education

Education is the answer to deal with a lot of the prevailing issues. With this in mind, we are providing aid to senior secondary school located within our premise and also contribute to meet its infrastructural requirements that help more and more

children with better access to education. Various literacy projects for non-school going girls, education development schemes for students wanting to pursue ITI and computer education for rural youth are also carried out.

Health Care

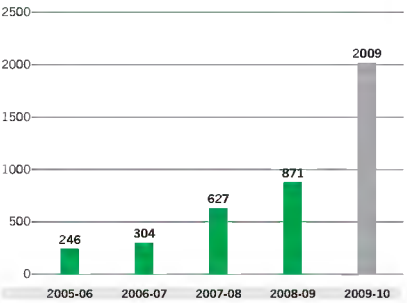
We organize various health camps like Polio vaccination and eye camps annually. Weekly health check – up camps are also organized in our nearby villages through mobile dispensaries. We conduct various awareness programs for our truckers’ community to combat diseases like HIV/AIDS. Family welfare programs are also undertaken. MAMTA Project is one such example through which we have been able to reach out and provide benefits to pregnant women as well as infants’ upto 1 year of age. Vaccination programs

for protecting children against diseases like Hepatitis – B and Typhoid have been organized. We have managed to vaccinate 1200 children against Hepatitis B and 300 children against Typhoid respectively.

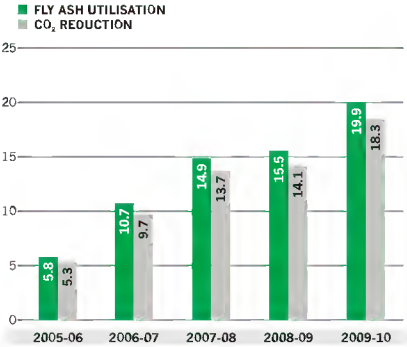
Awareness drives against use of tobacco, liquor have also been carried out.

In order to spread the benefits to as many community members as possible, we also provide assistance to the government in their health programs by way of donations, mobility support and material support

EXPENDITURE ON ENVIRONMENT (Rs. Lac)



FLY ASH UTILISATION & CO₂ REDUCTION (Lac tons)



- Environment protection themed poster, essay and speech competitions for women and children and awareness rallies conducted
- Celebrated Earth Hour by a campaign to switch off all power for one hour
- Organized safety meeting from the 1st to 4th of every month at different plant locations
- Mock emergency drills, road safety campaigns and training were carried out

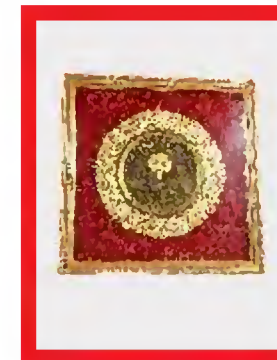
Recognitions

Appointed Leader of Cement Sector Task Force for the 8th consecutive year by Bureau of Energy Efficiency, Ministry of Power, Government of India

Highest 4 Star rating for the 9th consecutive year under Cement Industry International Benchmarking by Whiteholpeman, U.K.

First across the process based industries in the world to be awarded BS-EN 16001-2009 certification for an energy management system by British Standards Institution

Awards



- First prize for National Energy Conservation Award for the year 2009 by Bureau of Energy Efficiency (BEE), Ministry of Power
- CII Energy Efficiency Award for the year 2008-09
- NCCBM Award for Best Quality Excellence for the year 2007-08
- NCCBM Award for Second Best Quality Excellence for the year 2008-09
- National Award for Excellence in Water Management 2009 as Excellent Water Efficient Unit by Confederation of Indian Industries (CII)

- Golden Peacock Award for Climate Security
- FICCI – SEDF Corporate Social Responsibility appreciation certificate in the Large Enterprise category
- Commendation Certificate for Strong Commitment for Sustainability by CII for the year 2009
- Certificate of Excellence by Employers Association of Rajasthan for Best Employer in Large Industry segment
- Polycom Intelligent Enterprise Award 2009 for software on Transport Bidding System in the General Category by Indian Express Group

Profile of Directors



Shri B.G. Bangur,
Executive Chairman



Shri H.M. Bangur,
Managing Director



Shri R.L. Gaggar,
Director



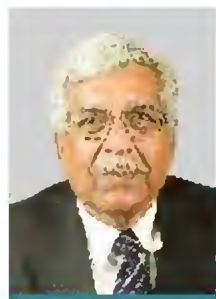
Shri O.P. Setia,
Director



Shri Shreekant Somany,
Director



Dr. Abid Hussain,
Director



Dr. Y.K. Alagh,
Director



Shri Amitabha Ghosh,
Director



Shri M.K. Singhi,
Executive Director

Shri B.G. Bangur, *Executive Chairman*

Shri B.G. Bangur is a B.Com (Hons.) from Calcutta University and he brings with him a long experience in the industry. He is also a Director in The Didwana Investment Company Ltd., NBI Industrial Finance Co. Ltd., Shree Capital Services Ltd., Khemka Properties Pvt. Ltd., Digvijay Finlease Ltd. and Marwar Textile (Agency) Pvt. Ltd. He has also been actively associated with various philanthropic and charitable institutions and trusts.

Shri H.M. Bangur, *Managing Director*

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. Mr. Bangur is also a Director in The Kamla Co. Ltd.

Shri R.L. Gaggar, *Director*

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 50 years. Mr. 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., Subhash Projects & Marketing Ltd., Machino Plastics Ltd., Sumedha Fiscal Service Ltd., Financial & Management Services Ltd., Machino Bassel India Ltd., Eastern Silk Industries Ltd. and Bhaskar Silicon Ltd.

Shri O.P. Setia, *Director*

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 Shreekant Somany, *Director*

Shri Shreekant 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., Scope Vinimoy Pvt. Ltd.

Dr. Abid Hussain, *Director*

Dr. Abid Hussain is a retired IAS Officer and former Ambassador of India to United States. He was also a member of the Planning Commission and Secretary, Ministry of Industries, Government of India. In the year 1988, he was honoured with PADMA BHUSHAN for meritorious services. He is on the Board of Hyderabad Flextech Ltd., Nagarjuna Oil Corp. Ltd., GVK Industries Ltd., GVK Taj Hotels & Resorts Ltd., GVK Power & Infrastructure Ltd., Zodiac Clothing Co. Ltd., Wockhardt Ltd. and Gangavaram Port Limited.

Dr. Y.K. Alagh, *Director*

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 currently the Chancellor of Nagaland University, Chairman of Institute of Rural Management, Anand, Gujarat 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. and Rallis India Ltd.

Shri Amitabha Ghosh, *Director*

Shri Amitabha Ghosh is a Fellow Chartered Accountant and Fellow Member of Indian Institute of Bankers and has considerable experience in Finance, Banking and Administration by virtue of his association with important institutions and committees. He is the former Dy. Governor of Reserve Bank of India. He was on the Board of important institutions like IDBI, N.I.B.M., Exim Bank and also served as Chairman of Deposit Insurance Corporation Ltd. He is also on the board of Centenary Leasing Company Pvt. Ltd., Kesoram Industries Ltd., Joonktolle Tea & Industries Ltd., Heidelberg Cements (India) Ltd., Peninsula Land Ltd., Orient Paper & Industries Ltd., Palit Consultancy Pvt. Ltd., Sahara India Life Insurance Co. Ltd., Sahara Prime City Ltd., Shreyas Shipping & Logistics Ltd., Shreyas Relay System Ltd., Xpro India Ltd., Zenith Fibers Ltd., Sahara Infrastructure & Housing Ltd. and Sahara Hospitality Ltd.

Shri M.K. Singhi, *Executive Director*

Shri M.K. Singhi is a Fellow Chartered Accountant and a Science and Law Graduate. He joined the Company as President in January, 1995 and has 32 years experience of working at senior positions. He is the leader of Indian Cement Sector Task Force for Energy Conservation, appointed by Bureau of Energy Efficiency, Ministry of Power, and Government of India. He is a member of Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development, Switzerland. He is also a member of Cement Task Force of Asia Pacific Partnership on Clean Development and Climate. He is also on the Board of Shree Cement Marketing Limited.

Shree's Policies

SUSTAINABILITY POLICY

To produce quality cement in an eco-friendly, healthy & safe working environment in a socially responsible manner with continual improvement in performance and profitability to the satisfaction of all stake holders by ensuring:

- Customer satisfaction
- Clean and green environment
- Sound health and safe working practices
- Compliance to the applicable laws and respecting the international instruments
- Implementation of the systems and continually improving their effectiveness
- Adoption of cost-effective technologies and practices for improved productivity and profitability
- Mutually beneficial stakeholders' relationship
- Human resource satisfaction

“AN ENERGY & ENVIRONMENT CONSCIOUS SUSTAINABLE ORGANISATION”

ENVIRONMENT POLICY

To ensure:

- Clean, green and healthy environment
- Efficient use of natural resources, energy, plant and equipment
- Reduction in emissions, noise, waste and green house gases
- Continual improvement in environment management
- Compliance of relevant environmental legislations

“CLEAN AND GREEN IS PROFITABLE”

HEALTH & SAFETY POLICY

To ensure Good Health and Safe Environment for all concerned by:

- Promoting awareness on sound health and safe working practices
- Continually improving health & safety performance by regularly setting and reviewing objectives & targets
- Identifying and minimising injury and health hazards by effective risk control measures
- Complying with all applicable legislations and regulations

“PROSPERITY THROUGH HEALTH & SAFETY”

HIV/AIDS POLICY

Being a socio-economic issue concerning stakeholders of the society Shree Cement is committed to:

- Create awareness on HIV/AIDS and its prevention among all stakeholders of the society
- Treatment of HIV/AIDS infected patient in the Company's Dispensary without any discrimination

QUALITY POLICY

To provide products conforming to National standards and meeting customers requirements to their total satisfaction.

To continually improve performance and effectiveness of quality management system by setting and reviewing quality objectives for:

- Customer satisfaction
- Cost effectiveness

“JO SOCHE, WOH PAAVE”

SOCIAL ACCOUNTABILITY POLICY

To operate in a socially responsible manner and focus on continual improvement of workplace conditions by:

- Conforming to all the requirements of SA 8000 standard
- Respecting the international instruments for Social Accountability and complying with all applicable laws

ENERGY POLICY

To continue to ensure energy sustainability, we are committed to:

- Continual reduction of specific energy consumption
- Utilization of alternate and renewable energy sources especially to produce green power
- Adoption of eco-friendly and more energy efficient technology
- Low carbon economy through regular energy audit and implementation of corrective actions
- Data collection, analysis, monitoring and supporting system for continual bench marking and improvement
- Compliance of all applicable legal and other requirements

“ENERGY SAVING: A PROFITABLE WAY TO REDUCE GLOBAL WARMING AND TO REMAIN SUSTAINABLE”

INFORMATION TECHNOLOGY (IT) POLICY

To create a robust IT platform that would focus on better efficiency & transparency in a constantly changing and competitive business environment.

HUMAN RESOURCE POLICY

We at Shree Cement are committed to:

- Empower people
- Honour individuality of every employee
- Non discrimination in recruitment process
- Develop competency
- Employees shall be given enough opportunity for betterment
- None of the person below the age of 18 years shall be engaged to work
- Incidence of Sexual Harassment shall be viewed seriously
- Statute enacted shall be honoured in letter & spirit & standard Labour Practices shall be followed. Every employee shall be accountable to the law of the land & is expected to follow the same without any deviation
- Management will appreciate observance of Business ethics & professional code of conduct
- To follow Safety & Health, Quality, Environment, Energy Policy

WATER POLICY

To provide sufficient and safe water to people & plant as well as to conserve water, we are committed to efficient water management practices viz:-

- Develop means & methods for water harvesting
- Treatment of waste discharge water for reuse
- Educate people for effective utilisation & conservation of water
- Water audit & regular monitoring of water consumption

“WATER ADDS VALUE TO PEOPLE & ORGANIZATION, CONSERVE IT INTELLIGENTLY”

Five & Fifteen Years Highlights



FIVE YEARS FINANCIAL HIGHLIGHTS

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Production (in lac MTs)					
Clinker (in lac MTs)	27.71	35.09	46.23	64.18	80.45
Cement (in lac MTs)	32.20	47.99	63.37	77.65	93.72
Sales (Clinker & Cement) (in lac MTs)	32.75	49.43	66.05	84.50	102.47
Sales (Power) (in lac units)	-	-	-	1171.23	2635.93
Energy Consumption					
Power (Kwh/PT Cement)	73.45	73.87	79.35	76.72	75.25
Coal (% of Clinker)	10.37	11.73	11.34	10.75	10.64

(Rs. in Lac)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Sales - Gross	82412.79	161314.44	244032.08	309159.96	401408.60
Other Income	330.47	2127.33	7683.91	3914.91	7583.79
Total Income	82743.26	163441.77	251715.99	313074.87	408992.39
Operating Expenses (inc. Excise Duty)	60594.41	102342.04	157791.11	213810.97	251157.20
Operating Profit	22148.85	61099.73	93924.88	99263.90	157835.19
Interest	1283.36	1037.37	5329.64	3341.11	7658.07
Profit before Depreciation & Tax	20865.49	60062.36	88595.24	95922.79	150177.12
Less: Depreciation & Amortisations	18520.68	43305.33	47875.86	20538.70	57042.98
Less: Exceptional items	(369.17)	(2123.73)	3888.46	3093.05	6342.85
Profit before Tax	2713.98	18880.76	36830.92	72291.04	86791.29
Tax (including FBT)	286.24	8451.75	12265.32	13686.98	19382.66
Deferred Tax	587.35	(7271.22)	(1471.60)	807.12	(201.40)
Profit after Tax	1840.39	17700.23	26037.20	57796.94	67610.03
Basic and Diluted EPS (in Rupees)	5.28	50.81	74.74	165.91	194.07
Cash EPS (in Rupees)	52.98	154.24	207.94	227.18	369.77
Net Block*	57530.85	49895.10	75995.86	62685.57	75195.38
Shareholders' Fund*	29629.67	45454.52	67280.53	121001.69	183323.97
Total Capital Employed*	66903.11	138591.37	200350.35	270617.02	393947.74
Return on Net Worth (%)	9.65	24.06	36.51	48.43	36.77
Return on Avg. Capital Employed (%)#	24.61	39.29	24.88	32.12	28.42

* Excluding Revaluation Reserve

Return on Average capital employed has been calculated after adding additional depreciation. Figures have been regrouped/rearranged wherever necessary

15 YEARS HIGHLIGHTS

Sl. No	Year		Clinker Production MT	Cement Production MT	Sales Qty. MT	Sales Value (Gross) (in Rs. Lac.)	Net Worth (in Rs. Lac.)	Book Value (Rs. per share)
1	1994-95		893291	927233	927005	18144.30	8858.99	35.99
2	1995-96		887532	861964	867551	20765.88	13487.43	46.46
3	1996-97	(15 months)	1079242	1185426	1162086	25112.19	18202.76	52.25
4	1997-98		1435803	1725531	1662332	34278.00	19056.86	54.70
5	1998-99		1945418	2043609	2090715	44214.50	19654.48	56.42
6	1999-00		2284781	2312408	2310135	48456.13	21939.14	60.82
7	2000-01		2113279	2383366	2400270	55460.48	24705.98	66.61
8	2001-02	(9 months)	1624686	1806358	1802156	39721.69	21560.59	57.58
9	2002-03		2285091	2746880	2725485	58242.94	22239.73	63.84
10	2003-04		2293627	2840596	2841316	60692.88	25138.28	72.16
11	2004-05		2483247	3015593	3060994	72302.60	28948.89	83.10
12	2005-06		2770663	3219949	3202709	82412.79	29629.67	85.05
13	2006-07		3506064	4799088	4832851	161314.44	45454.52	130.48
14	2007-08		4623494	6337070	6334208	244032.08	67280.53	193.13
15	2008-09		6418278	7765207	7735756	\$ 309159.96	\$ 121001.69	347.33
16	2009-10		8045095	9371922	9270788	\$ 401408.60	\$ 183323.97	526.23
Absolute No. of Times	15 Years		9.01	10.11	10.00	22.12	20.69	14.62
	10 Years		3.52	4.05	4.01	8.28	8.36	8.65
	5 Years		3.24	3.11	3.03	5.55	6.33	6.33
CAGR	15 Years		15.78%	16.67%	16.59%	22.93%	22.38%	19.58%
	10 Years		13.41%	15.02%	14.91%	23.54%	23.65%	24.08%
	5 Years		26.50%	25.46%	24.81%	40.89%	44.65%	44.65%

\$ Excluding Cement used for Captive Consumption

Note: 1. Net Worth is net of revaluation reserve.

2. Figures regrouped and rearranged wherever necessary.

Directors' Report and Management Discussion & Analysis



DEAR SHAREHOLDERS,

Your Directors are pleased to present their report on your Company for the year ended 31st March, 2010.

Financial Results

The Company achieved a turnover of Rs. 3632 crores recording a growth of 34%. Profit before Tax and Net Profit were at Rs. 868 crores and Rs. 676 crores, up 20% and 17% respectively. The summary of your Company's financial performance is as under:

Rs. in crore except per share data

Particulars	2009-10	2008-09	+/- in %
Net Sales	3,632.12	2,710.63	34%
Other Income	75.84	39.15	
Total Revenue	3,707.96	2,749.78	35%
Operating Expenditure	2,129.61	1,757.14	
Earning before Interest, Depreciation and Taxes (EBIDTA) (before exceptional items)	1,578.35	992.64	59%
Interest & Financial Expenses (Net)	76.58	33.41	
Earning before Depreciation and Taxes (before exceptional items)	1,501.77	959.23	57%
Depreciation	570.43	205.39	
Earning before Taxes and Exceptional Items	931.34	753.84	
Exceptional Items	63.43	30.93	
Earning before Taxes	867.91	722.91	20%
Taxes:			
Current Tax (including Fringe Benefit Tax)	208.58	136.87	
Deferred Tax	(2.01)	8.07	
Prior Period Tax (Net)	(14.76)	-	
Earning after Taxes	676.10	577.97	17%
Earning Per Share (EPS)			
Basic and Diluted	194.07	165.91	17%
Cash	369.77	227.18	63%
Appropriations:			
Interim Dividend @ Rs. 5/- per share & Final Dividend @ Rs. 8 per share on Equity shares (Previous year Interim Dividend @ Rs. 5/- per share & Final Dividend @ Rs. 5/- per share on Equity shares)	45.29	34.84	
Tax on dividend distribution	7.59	5.92	
Transferred to Debenture Redemption Reserve	75.00	-	
Transferred to General Reserve	220.00	80.00	

Dividend

Your Directors have declared an interim dividend of Rs. 5 per share and have recommended a final dividend of Rs. 8/- per share for the year 2009-10 totaling to Rs.13/- per share. (Previous year Interim Dividend of Rs. 5/- per share and final dividend of Rs. 5/- per share, total Rs.10/- per share).

