

**PERFECTION  
IS THE ENEMY OF  
BETTERMENT**

Annual Report

10  
11



# CONTENT

## Forward looking Statement

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

We cannot guarantee that this 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.

**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](mailto:sclbwr@shreecementltd.com)**

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# CONCEPT NOTE

Lucilio Vanini, a 16th century Italian free-thinker formulated the singular paradox of perfection: The greatest perfection is imperfection.

It is the existence of imperfections that drives people towards betterment and motivates them to achieve continual progress. If the world was perfect or if perfection was achieved in everything we did, there would remain no more scope for improvement. In other words, imperfection possesses a potential for development and for complementing new characteristics, whereas the state of perfection harbours inactivity as there would be nothing more to add or subtract.

In real life, perfection does not take place in an absolute sense but only in a relative sense, i.e. things are perfect only in relation to a previous point of reference. Meaning, perfection is not one fixed destination but only a journey made up of various instances from which we can learn and better ourselves.

The fact that imperfection is perfect is applicable to all walks of life, be it, human affairs, technology or the way organizations function. It is through such everyday occurrences that one can truly realize that what one should really strive for in life, personally as well as professionally is progress and not perfection.

We, at Shree, believe in the power of innovation and forward thinking. We have proved, through numerous milestones, that everything can be improved upon and that there does not exist a state where things are perfect and have no further space for betterment.

We, through our years of experience, have adapted as well have adopted the philosophy that

**"Perfection is the enemy of Betterment".**



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# CHAIRMAN'S PERSPECTIVE

**B G Bangur**  
Executive Chairman



Mankind owes all its progress until date to imperfection. This is undeniably a truth of life. Now, one may ask how progress is largely a result of imperfection? This is because the process of progress is nothing but the process of overcoming imperfections. They are one and the same.

We must understand that imperfections are a blessing in disguise. It is only because of their presence, that a constant drive to overcome them exists. This constant drive is

*Evolution.* The struggle to prevail over the imperfect is the fundamental force from which evolution has surfaced. It is not only the evolution of us, humans and this world, but that of the entire cosmos which is driven by this same primal force.

We humans ourselves are the best example of imperfection. It is as if God planned things in such a way that imperfection would be our companion forever. And we must be thankful for this. For if we were perfect, we would lose the very purpose of our existence. Luckily we are also gifted to be perpetually unsatisfied. This ensures that we will always try to create new capabilities in

ourselves and always look to reach successively greater heights.

Even in the past, whatever we have achieved that is of great significance, we have achieved by accepting and facing uncertainties, challenges and hardships. They have a huge role to play in the strength, skill and knowledge we possess today. We must in the future also, continue to love and accept imperfections. If we do so, nothing can prevent our continued growth and success.

## PERFECTION IS THE ENEMY OF BETTERMENT

To reach perfection  
The last few steps demand the most.  
And the rewards are not much greater  
Than those a few steps before.  
To be perfect  
Is to conclude one's journey  
And stop.  
For there can be no more betterment.

Instead realize  
The value of good enough.  
And its rewards  
As against your efforts.  
Instead forever  
Keep progressing.  
For nothing is more satisfying  
Than always improving.



# ABOUT SHREE CEMENT

Shree Cement, engaged in the cement and power sector, is an energy efficient, environment friendly and sustainable company. Shree is ranked among the top five cement manufacturing groups in the country and is the largest cement manufacturer in North India.

The turnover of the company for 2010-11 was Rs. 3512 crores and net profit was Rs. 210 crores. It has more than trebled its cement capacity in the last 5 years to reach a present cement capacity of 13.5 million tons per annum. Its cement plants are located at Beawar, Ras, Khushkhera, Jobner and Suratgarh in Rajasthan and Laksar (Roorkee) in Uttarakhand. The company follows a multi-brand strategy and sells cement under the highly recognized brands of Shree Ultra, Bangur and Rockstrong which together enjoy the largest market share in high value markets of Rajasthan, Delhi and Haryana.

Shree also has a power generation capacity of 260 MW with plants located at Beawar and Ras in Rajasthan, including waste heat recovery power plants of 46 MW capacity, which is the largest such capacity in the global cement industry excluding China. The company is further expanding its power capacity by setting up a 300 MW (2 x 150MW) power plant at Beawar which is likely to be commissioned by the third quarter of 2011-12 and will take Shree's overall capacity to 560 MW.

Shree follows a triple bottom-line approach of measuring performance i.e. performance against the benchmarks of economical, social and environmental benefits. It has received various awards and accolades at the national and international level for excellence in energy efficiency, environment management and sustainability. Shree is an active participant at climate change forums and is the first Indian cement company to join the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development, Switzerland. It has made the well-being of people living in regions surrounding its operations an integral part of all its decision making processes and actions. Shree recognizes its people as its greatest asset. It ensures that its HR initiatives employ right systems and processes for appropriate manpower planning, recruitment, orientation, training & development and employee benefits. These initiatives have created a workforce that is happy and driven to continually improve upon their standard of performance.



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# 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

**H M Bangur**  
Managing Director

Absolute perfection in any human endeavor, from building satellites to running a cement plant, is unattainable. This is so, because, there is always room for improvement. If we keep waiting for perfection, we would continue waiting without performing any action. The search for perfection in any task is one of the surest ways to ensure inaction. This is best expressed by a very famous quote, ***'The cost of perfection is prohibitive'***.

Successful people know this and that is why they never ask 'Is it the best?' They only ask 'If it is better than earlier or not?' They focus upon what has been accomplished or achieved, relative to where they were in the past. Betterment is the goal rather than perfection. They believe that "done is better than an elusive perfection". They do so, because they realize that chasing perfection is like chasing a mirage. Perfection is a constantly evolving target, so in that sense, perfection does not exist; only the process of betterment does.

It is important to realize that the scope of 'being better' lies in everything that we do. However, it is even more important to believe that it is possible to achieve that improvement. When people start thinking that the best has been achieved and that nothing better than it is possible, it is then that the process of progress comes to a halt. The philosophy of wanting to constantly improve oneself, in every activity that one does, holds equal relevance at both the levels, organizational as well as individual. It is possible for an organization to make progress, only if each and every member of that organization also believes in the power of betterment. It is vital that teams follow



the motto of ***'do what you do even better'***. For example, with the present equipment, if an organization is getting an output of 3000 tons per day, to get 3100 tons per day is improvement. Here again, one needs to note that there is no perfect solution because as soon as you get 3100, you have to think of increasing it to 3200, and so on and so forth. Can there be a perfect solution or the maximum increase ever known? – I doubt if it is possible. On the other hand let us consider the same organization sets 3200 tons per day as the benchmark of perfection from the start. If it then goes about achieving it in an inflexible manner it would end up losing out on resources in the process. This would happen because it would engage in that activity without taking into consideration its present equipment or the amount of time, money or resources it would require to jump from 3000 to 3200. We, at Shree Cement, think that it is better to be prudent than to mindlessly run after

perfection. And hence we focus our attention on getting the best results possible rather than being blinded by a rigid notion of perfection.

The above example talks about the benefits of being 'progress-driven' at an organizational level with reference to production and operational functions. However, it is equally essential that the most important resource of a company, its people, also realize the advantages of betterment rather than an empty perfection. With sound practices, processes and a motivating work environment in place, over a period of time, people in organizations themselves improve. This improvement in terms of their productivity and proficiency should be substantially reflected in the assignments that they undertake. How is this improvement reflected? This improvement is reflected in the people's determination to do each job in a manner that is better than the previous one. It is also reflected in their willingness to shoulder greater responsibilities. In contrast, if the people of an organization improve in terms of their productivity and proficiency but not in terms of their accountability, then they would no longer be incited to do better. Eventually a sense of stagnancy will set in as their job will no longer be a challenge for them. Yes, with increased expertise they would be able to do an 8-hour job in 4 hours. However, they would use the gained 4 hours to gossip around or relax. In such cases, their improvement does not result in either their individual growth or organizational growth. At Shree, our focus on progress and continual betterment has helped us in staying motivated. Additionally, it has allowed us to achieve even better, faster results, explore new avenues and look for

newer responsibilities. The other benefit has been that it has helped us save on important resources and yet achieve outcomes that are better than industry standards.