Management Discussion & Analysis

Economic Scenario

The year 2009-10 began with a subdued global scenario. However, persistent efforts by governments across the globe to revive their financial system led to gradual improvement in the global economy during 2009-10. These efforts enabled resurgence of economic activities and reviving overall consumer demand. Majority of economies have started to come on track with their economic indicators turning positive.

Indian economy displayed good resilience in navigating the above global turmoil. Inherent strengths of the Indian economy like its domestic consumption led growth and healthy banking system acted as a cushion to absorb the external shocks. Supported by the government stimulus package, easy monetary policy and changed global financial environment, the Indian economy witnessed a positive turnaround during the year from lows of previous year.

The economy is expected to grow at 7.4% in 2009-10 against 6.7% in 2008-09 with the industrial and service sector expected to grow at 9.4% and 8.3% respectively. Manufacturing sector is expected to clock a double digit growth of 10.2%.

Cement Industry Outlook

The Year 2009-10 was a good year for the cement industry. The year witnessed pleasant turnaround in the demand which picked up on account of revival in the economy. The industry proved wrong all the initial apprehensions about a weak demand growth prevailing during the beginning of the year. Strong demand from the infrastructure and housing especially rural and low cost affordable housing segment helped the industry turn out excellent performance. Cement consumption increased to 198 million ton against 178 million tons in previous year registering a double digit growth of 11%. Cement demand in North India also increased in line with the all India growth.

Going forward, increased investment on infrastructure development, government impetus to housing especially rural/mass housing and developments in the real estate market will continue to drive cement demand positive growth. The government target of building 20 km of roads each day is a big push to infrastructure development. We expect that cemented roads will also form part of this target. The ambitious Industrial Freight Corridor, Delhi Mumbai industrial corridor project etc. will increase the demand for cement. We believe that cement demand will continue to grow at a healthy pace.

However, almost all manufacturers are pursuing capacity augmentation to meet the growing demand. The year gone by witnessed capacity addition of around 50 million tons. The industry is expected to further add around 45 million tons capacity in the next two years. This is going to result in capacity overhang. Further, the cost of almost all inputs like Power & Fuel, Raw materials, Freight etc. has increased significantly. Therefore, going forward, the over capacity coupled with hardening input costs, is likely to exert pressure on margins of cement companies.

Company Performance

The year gone by witnessed company recording high growth across all its operations. Salient features of the year were as follows:

- Turnover increased 34% to Rs. 3632 crore
- Cement Production up 21% to 93.7 lac tons
- Operating profit rose 59% to Rs. 1578 crore
- Power consumption per ton of cement was reduced from 76.72 kwh per ton to 75.25 kwh per ton while Fuel consumption as a % to clinker was also reduced from 10.75% to 10.64%
- Contribution of power business to the topline more than doubled
- Company continued its leadership position across North India cement region

In year 2005, Company had set a vision of being a 10 Million Ton Per Annum (MTPA) Cement Company by 2010. Company has not only realized its vision but has surpassed it by achieving 12 MTPA mark. It commissioned two grinding units, one of 1.2 MTPA at Suratgarh in Rajasthan and another of 1.8 MTPA at Laksar in Uttarakhand. Company continues to tread ahead on the path of growing further. Towards this, it is setting up 1.0 MTPA capacity Clinkerisation unit (U-VIII) at Ras and 1.0 MTPA grinding unit near Jaipur. Both these capacities are expected to be completed during 2010-11.

Power Business

The company further strengthened its power business in 2009-10. It increased its power sale volumes from 117 MUs to 264 MUs. Power business contributed Rs. 176.95 crore in the turnover as against Rs.80.63 crore recorded in the previous year. Sale of Power ensured continuous maximum generation from the power plants. This has also led to improvement in the efficiency of power plants.

It commissioned the 46 MW Waste Heat Recovery Projects [Green power plants, (GPPs)]. This is the largest GPP capacity in the world cement industry excluding China.

It also commissioned the first unit of 50 MW of its 100 MW (2 x 50 MW) thermal power plants. This has taken the total power generation capacity to 210 MW. All the above capacity expansions were implemented within budget and time estimates.

Company has embarked on further capacity expansion and has begun work on setting up 300 MW (2 x 150 MW) power plant with



biggest Air Cooled Condenser in India at Beawar. The power plants are expected to come up by Dec. 2011 and shall be used for the purpose of merchant sale of power.

Buoyed by its success in power business, the company has ventured into Power trading activity and obtained Category-1 Inter State Power Trading License from the Central Electricity Regulatory Commission (CERC) in March 2010. It has established a separate power trading division consisting of experienced professionals to further expand its footprint in this area. Company has already become full member of Indian Energy Exchange (IEX) for trading power.

Company is exploring the possibilities to further enhance its power business.

Information Technology

The company is one of the few companies to have rolled out Oracle E business suite in its entirety with all modules at one go. It successfully demonstrated its capability to align its performance to changed technological environment by running the E business suite across all its units. Company also implemented Performance Management System (PMS) software to optimize its power generation and consumption.

In order to further strengthen the security and safety of its business information, your company plans to implement Disaster Recovery Plan. Towards this it has already created a new state of art Data Centre.

Internal Control

Company believes that an effective internal control system is essential for ensuring asset security and operational efficiency. Company has a full fledged internal audit department headed by an Assistant Vice President (AVP) which undertakes internal audit at regular intervals across all locations to test the efficacy of internal controls and compliance of internal and statutory requirements. It has also engaged services of a professional firm to carry out internal audit spanning all business processes. Specific assignments like depot audits etc. are also given from time to time to external agencies to carry out internal control checks. All transaction controls are continually reviewed and risks of inaccurate financial reporting are dealt with immediately and addressed.

All significant audit observations and follow-up actions thereon are reported to the Audit Committee. Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening the Company's risk management policies and systems.

Research and Development

Company has a dedicated R&D cell comprising of experienced professionals. The Research cell has undertaken various initiatives resulting in utilization of cleaner technology, alternate raw

materials and fuels etc. R&D cell made a breakthrough by undertaking a unique initiative of producing synthetic gypsum which will help reduce usage of natural gypsum which is a limited natural resource. Company is the first in India to accomplish such a project. A patent has been applied for this unique achievement. The project conveys company's commitment to sustainable business operations through conservation of limited natural resources. Other R&D activities during the year included:

- Reduction of energy consumption through energy audit
- Application of computational fluid dynamics to reduce pressure drop
- Identification of various wastes to use as alternative raw materials and fuels.

Sustainability - Triple Bottom line approach

The concept of Sustainability is at the core of all our business activities. Your Company believes that the long-term growth and success of the business goes hand in hand with ensuring a sustainable future for the planet and helping society to prosper.

Concern for environment has been systematically synchronized with company's operational policies and decisions in a value accretive manner rather than as a mandatory legal compliance. Towards this, some of the initiatives undertaken by the company are as under:

- Implemented the Waste Heat Recovery Project. The project serves the dual purpose of reducing the emission of waste gases into the atmosphere as well as conserves the natural resources for utilization in power generation.
- Installed air cooled condensers at its Beawar Power plants to conserve water consumption.
- Developed Synthetic Gypsum to conserve natural gypsum which is a limited natural resource.
- Contributed Rs. 22 crores for proposed laying of a railway track from Beawar station to Ras which will reduce road traffic thereby reducing pollution caused by burning of diesel in vehicles.

It has continuously been issuing its Corporate Sustainability Report highlighting the work it has done across the three dimensions of the triple bottom line. This report, independently assured by Ernst and Young, has been presented in accordance with the 'G3' revision of Global Reporting Initiative (GRI) Guidelines. Your Company has followed the highest level 'A+' for reporting the 'triple bottom line' performance.

Company achieved the unique distinction of being the first Process & Cement manufacturing company in the world to be awarded BS-EN 16001-2009 certification, an Energy Management System instituted by British Standard Institute - UK. Company's holistic approach of imbibing energy efficiency concepts in all its activities enabled it to receive this certification.

Conducting business with responsibility towards the society is imbibed in the culture of the company. Company strongly believes that a corporate is an integration of various elements of the society who have come together to reap the benefits of collective wisdom. Hence corporate activities are as much directed by the societal needs as it is by economic concerns. This approach has helped the company in providing adequate consideration to the interests of all stakeholders. Company's economic progress creates several opportunities for local community in terms of employment, social engagement and overall prosperity. Thus, a majority of company's workforce is from the local area. Total contribution to the exchequer during the year stood at Rs. 938 crore. This revenue in the hands of Governments, will boost developmental activities.

Company undertook various activities towards fulfilling its social responsibility. Notable among them were:

- **Education** - Company provides financial support to poor children for Education. It distributes educational materials for children every year. To develop IT education in rural youth, Company organizes computer awareness programmes in the nearby villages.
- **Support to Villagers** - In a unique initiative, company persuades the nearby villagers to own Trucks and use them for transportation of Company's material. Company assists such villagers in getting finance for purchasing of trucks and then engages them for company's business. This provides a sustainable source of income generation to the local community.
- **Infrastructure and Community Development** - Company has constructed several roads in the area of its operations that serves the dual purpose of facilitating quicker movement of goods for the company as well as providing the local community with safe and faster way of communication. Company undertakes many community development facilities with the support of local panchayats such as construction of Community halls, boundaries of schools, water tanks and renovation of Dharmashala etc. Company has taken up Maternal and Child Health Project in nine villages. It has opened centres to impart vocational training like sewing etc. to women to enable them to generate sustainable livelihood thereby promoting women empowerment.
- **Cultural Programmes** - As part of its cultural responsibility towards society, Company celebrated its annual Hanuman Temple function in February, 2010. A unique cultural event was organized where the best known international artists of UK, Sweden, Germany and China delivered their performance. The event was again congregated in Jaipur to showcase a string of magical performances. These programmes were attended by a large section of people ranging from business associates to Government employees and other stakeholders.
- **Support to Indian Hockey** - Company offered to provide financial support to Indian Hockey players so as to lift the morale

of the players who had stopped their training for upcoming Hockey World Cup to be held in India. Company sponsored the hockey team and contributed Rs. 30 lacs to the team.

Human Resources

People are at the forefront of all activities undertaken by the company. Company believes in providing a fair and competitive working environment with meritocracy and integrity as its core values. Company encourages cross functional expertise. Career path of employees is structured accordingly at early stage to ensure their holistic development.

The average age of the employees in the Company as at 31st March 2010 was 35.80 years as against 37.05 years at the same time last year. In order to promote youth involvement, the company has decided to mark the calendar year 2010 as "Shree Youth Year". It empowers young employees by providing them with challenging assignments, encouraging development of managerial capabilities, providing them necessary training and facilitating for their active participation in decision making process. As a measure of this philosophy, a "Shree Youth Club" has been formed having "SHREE SHAKTI - YUVA SHAKTI" as its motto.

Company's employees relish accepting challenging job assignments and completing them within set targets. Accomplishment of such assignment with great vitality spurs them to keep aiming and achieving higher. The enabling environment of the Company always keeps them vibrant & active and developed a passionate feeling for achieving something extra-ordinary. All these measures have enabled the company to reduce attrition rate to 5.3% against 5.9% last year.

Total number of employees as on 31.3.2010 is 3244.

Organizational Health & Safety

Company is committed to provide a safe and healthy work place for its people. It has comprehensively laid out Health and Safety policies which are placed in all departments and work sites. In order to create awareness about safe working practices, company has displayed slogans, warning signs and pictorial depiction of accident prone practices at all conspicuous places to ensure appropriate attention from all. A dedicated safety department is in place to monitor safety practices in the company, equip all workers with adequate safety equipments and knowledge. Company conducts safety meeting on 1st to 4th day of each month at different locations in the presence of large audience of workers and employees to review measures related to health, hygiene, safety and improvement of the environment.

Risks and Concerns

Risk management is essential for sustainable stakeholder value creation. Company has a well defined risk management framework wherein it has documented process-wise/department-wise risk inventory and its mitigation. On the one hand this framework acts as



a response tool to mitigate risks which may have an impact on the business operations and on the other hand it facilitates converting risk into potential opportunity.

Key Risks identified by the company are as below:

- **Over capacity in cement** – With large cement capacities coming up, there are concerns of over capacity in the cement sector which may have pressure on operating margins. However demand growth is also expected to be strong. While new supplies may exert pressure on margins in near term, it will rather help in satisfying increased demand in long run. It is constantly endeavoring to increase its market share through innovative marketing and efficient customer service.
- **Input cost rise** – Input costs hardening is another area of concern. Rising cost of raw materials, fuel and freight costs may further pressurize the operating margins. Again this requires operational flexibility to face these challenges. Company has been and will continually try to navigate the situation through utilization of alternate raw material and fuel sources, increased energy efficiency and better logistics management.
- **Project Execution** – Delay in project execution may lead to increased costs as well as lost opportunity. There is a risk that the company may not be able to build up capacities to capitalize on market opportunities. Company has dedicated project management team which is regularly assisted by outside consultants and guided by the senior management.
- **Volatility in Power Sale prices** – Company is expanding its power capacity for merchant sale purpose and has also commenced power trading activity. As merchant power market has high price volatility, at times, because of low rates in the merchant market, the power may have to be sold at non-remunerative prices. Company seeks to actively manage this risk by keeping a close eye on market movements and entering into monthly / yearly contracts with buyers.
- **Interest rate and Currency risk** - Company maintains all its long term borrowing on fixed interest rate and hedges all its foreign currency borrowings through adequate forward covers and swap instruments. All imports under letter of credit are also hedged through appropriate forward cover.

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.

Awards & Recognitions

Your Company’s practices and efforts in the field of Corporate Governance, Environment Management, Energy Efficiency, Human

Resources, Information Technology etc. continued to be recognized and appreciated by various agencies and forums this year also. Some of the awards and recognitions received during the year were first prize in energy conservation by Govt of India, Best Quality Excellence Award by NCCBM, Sustainability award by CII, Golden Peacock Award for Climate Security and Certificate of Excellence by Employers Associations of Rajasthan.

Directors

Shri O. P. Setia and Shri R. L. Gaggar, Directors of the Company, would retire by rotation at the forthcoming Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and Company’s Articles of Association and being eligible, offer themselves, for re-appointment.

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 31st March, 2010 and in case of material departures, proper explanation has been given in the Accounts and notes thereon.
- They have selected such accounting policies and applied them consistently, and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2010 and of the profit of your Company for the year ended on that date.
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- The annual accounts are prepared on a going concern basis.

Auditors

The Statutory Auditors’ of your Company M/s. B. R. Maheswari & Company, Chartered Accountants would retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Statutory Auditors, if re-appointed.

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 are self explanatory and, therefore, do not call for any further comments of the management on the observations of auditors.

Cost Audit

Pursuant to directives of Central Government, your Company has appointed M/s. K. G. Goyal & Associates, Cost Accountants as Cost Auditors of the Company under section 233B of the Companies Act, 1956 for the year 2009-2010. The audit of Cost Accounts of the Company is being done by them.

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 set out in the Annexure I to this report which forms part of this report.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earning / 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 II annexed hereto and forms part of this Report.

Acknowledgement

Your Directors take the opportunity to place on record the co-operation and support received from various agencies of the Central

Government and State Government(s), financial institutions and banks. Your Directors also express their deep sense of gratitude to various stakeholders i.e. customers, dealers, suppliers, transporters, advisors etc. for their continuous committed engagement with the Company. Your Directors also thank the communities and villages that border Company’s plants for their support in Company’s continued growth.

Your Directors further appreciate the support and co-operation received from the employees for their contribution to the growth and success of the Company. Your Company’s consistent growth has been made possible by only through their dedication, innovation, excellence and support.

And to you, our Shareholders, your Directors are deeply grateful for your confidence, faith and trust in the Company.

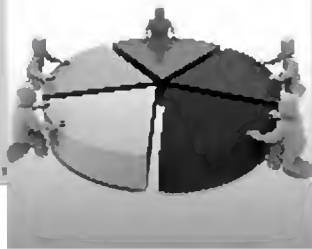
For and on behalf of the Board

Place: Kolkata

Date: 20th May, 2010

B. G. Bangur
Executive Chairman

Annexure to the Directors' Report



ANNEXURE - I

Statement of Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010

EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN RS. 24,00,000/- PER ANNUM

S. No, Name of the Employee, Designation/ Nature of Duties, Remuneration (Rs.), Qualification, Age (Years), Experience (Years), Date of Commencement of Employment, Last Employment (Name of the Organisation, Position held)

- Shri B.G. Bangur, Executive Chairman, 8,04,54,521, B.Com, 76, 57, 13.08.1992, Hasting Mill, A division of Shree Digvijay Cement Company Ltd., Chief Executive (Production and Development)
- Shri H.M. Bangur, Managing Director, 8,04,20,103, B.E. (Chemical), 58, 32, 01.01.1992, Shree Digvijay Cement Company Ltd., Financial Advisor
- Shri M.K. Singhi, Executive Director, 2,50,65,621, B.Sc., LLB., FCA, 58, 32, 17.01.1995, Rajshree Cement- A unit of Indian Rayon & Industries Ltd., Sr. Vice President (Commercial)
- Shri Prashant Bangur, Executive Joint President, 70,07,662, B. Sc., MBA, 30, 06, 22.06.2004, Nil,Nil
- Shri Ashok Bhandari, Chief Finance Officer, 81,45,183, B.Sc. (Hons.), FCA, 57, 32, 01.04.1990, PT Indo Rama Synthetics, Vice President (Finance)
- Shri Diwakar Payal, Jt President (Marketing), 74,54,244, B. Tech., PGDM, 52, 28, 23.10.2001, Gujrat Ambuja Cements Ltd., Vice President (Marketing)
- Shri Vinay Wadhawa, Sr. Vice President (Marketing), 76,39,342, B.A.(Hons.), M.B.A. (Marketing), 54, 29, 01.12.2006, Binani Cement Limited, Executive Vice President (Marketing)
- Shri M.M.Sharma, Sr. Vice President (Projects), 54,30,502, B. Sc. (Mech. Engineering), 60, 37, 15.06.1992, U. P. State Cement Corporation Limited, Manager (Maintenance)
- Shri P.K.Tripathy, Sr. Vice President (Works), 51,08,232, B. Sc. (Chem. Engg.), 52, 27, 03.04.1997, Aditya Cement, Sr. Manager (Technical Cell)
- Shri P.N.Chhangani, Sr. Vice President (Works), 48,08,794, B. Sc. (Chemical Engg), 50, 27, 03.04.2006, Holtec Consulting Pvt. Ltd., General Manager
- Shri C.R.Biyani, Vice President (Business Development), 48,10,108, B.E.- Hons (Electronics), 59, 37, 24.08.2002, BFL Infotech Ltd., Director
- Shri Sanjay Mehta, Vice President (Commercial), 39,47,280, B.Com, FCA, 45, 22, 11.11.1995, Aditya Cement, Dy. Manager (Accounts)
- Shri Gopal Daga, Vice President (Project), 38,87,476, B. Com, 58, 40, 07.09.1994, Rilaxon (Division of Shree Digvijay Cement Company Ltd.), Vice President (Project)
- Shri K.C.Gandhi, Vice President (Materials), 35,79,042, B.Sc., 54, 31, 01.07.1991, Shree Digvijay Cement Co. Ltd., Purchase Officer
- Shri S.C. Suthar, Jt. Vice President (Mines), 31,90,894, Diploma in Mines & Surveying Engineering, Mines Manager (1st Class), 50, 30, 17.06.1996, JK Cement Ltd., Mines Manager
- Shri Arvind Khicha, Jt. Vice President (Commercial), 31,18,645, M.Com, FCA, 46, 23, 17.01.1991, Indorama Synthetics Ltd., Dy. Manager (Commercial)
- Shri P.C. Jhavar, Jt. Vice President (P&A), 31,12,402, M.A., LL.B., D.LL., 56, 35, 16.05.1995, DLF Cement, Sr. Manager (P&A)

- Shri M.M. Rathi, Asst. Vice President (Power Plant), 28,83,636, B.E. (Mech.), M.B.A., 42, 20, 23.06.2000, Century Pulp & Papers Mills Ltd., Sr. Supdt. (Ph)
- Shri C. S. Sharma, Jt. Vice President (Projects), 27,12,869, B.E. (Mech.), 54, 30, 01.07.2005, Meghalaya Cement Ltd, G. M. (Projects)
- Shri Narip Bajwa, Asst. Vice President (Marketing), 27,98,193, P.G.D. (Marketing), B.A., Diploma (Civil & Rural Engineering), 41, 16, 01.11.2001, Gujarat Ambuja Cements Ltd., Manager
- Shri G.L.Nandwana, Asst. Vice President (Mines), 27,95,069, Diploma in Mining & Mine Surveying Engineering, AMIE & 1st Class Mines Manager, 50, 30, 01.05.1993, Shree Ram Fertilizers & Chemicals, Kota, Dy. Manager (Mines)
- Shri S.K.Soni, Asst. Vice President (ERP), 27,77,817, B.Com, FCA, 48, 23, 11.05.1992, Baldua Food & Processors Ltd., Beawar, Accounts Officer
- Shri Himanshu Dewan, Asst. Vice President (Marketing), 27,59,669, M.B.A. (Mktg), B.E.(Prod. & Mech), 42, 18, 19.01.2009, Reliance Industries Ltd., General Manager
- Shri Gajraj Jain, Asst. Vice President (Power Project), 27,10,988, B.E. (Electronics), 39, 18, 05.08.1996, DLF Cement Ltd., Engineer (Intt.)
- Shri S.L.Bhansali, Asst. Vice President (Legal), 27,06,963, B.Com, FCA, FCS, 53, 29, 12.05.2000, Shree Digvijay Cement Co. Ltd., G. M. (F&C)
- Shri R.K. Manawat, Asst. Vice President (Process), 26,34,230, B.Sc., 54, 35, 18.08.1992,, Shree Digvijay Cement Company Ltd., Process Engineer
- Shri N.C.Jain, Asst. Vice President (Finance), 25,31,155, B.Com, FCA, 52, 32, 02.07.1987, Steque Equipment P. Ltd., Manager
- Shri R.Bhargava, Asst. Vice President (Environment), 24,96,622, M. Tech, PGDBA, 54, 28, 10.05.1996, National Council for Cement & Building Materials, Ballabhgarh, Scientist
- Shri R. C. Bohra, Asst. Vice President (P&A), 24,45,738, B.A., MSW, 60, 35, 27.10.2007, Murli Industries Ltd., VP (P&A)
- Shri Yogesh Mehta, Sr. General Manager (Commercial), 25,29,430, B.Com, FCA, LLB, DCCR, 45, 18, 29.06.1992, Nil, Nil
- Shri Rakesh Dalmia, Executive Assistant to MD, 25,06,688, B.Com, FCA, FCS, 39, 15, 01.01.1995, Nil, Nil
- Shri S.S. Khandelwal, Company Secretary, 24,94,973, B.Com, FCA, FCS, 40, 16, 29.12.2003, Rajasthan Renewable Energy Corporation Ltd, Manager (Finance)
- Shri K.K. Jain, Sr. General Manager (Accounts), 24,47,069, B.Com, FCA, CWA, 39, 16, 14.05.1994, Grasim Industries Ltd., Executive Assistant
- Shri Arun Kumar Srivastav, Sr. General Manager (Internal Project), 24,33,807, B.E.(Mechanical), 50, 26, 18.06.2007, Hindustan Zinc Ltd., Senior Manager (Mech.)
- Shri Anil Kaushik, Sr. General Manager (Marketing), 24,33,251, B.Com, MBA, 44, 17, 17.12.2001, Gujarat Ambuja Cements Ltd., Manager (Marketing)
- Shri K K Talwar, Sr. General Manager (Marketing), 24,04,441, M.Sc.(Industrial Chemistry), 44, 21, 11.05.2002, Gujarat Ambuja Cements Ltd., Manager (Marketing)



EMPLOYED FOR PART OF THE FINANCIAL YEAR AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN RS. 2,00,000/- PER MONTH

S. No, Name of the Employee, Designation/ Nature of Duties, Remuneration (Rs.), Qualification, Age (Years), Experience (Years), Date of Commencement of Employment, Last Employment (Name of the Organisation, Position held)

- Shri Kuldeep Verma, Sr. Vice President (Marketing), 41,83,191, B.Com, M.B.A, 53, 29, 20.07.2009, ACC Ltd., Head Product Innovation & Large Buyer Business
- Shri A.K. Singh, Jt. Vice President (E&I), 25,04,957, B.E. (Electrical), 60, 35, 15.07.2004, Diamond Cement, General Manager (E&I)
- Shri Shrinath Savoor, Sr. Vice President (Strategy), 16,55,136, FCA, M.M.S. (Finance), 52, 30, 01.12.2009, Holtec Consulting Pvt. Ltd., Chief G.M.
- Shri Arun Bhalla, Chief Executive (Power Business Development), 6,87,402,M.Sc (Engg.), P.G.D. (Marketing & Sales Management), 59, 35, 15.02.2010, PTC India Ltd., Executive Director
- Shri Pradeep Kothari, Vice President (Contracts), 15,47,371, M.B.A., B.E. (Electrical), 59, 37, 06.10.2009, Reliance Industries Ltd., Vice President
- Shri Rajat Sharma, Sr. General Manager (IT), 19,73,660, B.Sc, P.G.D.C.A., 43, 20, 01.07.2004, Jagran Prakashan Ltd., CTO
- Shri S.A.Khan, Dy General Manager (Mechanical), 24,96,234, Fitter (ACC Kymore), 60, 42, 05.08.1983, Diamond Cement, AEM
- Shri N.L.Sharma, Dy. General Manager (Civil), 21,89,375, B.E.(Civil), 60, 31, 16.02.1981, Mangalam Cement, Morak, Supervisor

NOTES:

- All appointments are contractual and terminable by applicable notice period as per contractual terms.
- Remuneration includes salary, allowances, bonus, commission, perquisites (including medical, leave travel and leave encashment on payment basis and monetary value of taxable perquisites) and Company's Contribution to Provident and Superannuation Funds. In addition to the said remuneration, employees are entitled to Gratuity in accordance with the Company's rules.
- Other terms and conditions are as per Company's Rules.
- Shri H.M. Bangur is son of Shri B.G. Bangur and hence they are related to each other. Shri Prashant Bangur, Executive Joint President of the Company is son of Shri H.M. Bangur, Managing Director and grand-son of Shri B.G. Bangur, Executive Chairman. None of the other employees are related to directors of the Company.
- Shri B.G. Bangur, Shri H.M. Bangur and Shri Prashant Bangur belong to promoters group. Except them, no employee was holding voting right of 2% or more of the company alongwith relatives during the year.

ANNEXURE-II

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 31st March, 2010

A. Conservation of Energy

a) Measures taken for conservation of energy.

- Power generation by utilizing PH exhaust gases & Clinker cooler exhaust in the Green power plants in all clinker lines
- Installation of three dampers in Kiln-I for effective utilization of heat in Waste Heat Recovery Boiler
- Refratherm bricks Lining in Kiln-I for saving of thermal energy
- Installation of 7 VFDs in cooler fans
- Installation of SPRS in ESP fan of Unit-II
- Replaced old and less efficiency motors by new high efficiency motors in Kiln-I & II
- Installation of Grid Rotor Resistance(GRR) in ESP of Unit-I
- Installation of the VFD's in the Cement Mill-III & IV vent bag house fan and Packing Plant-III & IV dedusting bag filter fans
- Reduction in speed of the fuel firing blowers of Units-III, IV, V, VI and VII and swirl air blowers of kiln firing for power saving by changing the pulleys
- Replacement of the higher rating of the motor by lower rating motors in the fuel firing FK pump blowers of Units-III, IV, V, VI and VII
- Installation of the Roller press in Cement Mills
- Replacement of the reversible belt conveyor by diverting gates in raw coal hopper feeding of Coal Mills-III, IV, V, VI and VII and top of clinker feeding Khushkhera hopper
- Replacement of Water Cooled Condenser (WCC) with Air Cooled Condenser (ACC) to save water and auxiliary power
- Installation of ESP for 15 TPH Boiler thereby reducing dust and enabling power saving.
- Power saving in FD fans by increasing number of holes in air nozzle in Boiler 1 & 2
- Replacement of existing dust extraction fan with High efficiency correct size dust extraction fan in crusher house & Bunker House
- Replacement of existing ID fan with High efficiency correct size ID fan
- Replacement of conventional lamps with Compact Fluorescent Lamps (CFL)
- Installation of Solar water Heater system

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

- Installation of single high efficiency fan in preheater of Unit-I to reduce specific power consumption
- Installation of SPRS in all HT fans to control process by fan speed and save power
- New high efficiency compressor of 110 kw will be installed in place of existing 3 compressors
- Installation of the SPRS in the Raw Mill/ Kiln ESP fan of Units-III, IV, V, VI and VII
- Installation of the new high efficiency cooler ESP fans with Green Power Plant in operation
- Installation of HT VFD in HT drives

c) Impact of measures taken at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

- Saving of thermal and electrical energy
- Conservation of natural resources
- Increased efficiency and process optimization
- Improvement in product quality
- Increased plant running availability
- Reduction in cost of production

d) Total energy consumption and energy consumption per unit of products

Information given in the prescribed Form - A annexed.

B. Technology Absorption

Information given in the prescribed Form - B annexed.

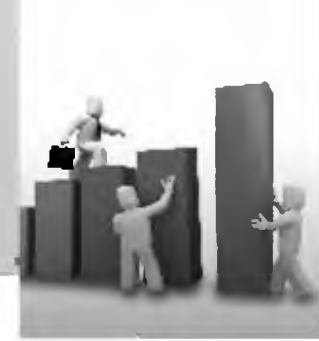
C. Foreign Exchange Earnings and Outgo

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

There have been no exports during the year as the sale in domestic market was considered to be more remunerative for the company than exports.

- Total Foreign Exchange used and earned

(Rs. in Lac)		
Particulars	2009-10	2008-09
Used	39,400.65	7027.62
Earned	1139.76	1849.08



ANNEXURE –II

Form – A (See Rule 2)
Form of Disclosure of Particulars with respect to Conservation of Energy
(A) Power and Fuel Consumption

Particulars	2009-10	2008-09
1. Electricity		
a) Purchased		
i. From grid		
Unit (Kwh in lacs)	195.23	272.13
Total amount (Rs. In lacs)	863.91	1310.32
Rate/unit (Rs.)	4.42	4.82
ii. From Energy Exchange		
Unit (Kwh in lacs)	343.11	-
Total amount (Rs. In lacs)	1591.73	-
Rate/unit (Rs.)	4.64	-
b) Own Generation		
i. Through Diesel Generators		
Units (Kwh in lacs)	3.89	2.18
Unit per Ltr. of Diesel	3.29	2.87
Cost/unit (Rs.)	9.14	14.34
ii. Through Steam Turbine / Generators (Note 1)		
Units (Kwh in lacs)	9984.81	7361.70
Unit per Kg. of Fuel	2.56	2.11
Cost/unit (Rs.)	1.84	2.46
2. Coal and other fuels		
1. Used in Kiln & Calcliner		
Quantity (in lac MT)	8.56	6.91
Total cost (Rs. In lacs)	40925	40920
Average rate per MT (Rs.)	4779	5925
2. Used in Steam Turbine / Generators		
Quantity (in lac MT)	3.90	3.48
Total cost (Rs. In lacs)	15343	17405
Average rate per MT (Rs.)	3934	4995

(B) Consumption per unit of production

Particulars	Standard (if any)	2009-10	2008-2009
Product : Cement			
Unit : MT			
Electricity (Kwh /MT of Cement)	75 – 100	75.25	76.72
Coal (% of Clinker)	15	10.64	10.75

Note: 1. Electricity consumption includes electricity consumed during shutdown of plant(s).

ANNEXURE –II

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) Development of Synthetic Gypsum
- b) Waste Heat Recovery for power generation
- c) Identified and optimized various wastes to use as raw materials and fuels
- d) Reduction of energy consumption through energy audit.
- e) Introduction of computational fluid dynamics to reduce pressure drop in down comer duct.
- f) Expert Flame Analysis System to reduce coal consumption and consistent quality of clinker
- g) Established the significance of different particle size ranges in distribution of cement for optimization of cement mill
- h) Optimization of raw mix and established suitability of the best transition element as mineralizing effect in our raw mix
- i) Developed Standard Reference Material (SRM) for quality assessment and proper use of refractory

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

- a) Resource sustainability
- b) Quality improvement
- c) Reduction in production cost
- d) Increase in market share
- e) Production of green power and cement

3. Future plan of action

- a) Development of nano cement and cheaper performance improver
- b) Continuous efforts for use of alternative fuel and raw materials to conserve the natural resources
- c) Industrial Farming of CO₂ from Cement Kilns into High Energy Algae Biomass Coal Equivalent Fuel
- d) Development of model for energy and quality audit for energy and quality efficiency

4. Expenditure on R&D

Capital Expenditure (Rs. in lacs)	1787.83
Recurring Expenditure (Rs. in lacs)	638.70
Total Expenditure (Rs. in lacs)	2426.53
Total R&D Expenditure as a percentage of turnover (In %)	0.70%

B. Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation

The Company makes continuous efforts to improve, adapt and implement new technology, equipments and innovation. Focus is on green technology, automation for energy efficiency and improvement in quality, water conservation, pollution control, resource sustainability, up-gradation and use of residual resources.

Company's executives visited various efficient cement and power plants of the World and participated in different seminars and workshops like NCB, BEE etc. Company is a member of Cement Sustainability Initiative of World Business Council for Sustainable Development, Switzerland, Member of Cement Sector Task Force of Asia Pacific Partnership (APP7) on Clean Development and Climate, TERI BCSD, Global Reporting Initiative Netherland and is a leader of Cement Task Force set up by Bureau of Energy Efficiency, Government of India. Continuous energy reduction efforts have been made which include high energy efficiency fans and motors, triplet cyclones, SPRS etc.

Auditors' Certificate on Corporate Governance



2. Benefits derived as a result of above efforts

- a) A unique opportunity to learn about energy conservation methodology, approach and technologies adopted by the successful energy efficient units.

b) Sharing of information by excellent energy efficient companies.

c) Saving in thermal energy due to successful use of alternate fuels.
- d) Improvement in the quality of cement.

e) Conservation of natural resources.

f) Increase in capacity utilization, smooth operation & increasing productivity and Improved life of refractory.

g) Reduction in production cost

3. Information regarding technology imported during last 5 years

a) Technology imported	Expert Flame Analysis system of Powitec GmbH to reduce coal consumption and consistent quality of clinker
b) Year imported	2009-10
c) Has technology been fully absorbed?	Being used for optimization of Kilns
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action	N.A.

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 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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.

for **B. R. MAHESWARI & CO.**
Chartered Accountants
(Registration No. 001035N)

Kolkata
20th May, 2010

(**SUDHIR MAHESHWARI**)
Partner
Membership No. 081075

Report on Corporate Governance



COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The primary objective of running an organization is that it should create long-term and sustainable wealth for its stakeholders. Corporate Governance is a systematic process by which conduct of maximizing value creation of an organisation is directed, controlled and monitored. At Shree Cement, we consider Corporate Governance as intrinsic part of way of conduct and have reinforced its principles in all levels within the Company. Shree has been a forerunner in advocating Corporate Sustainability principles and hence consider Corporate Governance a critical factor in achieving its sustainability agenda.

The Board of Directors of the Company is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a critical role in overseeing how the company serves the long term interests of shareholders and other stakeholders. This is achieved through adherence to the core values of corporate governance viz. independence, integrity, transparency, fairness etc.

Board of Directors: Composition, functioning & procedures

The Board of Directors is the main organ of the Company which provides a vision and strategic direction to the operations of the Company and enhance the value of the stakeholders.

The details of the attendance of each Director at the Board Meetings held during the year and Directorship, Membership/Chairmanship in Board Committees of other Companies are as under:

Name of Director	Category as at 31.3.2010	No. of Board Meetings of the Company attended in 2009-10#	Whether attended last AGM held on 24th July, 2009	No. of other Directorships held as at 31.3.2010*	No of Membership/ Chairmanship held in Committees of other Companies as at 31.3.2010**	
					Member	Chairman
Shri B.G. Bangur	Executive Chairman	4	Yes	4	-	-
Shri H.M. Bangur	Managing Director	4	Yes	1	-	-
Shri R.L. Gaggar	Independent and Non-executive	1	No	13	7	-
Shri Shreekant Somany	Independent and Non-executive	3	Yes	5	-	-
Shri O.P. Setia	Independent and Non-executive	4	Yes	-	-	-
Dr. Abid Hussain	Independent and Non-executive	3	No	9	5	-
Dr. Y. K. Alagh	Independent and Non-executive	3	Yes	2	2	-
Shri A. Ghosh	Independent and Non-executive	2	No	13	10	5
Shri M.K. Singhi	Executive Director	4	Yes	1	-	-

* Excludes directorship held in private limited companies, foreign companies and companies incorporated under section 25 of the Companies Act, 1956.

** Only membership & chairmanship in Audit Committee and Shareholders' & Investors' Grievances Committee has been taken into account.

Total four board meetings were held during the year 2009-10

Composition of Board of Directors as on 31st March, 2010

The composition of the Board is in accordance with the Corporate Governance requirements specified in Clause 49 of the Listing Agreement entered with Stock Exchange(s). Company ensures to have appropriate combination of executive and independent Directors at the Board level to maintain the independence of the Board, and to separate the Board functions of governance and management. The Board of Directors is headed by Shri B. G. Bangur, the founder Director and promoter of the Company who is also the Executive Chairman of the Company. The Board has nine Directors out of which six are Independent and Non-Executive. Independent Directors consist of persons having diverse backgrounds, experience and personalities ranging from economist to bureaucrat, banker to ex Deputy RBI governor, industrialist to solicitor etc.