When one talks about constant progress and betterment one cannot ignore an imperative factor like Quality. When I say quality, I do not mean quality just with reference to a product or the final output of a project. Quality is something much more than that. Being quality conscious means expecting more from yourself than anyone else expects from you. When you, yourself, are dissatisfied with the present state of things, only then can improvement be possible.

***Quality means the presence of which is seldom noticed, but the absence of which can never be missed.*** If we have to explain qualitative or quantitative upper limits, it is very easy to explain to others than it is to ourselves. Our recent history covering the last 5 years is sufficient proof of reaching these upper limits and setting standards that the industry looks up to. But for us it is difficult to look at them having attained perfection because we know that they can still be better. Only this feeling can ensure growth in us as well as in the organization.

One should always strive to achieve optimal levels, as an individual and as a part of a larger team. One should always put in ones best efforts but never lose sight of the chief objective. One should efficiently judge the cost of pursuing perfection as against the real gains or loss that the pursuit would result in. We, at Shree, believe in working towards progressing incessantly with a pragmatic approach. This has helped us in drawing maximum benefits for us as well as all our stakeholders and we are resolute about doing so in the future as well.



# ED'S THOUGHTS

**M K Singh**  
Executive Director

We live in this real world where by nature's laws, nothing is perfect. No two trees are alike, no mountain is in the shape of a perfect pyramid and no river runs its course in a straight line. Even the stars in a night sky are scattered without adhering to any fixed order. Yet nature is at the same time, probably the best example of efficiency, constantly successful in supporting life and rejuvenating itself. We have only taken this thumb rule ahead and made it a part of our business functioning and I can say with pride that it is giving us an above normal level of performance.

At Shree, there is a widespread belief and understanding that perfection is not an obsession for us. In most cases, perfection is a theoretical concept and in pushing towards it, the last few steps consume the maximum effort and utilization of resources. What we have also noticed is that the gains of these last few steps are not proportional to the forces exerted to take them. This led us to analyze and realize that sometimes, stopping a short distance away from perfection is more return on investment friendly for us than the rewards of absolute perfection.

I will now elaborate on another view through which we also look at the nature of perfection. The point of achieving success and how one reacts to it is the most critical factor in deciding whether the success achieved will be of a continued nature or will be a one-off occurrence. There are two possibilities or shall I say two roads one can choose from after achieving a certain level of success. The first one is where the success is considered to be the greatest ever and this thought then



manifests into satisfaction over one's own effort and progress. Once satisfied with a certain outcome, the mind then sees no reason to push itself even further and complacency starts setting in. This in turn translates, for an organization, into outdated systems, methodologies and an archaic knowledge base, which together, ultimately lead to loss of competitive advantages as any scope for betterment is not explored at all. Let us next examine the other option available at the moment of success. It is the option we at Shree always choose to take. At every achievement, we pause only for a few seconds to take pride in them and pat ourselves on the back after which we completely devote our energies and focus to exploring scope for improvement. This is to say, soon after the initial applause, we become unsatisfied and this is not without reason. The moment we are unsatisfied is also the moment when the desire for betterment is born in us. There are, a

against satisfaction causing an increase in complacency, our 'unsatisfiedness' causes an increase in competence. This is a natural outcome because as we strive forward to, give ourselves every chance of becoming better, we are automatically putting on our learning shoes and building upon our skills and knowledge. Put differently, for us, becoming better is the best.

What has the continued betterment, which we have achieved in our operations, meant for us? It is the strengthening of our initial assessment and instincts that it is more sensible to remain motivated to improve infinitely rather than to chase ideal success. This, we also believe, holds true in the prevailing market circumstances. The costs of our inputs or raw materials that are essential for production are rising and the challenging market scenario has translated into more hardships in maintaining realizations. It is therefore paramount for cost curbing or control to occupy the center of our attention. What is also important is that this optimization of expenses should not be the endeavor of just a single function but a collective effort across departments i.e. logistics, manufacturing, procurement, mining, power etc. It is certainly a demanding and testing environment out there today, but it is

precisely in situations like these, that Shree has a habit of performing well above the standards. I am confident that our consistent efforts and improvement initiatives coupled with our unique working style will see us continue to grow and make rapid strides forward in the future.

The distinguishing feature of our growth that I mention will be, like it has been in the past, a strong alignment to the triple bottom-line approach, which is a fundamental part of our every breath. We have always believed that success tastes best when it is shared and we put this belief to action by making people and the planet an equal partner in our growth. In other words, we gauge each step that we take, from not only the perspective of profit but also from what is in the best interests of the environment and the diverse communities of people that co-exist with us in it. This wholesome, sustainable growth is basically the only growth we know.

As always, the biggest source of my confidence and success of the organization are the people of Shree whose diligence and dedication, I am certain, will ensure a triumphant tomorrow for Shree.

Perfection Is Not  
An Obsession  
For Us

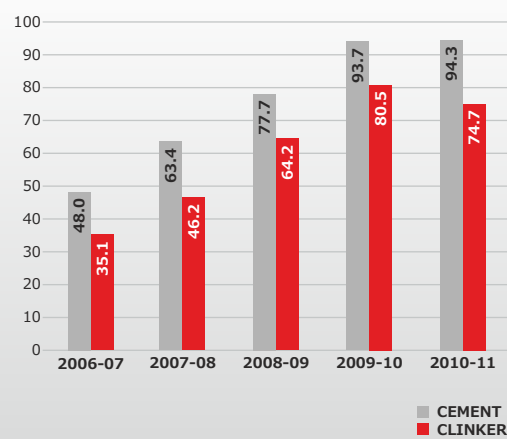
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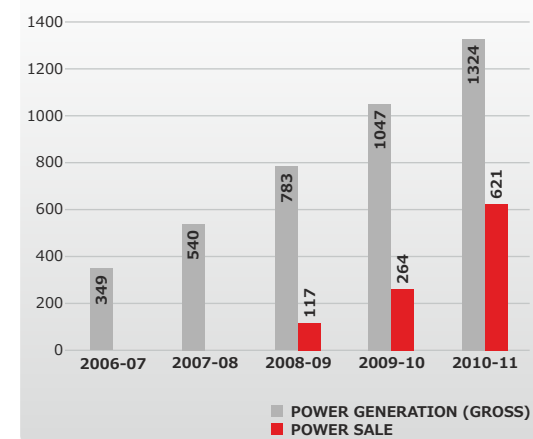
# PERFORMANCE HIGHLIGHTS



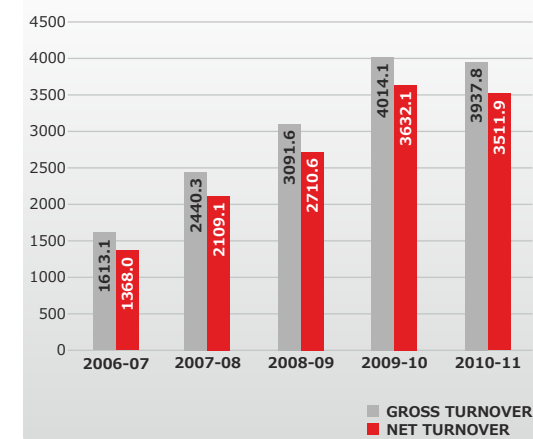
CEMENT & CLINKER PRODUCTION (Lac Ton)



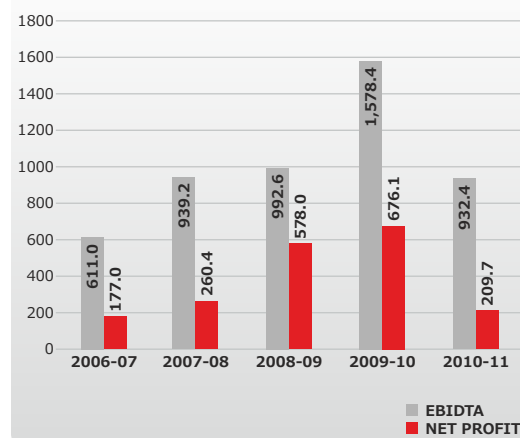
POWER GENERATION & SALE (Million Units)