As per the terms of the Articles of Association of the Company, all the Independent & Non-Executive Directors are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are re-appointed by shareholders in General Meeting. In terms of the Articles of Association of the Company, the strength of the Board can neither be fewer than three nor more than twelve.

Further, the Independent and Non-Executive Directors do not have any material pecuniary relationship with the Company. Therefore, the Company has appropriate size of the Board looking to the current circumstances and requirements.

The previous Annual General Meeting of the Company was held on 24th July, 2009 and was attended by six Directors.

Board functioning and procedure

The Board of Directors is the 'management trustee' of the Company responsible for managing day-to-day affairs on behalf of the shareholders, the true owners of the Company. Therefore it is absolutely necessary to ensure complete transparency and foresightness in the decision making process. The Board takes decisions based on detailed discussion and deliberations 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 for the same. Agenda of meeting is circulated to the board members at least seven working days before the meeting. 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 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 for review of the members of the Board include the following:

- Key elements of Annual Budgets
- Business Plans and Progress thereof
- Company presentation on performance
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Finance Officer and the Company Secretary
- Delegation of 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
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- Significant Human Resources related issues.
- Sale/purchase of material nature, of investments, assets, which is not in normal course of business
- 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 steps taken by the Company to rectify instances of non compliances, if any;

- Minutes of Meetings of Audit Committee and other Committees of the Board

Meetings and Attendance

The Board meets as and when necessary to do so. Generally meetings of the Board are held once in every four months. It is ensured that the time gap between two consecutive board meetings is less than 4 (four) months. The annual calendar of the meetings is determined at the beginning of each year. During the year under review, there were 4 (four) meetings of the Board held. Details of these meetings and attendance of Directors in those meetings are as under:

Date of the meeting	Attended by no. of Directors
28-April-2009	8 out of 9
24-July-2009	6 out of 9
28-October-2009	8 out of 9
21-January-2010	6 out of 9

COMMITTEES OF THE BOARD OF DIRECTORS

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

A. Audit Committee

The Audit Committee reviews the matters falling in its terms of reference and addresses larger issues and examines those facts 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, which 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 auditor 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 reasons for the same,
 - c. Major accounting entries involving estimates based on the exercise of judgment 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 weaknesses in internal controls.
 7. Reviewing reporting structure, coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up there on.
 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 the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and 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 management;
 - c. Management letters/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.

Constitution of Audit Committee

All the members of the Audit Committee are Non-Executive and Independent Directors. The composition of the Committee is as below:

Name of the Member	Category	Qualification of the Member
Shri O.P. Setia - Chairman	Independent and Non – Executive Director	The Chairman is Masters in Commerce and Ex-Managing Director of State Bank of India. He possesses the requisite accounting and financial management expertise.
Shri R.L. Gaggar	Independent and Non – Executive Director	Member is a renowned solicitor and advocate of Kolkata. He possesses good accounting and financial management knowledge.
Dr. Abid Hussain	Independent and Non – Executive Director	Member is a retired IAS officer. He has good accounting and financial management knowledge.
Dr. Y.K. Alagh	Independent and Non – Executive Director	Member is a noted Economist. He has good accounting and financial management knowledge.

The committee met four times during the year 2009-10 including for approval of accounts for the year ended 31st March, 2009, before placing the same before the Board. The attendance of the members of the Committee is as under:

Name of the Member	No. of meetings	
	Held	Attended
Shri O.P. Setia	4	4
Shri R.L. Gaggar	4	1
Dr. Abid Hussain	4	3
Dr. Y.K. Alagh	4	3

For the meetings, internal auditors of the Company are invited for discussions and review. Shri M. K. Singhi, Executive Director and Shri Ashok Bhandari, Chief Finance Officer are the permanent invitees to the meetings for responding to the observations of the Committee while Shri S. S. Khandelwal, Company Secretary acts as Secretary to the Committee.

B. Remuneration cum Nomination Committee

The purpose of this Committee of the Board of Directors is to discharge the Board's responsibilities relating to compensation of the Company's working Directors. The composition of the Committee consists of all independent and non-executive directors which is as under:

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

No meeting of the Committee was held during the year 2009-10 in absence of any matter relating to Committee.

Remuneration Policy

The remuneration policy is directed towards rewarding performance based on review of achievements 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 is agreed upon. The remuneration is decided on the basis of following broad criteria:-

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

a) Paid to Non-executive Directors:

Amount in Rs

S No	Name of Director	Sitting fees	Commission	Total
1	Shri R.L. Gaggar	20000	1000000	1020000
2	Shri Shreekant Somany	40000	1000000	1040000
3	Shri O.P. Setia	130000	1000000	1130000
4.	Dr. Abid Hussain	110000	1000000	1110000
5.	Dr. Y.K. Alagh	100000	1000000	1100000
6.	Shri A. Ghosh	20000	1000000	1020000
	TOTAL	420000	6000000	6420000

b) Paid to Executive Directors / Whole Time Directors:

Amount in Rs

S No	Particulars	Shri B. G. Bangur, Executive Chairman	Shri H.M. Bangur, Managing Director	Shri M.K. Singhi, Executive Director
(i)	Remuneration			
	Basic salary	1,35,76,200	1,35,76,200	99,00,000
	Contribution to Provident and Superannuation Fund	36,65,574	36,65,574	26,73,000
	Benefits – allowances/perks	82,12,747	81,78,329	24,92,621
	Bonus	-	-	1,00,00,000
	Commission	5,50,00,000	5,50,00,000	-
	Stock options	-	-	-
	Pension	-	-	-
	TOTAL	8,04,54,521	8,04,20,103	2,50,65,621

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.

II. For Non-Executive and Independent Directors

The Non-Executives Directors are paid sitting fees of Rs. 20,000 for each meeting of the Board / Committee of the Board attended by them (Rs. 10,000 upto Board meetings held prior to 21st January, 2010). Besides the sitting fees, they are also paid commission. The shareholders had, at the Annual General Meeting of the Company held on 18th July, 2008, approved payment of Commission to Non-Executive Directors not exceeding one percent of net profit of the Company computed in the manner provided under section 349 of the Companies Act, 1956. The commission is distributed equally amongst those Non-Executive Directors who are on the Board at the time of Board Meeting where payment of commission is determined.

The details of remuneration package, fees paid etc. to Directors for the year ended 31st March, 2010, for information of Members, are given hereunder:



S No	Particulars	Shri B. G. Bangur, Executive Chairman	Shri H.M. Bangur, Managing Director	Shri M.K. Singhi, Executive Director
(ii)	Details of Fixed Component and performance linked incentives along with the performance criteria			
	a) Fixed Component:			
	• Effective date of commencement of remuneration package	13-Aug-2007	01-Aug-2007	01-April-2008
	• Salary – Basic #Annual increment @10%, first increment became effective from 01.04.2008 @[Annual increase in the salary as the Board may decide from time to time, however subject, to a ceiling of Rs. 12,00,000/- (Rupees Twelve lacs) per month. First increase became effective from 1.4.2009].	Rs. 9,35,000 per month# (Effective for year 2009-10 Rs. 11,31,350 per month)	Rs. 9,35,000 per month# (Effective for year 2009-10 Rs. 11,31,350 per month)	Rs. 6,25,000 per month@ (Effective for year 2009-10 Rs. 8,25,000 per month)
	• Contribution to Provident Fund & Superannuation Fund	As per rules	As per rules	As per rules
	• Perks and other allowances	As per terms of appointment	As per terms of appointment	As per terms of appointment
	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 Board, limited to 5% of the Net Profit by way of Salary, Perks, Allowances and Commission taken together	Commission as may be decided by Board, limited to 5% of the Net Profit by way of Salary, Perks, Allowances and Commission taken together	Bonus as may be decided by Board, limited to 5% of the Net Profit by way of Salary, Perks, Allowances and Bonus taken together
	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 period i.e. till 12th August, 2012.	Appointment is for five years period i.e. till 31st July, 2012.	Appointment is for five years period i.e. till 31st March, 2013.
	b) Notice period	As per terms of appointment		
	c) Severance fees	Except Gratuity and earned leave at the end of tenure, no other severance fee is payable.		
(iv)	Stock Option 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 option issued, hence not applicable	No Stock option issued, hence not applicable	No Stock option issued, hence not applicable

C. Shareholders' and Investors' Grievances Committee

The Board of Directors has constituted a Shareholders' and Investors' Grievances Committee to deal with the following matters:

- Review, on a periodic basis, status of cases relating to transfer, transmission of shares, issue of duplicate shares etc.
- Monitors expeditious redressal of investors' grievances,
- Review of instances of non receipt of Annual Report and dividend, and
- All other matters related to shareholders.

The composition of the Shareholders' and Investors' Grievances Committee and meetings conducted & attendance of members are as under:

Name of the Member	Category	No. of meetings	
		Held	Attended
Shri O.P. Setia – Chairman	Independent and Non – Executive Director	1	1
Shri R.L. Gaggar	Independent and Non – Executive Director	1	-
Dr. Abid Hussain	Independent and Non – Executive Director	1	1
Dr. Y.K. Alagh	Independent and Non – Executive Director	1	1

The Company had appointed M/s. Karvy Computershare Pvt. Ltd., Hyderabad as the Share Transfer Agent 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 19 complaints received during the year 2009-10) and no complaint or grievance remains unattended / unresolved at the year end.

The Committee during the year met once on 21st January, 2010 and reviewed the status of investors' complaints received and resolved during the calendar year 2009. 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 2009-10:

S No	Nature of Complaints	No. of Complaints received	No. of Complaints resolved
I	Dividend related issues	9	9
II	Annual Reports related issues	6	6
III	Shares transfer / transmission related issues	4	4
	Total	19	19

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 19 times during the year ended on 31st March, 2010. 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 year 2009-10.

General Body Meetings

The required information under clause 49 of the Listing Agreement under this heading is given in the “Shareholder's Information” separately in the annexure to this Corporate Governance Report.

Postal Ballot

Postal Ballot process was undertaken by the Company for the purpose of obtaining the approval of the Shareholders by way of a Special Resolution for alteration in Object Clause of Memorandum of Association and commencement of business specified in Other Object Clause of Memorandum of Association pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

Shri Sanjiv Agarwal, a Fellow Chartered Accountant and Fellow Company Secretary was appointed as the Scrutinizer for the postal ballot process. The last date for receiving the postal ballot forms was the closing hours of 6th November, 2009. The Scrutinizer submitted his report to the Chairman on 7th November, 2009. The voting pattern on the Postal Ballot was as follows:

(A) Postal Ballot for seeking Members' consent for alteration in Object Clause (Other Objects) of Memorandum of Association

Particulars	Number of Members	Number of Votes	% of votes
Total postal ballot forms received	526	23037374	-
Less: Invalid postal ballot forms	5	352	0.00%
Net valid postal ballot forms	521	23037022	100.00%
Postal ballot forms with assent for the Resolution	513	23035132	99.99%
Postal ballot forms with dissent for the Resolution	8	1890	0.01%

Annexure to Corporate Governance Report

(B) Postal Ballot for seeking Member's consent for commencement of businesses specified in Other Object Clause of Memorandum of Association

Particulars	Number of Members	Number of Votes	% of votes
Total postal ballot forms received	526	23037374	-
Less: Invalid postal ballot forms	5	352	0.00%
Net valid postal ballot forms	521	23037022	100.00%
Postal ballot forms with assent for the Resolution	513	23035132	99.99%
Postal ballot forms with dissent for the Resolution	8	1890	0.01%

The Chairman announced the result of the postal ballot process on 9th November, 2009. All the statutory formalities relating to the change have been duly complied with.

Disclosures

- Related Party Transactions: None of the transactions with any of the related party was in conflict with the interest of the Company at large. The details of related party transactions are given in the Notes on Accounts.
- 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 Standards issued by ICAI. 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 on Accounts.
- 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 Code of conduct applicable to all Directors and employees of the Company has been posted on the website of the Company. For the year under review, all Directors and senior management personnel of the Company have confirmed their adherence to the provisions of the said Code.

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

As per the SEBI (Prevention of Insider Trading) Regulations 1992, as amended from time to time, the Company is required to have a Compliance Officer who is responsible for setting forth policies, procedures, monitoring adherence to the rules for the prevention of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code for prevention of Insider Trading. The Board has appointed Shri S.S. Khandelwal, Company Secretary as Compliance Officer in respect of compliance of the Code. All the Directors on the Board as well as senior level employees at all locations of the Company are governed by this Code.

Means of Communication

The Annual Report is sent to each Shareholder. Quarterly results are published in all editions of the Economic Times, Business Standard, Rajasthan Patrika, Danik Bhaskar and Nafa Nuksan. The results are also provided to Stock Exchange(s) where the Company's shares are listed. The official news releases are given directly to the media.

The quarterly and the annual results of the Company are displayed on the Company's website www.shreecementltd.com immediately after announcement thereof. A feedback form is being given at the end of 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 Shareholder's Information

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

Shareholder's Information

Registered Office:

Bangur Nagar, Post Box No. 33,
Beawar - 305 901, District 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.shreecementltd.com

Corporate Office:

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

Plants Location:

Cement Unit I & II and Thermal Power Plants I & II:
Bangur Nagar, Beawar (Rajasthan)

Cement Unit III to VII and Thermal Power Plants III to VIII:

Bangur City, Ras, Distt. Pali (Rajasthan)

Khushkhera Grinding Unit(s):

Plot No SP 3-II, A-1, RIICO Industrial Area,
Khushkhera (Bhiwadi), District Alwar, Rajasthan - 301707

Suratgarh Grinding Unit:

Near N.H. 15, Udaipur Udasar, Tehsil: Suratgarh,
District: Shriganganagar, Rajasthan

Laksar Grinding Unit:

Akbarpur - Oud, Tehsil: Laksar,
District: Haridwar, Uttarakhand

Address for correspondence:

Shree Cement Limited,
Bangur Nagar, Post Box No. 33,
Beawar - 305 901, District - 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
Toll Free: 1800 180 6003-04
Fax: (91)1462-228117/19
E-mail: investor@shreecementltd.com
Exclusive e-mail ID for shareholders queries:
khandelwalss@shreecementltd.com

Clarifications on financial statements:

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

Date of AGM	Annual General Meeting	
	Time	Venue
14th August, 2010	11.30 A.M.	Registered Office at Bangur Nagar, Post Box No. 33, Beawar - 305 901, Distt. Ajmer, Rajasthan

(a) The details of Annual General Meetings held in last three years are as under:

Year ended	Date of AGM	Time	Venue
31.3.2007	14.08.2007	1.30 PM	Bangur Nagar, Beawar, Rajasthan
31.3.2008	18.07.2008	11.30 AM	-do-
31.3.2009	24.07.2009	11.30 AM	-do-

(b) Special Resolution passed in previous three AGMs

Date of AGM	Special Resolution Passed by Members
14.8.2007	a) Approval of Appointment of Shri B. G. Bangur as Executive Chairman and his terms of appointment and remuneration b) Approval of Appointment of Shri H. M. Bangur as Managing Director and his terms of appointment and remuneration c) Revision in remuneration of Shri Prashant Bangur, Relative of the Directors of the Company
18.7.2008	a) Approval of Appointment of Shri M. K. Singhi as Executive Director and his terms of appointment and remuneration b) Payment of Commission to Non-executive Directors not exceeding 1% of the Net Profit of the Company computed U/s 349 of the Companies Act, 1956
24.7.2009	a) Revision in remuneration of Shri Prashant Bangur, Relative of the Directors of the Company

(c) A special resolution altering the Articles of Association of the Company was passed through postal ballot last year. For further details, please refer section on 'Postal Ballot' in this Report.



Financial Calendar

(For the Financial Year 1st April, 2010 to 31st March, 2011)

Un-audited / Limited Review Results:	
First Quarter ended 30.6.2010	By 15th August, 2010
Second Quarter / Half year ended 30.9.2010	By 15th November, 2010
Third quarter/nine months ended 31.12.2010	By 15th February, 2011
Last Quarter/Yearly Results-ended 31.3.2011	By 15th May, 2011
Audited Results:	
Year ended 31.3.2011	By end of May, 2011

Date of Book Closure

9.8.2010 to 14.8.2010 (both days inclusive)

Dividend payment date

Company's Board, vide its meeting dated 21st January, 2010 has declared interim dividend @ Rs. 5/- per share for financial year

Market Price data

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2009	879.00	701.00	178395	878.55	696.00	294775
May 2009	1,050.00	790.00	124447	1,055.00	790.00	331870
June 2009	1,230.00	1,000.00	268984	1,230.00	1,010.00	639423
July 2009	1,705.00	1,162.00	157605	1,720.00	1,151.00	503314
August 2009	1,760.00	1,469.10	197922	1,755.00	1,463.00	367052
September 2009	1,779.00	1,473.55	355067	1,790.00	1,472.00	508417
October 2009	1,662.95	1,372.00	240559	1,675.00	1,350.00	525287
November 2009	1,879.00	1,512.05	166245	1,925.00	1,525.00	315637
December 2009	1,955.00	1,789.00	45486	1,963.00	1,740.00	220963
January 2010	2,350.00	1,890.50	84665	2,454.10	1,890.00	304476
February 2010	2,299.00	1,900.00	150139	2,290.00	1,865.00	328538
March 2010	2,385.00	2,130.00	86225	2,396.90	2,078.55	319528
TOTAL			2055739			4659280

The performance in comparison to broad based indices:

Indices	BSE (Sensex)	SCL Quote at BSE	NSE (Nifty)	SCL Quote at NSE
01.04.2009 (open)	9,745.77	720.00	3,023.85	696.00
31.03.2010 (close)	17,527.77	2,300.05	5,249.10	2,361.85
Increase/ Decrease	79.85%	219.45%	73.59%	239.35%

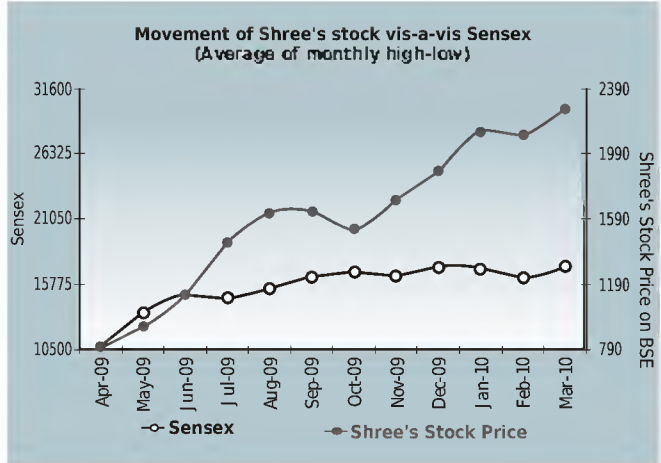
2009-2010 which was paid to those shareholders who held shares in the Company on 27th January, 2010. Company's Board in its meeting held on 20th May, 2010 has also recommended a final dividend of Rs. 8/- per share for financial year 2009-2010 which would be paid to those shareholders who hold shares in the Company on 14th August, 2010. 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 Exchanges:

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited	500387
National Stock Exchange of India Limited	SHREECEM EQ
Name of the Depositories (for demat only)	
National Securities Depository Ltd.	INE070A01015
Central Depository Services (India) Ltd.	INE070A01015

Corporate Identification Number (CIN): L26943RJ1979PLC001935

Company's securities are also available for trading in Futures and Options (F&O) segment of National Stock Exchange of India Limited.



Registrar and Share Transfer Agents

M/s. Karvy Computershare Private Limited,
Unit: SHREE CEMENT LIMITED
17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081
Contact person: Mr. K. S. Reddy, Asstt. General Manager
Phone No.: (91) 40-44655180 (Direct Line)
Fax No. : (91) 40 -23420814
E-mail: ksreddy@karvy.com, mailmanager@karvy.com

Share Transfer System

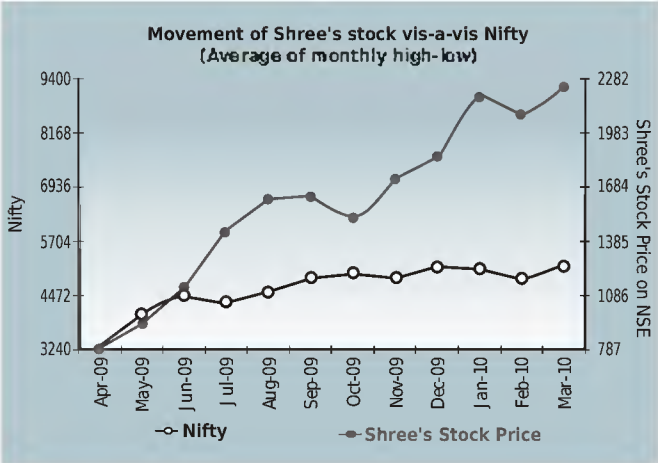
i. Share transfers

Transfer of shares in dematerialized form is done through the Depository Participant without any involvement of the Company. 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, which meets at an interval of every 15-20 days. Duly transferred share certificates are returned within a period of 15-20 days from the date of receipt, subject to the documents being valid and complete in all respects.

ii. 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.



iii. Payment of dividend through electronic clearance service

The Company has extended the ECS facility to all the shareholders for receiving dividend through electronic mode to the specified bank account. Under ECS arrangement, shareholder's branch will credit account and indicate the credit entry as "ECS" in pass book / bank statement without issuing or handling any paper instrument / warrant. The dividend amount shall be directly credited to the account of shareholders having account in branches of banks participating in clearing zones of the cities specified by Reserve Bank of India. For more details, please refer specified section of the Notice attached with the Annual Report.

iv. 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 be required to transfer unclaimed / unpaid dividend for the year ended March 31, 2003 to above fund by September 2010.

As in the past, the Company will send intimation to shareholders whose dividend warrants have not been encashed. Shareholders are requested to revert to the Company if they have not received / encashed their dividend warrants.

v. Correspondence regarding change of address etc.

Shareholders are requested to ensure that all requests of change of address, change in Bank Mandates 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 the Company's records. Shareholders who hold shares in dematerialised form should correspond with the Depository Participant with whom they have opened Demat Account(s).



CEO /CFO Certificate

(Pursuant to Clause 49 of the Listing Agreement)

Distribution of Shareholding (As on 31.3.2010)

Range	Total no. of Shareholders	%	Total no. of Shares held	%
From - To				
Up to 50	8524	61.17%	191613	0.55%
51 - 100	2569	18.43%	239649	0.69%
101 - 200	1128	8.09%	191487	0.55%
201 - 500	975	7.00%	362577	1.04%
501 - 1000	345	2.48%	275046	0.79%
1001 - 5000	228	1.64%	487692	1.40%
5001 - 10000	40	0.29%	290588	0.83%
10001 and above	126	0.90%	32798573	94.15%
TOTAL	13935	100.00%	34837225	100.00%

Shareholding Pattern (As on 31.3.2010)

Description	No. of Shares held	%
Promoters	22838127	65.56%
Mutual Fund & UTI	2972862	8.54%
Financial Institutions, Banks, Insurance Companies etc.	94813	0.27%
FII's	1697866	4.87%
NRIs/OCBs/Non Domestic Companies	3803939	10.92%
Private Corporate Bodies	1822427	5.23%
Indian Public	1600424	4.59%
Others- Directors/ relatives (non- promoters)	6767	0.02%
Total	34837225	100.00%

Dematerialization of Shares & Liquidity

The trading in the Company's Equity Shares is permitted only 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 31st March, 2010, 26.09% of the Company's share capital had been dematerialized.

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 31st March, 2010.

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 31st March, 2010.

for **SHREE CEMENT LIMITED**

Place: Kolkata
Date: 20th May, 2010

H.M. Bangur
Managing Director

The Board of Directors,

SHREE CEMENT LIMITED

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

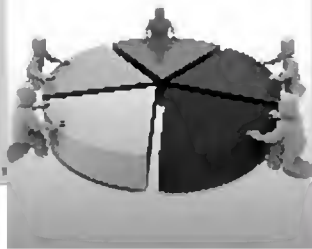
- We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief :
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these 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.
- 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.
- 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.
- We have indicated to the auditors and the Audit committee:
 - significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - 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.

Date: 20th May, 2010
Place: Kolkata

Ashok Bhandari
Chief Finance Officer

H.M. Bangur
Managing Director

Code of Conduct On Corporate Governance



Auditors' Report

PHILOSOPHY

Shree Cement Ltd is a professionally managed company. The company always believes in complete transparency and discharge of the fiduciary responsibilities which has been assumed by Directors as well as by the Senior Management Executives and/or Staff. Therefore, in order to ensure the continuity thereof though, not written but otherwise ingrained, the Board of Directors has approved of the following Code of Conduct for all Directors as well as for the Senior Management Executive and/or personnel and other employees.

All the Directors as well as Senior Management Executive and/or Personnel owe to the Company as well as to the shareholders:

- i) "fiduciary duty"
- ii) "duty of skill and care"
- iii) "Social responsibility"

With the above objects in mind the following code of conduct has been evolved and it is expected that all Directors as well as Senior Management Executives and/or personnel will adhere to it.

FIDUCIARY DUTIES

All Directors as well as Senior Management Executives and/or personnel while dealing on behalf of the company will exercise the power conferred upon him / them and fulfil his / their duties honestly and in the best interest of the company.

DUTY TO EXERCISE POWER FOR PROPER PURPOSES

The Board from time to time shall determine the powers to be exercised by the Directors as well as the Senior Management Executives and/or Personnel and all such powers shall be exercised reasonably.

CONFLICT OF INTEREST

None of the Directors and/or Senior Management Executives and/or personnel will put himself in a position where there is potential conflict of interest between personal interest and his duty to the company. None of the Directors and/or Senior Management Executive and/or personnel will exploit an opportunity arising while associated with the Company for his personal gain either directly or indirectly.

SECRET PROFITS

The Director as well as Senior Management Executives and/or personnel while discharging their duties in a fiduciary capacity is precluded from making any personal profit from an opportunity which may arise being a Director and / or Senior Management Executive of the Company and should always ensure that he is acting for and on behalf and for the good of the Company.

DUTY OF SKILL AND CARE

Since all the Directors as well as Senior Management Executives and / or personnel are acting in a fiduciary capacity and for the benefit of the company, being advocates of the business of the Company, none of them will do anything which is in conflict with the interest of the company.

ATTENTION TO BUSINESS

All Directors as well as Senior Management Executives and/ or personnel will give proper attention to the business of the company.

SECRECY AND CONFIDENTIALITY

None of the Directors as well as Senior Management Executives and/or personnel while associated or working for the company will be entitled to disclose either directly or indirectly or make use of the confidential information which may come in their possession while acting on behalf of the company and shall not divulge the financial status and position of the company to any person or persons.

INTERNAL TRADING

None of the Directors as well as Senior Management Executives and/or personnel will directly or indirectly in the name of his family members and/or associates will indulge in any internal trading of the company's shares and stocks.

RISK AND PROPER PROCESS

The Senior Management personnel and/or employees are expected to keep the Directors fully informed about the effect of the policies adopted by the company from time to time and also regarding the risk connected with such policies.

Senior Management personnel and/or staff who have been entrusted with specific duties for ensuring compliance of statutory requirements including the rules and regulations shall forthwith comply with the same and keep the Board of Directors fully informed about such compliance or non-compliance.

Senior Management personnel will from time to time provide or cause to be provided a true and faithful account of the company's working and effectiveness of the procedures adopted by the company from time to time.

All Directors as well as Senior Management Executives and/or personnel are aware that while working with the company they have a social responsibility as well and therefore from time to time will devote such time for the upliftment of the downtrodden, poor and needy persons in the locality.

To the Members of Shree Cement Limited

1. We have audited the attached Balance Sheet of Shree Cement Limited as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of information & explanations given to us and representations received from the Directors of the Company, we report that none of the Directors of the Company, is prima facie, disqualified from being appointed as Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata
20th May, 2010

for **B. R. MAHESWARI & CO.**
Chartered Accountants
(Registration No. 001035N)

(SUDHIR MAHESHWARI)
Partner
Membership No. 081075

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 lacs 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 31.03.2010 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 (Rs. in Lac)	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	4993.93	2005-06 to 2009-10	Jodhpur High Court, Rajasthan
	Entry tax including Interest - 50% Exemption on Ras Plant	375.90	2005-06 & 2006-07	Deputy Commissioner (Appeals), Ajmer
		1624.37	2007-08 to 2009-10	CTO, Special Circle, Ajmer
UP Tax on Entry of Goods Act, 2000	Entry Tax including Interest on stock transfer from Rajasthan to Uttar Pradesh	2819.15	2003-04 to 2009-10	Allahbad High Court, Uttar Pradesh
Total (A)		9813.35		

Name of Statute	Nature of the dues	Amount under dispute not yet deposited (Rs. in Lac)	Period to which the amount relates	Forum where dispute is pending
B. Excise and Service Tax				
Central Excise Act, 1944	Cenvat credit on Inputs and capital goods	96.41	1994-95 to 2009-10	Commissioner (Appeals) of Central Excise
	Custom duty payment through DEPB	690.33	2009-10	Commissioner (Appeals) of Central Excise
	Cenvat credit on Inputs and capital goods	104.87	1997-98 to 2009-10	Customs Excise Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax credit on Road Freight	152.27	2004-05 to 2005-06	Customs Excise Service Tax Appellate Tribunal (CESTAT)
Total (B)		1043.88		
C. Sales Tax				
Central Sales Tax Act, 1956	Partial Exemption claim including Interest	648.05	2005-06	CTO Special Circle, Ajmer
		257.57	2006-07	Deputy Commissioner (Appeals), Ajmer
	Additional tax on 6% CST Sale including Interest	821.30	2005-06 & 2006-07	Deputy Commissioner (Appeals), Ajmer
Total (C)		1726.92		
D. Others				
The Rajasthan Finance Act, 2008	Environment & Health Cess on Limestone	1122.06	2007-08 to 2009-10	Jodhpur High Court, Rajasthan
Total (D)		1122.06		
Grand Total (A+B+C+D)		13706.21		

- 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/charges in respect of secured debentures issued during the year.

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: 20th May, 2010
- 101

Balance Sheet as at
31st March 2010



Profit & Loss Account for the
year Ended 31st March,2010

	Schedule	As at 31.03.2010 (Rs.in Lac)	As at 31.03.2009 (Rs.in Lac)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,483.72	3,483.72
Reserves & Surplus	2	179,840.25	117,517.97
		183,323.97	121,001.69
Loan Funds			
Secured Loans	3	178,853.25	122,050.73
Unsecured Loans	4	31,770.52	27,564.60
		210,623.77	149,615.33
Total		393,947.74	270,617.02
APPLICATIONS OF FUNDS			
Fixed Assets	5		
Gross Block		295,086.48	225,591.46
Less: Depreciation		219,891.10	162,905.89
Net Block		75,195.38	62,685.57
Capital Work-in-Progress		96,741.59	47,888.98
		171,936.97	110,574.55
Investments	6	159,224.04	84,483.47
Deferred Tax Assets (Net)	7	1,240.38	1,038.98
Current Assets, Loans & Advances			
Inventories	8	35,813.30	15,445.84
Sundry Debtors	9	8,241.79	5,831.73
Cash & Bank Balances	10	41,637.42	47,226.05
Other Current Assets	11	1,127.84	755.20
Loans & Advances	12	71,397.03	73,678.81
		158,217.38	142,937.63
Less: Current Liabilities & Provisions	13		
Liabilities		46,684.53	29,000.38
Provisions		49,986.50	39,417.23
		96,671.03	68,417.61
Net Current Assets		61,546.35	74,520.02
Total		393,947.74	270,617.02
Significant Accounting Policies & Notes on Accounts	22		

The schedules referred to above and notes on accounts form an integral part of the Balance Sheet.

As per our report of even date
For **B. R. Maheswari & Co.**
Chartered Accountants

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Executive Chairman

H. M. Bangur
Managing Director

R.L. Gaggar
Director

O.P. Setia
Director

Dr. Y.K. Alagh
Director

PLACE: KOLKATA
DATE: 20th May, 2010

Shreekant Somany
Director

M.K. Singhi
Executive Director

Ashok Bhandari
Chief Finance Officer

S.S. Khandelwal
Company Secretary

	Schedule	For the Year ended 31.03.2010 (Rs. in Lac)	For the Year ended 31.03.2009 (Rs. in Lac)
INCOME			
Sales	14	401,408.60	309,159.96
Less: Excise Duty		38,196.30	38,096.87
Net Sales		363,212.30	271,063.09
Other Income	15	7,583.79	3,914.91
		370,796.09	274,978.00
EXPENDITURE			
Manufacturing Expenses	16	131,234.03	114,246.30
Captive consumption of Cement [Net of Excise Duty Rs. 165.43 Lac (Previous year Rs. 117.80 Lac)]		(1,019.61)	(438.93)
(Increase) / Decrease in Stock	17	(1,965.58)	962.74
Purchase of Finished Goods		918.42	652.47
Payment to and Provision for Employees	18	15,861.19	10,387.43
Administrative Expenses	19	4,949.31	3,976.39
Freight & Selling Expenses	20	62,983.14	45,927.70
Interest and Financial Expenses (Net)	21	7,658.07	3,341.11
		220,618.97	179,055.21
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS & TAX		150,177.12	95,922.79
Depreciation & Amortisation		57,042.98	20,538.70
Exceptional Items			
Provision for Statutory Liabilities of Earlier Years (Refer Note 7)		4,367.62	-
Assets Constructed at Others' Premises W/off		1,975.23	3,093.05
PROFIT BEFORE TAX		86,791.29	72,291.04
Provision for Current Tax		20,885.00	13,475.00
Prior Period Tax Expense (Net)		(1,476.00)	-
Provision for Fringe Benefit Tax [Includes excess provision written back pertaining to earlier years Rs. 26.34 lac (Previous Year Rs. Nil)]		(26.34)	211.98
Provision for Deferred Tax		(201.40)	807.12
PROFIT AFTER TAX		67,610.03	57,796.94
Balance Brought Forward from Previous Year		80,793.18	34,869.59
Debenture Redemption Reserve No Longer Required		-	202.43
PROFIT AVAILABLE FOR APPROPRIATION		148,403.21	92,868.96
Transferred to Debenture Redemption Reserve		7,500.00	-
Transferred to General Reserve		22,000.00	8,000.00
Interim Dividend on Equity Shares		1,741.86	1,741.86
Corporate Dividend Tax on Interim Dividend		296.03	296.03
Proposed Final Dividend on Equity Shares		2,786.98	1,741.86
Corporate Dividend Tax on Final Dividend		462.88	296.03
		34,787.75	12,075.78
Balance Carried Over to Balance Sheet		113,615.46	80,793.18
		148,403.21	92,868.96
Earning Per Equity Share of Rs. 10 each (In Rs.) - Cash		369.77	227.18
- Basic & Diluted		194.07	165.91
Significant Accounting Policies & Notes on Accounts	22		

The schedules referred to above and notes on accounts form an integral part of the Profit & Loss Account.