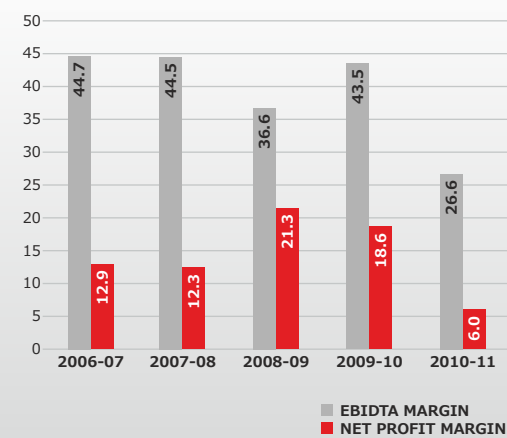
GROSS & NET TURNOVER (Rs. Cr)



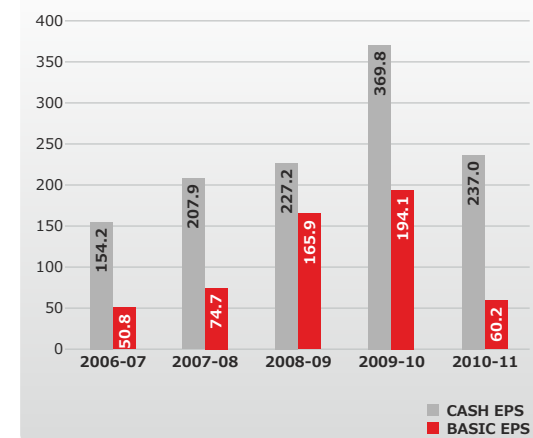
EBIDTA & NET PROFIT (Rs. Cr)



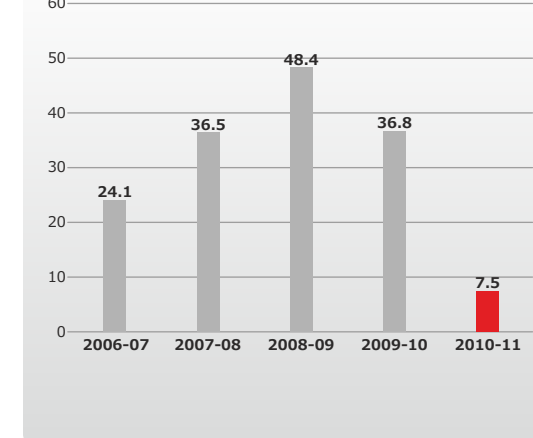
EBIDTA & NET PROFIT MARGIN (%)



CASH & BASIC EPS (Rs. per Share)

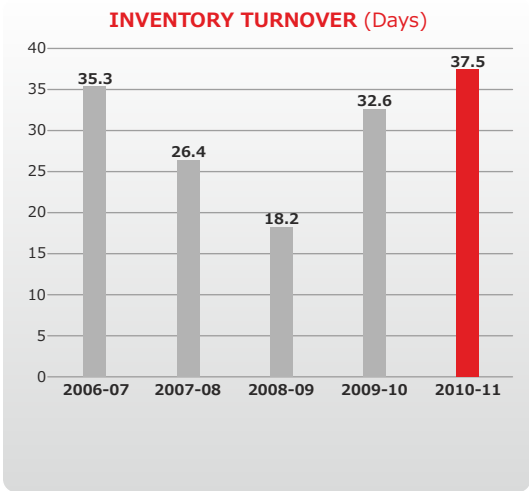
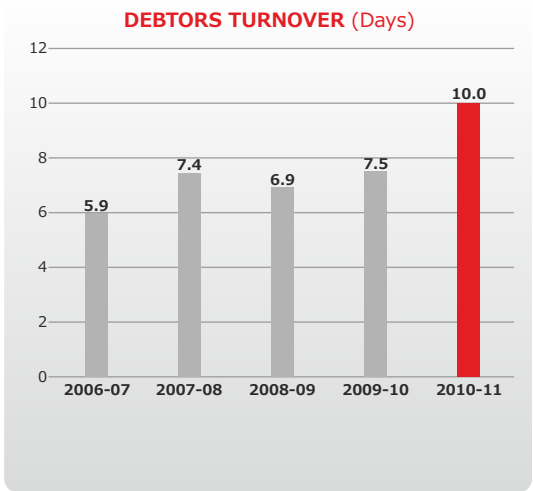
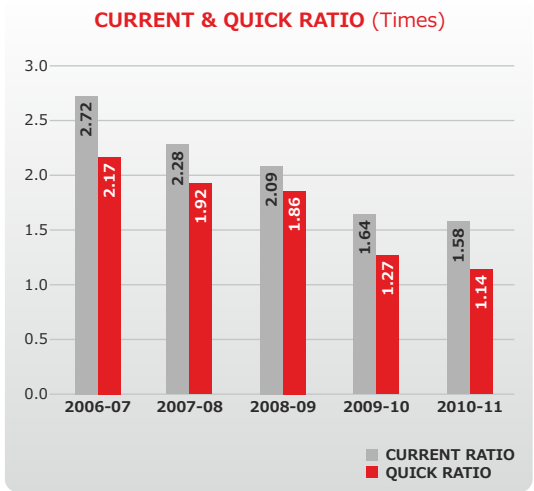
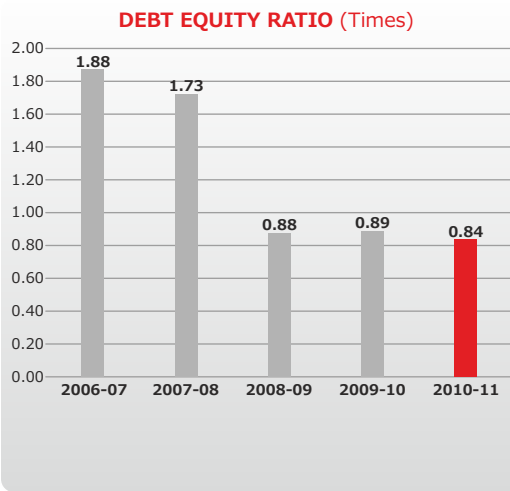
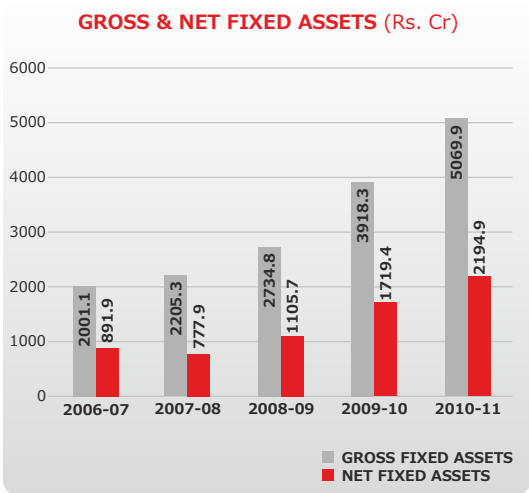
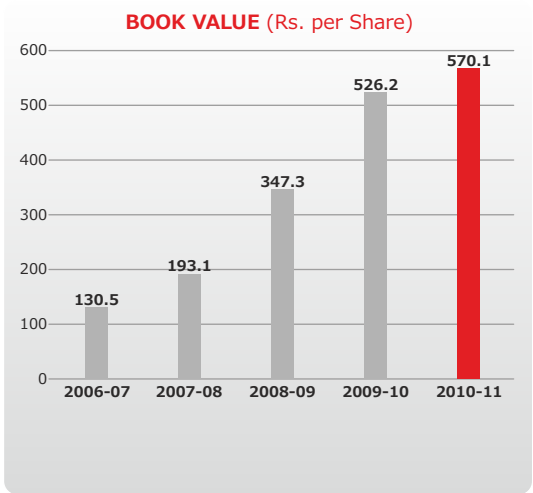
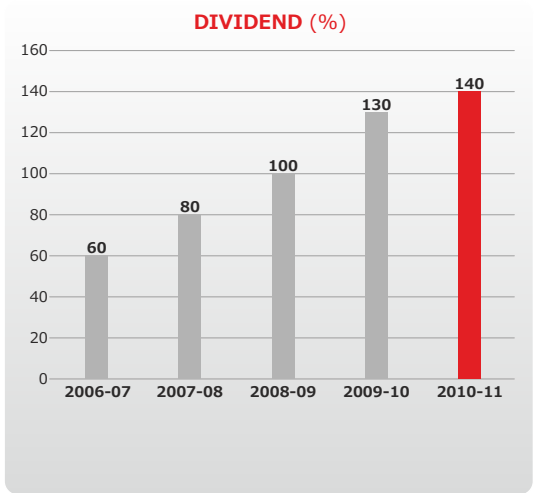
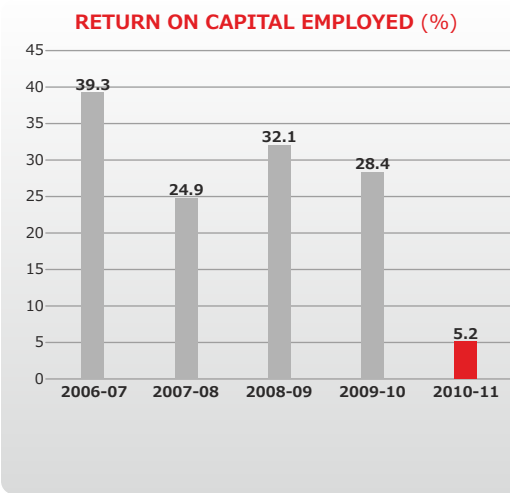