As per our report of even date
For **B. R. Maheswari & Co.**
Chartered Accountants

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Executive Chairman

H. M. Bangur
Managing Director

R.L. Gaggar
Director

O.P. Setia
Director

Dr. Y.K. Alagh
Director

PLACE: KOLKATA
DATE: 20th May, 2010

Shreekant Somany
Director

M.K. Singhi
Executive Director

Ashok Bhandari
Chief Finance Officer

S.S. Khandelwal
Company Secretary

Schedules Forming Part of the Balance Sheet



	As at 31.03.2010 (Rs.in Lac)	As at 31.03.2009 (Rs.in Lac)
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
6,00,00,000 Equity Shares of Rs.10/- each (Previous Year 6,00,00,000)	6,000.00	6,000.00
15,00,000 Cumulative Preference Shares of Rs.100/- each (Previous Year 15,00,000)	1,500.00	1,500.00
	7,500.00	7,500.00
Issued, Subscribed and Paid-up		
3,48,37,225 Equity Shares of Rs.10/- each fully paid-up (Previous Year 3,48,37,225)	3,483.72	3,483.72
Note : Out of above Equity Shares, 2,40,021 Equity Shares of Rs. 10/- each fully paid-up were issued for consideration other than cash in pursuance of Scheme of Amalgamation		
	3,483.72	3,483.72
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	52.16	52.16
	52.16	52.16
Capital Redemption Reserve		
As per last Balance Sheet	1,500.00	1,500.00
	1,500.00	1,500.00
Securities Premium Account		
As per last Balance Sheet	2,652.73	2,652.73
	2,652.73	2,652.73
Debenture Redemption Reserve		
As per last Balance Sheet	-	202.43
Add: Addition during the year	7,500.00	-
Less: Transfer to Profit & Loss Account	-	202.43
	7,500.00	-
General Reserve		
As per last Balance Sheet	22,000.00	14,000.00
Add: Transfer from Profit & Loss Account	22,000.00	8,000.00
	44,000.00	22,000.00
Special Reserve		
As per last Balance Sheet	10,519.90	10,519.90
	10,519.90	10,519.90
Profit & Loss Account		
	113,615.46	80,793.18
	179,840.25	117,517.97

	As at 31.03.2010 (Rs.in Lac)	As at 31.03.2009 (Rs.in Lac)
SCHEDULE 3 - SECURED LOANS		
Term Loans from Banks		
	131,570.37	105,716.94
Secured Redeemable Non Convertible Debentures		
3,000 8.10% NCDs of Rs. 10,00,000/- each (Previous Year Rs. Nil)	30,000.00	-
Working Capital Facilities from Banks		
	17,282.88	16,333.79
	178,853.25	122,050.73
<p>1) All Term loans from Financial Institutions/ Banks are secured by joint equitable mortgage on all the immovable assets ranking pari passu with the Debenture holders and are also secured by hypothecation of all the movable assets (save & except book debts) of the Company both present and future subject to prior charge(s) created and/or to be created in favour of the company's bankers on inventories of stock-in-trade, stores & spares, book debts and other current assets of the Company for working capital facilities. The above charge(s) rank pari passu inter-se among these Lenders.</p> <p>2) 3000-8.10% Non Convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 30000 Lacs (Previous Year Rs. Nil) redeemable at par on 23.11.2012 are secured by joint equitable mortgage over all the immovable assets and by way of hypothecation of all the movable assets (save & except book debts) of the Company both present and future subject to prior charge(s) created and/or to be created in favour of the Company's bankers on inventories of stock-in-trade, stores & spares, book debts and other current assets of the Company for Working Capital facilities. The charges rank pari passu with the charge created / to be created in favour of the first charge holders for their respective loans.</p> <p>The above Debentures are also secured by a legal mortgage over immovable property of the Company situated at Jamnagar (Gujarat).</p> <p>3) Working Capital facilities from banks are secured by hypothecation of inventories of stock-in-trade, stores & spares, book debts and other current assets of the Company on first charge basis and on whole of movable fixed assets of the company on second charge basis. These facilities are also secured by joint equitable mortgage on all the immovable assets of the Company on second charge basis.</p>		
SCHEDULE 4 - UNSECURED LOANS		
Security Deposits	9,899.25	6,184.92
Deferred Sales Tax	6,379.68	6,379.68
From Banks	15,491.59	15,000.00
	31,770.52	27,564.60

SCHEDULE 5 - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTIZATION			NET BLOCK	
	As At 31.03.2009	Additions During The Year	Deductions/ Adjustments During The Year	As At 31.03.2010	Up to 31.03.2009 During the Year	Deductions/ Adjustments During the Year	Up to 31.03.2010	As At 31.03.2010	As At 31.03.2009
Tangible Assets :									
Free Hold Land	2,013.33	2,676.83	-	4,690.16	-	-	-	4,690.16	2,013.33
Lease Hold Land	833.15	0.10	-	833.25	-	-	-	833.25	833.15
Land & Site Development	531.35	26.40	-	557.75	-	-	-	557.75	531.35
Buildings	10,202.93	2,561.78	-	12,764.71	3,501.95	800.52	4,302.47	8,462.24	6,700.98
Plant & Machinery	205,068.06	62,713.83	282.25	267,499.64	154,660.22	55,625.41	282.25	210,003.38	57,496.26
Railway Siding	1,227.45	4.95	-	1,232.40	1,055.61	26.34	-	1,081.95	150.45
Furniture, Fixtures & Office Equipment	3,322.54	1,280.33	8.89	4,593.98	2,253.67	511.94	8.13	2,757.48	1,836.50
Vehicles	2,022.02	589.83	140.72	2,471.13	1,072.20	326.88	83.56	1,315.52	1,155.61
Sub Total	225,220.83	69,854.05	431.86	294,643.02	162,543.65	57,291.09 (a)	373.94	219,460.80	75,182.22
Intangible Assets :									
Clean Development Mechanism (Internally Generated)	8.39	13.16	8.39	13.16 (b)	-	-	-	13.16	8.39
Computer Software	362.24	68.06	-	430.30	362.24	68.06	-	430.30	-
Sub Total	370.63	81.22	8.39	443.46	362.24	68.06	-	430.30	8.39
Total (A)	225,591.46	69,935.27	440.25	295,086.48	162,905.89	57,359.15	373.94	219,891.10	75,195.38
Previous Year	218,729.91	7,506.11	644.56	225,591.46	142,734.05	20,586.13	414.30	162,905.89	62,685.57
Capital Work in Progress (B)									
Grand Total (A+B)								96,741.59	47,888.98
								171,936.97	110,574.55

- (a) Depreciation for the year includes Rs 316.17 lac (Previous Year Rs. 47.43 lac) on assets during construction period .
- (b) Expenses incurred on Clean Development Mechanism to be amortised against sale proceeds.

SCHEDULE 6 - INVESTMENTS

Rs. In la

Particulars	Face Value (Rs. Per Unit)	As at 31.03.2009		Additions during the year		Sold / Deductions during the year		As at 31.03.2010	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
(A) OTHER THAN TRADE (LONG TERM) - QUOTED									
In Public Financial Institutions									
National Bank for Agriculture and Rural Development									
Zero Coupon NABARD Bhavishya Nirman Bonds - BD 01AG17	20000.00	-	-	211000.00	22595.34	1480.00	154.88	209520.00	22440.46
Zero Coupon NABARD Bhavishya Nirman Bonds - BD 01JN18	20000.00	-	-	99804.00	10174.14	-	-	99804.00	10174.14
Zero Coupon NABARD Bhavishya Nirman Bonds - BD 01FB18	20000.00	-	-	5000.00	529.17	-	-	5000.00	529.17
Zero Coupon NABARD Bhavishya Nirman Bonds - BD 01JN19	20000.00	50000.00	4325.00	247700.00	23931.68	2300.00	198.95	295400.00	28057.73
Zero Coupon NABARD Bhavishya Nirman Bonds - BD 01FB19	20000.00	5700.00	498.75	-	-	-	-	5700.00	498.75
Zero Coupon NABARD Bhavishya Nirman Bonds - BD 01MR19	20000.00	-	-	10260.00	897.75	-	-	10260.00	897.75
Zero Coupon NABARD Bhavishya Nirman Bonds - BD 31MR19	20000.00	-	-	127860.00	11187.75	-	-	127860.00	11187.75
National Housing Bank									
Zero Coupon NHB Bonds -BD 24DC18	10000.00	-	-	266438.00	12630.46	-	-	266438.00	12630.46
Zero Coupon NHB Bonds -BD 31MR19	10000.00	-	-	83760.00	3921.41	-	-	83760.00	3921.41
India Infrastructure Finance Company Ltd.									
6.85% IIFCL Tax Free Bonds - BD 22JN14	100000.00	-	-	4500.00	4515.75	-	-	4500.00	4515.75
TOTAL (A)		55700.00	4823.75	1056322.00	90383.45	3780.00	353.83	1108242.00	94853.37
(B) OTHER THAN TRADE (LONG TERM) - UNQUOTED									
In Units of Mutual Fund									
ABN AMRO Fixed Term Plan Series 10 Plan - E 390 days (Fortis Investment - FTP SER 10 Plan E Inst. Growth)									
Birla Sun Life - FTP - INSTL - Series AH-Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-
Birla Sun Life - FTP - INSTL - Series AJ-Growth	10.00	5000000.000	500.00	-	-	5000000.000	500.00	-	-
Birla Sun Life - FTP - INSTL - Series AK-Growth	10.00	25000000.000	2500.00	-	-	25000000.000	2500.00	-	-
Birla Sun Life - FTP - INSTL - Series BA-Growth	10.00	20000000.000	2000.00	-	-	20000000.000	2000.00	-	-
Birla Sun Life - FTP - INSTL - Series BA-Growth	10.00	25000000.000	2500.00	-	-	25000000.000	2500.00	-	-
Birla Sun Life Income Plus Growth	10.00	6059909.239	2500.00	6048583.251	2500.00	6059909.239	2500.00	6048583.251	2500.00
Birla Sun Life-Gilt Plus Regular Growth	10.00	9778134.564	2750.00	-	-	9778134.564	2750.00	-	-
DSP Black Rock - FMP 13M Series 1 Institutional Growth	10.00	15000000.000	1500.00	-	-	15000000.000	1500.00	-	-
DWS Fixed Term Fund Series 59 - Institutional Growth	10.00	5000000.000	500.00	-	-	-	-	5000000.000	500.00
HDFC Arbitrage Fund-Wholesale Plan-Growth	10.00	52242818.586	5800.00	116760675.519	13200.00	31571788.264	3500.00	137431705.841	15500.00
HDFC FMP 18 Month Jan. 2008 VII Wholesale Plan Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-
HDFC FMP 370 Day March 2008 VII (2) Wholesale Plan Growth	10.00	50000000.000	5000.00	-	-	50000000.000	5000.00	-	-
HDFC FMP 370D September 2008 (IX)(1)- Wholesale Plan Growth	10.00	30000000.000	3000.00	-	-	30000000.000	3000.00	-	-
HDFC Income Fund-Growth	10.00	10601640.582	2167.00	23117983.042	4833.00	10601640.582	2167.00	23117983.042	4833.00
ICICI Prudential FMP Series 41-Sixteen Month Plan Institutional Cumulative	10.00	20000000.000	2000.00	-	-	20000000.000	2000.00	-	-
ICICI Prudential FMP Series 43-Thirteen Month Plan D Retail Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-

SCHEDULE 6 - INVESTMENTS

Particulars	Face Value (Rs. Per Unit)	As at 31.03.2009		Additions during the year		Sold / Deductions during the year		As at 31.03.2010		(Rs. In lac)
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	
ICIPI Prudential Gilt Fund-Investment Plan-Growth	10.00	10908596.156	2950.00	12695050.491	4050.00	10908596.156	2950.00	12695050.491	4050.00	
ICIPI Prudential Institutional Income Plan Growth	10.00	6598297.166	2000.00	29594302.572	9000.00	6598297.166	2000.00	29594302.572	9000.00	
IDFC Arbitrage Fund-Plan-B-Growth	10.00	4199916.002	500.00	-	-	4199916.002	500.00	-	-	
JM - Arbitrage Advantage Fund-Growth Plan	10.00	53400886.835	6200.00	58261368.527	7287.67	39650715.806	4500.00	72011539.556	8987.67	
JM-Fixed Maturity Fund-Series VII-15 Months Plan 1- Institutional Growth Plan	10.00	25000000.000	2500.00	-	-	25000000.000	2500.00	-	-	
Kotak Equity Arbitrage Fund-Growth	10.00	-	-	15186320.333	2000.00	-	-	15186320.333	2000.00	
Kotal-FMP 12M Series-6 Institutional-Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-	
Kotal-FMP 16M Series-2 Institutional-Growth	10.00	15000000.000	1500.00	-	-	15000000.000	1500.00	-	-	
Principal Government Securities Fund Investment Plan Growth Plan	10.00	5580031.859	1000.00	-	-	5580031.859	1000.00	-	-	
Reliance Fixed Horizon Fund IV-Series 8-Institutional Growth	10.00	25000000.000	2500.00	-	-	25000000.000	2500.00	-	-	
Reliance Fixed Horizon Fund-IX Series 6 Institutional Growth Plan	10.00	5000000.000	500.00	-	-	-	-	5000000.000	500.00	
Reliance Gilt Securities Fund Institutional Growth Plan	10.00	2927225.889	292.72	-	-	2927225.889	292.72	-	-	
Reliance Fixed Horizon Fund VII-Series 1 - Institutional Growth	10.00	25000000.000	2500.00	-	-	25000000.000	2500.00	-	-	
Religare Arbitrage Fund-Growth	10.00	-	-	25432333.334	3000.00	-	-	25432333.334	3000.00	
Religare FMP-13 Month Series-IV Institutional Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-	
Religare FMP-375 Days Series IX Institutional Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-	
SBI Arbitrage Opportunities Fund-Growth	10.00	57877318.534	7000.00	16414958.556	2000.00	-	-	74292277.090	9000.00	
Sundaram BNP Paribas Fixed Term Plan D inst.-Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-	
Sundaram BNP Paribas Fixed Term Plan E inst.-Growth	10.00	15000000.000	1500.00	-	-	15000000.000	1500.00	-	-	
Tata Fixed Investment Plan-2 Scheme - A Institutional Plan-Growth	10.00	10000000.000	1000.00	-	-	10000000.000	1000.00	-	-	
Templeton Fixed Horizon Fund Series VII-Plan A- Institutional-Growth	10.00	15000000.000	1500.00	-	-	15000000.000	1500.00	-	-	
Templeton India Government Securities Fund-Composite Plan-Growth	10.00	5621724.263	1500.00	1539299.865	500.00	5621724.263	1500.00	1539299.865	500.00	
UTI-Spread Fund Growth Plan	10.00	35724343.961	4000.00	-	-	-	-	35724343.961	4000.00	
TOTAL (B)		661520843.636	78659.72	305050875.490	48370.67	523497979.790	62659.72	443073739.336	64370.67	
(C) OTHER THAN TRADE (CURRENT)-UNQUOTED										
In Units of Mutual Fund										
Birla Sun Life-Gilt Plus Regular Growth	10.00	-	-	1623671.836	500.00	1623671.836	500.00	-	-	
Birla SunLife Saving Fund-Instl-Daily Dividend-Reinvestment	10.00	-	-	27895161.530	2791.41	27895161.530	2791.41	-	-	
DSP Black Rock Bond Fund-Regular Plan Growth	10.00	3357394.662	1000.00	-	-	3357394.662	1000.00	-	-	
DSP Black Rock Government Securities Fund-Growth	10.00	-	-	6347594.742	2000.00	6347594.742	2000.00	-	-	
DSP Black Rock Money Manager Fund-Institutional Plan- Daily Dividend	10.00	-	-	166033.296	1661.66	166033.296	1661.66	-	-	

SCHEDULE 6 - INVESTMENTS

Particulars	Face Value (Rs. Per Unit)	As at 31.03.2009		Additions during the year		Sold / Deductions during the year		As at 31.03.2010		(Rs. In lac)
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	
HDFC Cash Management fund Savings Plan Daily Dividend Reinvestment	10.00	-	-	47013247.830	5000.51	47013247.830	5000.51	-	-	
HDFC Cash Management Fund-Treasury Advantage Plan -Wholesale-Daily Dividend Reinvestment	10.00	-	-	104683689.025	10501.34	104683689.025	10501.34	-	-	
JM Money Manager Fund Super Plus Plan - Daily Dividend	10.00	-	-	27861899.724	2787.66	27861899.724	2787.66	-	-	
Kotak Bond (Regular) Growth	10.00	-	-	3913909.643	1000.00	3913909.643	1000.00	-	-	
Reliance Income Fund-Retail Plan-Growth Plan-Growth Option	10.00	-	-	3319722.471	1000.00	3319722.471	1000.00	-	-	
Religare Ultra Short Term Fund-Institutional Daily Dividend	10.00	-	-	11049494.324	1106.68	11049494.324	1106.68	-	-	
Templeton India Government Securities Fund - Long term plan Growth	10.00	-	-	8807504.433	2000.00	8807504.433	2000.00	-	-	
TOTAL (C)		3357394.662	1000.00	242681928.854	30349.26	246039323.516	31349.26	-	-	
GRAND TOTAL (A+B+C)		664933938.298	84483.47	548789126.344	169103.38	769541083.306	94362.81	444181981.336	159224.04	

AGGREGATE NET COST AND MARKET VALUE OF INVESTMENTS

	As at 31.03.2010			As at 31.03.2009			(Rs. In lac)
	Aggregate Net Cost	Market Value		Aggregate Net Cost	Market Value		
Quoted Investment							
- In Public Financial Institutions	94853.37	101347.54			4823.75	4970.79	
Unquoted Investment							
- In Units of Mutual Funds (#)	64370.67				79659.72		
Total Investments	159224.04				84483.47		

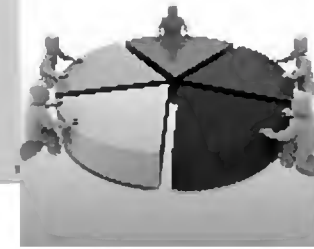
(#) Net Asset Value of Investment in Units of Mutual Funds as on 31st March, 2010 stands at Rs. 66962.14 Lac (Previous Year Rs. 85289.65 Lac)



	As at 31.03.2010 (Rs.in Lac)	As at 31.03.2009 (Rs.in Lac)
SCHEDULE 7 - DEFERRED TAX ASSETS (Net)		
Deferred Tax Assets		
Arising on account of :		
- Long-term and Short-term Capital Losses	277.19	-
- Expenses allowed for tax purpose when paid	5,215.82	2,612.92
Less: Deferred Tax Liabilities		
Arising on account of :		
- Depreciation	3,631.16	972.11
- Others	621.47	601.83
	1,240.38	1,038.98
SCHEDULE 8 - INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials	2,482.28	701.64
Fuels	10,516.00	1,198.65
Stores, Spares and Packing Materials	12,872.54	10,583.99
Materials-in-Transit	4,723.87	100.96
Goods-in-Process	2,214.90	1,232.61
Finished Goods	3,003.71	1,627.99
	35,813.30	15,445.84
SCHEDULE 9 - SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Over Six months	47.22	74.48
Others	8,194.57	5,757.25
	8,241.79	5,831.73
SCHEDULE 10 - CASH AND BANK BALANCES		
Cash Balances on Hand	89.68	59.11
Fixed Deposits with Scheduled Banks	46,003.84	
(Includes Margin Money Pledged with Banks Rs. 229.13 Lac)		
Less: Overdrafts	(9,544.37)	42,055.08
Balances with Scheduled Banks		
- In Current Accounts	4,928.24	5,056.04
- In Unpaid Dividend Accounts	70.00	50.11
Balance with Non Scheduled Bank (Refer Note 12)	90.03	5.71
	41,637.42	47,226.05

	As at 31.03.2010 (Rs.in Lac)	As at 31.03.2009 (Rs.in Lac)
SCHEDULE 11 - OTHER CURRENT ASSETS		
Interest Accrued on Deposits	1,069.57	755.20
Interest Accrued on Tax Free Bonds	58.27	-
	1,127.84	755.20
SCHEDULE 12 - LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	8,602.11	22,484.64
Balance with Customs, Excise and Port trust etc. on Current Accounts	4,918.23	4,171.51
Deposit with Government Departments & Others	6,962.29	6,550.51
Prepaid Expenses	50.41	61.90
Advance Tax	50,863.99	40,410.25
	71,397.03	73,678.81
SCHEDULE 13 - CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Sundry Creditors		
Micro, Medium and Small Enterprises (Refer Note 8)	12.79	33.32
Others	17,133.96	11,124.83
Customers Advances	7,048.40	4,734.69
Sales-tax Payable	1,803.58	1,758.60
Other Liabilities	18,319.85	9,809.80
Interest Accrued but Not Due on Loans	2,295.95	1,489.03
Investor Education and Protection Fund shall be credited by the following amount:		
- Unclaimed Dividend (There are no amounts due and outstanding to said fund as on 31.03.2010)	70.00	50.11
	46,684.53	29,000.38
Provisions		
Income Tax	45,235.60	34,228.97
Fringe Benefit Tax	374.93	519.58
Wealth Tax	16.47	15.47
Staff Benefit Schemes	16.50	14.93
Mines Reclamation Expenses (Refer Note 16)	1,093.14	562.50
Proposed Dividend - Interim	-	1,741.86
- Final	2,786.98	1,741.86
Corporate Dividend Tax	462.88	592.06
	49,986.50	39,417.23
	96,671.03	68,417.61