RETURN ON NET WORTH (%)





# PERFORMANCE HIGHLIGHTS





# MATERIAL MANAGEMENT

Materials Management entails procuring and providing the production units with a supply of raw materials that matches their demands. At Shree, we understand the criticality of this function in the sense that any shortcomings in supply can drastically affect the production, even to an extent where production has to shut down, which is a very costly process in cement manufacturing. An added responsibility to this matching of production requirements is that the procurement must be done in the most cost-effective manner possible, so as to gain competitive advantage by reducing input expenses. Now, with such parameters it is not wise to expect a perfect solution that will always yield the best returns for us. On the other hand, at times it is more favourable to take untried routes and choose untested options even if they are not considered as perfect according to the industry standards. Putting this belief into action, we at Shree focus our energies and resources on exploring alternative raw material and fuel sources, new transport mixes and updating our market knowledge at a faster rate to arrive at the most optimal solution for each case or scenario we come across.

## **Widening Our Fuel Source Base**

We are the first Indian cement company that entered into contracts to import thermal coal from USA. We are also the first Indian cement company to enter into direct agreements for the import of petcoke from a refinery in USA. This was not the ideal option to take, if the normal practice of procuring from nearest possible locations to reduce logistic costs were to be followed. But we thought otherwise and in spite of the perceived rise in logistic costs,

these initiatives benefitted us with substantial savings as compared to other sourcing options. Taking this endeavor ahead, we are also exploring the possibilities of sourcing thermal coal from other countries such as Russia, which will help in further optimization of our fuel procurement costs. Additionally, we have also expanded the number of our domestic suppliers of petcoke. Apart from Indian Oil, we are now also sourcing petcoke from HPCL Mittal and Essar Oil.

## **Optimized Shipping**

Our decision to import fuel required that we optimize our sea logistics in order to increase cost-effectiveness in the transport of fuel which is voluminous in nature. Usually this optimization is considered to be beyond the reach of a cement manufacturer whose core skills lie elsewhere and hence it is commonly outsourced. But we took it upon ourselves as an opportunity to expand our knowledge and raise our learning curve. An optimization initiative was taken wherein, we fixed vessel contracts directly with the vessel owner or operator and consciously avoided transportation on Cost & Freight (CFR) basis. This resulted in savings of USD 1-2 PMT (Per Million Ton). Further, we have entered into an exclusive agreement for the use of a floating crane capable of handling 1,60,000 Metric Tons (MT) capesize vessels at our discharge port of Navlakhi, Gujarat. This relatively long-term agreement of 2 years is delivering savings of USD 6-8 PMT.





MATERIAL MANAGEMENT

Continued e-Procurement Success

In the past, we had uniquely introduced an e-procurement platform, in which the most cost-effective vendors were selected through a completely transparent bidding process, for fulfilling our packing bag requirements. In the year under review, it continued to give us benefits of best prices. Also, the high level of transparency we provide in the bidding process has meant that vendors are more willing to participate in the bidding process as they know they will get a fair chance to win the bid. This has resulted in more and more vendors registering with our e-procurement platform which in turn offers us the benefit of increased competition and hence lower prices. Today there are over 50 vendors registered on our e-procurement platform and we have faced absolutely no difficulties in fulfilling our packing bag needs in spite of an increase in monthly requirement to 150 Lac bags.

Planning In Advance

Considering the expected increase in requirement of fly ash, we have already begun optimizing existing sources like STPS - Suratgarh, KTPS - Kota, PTPS – Panipat etc. and are also exploring potential sources like Reliance Power - Rosa, HPGCL - Hissar and NTPC- Jhajjar etc. Furthermore, we continued to build on our commitment of using alternative sources of procurement, including

waste products. As an example, the sustained usage of pond ash which is an environmentally friendly and 'free of cost' alternative to dry fly ash resulted in substituting the dry fly ash requirement by up to 1000 TPD. This pond ash was procured from NTPC - Dadri, Badarpur, STPS - Suratgarh and KTPS – Kota.

Operator Independent Truck Dispatch System

Our recent installation of the Operator Independent Truck Dispatch System (OITDS) at our Nimbeti Limestone Mines, is a step towards maximum optimization for productivity improvement. With the help of OITDS, dumpers are provided with dynamic allocation. Normally, one needs high-level of GPS and GPRS technology systems in order to monitor the movements of vehicles, know their exact location and provide them with dynamic allocation. These systems which are considered to be the best and perfect, however, are highly capital intensive. We, at Shree, procured an indigenous OITDS, which cost significantly less but met all our requirements and objectives, with the difference between the two systems being marginal. Post installation, we have been able to realize faster returns and further improvements in the system, currently being carried out, will make it even more cost-effective than the other choice of systems. Thus, by not joining the rat race of perfection

we have been able to make considerable savings. Besides the cost benefits, we have been able to obtain various other advantages like reduction in fuel consumption by knowing the exact location of equipment on the field and whether a particular equipment is in use or not , equipment health monitoring, strengthening safety by highlighting high speed, to mention a few.

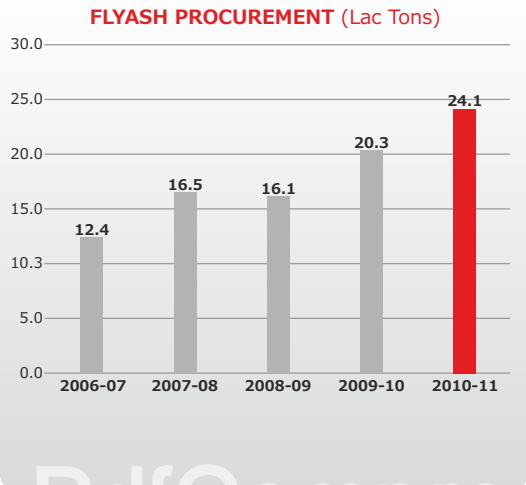
Non-Electric Detonators

At our Nimbeti Limestone Mines in Ras and Sheopura Kesapura Limestone Mines in Beawar, we were previously using electric detonators or fuses for our blasting operations. Although this was an economical method, it had adverse effects like noise pollution, high ground vibrations and flying rock. To overcome this, we initiated the use of the technologically advanced non-electric detonators which though expensive was effective in countering the aforementioned adverse effects. Further, our efficiency in operations meant that in spite of the use of the expensive non-electric detonators, the overall cost-effectiveness was higher than before.

Notable Achievements

- We are the only cement company who effectively uses Rock Breakers for breaking down oversized boulders created in the primary blasting. We, thus avoid the practice of secondary blasting which is normally used for breaking oversized boulders
- Online Transporter Bidding System extended to 3 other locations, namely STPS -Suratgarh, PTPS - Panipat and KTPS – Kota
- To further improve the cost-effectiveness and utilization of pond ash, we undertook the installation of screening equipment at Beawar to remove foreign material
- The stabilization of our in-house Synthetic Gypsum Plant operations has put us in relatively more comfortable position with regard to continuous availability of Gypsum as compared to our competitors

Gypsum Procurement (Lac Tons)	
2009-10	2010-11
3.89	3.65
Synthetic Gypsum Production (Lac Tons)	
2009-10	2010-11
0.68	1.91





# MANUFACTURING

To be continually successful in manufacturing or production, it is of vital importance to think on one's feet, be quick to monitor even minute happenings that might affect the process as a whole and come up with decisions and action paths that are not theoretically *perfect*, but most optimal in the given situations. When time is short, it is simply not possible to undertake deep studies and analysis to find a time-tested perfect solution. In fact problems and roadblocks might come up which don't even have a precedent. At Shree, we understand that perfection in such cases may not be a healthy option for us, as an organization to choose. Instead, what we aim to do is look for the most effective solution while keeping the time constraint as the major deciding factor.

What is also important to ensure continued success in manufacturing is, proactively pursuing better performance. At Shree, we are regularly experimenting and conducting detailed analysis as to how processes and equipment can be further optimized, whether new technology deployment is beneficial and how maximum capacity can be utilized. This is a result of our strong belief that the existence of a permanent state of perfection is not possible. If one believes in the permanency of perfection, the mind is prevented from exploring scope for further improving upon the existing scenario. Alternatively, we at Shree are forever in the process of betterment and continuous drawing, of every drop of competitive advantage from our plants and resources.

## Increased Capacity Of Cement Mill (CM)

Previously, our CM No. 2 was having a capacity of between 230-240 Tons Per Hours (TPH) with a residue level of 18%. The residue level is the amount of cement which does not meet the required fineness level after its exit from the cement mill. Also, if the residue level has to be brought down, the cement mill has to run for longer and therefore its capacity or average TPH comes down. After we decided to decrease our residue levels to 6%, we registered a decrease in CM No.2's capacity from 230-240 to 220 TPH. This as explained is a natural progression and most would consider the reduced capacity as perfectly normal and ideal. But we were far from accepting this natural progression and idealness. Our teams made tireless efforts in taking initiatives to improve the capacity which included modifying the air flow balance or gas trajectory in the separator unit of the cement mill, a bottleneck that was affecting capacity. Today, we are proud to say that while maintaining the 6% residue level, we have upped the capacity of CM No.2 to 240 TPH. This increased optimization has only been possible due to our belief that scope for betterment is always present. This belief has egged us on to reach an even higher level of performance and hence unsurprisingly for us, further optimization work is already underway to achieve a higher average TPH.





# MANUFACTURING

### In-Situ Replacement

In our Cement Mill No. 4's roller press, a set of bearings at the Drive End side of the fixed roller were damaged and required replacement. These bearings are provided to reduce friction in the rotary movement of the roller and thus decrease the chances of its wear-out damage. Now usually in such cases, it is a normal practice to first remove the roller and then replace the worn out bearings with fresh ones. However, we saw this normal practice as leading to time and cost losses due to the necessary production stoppage. Our teams instead carried out in-situ bearing replacement which is to say the replacement was performed without disturbing the roller position. In this case, our mind-set to not consider an industry normal practice as perfect and explore possible scope of betterment was a success. We performed the replacement in 54 hours as against the 4 days it would have taken if the normal practice was followed i.e. a saving of approximately 2 days of production time.

### Optimal Balancing Of Feeding And Discharge Rates

The capacity of the Clinker Hopper feeding belt at our Khushkhera Grinding Unit (KGU) was 600 TPH and having a belt speed of 1.5 Meter Per Second (MPS). But the three Weigh Feeders, which are provided below Hoppers to control

the weight of clinker fed into the grinding mill, had a combined discharge capacity of 1350 TPH. This lower feeding capacity and higher discharge capacity was proving to be a major bottleneck in clinker loading. We made modifications in the drive pulley of the feeding belt and managed to significantly increase its speed. As a result, the input and output rates were now more balanced and this subsequently led to reduction in the truck retention times.

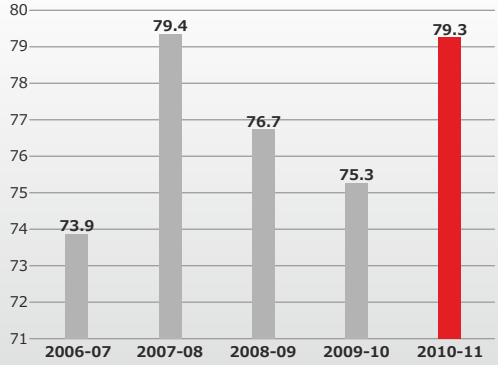
### Notable Achievements

- The mechanical breakdown of a Kiln once in around 180 days is considered normal in the cement industry as maintenance is required to fix the occurrence of either instrumentation, electrical or mechanical problems. It is a testimony to the commitment of our teams and their belief that they could achieve a much higher continuous running period of the Kiln, that as on the ending of the year in review, we had achieved an uninterrupted running of Kiln No. 2 without any mechanical breakdown for an astounding 298 days. This was a result of constant monitoring and taking note of even minute observations so as to detect a problem in its earliest stages and before it could escalate to a level which would then need for the Kiln to be shut down
- Bucket modification work carried out in one of our fly ash elevators led to the increase in its capacity from 60 to 72 TPH. This resulted in substantial savings as had the

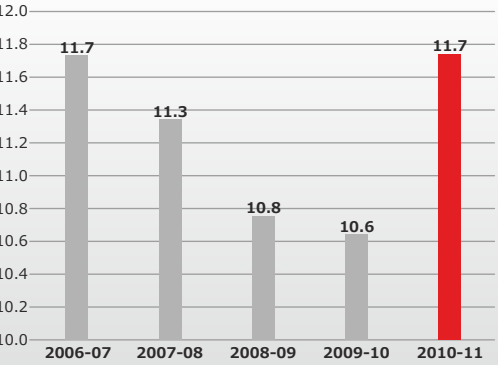
modification not been made, we would have to invest this saving in installing a new elevator

- With the installation of a new high efficiency fan in Pre-heater No.1 and removal of the earlier second fan or booster fan, we ensured power savings of 450 KW per hour. Previously both fans were collectively consuming 2000 KWH but now, the single fan is consuming only 1550 KWH while also performing at a higher output rate
- Previously in our Coal Mill No. 5, the vent fan had a rating of 282 KW and was operating with around 66% efficiency. We replaced this fan with a new 232 KW vent fan which had an operating efficiency of around 80%. Apart from the benefits of increase in efficiency, we also made a power saving of 50 KW per hour

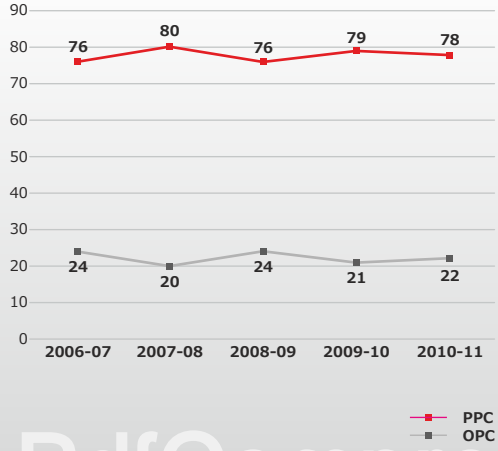
POWER CONSUMPTION (KWh per Ton of Cement)



FUEL CONSUMPTION (% of Clinker)



OPC & PPC PRODUCTION (%)



Clinker Production (Tons / Hour)