Schedules Forming Part of the Profit & Loss Account



	For the Year ended 31.03.2010 (Rs.in Lac)	For the Year ended 31.03.2009 (Rs.in Lac)
SCHEDULE 14 - SALES		
Cement and Clinker Sales	383,713.50	301,096.77
Power Sales	17,695.10	8,063.19
Gross Sales	401,408.60	309,159.96
SCHEDULE 15 - OTHER INCOME		
(A) Other Operating Income		
CERs Sale Receipt (Net of Expenses)	860.74	1,783.76
Provision No Longer Required (Net)	166.62	652.99
Profit /(Loss) on Sale of Fixed Assets	84.16	16.99
Total (A)	1,111.52	2,453.74
(B) Investment and Other Income		
Profit/(Loss) on Sale of Investments (Other than Trade)		
- Long term (Net)	6,468.95	1,349.52
- Current (Net)	(46.25)	70.44
Dividend from Current Investments (Other than Trade)	10.00	1.33
Miscellaneous Income	39.57	39.88
Total (B)	6,472.27	1,461.17
Total (A+B)	7,583.79	3,914.91
SCHEDULE 16 - MANUFACTURING EXPENSES		
Raw Materials Consumed	32,378.07	24,613.31
Freight on Inter unit Clinker transfer	13,271.92	8,065.61
Stores, Spares & Packing Materials Consumed	19,115.25	16,902.52
Power, Fuel & Water	61,047.62	60,581.11
Mines Reclamation Expenses	552.00	562.50
Repair & Maintenance:		
Plant & Machinery	3,627.11	3,081.06
Buildings	1,024.85	353.91
Others	217.21	86.28
	131,234.03	114,246.30
SCHEDULE 17 - (INCREASE) / DECREASE IN STOCK		
Closing Stock		
Goods-in-Process	2,214.90	1,232.61
Finished Goods	3,003.71	1,627.99
	5,218.61	2,860.60
Opening Stock		
Goods-in-Process	1,232.61	2,222.76
Finished Goods	1,627.99	1,745.50
	2,860.60	3,968.26
(Increase) / Decrease	(2,358.01)	1,107.66
Add/(Less) : Excise Duty Variance on Closing/Opening Stock	392.43	(144.92)
Net (Increase) / Decrease	(1,965.58)	962.74

	For the Year ended 31.03.2010 (Rs.in Lac)	For the Year ended 31.03.2009 (Rs.in Lac)
SCHEDULE 18 - PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries,Wages,Bonus and Allowances	11,585.49	8,211.75
Contribution to Provident, Superannuation and Gratuity Funds	2,667.02	1,292.21
Employees Welfare Expenses	1,608.68	883.47
	15,861.19	10,387.43
SCHEDULE 19 - ADMINISTRATIVE EXPENSES		
Rent	430.36	349.45
Rates & Taxes	529.96	486.86
Insurance	156.47	150.30
Travelling	1,057.85	778.16
Commission to Directors [Refer Note 18 (d)]	60.00	51.00
Directors' Sitting Fees and Expenses	10.70	10.02
Foreign Exchange Rate Difference (Net)	153.98	21.51
Miscellaneous	2,545.37	2,142.53
Balances Written Off (Net)	4.62	(13.44)
	4,949.31	3,976.39
SCHEDULE 20 - FREIGHT & SELLING EXPENSES		
Freight Charges	45,614.87	34,876.46
Publicity & Selling Exp.	7,397.31	5,995.78
Rebate & Discount	9,970.96	5,055.46
	62,983.14	45,927.70
SCHEDULE 21 - INTEREST AND FINANCIAL EXPENSES (Net)		
Interest Expenses		
- On Fixed Loans [Net of Interest capitalised Rs. 1219.49 Lac (Previous Year Nil)]	6,948.19	3,969.53
- On Debentures	2,247.46	1,282.12
- Others	2,650.22	2,191.53
Total	11,845.87	7,443.18
Less : Interest Received		
Interest Income [Gross; Tax deducted at source Rs. 505.35 Lac (Previous Year Rs.993.75 Lac)]		
- On FDRs	4,543.04	4,244.59
- On Tax Free Bonds	217.89	-
- On Income Tax & Sales Tax Refund	439.43	101.44
- Others	51.00	28.67
Total	5,251.36	4,374.70
Interest (Net)	6,594.51	3,068.48
Bank and Financial Expenses	1,063.56	272.63
	7,658.07	3,341.11

Schedules Forming Part of the Balance Sheet and Profit & Loss Account



SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

01. 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 prescribed in the Companies (Accounting Standards) Rules, 2006 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.

02. Fixed Assets

Tangible Assets

- Free hold and Lease hold land are disclosed at cost.
- Fixed assets other than land are disclosed at cost less accumulated depreciation 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. Cost includes any 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. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

03. Foreign Currency Transactions

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

At each Balance sheet date, monetary foreign currency items are reported using the closing rates.

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

04. Capital Work In Progress

Capital work in progress is carried at direct cost (including advances) and Pre-operative expenditure during construction

period is allocated to the fixed assets on the completion of project.

Expenditures on construction of assets for Company's use at premises owned by Government/Local Authorities/others are charged to Profit & Loss Account in the year of expenditure.

05. Investments

Investments are classified into current and long-term 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.

06. Inventories

Inventories are stated at cost or net realizable value whichever is lower. The material costs are determined on weighted average basis. The valuation of manufactured goods represents the combined cost of material, labour and manufacturing overheads and includes excise duty in case of finished goods only.

07. Revenue Recognition

Sales revenue is recognized on the transfer of significant risks and rewards of the ownership of goods to the buyer.

Dividend income on investments is accounted for when the right to receive the payment is established.

Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

Certain insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on mutually agreed price.

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.

08. Government Grants/Subsidies

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

Government grants in the form of promoters' contribution are credited to capital reserve.

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

09. Employee Benefits:

(a) Defined Contribution Plan

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

(b) Defined Benefit Plan

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.

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 Profit & Loss Account of the year in which the contribution is due.

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.

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

10. Borrowing Costs

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

11. Depreciation

Tangible Assets:

- 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.

- Leasehold land is not amortized being long term in nature.

Intangible Assets:

- The amount of amortization is allocated on a systematic basis over the estimated/legal life not exceeding 10 years commencing when asset is available for use except Clean Development Mechanism Projects which are amortized against sale proceeds.
- Expenditure on Computer Software is amortized in the year in which it is capitalized.

12. 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.

13. 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.

14. 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 operate.

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".

15. Taxation

Provision is made for current and deferred taxes. Deferred tax is recognized, for all the timing differences. Deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

16. Provisions and Contingent Liabilities /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.

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.



[B] NOTES ON ACCOUNTS

1. Contingent liabilities not provided for :
Counter-guarantees in favour of banks: Rs. 15595.50 Lac (Previous Year Rs. 10500.88 Lac).
2. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs 69313.03 Lac (Previous Year Rs. 43800.21 Lac).
3. Fixed Assets include Rs. 9864.58 lac (Previous Year Rs. 5563.38 lac) paid towards cost of land in respect of which conveyance deeds are pending execution in favour of the Company.
4. Installments of Secured Loans falling due for repayment in next 12 months amounting to Rs. 5668.11 Lac (Previous Year Rs. 13184.01 Lac).
5. Capital Work-in-Progress includes Pre-operative expenses of Rs. 1968.39 lac (Previous Year Rs. 1878.37 Lac) which includes depreciation of Rs 140 lac on assets during construction period (Previous Year Rs. 47.68 Lac).
6. The revision in the entitlement of various subsidies provided under Rajasthan Investment promotion Scheme, 2003 with retrospective effect has been challenged by the Company in the

Hon'ble High Court of Rajasthan. Consequently, the subsidy entitlement certificates for interest of Rs. 3407.69 lac and wages of Rs. 916.13 lac for the year has not been issued to the Company by the Government authorities. The Company, as a matter of conservative accounting policy, has not recognized said amount in the current year and accordingly, employee expenses and interest and financial expenses are higher as compared to last year.

7. The Company has claimed certain tax concessions/exemptions as per the relevant notifications issued by the Government authorities amounting to Rs. 4367.62 lac. However, the assessing authorities have taken contrary stand for these claims for which appeals have been filed. The Company, as a matter of conservative accounting policy, has recognized said amount in books as exceptional item.
8. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" 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.

9. Unhedged Foreign Currency Exposure:

(Amount in Lac)				
	Purpose	Currency	As at 31-03-2010	As at 31-03-2009
1	Outstanding creditors for Spares & Technical Consultancy	Euro	-	0.45
2	Outstanding creditors for Spares, Capital Goods & Technical Consultancy	USD	7.98	0.13
3	Outstanding creditors for Spares	GBP	-	0.07
4	Outstanding creditors for Capital Goods and Spares	JPY	192.00	152.00

10. Employee Benefits:

- (a) Contribution to defined contribution plans recognized as expenses are as under:

(Rs. in Lac)		
	2009-10	2008-09
Superannuation	890.13	624.55
Employees' Pension Scheme	291.34	198.04
Provident Fund	648.97	439.85
Total	1830.44	1262.44

(b) Defined Benefit Plans – disclosure for defined benefit plans based on actuarial reports:

(Rs. in Lac)			
		Gratuity (Funded Plan)	
		As at 31-03-2010	As at 31-03-2009
I	Change in Obligation		
	1 Present Value of defined benefit obligation at the beginning of the year	2353.00	1858.71
	2 Current service cost	301.51	166.98
	3 Interest cost	188.24	148.70
	4 Actuarial (gain)/loss on obligation	1145.39	220.67
	5 Benefits paid	(74.41)	(42.06)
	6 Present value of defined benefit obligation at the end of the year	3913.73	2353.00
II	Change in the Fair Value of Plan Assets		
	1 Fair Value of plan assets at the beginning of the year	2353.00	1858.71
	2 Expected return on plan assets	319.41	182.30
	3 Contributions by employer	1294.09	354.05
	4 Actuarial gain/(loss) on plan assets	-	-
	5 Benefits paid	(74.41)	(42.06)
	6 Fair value of plan assets at the end of the year	3892.09	2353.00
III	Expenses recognized in the Profit and Loss Account		
	1 Current service cost	301.51	166.98
	2 Interest cost	188.24	148.70
	3 Expected return on plan assets	(319.41)	(182.30)
	4 Net actuarial loss/(gain) recognized in the current year	1145.39	220.67
	5 Expenses recognized in Profit and Loss Account	1315.73	354.05
IV	Amount recognized in the Balance Sheet as at the end of the year		
	1 Present value of defined benefit obligation	3913.73	2353.00
	2 Fair Value of plan assets at the end of the year	3892.09	2353.00
	3 Funded status [Surplus/(Deficit)]	(21.64)	-
	4 Net assets/(liability) as at the end of the year	(21.64)	-
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	319.41	182.30



- (c) 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.
- (d) In terms of the Guidance Note on implementing the Accounting Standard 15 (revised 2005), issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the provident fund set up by the company is treated as defined benefit plan since the Company has to meet the interest shortfall, if any. However, as at the end of the year no shortfall remains unprovided for. As advised by an independent actuary, it is not feasible to actuarially value the liability considering that the rate of interest as notified by the Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

(f) Amount for the current and previous two years are as follows:

(Rs. in Lac)			
Gratuity-Funded plan	As at 31-3-10	As at 31-3-09	As at 31-3-08
Defined benefit obligation	3913.73	2353.00	1858.71
Plan assets	3892.09	2353.00	1858.71
Surplus/ (deficit)	(21.64)	-	-

(g) Amount recognized as an expense in respect of leave encashment and compensated absences is Rs. 484.71 lac (Previous Year Rs. 370.28 Lac)

11. Revenue expenditure on Research and Development amounting to Rs. 638.70 Lac (Previous Year Rs. 864.18 Lac) is included under relevant heads of expenditure. Capital expenditure relating to Research and Development amounting to Rs. 1787.83 Lac (previous year Rs. 12.34 Lac), which includes expenditure incurred on pilot project of Synthetic gypsum, has been included in fixed assets.
12. Balance with non scheduled bank represents balance in current account with Sir M Vishweshwaraiah Sahakar Bank Niyamitha, Gulberga. Maximum balance outstanding during the year Rs. 247.36 lac (previous year Rs. 176.84 lac). None of the directors or their relatives are interested in the bank.
13. Segment Reporting :
- The Company has two primary business segments, namely Cement and Power. There is no reportable secondary segment as the Company operates only in one geographical area.

(e) 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, for returns over the entire life of the related obligations. The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by LIC on such policies have been higher than Government Bond yields.

Revenue, Results and other information:

(Rs. in Lac)

Particulars	2009-10				2008-09			
	Cement	Power	Inter-Segment Eliminations	Total	Cement	Power	Inter-Segment Eliminations	Total
Revenue								
External Sales	345517.20	17695.10	-	363212.30	262999.90	8063.19	-	271063.09
Inter Segment Revenue	-	45473.37	(45473.37)	-	-	45630.62	(45630.62)	-
Total Revenue	345517.20	63168.47	(45473.37)	363212.30	262999.90	53693.81	(45630.62)	271063.09
Results								
Segment Results (Profit before Interest, Exceptional items and Tax)	63712.74	30646.77	-	94359.51	47540.27	29763.64	-	77303.91
Add: Un-allocated Income	-	-	-	6432.70	-	-	-	1421.29
Less: Interest and Financial Expenses(Net)	-	-	-	7658.07	-	-	-	3341.11
Profit before exceptional items & Tax	-	-	-	93134.14	-	-	-	75384.09
Less: Exceptional Items	-	-	-	6342.85	-	-	-	3093.05
Profit before Tax	-	-	-	86791.29	-	-	-	72291.04
Tax Expenses	-	-	-	19181.26	-	-	-	14494.10
Profit after Tax	-	-	-	67610.03	-	-	-	57796.94
Other Information								
Segment Assets	158933.95	77589.04	-	236522.99	128169.52	24313.55	-	152483.07
Un-allocated Assets	-	-	-	254095.78	-	-	-	186551.56
Total Assets	-	-	-	490618.77	-	-	-	339034.63
Segment Liabilities	41215.80	3822.85	-	45038.65	25929.31	1852.21	-	27781.52
Un-allocated Liabilities & Provisions	-	-	-	51632.38	-	-	-	40636.09
Total Liabilities	-	-	-	96671.03	-	-	-	68417.61
Depreciation & Amortization	43760.59	13282.39	-	57042.98	14965.96	5572.74	-	20538.70
Capital expenditure	57528.48	60819.16	-	118347.64	35591.48	17960.19	-	53551.67
Significant Non Cash Expenses other than Depreciation & Amortization.	-	-	-	-	-	-	-	-



14. Related Party Disclosure (AS-18):

Relationships:

(a) Enterprises over which Key Management Personnel (KMP) are able to exercise significant influence

- (i) The Kamla Company Limited
- (ii) Ramgopal Holding Private Limited
- (iii) Aqua Infra Project Limited
- (iv) Shri Venkatesh Ayurvedic Aushadhalaya

(b) Key Management Personnel

- (i) Shri B.G. Bangur Executive Chairman
- (ii) Shri H.M. Bangur Managing Director
- (iii) Shri M.K. Singhi Executive Director

(c) Relatives to key Management Personnel

- (i) Shri Prashant Bangur

Details of Transactions :

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
(a) Enterprises where KMPs have significant influence:		
Usage charges of common facilities		
- The Kamla Company Limited	24.07	15.45
Purchase of Fixed Assets		
- Ramgopal Holding Private Limited	-	52.32
Sale of Goods		
- Aqua Infra Project Limited	81.86	-
Reimbursement of Expenses Received		
- Shri Venkatesh Ayurvedic Aushadhalaya	15.00	6.87
(b) Key Management Personnel:		
Remuneration		
- Shri B.G. Bangur	804.54	694.60
- Shri H.M. Bangur	804.20	645.16
- Shri M.K. Singhi	250.66	198.30
Total	1859.40	1538.06
(c) Relatives of Key Management Personnel:		
Remuneration		
- Shri Prashant Bangur	70.08	34.92

There is no outstanding balance in receivable/payable and in loan account of the above parties at the end of the year.

15. Earning per share (EPS) (AS-20):

		2009-10	2008-09
- Profit attributable to Equity shareholders	Rs. Lac	67610.03	57796.94
- Equity share capital	Rs. Lac	3483.72	3483.72
- Weighted average number of Equity shares outstanding (Face value of Rs.10/- per share)	Nos.	34837225	34837225
- Earning Per Share - Basic and Diluted	Rs.	194.07	165.91

16. Movement of Provisions during the year as required under Accounting Standard -29

Mines Reclamation Expenses:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
Opening Provision	562.50	-
Add : Provision during the year	552.00	562.50
Less : Utilization during the year	21.36	-
Closing Provision	1093.14	562.50

17. Payment made to Auditors :

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
Statutory Auditors		
- Audit Fee	19.00	15.00
- Tax Audit Fee	1.25	1.00
- Certification / Other Services	3.75	1.13
- Reimbursement of Expenses	3.17	2.35
Cost Auditors		
- Audit Fee	1.25	1.25
- Reimbursement of Expenses	0.10	0.08

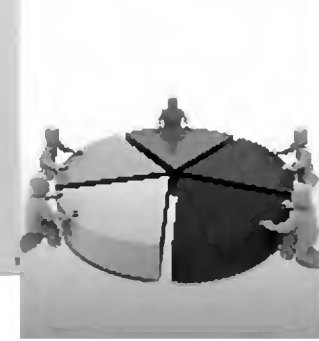
18. (a) The Break-up of remuneration to the Wholetime Directors is as under:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
- Salary	370.52	357.60
- Bonus / Commission	1200.00	925.00
- Contribution to Provident and Superannuation Funds	100.04	86.90
- Allowances and Perquisites	188.84	168.56
	1859.40	1538.06

Note: The above figures do not include contribution to gratuity fund since the same is provided on an actuarial basis for the Company as a whole.

(b) Computation of Net Profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
Profit before Tax	86791.29	72291.04
Add/ (Deduct)		
- Remuneration to Whole Time Directors	1859.40	1538.06
- Commission to other Directors	60.00	51.00
- Directors' Sitting Fee	4.20	3.60
- Depreciation as per Books	57042.98	20538.70
- Provision for Wealth Tax	15.00	14.00
- Depreciation under Section 350 of the Companies Act,1956	(20428.09)	(22219.45)
- Profit on Sale of Fixed Assets	(0.10)	(0.01)
Net Profit as per Section 349 of the Companies Act, 1956	125344.68	72216.94



(c) Commission/ Bonus to Wholetime Directors:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
- Eligible Remuneration in terms of Section 309 of the Companies Act, 1956 [10% of Net Profit (b) above]	12534.47	7221.69
- Less: Remuneration (Excluding commission/Bonus)	659.40	613.06
- Balance available for payment of Commission/ Bonus	11875.07	6608.63
- Commission/ Bonus to be paid as determined by the Board of Directors	1200.00	925.00

(d) Commission to other Directors:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
- Maximum eligible commission in terms of Section 309 of the Companies Act, 1956 [1% of Net Profit (b) above]	1253.45	722.17
- Commission to be paid as determined by the Board of Directors	60.00	51.00

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

20. Information pursuant to provisions of paragraphs 3, 4-C and 4-D of Part-II of Schedule VI to the Companies Act, 1956.