Kiln	2009-10	2010-11
I	127	130
II	189	195
III	135	126
IV	136	128
V	134	129
VI	138	129
VII	136	130
VIII	-	125



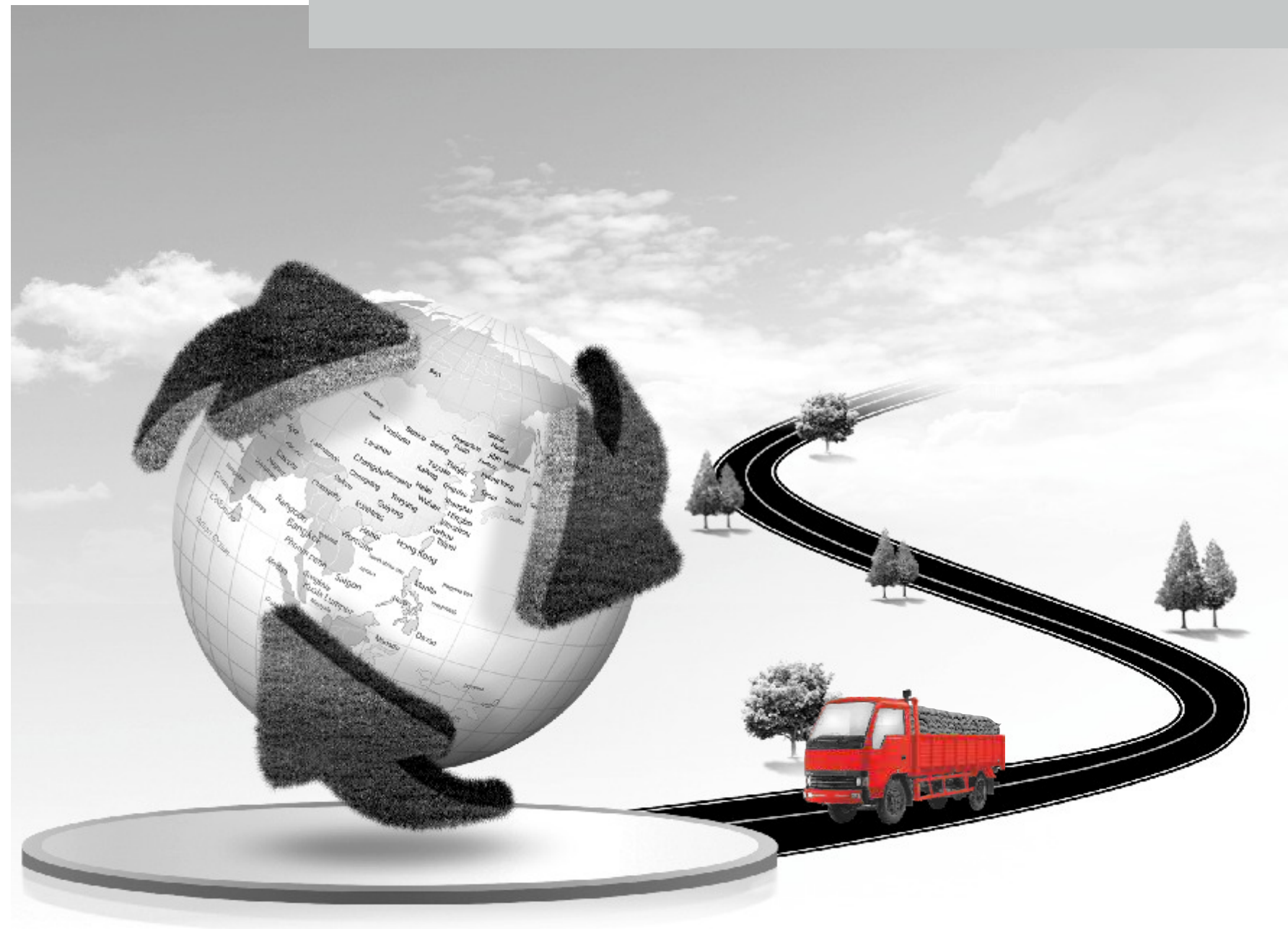
# LOGISTICS

With newer markets developing in remote parts of the country and continual optimization of transportation costs becoming more and more complex, the role of logistics in organizations today has grown considerably. More so in the cement industry as the voluminous nature of cement as a commodity means that logistic costs are a high proportion of the total cost. Speed while maintaining efficiency is the need of the hour and the value of delivering according to the timelines of sales or marketing commitments cannot be overemphasized. In such a scenario, to even assume that a particular logistics strategy or decision is perfect and expect it to continuously deliver results is a mistake. When the market dynamics and regulations are ever-changing, it is simply not possible for a perfect solution to exist? At Shree, we understand that in order to optimize our logistics function, we have to constantly monitor the prevailing circumstances, both within our organization and outside, and that our decision-making should be on a moment to moment basis. In this regard, we continually seek betterment in reducing loading and unloading times, monitoring and utilizing transport schemes

offered by the government, maintaining high level of co-ordination amongst marketing, logistics & production teams and reducing costs wherever possible, in order to gain that extra mile of competitive advantage and overall profitability.

## **Maintaining Clinker Availability While Also Gaining Railway Freight Economy**

For our grinding unit at Roorkee (RGU), maintaining availability of clinker as per the unit requirements is most important to ensure continued production and minimal shutdowns. However, the railway stations near Roorkee namely Laksar which is the closest, Deoband, Pathari and Gajrola do not have the proper infrastructure and developed capabilities for the unloading of clinker. This was leading to loss of valuable time through unloading delays, high wharfage and demurrage charges and also damage and loss of the clinker to a certain extent. To overcome this, we deployed our own people at these stations for the specific purpose of ensuring that the handling of clinker rakes would be done in the most optimal manner despite the less than ideal facilities available to them. This was done in order to continue utilizing railway freight economy as against the costly alternative of using road transport to fulfill RGU's clinker needs. Similar efforts were also made by our teams at the station of Khori for fulfilling the clinker requirements of our Khushkhera Grinding Unit (KKG) and in handling gypsum rakes at the same stations to meet the needs of RGU, KKG and Jobner Grinding Unit (JGU).





Open Wagon Transportation

According to industry standards, covered wagons are considered as the ideal or perfect option for cement/clinker transportation as deterioration of quality and rain damages are minimized. But we moved away from this perfect practice and chose open wagon transportation through which we gained the advantage of high discounts offered by the Railways as well as reduced dependence on availability of closed rake wagons. This reduced dependency in turn meant we could draw more railway freight benefits because if closed wagons were not available, we could still use railways as the means of transport, as compared to the costly road transport, by engaging open wagons. If we had accepted the other alternative of closed wagons as perfect then it would not have been possible to explore the scope of open wagons and realize better savings. In spite of the limitations placed by the Railways last year on open wagons and drastic reduction of discount offered from 45% to 20%, we still managed to dispatch 2.30 Lac MT in them and earn savings to the tune of 173.95 Lacs.

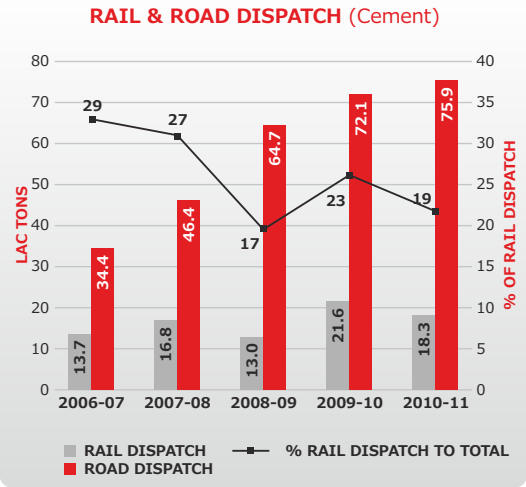
Online Bag Printing Machines

After a decision to print separate MRPs depending on the type of buyer i.e. trade or non-trade was taken, a lot of co-ordination was needed to print different lots of bags with different MRPs. Also, this was a process which was consuming a large amount of time as we used to follow a manual printing (stamping) procedure. Realizing this bottleneck, we quickly resolved to move to an online printing system in order to overcome it. Online bag printing machines, requiring no manual effort and minimal operator intervention were subsequently installed at all our packing locations. The printing of MRPs can now be controlled from a central location and there are no delays reported in packing of cement bags.

Notable Achievements

- Ensuring that maximum quantity is dispatched within 24 hours of receiving orders so as to reduce the average order execution cycle time
- Constantly monitoring and minimizing Truck Cycle Time inside our plants to gain freight benefits through truckers’ support as revenue is maximized for them
- In the year in review, we continued to build upon our practice of gaining benefits of return logistics. In return logistics, trucks which are assigned to the delivery of either cement or clinker to our sales or grinding units respectively are post-delivery deployed to then bring back raw materials like fly ash, gypsum and petcoke from nearby locations. The increased miles travelled by trucks in laden condition means increased payouts to truckers who in turn share a part of this higher revenue with us by offering lower freight charges. It is a win-win situation for both the parties. In the past also, we were using return logistics to our advantage but we have since further intensified the utilization of trucks for increased benefits.

Now, even if the source of raw material is at a slightly greater distance from the delivery destination of the truck, we are ensuring that the trucker makes the extra effort to reach the raw material site and come back in laden condition. More planning and higher levels of updated material availability information have helped us in this and we are now deploying trucks in newer routes that support return logistics and generating higher savings





# POWER

Power is the lifeline of the highly energy-intensive cement manufacturing process and most cement companies set up in-house power generation plants, known as captive power plants, to meet their power requirements. At Shree, we further built upon our in-house power generation and began expanding our generation capacity to well beyond our consumption needs. Now, this was in a sense, a deviation from what is considered by industry benchmarks to be a perfect or a most suitable situation. According to this perfect situation, we should have stuck to our core competency and success driver which is making cement and shouldn't have entered the power sector as a fully-equipped competitive player. Basically, we should have viewed our captive power plants and their management as an ancillary or support function at best. But as mentioned, we did not accept this norm. We realized that we had all the basic knowledge, skill-sets and infrastructure in place albeit for

lower captive capacities. The only question that we had to ask ourselves was that were we ready to take these capabilities to the next level. If we did so successfully, our timing would be certainly right as the future of the power sector in India is promising. Needless to say, we took the plunge and increased our power generation capabilities, which will soon include a 300 MW merchant power plant. This strong foray into the power sector is in itself an apt testimony to our faith in doing things that are not usually considered to be perfect.

## **Online Plant Performance Optimization Software**

We are in the process of installing an online plant performance software in all our existing power plants. This software has already been successfully installed in our 4X18 MW unit at Ras and installation in our 2X50 MW unit is currently underway, also at Ras. This software enables us to monitor the plant's performance in real-time. It uses its data collection and thermodynamic or heat modeling features to build a database from which, it compares past and present plant performances. Subsequently, it indicates to the operator at which point exactly is the plant losing heat or energy and by how much, thereby making it much easier and faster to identify and rectify these bottlenecks. This is the first time such software has been installed in a plant of this capacity as usually it is installed in much higher capacity plants.



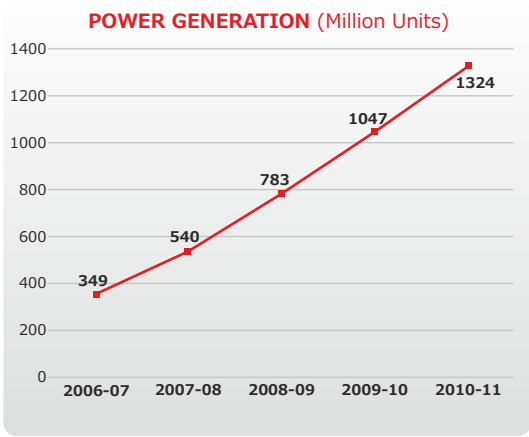
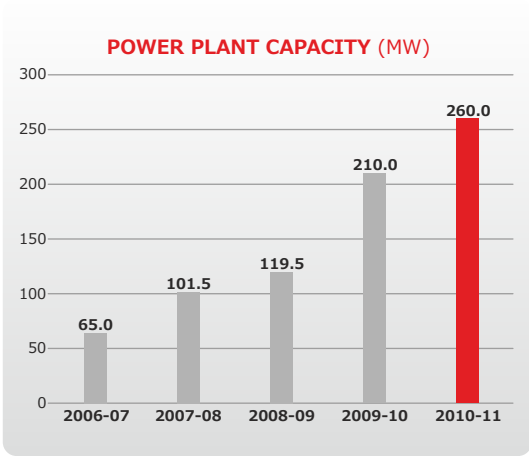


Interconnection of Kiln String Boiler with Air Quenched Cooler (AQC) Boiler No.2

Previously, in our Green Power Plant (GPP) No.1, the High Pressure (HP) and Low Pressure (LP) steam lines of the Kiln String Boiler were superheated through AQC Boiler No.1, which was not always available for use like in times of its shutdown. This was leading to loss of heat and consequently, reduced power generation. To counter this non-availability, we carried out the interconnection of these lines to AQC Boiler No.2. As a result, the Kiln String Boiler is now no longer dependent only on one AQC boiler and an additional 0.8 MW of power is being generated. Furthermore, this interconnection was done by only using material already available at the site and no additional material was procured.

Notable Achievements

- We moved away from the normal industry practice of using Light Diesel Oil (LDO) and instead used Charcoal to light up our boilers, which we have found to be approximately 3.5 times more cost-effective and having only a marginal difference in performance. This switch has also resulted in reducing the time of light up and the use of Demineralised (DM) water
- The Low Pressure (LP) Injection System installed at our GPP No.3 was not properly functioning post installation as there was a problem in its control panel. We made modifications in the panel ourselves including the wiring and cabling without the help or support of any external agency and this self-sufficiency resulted in substantial savings
- Our installation of Air Cooled Condensers (ACC) in the past as a substitute to Water Cooled Condensers (WCC) in all our power plants at Beawar and Ras continued to help us alleviate the concerns of water scarcity through substantial saving of water



Shree Mega Power (SMP) Project

Shree Mega Power is our on-going project at Beawar representing a 300 MW (150X2 MW) capacity power plant. This plant is a big step in Shree's endeavor to be a fully-equipped competitive player in the power generation sector. It is expected that the first unit will be commissioned by July 2011 and the second by October 2011, and in doing so, we would have achieved a record time for the setting up of a power plant of such scale when compared to the industry standards.

Expedited Project Completion

We have taken many steps to ensure a speedy yet safe commissioning of our plant by employing innovation in our project management practices. A team balanced in experience and youth is in-charge of this project and among its notable achievements and unconventional actions to set-up the power plant in record time are:  
*Order Finalization:* Letter Of Intent (LOI) was released within 2 months of the date of management's decision to set up a 300 MW power plant. Detailed contracts were prepared even before the LOI was issued.



POWER

*Planning & Monitoring:* Micro-planning was done from engineering to execution, ordering to dispatch and receipt to installation which helped in understanding how best to reduce the project duration. Monthly Project Review Meetings were held with suppliers & contractors to understand the critical activities and necessary actions to expedite the same.

*Engineering:* Basic engineering was finalized across the table within 5 days of the contract finalization. Raw material procurement was initiated based on forecasts (without waiting for finalization of detailed engineering). All drawings were approved based on soft copy submission only. Civil excavation was also initiated based on forecast drawings (with margins) instead of waiting for final drawings.

*Communication:* All communication was done through single point to ensure no delays on account of communication or pending decisions.

*Excavation:* Excavation for land was a critical activity due to the presence of very hard rock. The same was taken in SCL's scope and excavation was done in record time with the advantage of Shree's expertise in mining.

*Support to Suppliers & Contractors:* Although the project was ordered on an EPC basis, Shree provided support at various levels. Shree's personnel were deputed at manufacturing units of major suppliers to understand their manufacturing process and expedite the material supply. Similarly, a separate team of Shree personnel was deployed for supporting contractors on a day to day basis. Timely payment to sub-vendors for material supply through escrow account and to contractors at all levels (till the contractor labor) was ensured. Support was also provided in identifying & mobilizing resources.

*Safety:* Safety was ensured through daily safety meetings at all subcontractor sites, monthly safety cum environment meetings and validation of test certificates of tools & tackles.

Remote Surveillance System

A remote surveillance system comprising a large number of Internet Protocol cameras or IP cameras deployed at suitable locations has been installed at the SMP site. These high precision cameras allow Shree's management to monitor the security and progress of the project from a remote location like their offices and in real-time.