(A) Licensed, Installed Capacity and Production:

(a) Cement

	2009-10 (MT)	2008-09 (MT)
(i) Licensed Capacity(*)	-	-
(ii) Installed Capacity(**)	10200000	9000000
(iii) Production [Includes Trial run production 22237 MT (Previous Year Nil MT)]	9371922	7765207

(*) The Company's product is exempt from Licensing requirement under new Industrial policy in terms of Notification No. S.O. 477(E) dated 25.07.91

(**) As certified by the Management

(b) Power

	Unit	2009-10	2008-09
(i) Licensed Capacity(No license is required)	MW	-	-
(ii) Installed Capacity(as certified by Management)	MW	160.00	119.50
(iii) Generation [Includes Trial run generation 475.15 lac units (Previous Year Nil units)]	Lac Unit	9984.81	7361.70

(B) Stock and Sales :

(a) Cement

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. in Lac)	Quantity (MT)	Value (Rs. in Lac)
(i) Cement Stock:				
Opening	88329	1627.99	73694	1745.50
Closing	143596 *	3003.71	88329	1627.99
(ii) Sales:				
Cement	9270788 #	320482.60	7735756 #	248749.72
Clinker	976299	25034.60	681932	14250.18

(*) Includes trial run stock 8739 MT (Previous Year Nil).

(#) Excludes self consumption for capital and revenue jobs 68982 MT (Previous Year 31940 MT) and includes trial run Qty 12670 MT (Previous Year Nil).

(b) Power

	2009-10		2008-09	
	Quantity (Lac Unit)	Value (Rs. in Lac)	Quantity (Lac Unit)	Value (Rs. in Lac)
Sales	2635.93	17695.10	1171.23	8063.19

(C) Raw Materials consumed excluding Consumption during Trial Run Production:

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. in Lac)	Quantity (MT)	Value (Rs. in Lac)
(i) Limestone	11851846	15349.54	9411505	11115.15
(ii) Sulphuric Acid	22153	377.72	-	-
(iii) Gypsum	341265	3628.89	422052	3835.66
(iv) Fly Ash	1996717	11119.32	1621986	8119.46
(v) Slag	329007	1050.38	183200	505.54
(vi) Iron Ore & Bauxite etc.	10085	40.31	19305	109.78
(vii) Others		811.91		927.72

(D) Trade Purchases:

	2009-10		2008-09	
	Quantity (MT)	Value (Rs. in Lac)	Quantity (MT)	Value (Rs. in Lac)
(i) Cement	23115	918.42	17124	652.47



(E) Value of imports during the year calculated on CIF basis:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
(i) Raw Materials	405.76	-
(ii) Fuel	24001.61	2532.62
(iii) Stores, Spare parts and components	1073.62	1689.90
(iv) Capital Goods	13167.77	2240.16

(F) Expenditure incurred in foreign currencies:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
(i) Foreign Travel	59.47(#)	44.33(#)
(ii) Consultancy charges	62.64(#)	201.08(#)
(iii) Others	89.78(#)	31.53(#)
(#) For Capital Projects Rs. 62.10 Lac (Previous Year Rs. 85.64 Lac)		

(G) Earning in foreign currencies:

	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)
(i) CERs sale receipts	896.01	1849.08
(ii) Other receipts	243.75	-

(H) Value of imported and indigenous raw materials, stores, spare parts and components consumed and their percentage to total consumption:

(a) Raw Materials:

	2009-10		2008-09	
	Value (Rs. in Lac)	%	Value (Rs. in Lac)	%
(i) Imported	291.81	0.90	-	-
(ii) Indigenous	32086.26	99.10	24613.33	100

(b) Stores, Spare Parts and Components:

	2009-10		2008-09	
	Value (Rs. in Lac)	%	Value (Rs. in Lac)	%
(i) Imported	594.16	4.56	2060.06	19.74
(ii) Indigenous	12425.21	95.44	8377.82	80.26

(I) Net dividend remitted to non-resident shareholders in foreign currency:
Interim & Final Dividend

	2009-10	2008-09
(i) No. of non-resident share holders	1	1
(ii) No. of shares held	3600000	3600000
(iii) Year to which dividend relates	2008-09 & 2009-10	2007-08
(iv) Amount remitted (Rs. In Lac)	540.00 *	288.00

(*) Includes interim dividend of Rs. 180 Lac related to FY 2009-10.

21. The figures of previous year have been regrouped and rearranged wherever necessary.

Signature to Schedule 1 to 22

As per our report of even date
For **B. R. Maheswari & Co.**
Chartered Accountants

Sudhir Maheshwari
Partner
Membership No. 081075

B. G. Bangur
Executive Chairman

H. M. Bangur
Managing Director

R.L. Gaggar
Director

O.P. Setia
Director

Dr. Y.K. Alagh
Director

PLACE: KOLKATA
DATE: 20th May, 2010

Shreekant Somany
Director

M.K. Singhi
Executive Director

Ashok Bhandari
Chief Finance Officer

S.S. Khandelwal
Company Secretary

Balance Sheet Abstract & Company's General Business Profile as required under Part IV of Schedule VI to the Companies Act, 1956



Cash Flow Statement For The Year Ended on 31st March, 2010

I. Registration Details

Registration No.

1

9

3

5

State Code

1

7

Balance Sheet Date

3

1

0

3

2

0

1

0

Date

Month

Year

II. Capital raised during the Year (Amount in Thousand of Rupees)

Public Issue

N

I

L

Rights Issue

N

I

L

Bonus Issue

N

I

L

Private Placement

N

I

L

III. Position of Mobilization and Deployment of Funds (Amount in Thousand of Rupees)

Total Liabilities

3

9

3

9

4

7

7

4

Total Assets

3

9

3

9

4

7

7

4

SOURCES OF FUNDS

Paid-Up Capital

3

4

8

3

7

2

Reserves and Surplus

1

7

9

8

4

0

2

5

Secured Loans

1

7

8

8

5

3

2

5

Unsecured Loans

3

1

7

7

0

5

2

APPLICATION OF FUNDS

Net Fixed Assets

1

7

1

9

3

6

9

7

Investments

1

5

9

2

2

4

0

4

Deferred Tax Assets

1

2

4

0

3

8

Net Current Assets

6

1

5

4

6

3

5

Misc. Expenditure

N

I

L

Accumulated Losses

N

I

L

IV. Performance of Company (Amount in Thousand of Rupees)

Turnover & Other Income

3

7

0

7

9

6

0

9

Total Expenditure

2

8

4

0

0

4

8

0

Profit/Loss Before Tax

8

6

7

9

1

2

9

Profit/Loss After Tax

6

7

6

1

0

0

3

Earning Per Share in Rs.

1

9

4

·

0

7

Dividend Rate %

1

3

0

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)

2

5

2

3

·

2

9

N

A

Product Description

C

E

M

E

N

T

P

O

W

E

R

B. G. Bangur

H. M. Bangur

R.L. Gaggar

O.P. Setia

Dr. Y.K. Alagh

Executive Chairman

Managing Director

Director

Director

Director

Shreekant Somany

M.K. Singhi

Ashok Bhandari

S.S. Khandelwal

Director

Executive Director

Chief Finance Officer

Company Secretary

	(Rs. In Lac)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A Cash Flow From Operating Activities		
Net Profit Before Tax	86,791.29	72,291.04
Add : Exceptional Items	6,342.85	3,093.05
Net Profit Before Tax & Exceptional Items	93,134.14	75,384.09
Adjustment For :		
Depreciation and Amortisation	57,042.98	20,538.70
Foreign Exchange Rate Difference (Net)	153.98	21.51
Balances Written off (Net)	4.62	(13.44)
Profit on Sale of Investment	(6,422.70)	(1,419.96)
Interest Income	(5,251.36)	(4,374.70)
Dividend Received	(10.00)	(1.33)
Loss/ (Profit) on Sale/Disposal of Fixed Assets	(84.16)	(16.99)
Interest and Financial Expenses	12,909.43	7,715.81
Operating Profit Before Working Capital Changes	151,476.93	97,833.69
Adjustment For :		
(Increase)/ Decrease in Trade And Other Receivables	(1,360.04)	(6,062.66)
(Increase)/ Decrease In Inventories	(20,367.46)	2,211.63
Increase/ (Decrease) in Trade Payables and Other Liabilities	21,119.15	6,172.93
Cash Generated From Operations	150,868.58	100,155.59
Foreign Exchange Rate Difference (Net)	(153.98)	(21.51)
Direct Taxes Paid	(18,973.42)	(16,439.62)
Cash Flow Before Exceptional Items	131,741.18	83,694.46
Exceptional Items	(6,342.85)	(3,093.05)
Net Cash From Operating Activities	125,398.33	80,601.41
B Cash Flow From Investing Activities		
Purchase of Fixed Assets	(117,252.22)	(53,551.67)
Sale of Fixed Assets	150.47	247.25
(Purchase)/Sale of Investments (Net)	(63,055.07)	(38,018.97)
Profit on Sale of Investment	6,422.70	1,419.96
Dividend Received	10.00	1.33
Interest Received	4,878.72	4,452.26
Net Cash Used in Investing Activities	(168,845.40)	(85,449.84)
C Cash Flow From Financing Activities		
Proceeds from Long Term Borrowings	69,206.25	1,074.57
Repayment of Long Term Borrowings	(13,184.01)	(8,900.76)
Proceeds From Short term Borrowings (Net)	1,271.87	24,244.17
Interest Paid	(13,322.00)	(7,826.30)
Dividend & Tax paid there on (Interim and/or Final)	(6,113.67)	(3,260.63)
Net Cash From Financing Activities	37,858.44	5,331.05
Net Increase/(Decrease) In Cash & Cash Equivalents	(5,588.63)	482.62
Cash & Cash Equivalents as at the beginning of the Year	47,226.05	46,743.43
Cash & Cash Equivalents as at the close of the Year	41,637.42	47,226.05

- Notes :
- Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
 - Previous year's figures have been regrouped and rearranged wherever necessary.
 - Cash and cash equivalents are Cash and Bank Balances as per Balance Sheet.

As per our report of even date
For **B. R. Maheswari & Co.**
Chartered Accountants

Sudhir Maheshwari

B. G. Bangur

H. M. Bangur

R.L. Gaggar

O.P. Setia

Dr. Y.K. Alagh

Partner

Executive Chairman

Managing Director

Director

Director

Director

Membership No. 081075

PLACE: KOLKATA

Shreekant Somany

M.K. Singhi

Ashok Bhandari

S.S. Khandelwal

DATE: 20th May, 2010

Director

Executive Director

Chief Finance Officer

Company Secretary

Company Details



Board of Directors

- Shri B.G. Bangur

Shri H.M. Bangur

Shri R.L. Gaggar

Shri O.P. Setia

Shri Shreekant Somany

Dr. Abid Hussain

Dr. Y.K. Alagh

Shri A. Ghosh

Shri M.K. Singhi
- Executive Chairman

- Managing Director

- Executive Director

Management Team

- Shri Prashant Bangur

Shri Ashok Bhandari

Shri Diwakar Payal

Shri Vinay Wadhwa

Shri Kuldeep Verma

Shri M. M. Sharma

Shri P. K. Tripathy

Shri P. N. Chhangani

Shri Arun Bhalla

Shri Shrinath Savoor

Shri K. C. Gandhi

Shri Gopal Daga

Shri Sanjay Mehta

Shri C. R. Biyani

Shri Pradeep Kothari

Shri Arvind Khicha

Shri P. C. Jhawar

Shri S. C. Suthar

Shri C. S. Sharma

Shri R. K. Tiwari

Shri R K Agarwal

Shri N. C. Jain

Shri S. K. Soni

Shri R. K. Manawat

Shri G. L. Nandwana

Shri Rakesh Bhargava

Shri Nitin Mukul

Shri M. M. Rath

Shri Gajraj Jain

Shri S. L. Bhansali

Shri Narip Bajwa

Shri Himanshu Dewan

Shri R. C. Bohra

Shri S. R. Singhvi
- Executive Jt. President

- Chief Finance Officer

- Joint President (Marketing)

- Senior Vice President (Marketing)

- Senior Vice President (Marketing)

- Senior Vice President (Projects)

- Senior Vice President (Works)

- Senior Vice President (Works)

- Chief Executive (Power Business)

- Senior Vice President (Strategy)

- Vice President (Materials)

- Vice President (Project)

- Vice President (Commercial)

- Vice President (Business Development)

- Vice President (Contracts)

- Joint Vice President (Commercial)

- Joint Vice President (P&A)

- Joint Vice President (Mines)

- Joint Vice President (Projects)

- Joint Vice President (Liasion)

- Assistant Vice President (Mechanical)

- Assistant Vice President (Finance)

- Assistant Vice President (ERP)

- Assistant Vice President (Process)

- Assistant Vice President (Mines)

- Assistant Vice President (Environment)

- Assistant Vice President (Packing)

- Assistant Vice President (Power Plant)

- Assistant Vice President (Power Project)

- Assistant Vice President (Legal)

- Assistant Vice President (Marketing)

- Assistant Vice President (Marketing)

- Assistant Vice President (P&A)

- Assistant Vice President (HR)

Company Secretary

Shri S.S. Khandelwal

Bankers

State Bank of Bikaner & Jaipur
State Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
Axis Bank Ltd.
Standard Chartered Bank
Hong Kong & Shanghai Banking Corporation Ltd.
DBS Bank

Advertising Consultant

Shri Alyque Padamsee

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.shreecementltd.com
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

Plants

Cement Units I & II and Thermal Power Plants I & II

Bangur Nagar, Beawar – 305 901 District, Ajmer, Rajasthan (India)
Phone: (91) 1462-228101-06 * Fax: (91) 1462-228117/228119 * Email: shreebwr@shreecementltd.com

Cement Units III to VII and Thermal Power Plants III to VIII

Bangur City, Ras, Tehsil Jaitaran – 306 107, Distt. Pali, Rajasthan (India)
Phone: (91) 1462-228101-06 * Fax: (91) 1462-228117/228119 * Email: shreebwr@shreecementltd.com

Khushkhhera Grinding Unit(s)

Plot No SP 3-II, A-1, RIICO Industrial Area, Khushkhhera (Bhiwadi) – 301 707, District Alwar, Rajasthan
Phone: (91) 1493-250521/22/23/24 * Fax: (91) 1493-517227

Suratgarh Grinding Unit

Near N.H. 15, Udaipur Udasar, Teh: Suratgarh, District : Shriganganagar, Rajasthan

Laksar (Roorkee) Grinding Unit

Akbarpur – Oud, Teh.: Laksar, District : Haridwar, Uttarakhand
Phone : (91) 1332- 225810-11

Marketing Offices

Shree Ultra Cement

122-123, Hans Bhawan
1 Bahadur Shah Zafar Marg, New Delhi-110 002
Phone: (91) 11-23370828, 23379448
Fax: (91) 11-23370499

Bangur Cement

6B, 6 Floor, Hansalaya Building,
15, Barakhamba Road, New Delhi-110 001
Phone: (91) 11-23736753-754
Fax: (91) 11-23702796

Rockstrong Cement

10-A, DCM Building, 16-Barakhamba Road,
Connaught Place, New Delhi-110 001
Phone: (91) 11-23731084-85
Fax: (91) 11-23731084

A-6 Yudhisther Marg, Opp. Yojana Bhawan,
C Scheme, Jaipur-302 005, Rajasthan
Phone: (91) 141-2223917, 2223918, 2382340
Fax: (91) 141-2224841

91, Dulheshwar Garden,
C Scheme, Sardar Patel Marg, Jaipur-302 001, Rajasthan
Phone: (91) 141-2360063, 2361696
Fax : (91) 141-2360891

Plot No 17, Ground Floor, Jeevan Enclave,
Mission Compound, Ajmer Road, Jaipur-302 001 (Rajasthan)
Phone: (91) 141-2371477, 2379141, 2379198
Fax: (91) 141-2222031

Ratio Analysis



Notes

FINANCIAL PERFORMANCE RATIOS	2009-10	2008-09	2007-08	2006-07	2005-06
RAW MATERIAL COST/TOTAL TURNOVER (%)	8.43	8.35	8.90	10.60	11.65
POWER COST/TOTAL TURNOVER (%)	4.10	5.56	5.19	5.10	6.08
FUEL COST/ TOTAL TURNOVER (%)	11.11	14.03	9.86	9.44	10.58
MANPOWER & ADMIN COST/ TOTAL TURNOVER (%)	5.18	4.65	4.46	5.25	6.49
INTEREST /TOTAL TURNOVER (%)	1.91	1.08	2.18	0.64	1.56
PRE-INTEREST PROFIT/ TOTAL TURNOVER (%)	39.32	32.11	38.49	37.88	27.32
POST-INTEREST PROFIT/ TOTAL TURNOVER (%)	37.41	31.03	36.30	37.23	25.77
DEPRECIATION / TOTAL TURNOVER (%)	14.21	6.64	19.62	26.53	18.92
TAX/ TOTAL TURNOVER (%)	4.78	4.69	4.42	0.73	1.06
NET PROFIT/ TOTAL TURNOVER (%)	16.84	18.69	10.67	10.97	2.23
CASH PROFIT/ TOTAL TURNOVER (%)	31.00	25.60	29.69	33.31	22.84
ROCE (PBIT/ AVERAGE CAPITAL EMPLOYED (%))	28.42	32.12	24.88	39.29	24.61
TURNOVER / AVERAGE CAPITAL EMPLOYED (%)	120.80	131.29	144.00	157.00	131.27
EARNING PER SHARE (RS.)	194.07	165.91	74.74	50.81	5.28
CASH EARNING PER SHARE (RS.)	369.77	227.18	207.94	154.24	52.98
TAX/ NET PROFIT (%)	28.37	25.08	35.71	7.03	47.47
BALANCE SHEET RATIOS	2009-10	2008-09	2007-08	2006-07	2005-06
DEBT -EQUITY RATIO (TIMES)	0.89	0.88	1.73	1.88	0.84
DEBTORS TURNOVER (DAYS)	7.49	6.89	7.39	5.94	8.09
INVENTORY TURNOVER (DAYS)	32.56	18.24	26.41	35.31	50.02
CURRENT RATIO (TIMES)	1.64	2.09	2.28	2.72	1.42
QUICK RATIO (TIMES)	1.27	1.86	1.92	2.17	0.69
BOOK VALUE PER SHARE (RS)	526.23	347.33	193.13	130.48	85.05

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