Unconventional Alkaline Boil-Out

In a new boiler, it is important to clean the boiler using certain chemicals and hot water to remove any remaining residual oil, grease and small pieces of cloth or wood that might be left over from the erection and installation stage. If these are not removed, they might lead to lowering the heat transfer rate and may also cause the boiler vessel to overheat. Now, this cleaning, called Alkaline Boil-Out, is normally done after the light up of the boiler and takes 15 days to complete. This means for 15 days after the boiler light up, power generation cannot begin as all the water being heated is used up in cleaning. At SMP, we instead used external small capacity boilers to heat water and carried out the Alkaline Boil-Out before the light up of our boiler itself. This method not only met all the quality requirements but also saved us 15 valuable days in the process.

Unconventional Stud Welding

Before applying the refractory lining in boilers for the purpose of heat insulation, it is necessary to weld steel studs into the boiler vessel that will then act as support for the refractory material. Now this is a process which is usually done after the erection of the boiler i.e. at a height of usually 35 m with the help of scaffolding which adds to the safety concerns of the respective workers. This is because it is the refractory application contractor who normally also performs the stud welding task. At SMP, we deviated from this normal process and asked our boiler vessel making contractor to themselves perform the stud welding task. This gave us benefits of increased quality as the vessel maker itself was performing welding on it, higher safety as stud welding was now done before boiler erection and time savings of 10 days. Such initiatives and many others like simultaneously carrying out installation of air pre-heater and pressure part erection of third pass, which led to saving a full month's time, have ensured that we are on our way to commission our power plant in record time.



# QUALITY AND R&D

The word research is in itself an indicator to the act of betterment and the continuity of effort required in order to achieve it. Re-research, that is to look again or search again for the possible ways by which our processes, methods, technologies and our knowledge can be improved upon so that the benefits for both us and the environment can be maximized. Conversely, if at any stage in this process of improvement, we consider a particular process to be without flaws or *perfect* and be satisfied with it, then that is certainly the end of the road as far as betterment is concerned.

## Walk Through Energy Audits

In organizations, an energy audit is the inspection of its buildings, equipment and other infrastructure in order to better understand the energy consumption patterns and realize scope or potential for energy savings. At Shree, we have introduced a new method of walk through energy audits. This comprises walking through all our facilities or sites and identifying areas where energy consumption is beyond desired levels, easy to implement energy saving measures and also whether the need for a more detailed energy audit is warranted. Though this system is not the most perfect one for energy audits, it is the quickest. We have adapted it to best suit our requirements and this in turn has resulted in benefits like obtaining immediate feedback which is shared back with the relevant departments along with corrective measures that help in optimizing power usage.

## Notable Achievements

- Optimization of fly ash feeding systems to increase the quality of cement
- Further fine tuning and enhancement of Particle Size Distribution for increased quality of production in cement mills
- Evaluation of possible use of various alternative fuels and raw materials like agro-waste





# KNOWLEDGE PROCESSES & STRUCTURES

Knowledge is like a huge ocean. One can draw innumerable times from it and still would be able to gather only a small part of it. Various platforms and mediums have been developed that help us gather and share information. However, the sheer amount of information that is out there, underlines the fact that mankind cannot achieve a perfect system of gathering and sharing all the information that is available. The time taken to seek out knowledge has drastically reduced with modern tools of information technology, like the internet and Google. Still one needs to constantly upgrade oneself and find newer means and tools to collect and share information effectively and easily. This is what we at Shree Cement always strive to accomplish. In the past, we had achieved important successes like seamless integration to ERP and Zero Blackout time. Many would consider this to be a state of perfection and be satisfied with it. We, however consider it just another stage in progress and betterment. In other words, at best we look at our accomplishments as stepping stones to undertake and succeed in even more significant endeavors.

## Wireless Backbone

Considering even our marketing locations, a total of over 150 Shree sites spread across the country exist today. To provide an optic fiber network that would connect all these sites was going to be a highly time consuming and expensive exercise. As an alternative, we created a wireless field at all our sites and were successful in obtaining 100 % connectivity right from day one of this implementation. Facilities such as video-conferencing which are now being provided are reducing the need to travel

to a particular site to view its progress while exchange of data has become very easy. We have also deployed Voice over Internet Protocol (VoIP) telephones which use the existing MPLS VPN bandwidth and therefore help in reducing telecom costs. The overall estimated savings of this initiative to move away from optic fiber networks which are considered to be the ideal or perfect solution are to the tune of Rs. 126.18 Lacs.

## Notable Achievements

- 2010-2011 was celebrated as IT Awareness Year in Shree Cement and personalized IT training sessions were regularly conducted to enhance the computer skills of all employees
- The IT network was extended to Shree's new grinding unit at Jobner and this location too can now be monitored from Beawar itself
- The Database Administrator (DBA) team ensured that the uptime of ERP System Servers was 99.99% which in turn made the system available to users at nearly all times
- We also achieved 99.99% server, application and network uptime for the 2<sup>nd</sup> year running
- We made enhancements in our software security systems that resulted in recording no data theft / loss during the year in review
- The SCL Learning Academy with interactive audio and video content was launched on Shree Manthan, Shree's dedicated intranet portal, allowing users to self-learn and enhance their IT skills at their own convenience



- “The Happiness Centre”, an employee satisfaction web-based initiative was launched, also on Shree Manthan

Again, although these achievements make us proud, they do not satisfy us but instead motivate us to go further and do even better. We have in fact already begun this journey of betterment and are working on Next Generation Technologies like Virtualization and Cloud Computing. A private cloud has been

deployed for ERP Sustainability and Corporate Mailing solutions in order to provide centralized control and uninterrupted user experience to all Shree sites. We are confident that in the future, we shall find success with them which in turn will help us to enhance the quality of services offered to users. We are also constantly working on ways and means to make technology more user friendly so that all users can use it optimally.



# MARKETING AND BRANDING

The marketing function is in most cases both the first and the last to interact with our valued customers. In a sense, they are the face of our organization and must portray the strength of the body or support our other functions together provide to them. With an increase in new players in the competition and the expansions of existing players, marketing faces even stiffer challenges than before. In such a situation, it is very clear to us that success will go to those who look for the most optimal solutions, depending on the type and nature of the consumer and the prevalent market conditions and not to those who remain fixated on achieving a permanent strategy. We at Shree put this clarity in thought to decisiveness in action and though many of our initiatives might not be considered to be ideal, they have proved to be optimum for us.

## Expanding Territory

Despite facing intensified competition, we continued to be the undisputed leaders in the cement markets of Rajasthan, Haryana and Delhi. We realized that as competition further stiffens, it is wiser to not only consolidate our leadership position in these markets but also fortify ourselves in newer markets. Consequently, we strengthened our presence in the high realization market of Uttarakhand as well as the markets of Uttar Pradesh, Jammu & Kashmir and HP. Our percentage increase in sales as compared to the previous year well represent this strengthening of presence. In Uttarakhand, we recorded a 27% growth in sales, in Uttar Pradesh, 13% and a remarkable 143% in J&K & HP.

## Strong Foundations

We recorded retail (trade) sales of 36,526 Metric Tons (MT) in the state of Bihar which is

a new market for us and also at a much greater distance from our cement plants as against our other markets. This development will definitely go a long way in helping create a positive perception of Shree in the buying minds there. In turn, this will be beneficial for the future of the cement plants we are planning to set up in the Eastern part of India.

## Optimization Of Handling Agent & Marketing Functions

In the year under review, we made efforts to increase the level of coordination between marketers and handling agents. We also provided them with higher levels of clarity as to their scope of work and demarcation of responsibility. This has helped us sharpen our competitive advantage in times of stiff markets by gaining benefits of substantial cost savings.

## Branding Power

Our efforts in developing highly focused and target-specific communications have resulted in a powerful brand value that Shree enjoys today. Consumers have high recall of the brand and overall our branding has helped strengthen our pricing and achieve better realizations. Shree follows a multi-brand strategy and sells cement under the highly recognized brands of Shree Ultra, Bangur and Rockstrong.

## New Service Standard With Grinding Units

The commissioning of our grinding units at Suratgarh, Khushkhera, Jobner (Jaipur) and Laksar (Roorkee) has provided us with multiple marketing benefits. Firstly, we are now closer to our selling markets. This in turn means that, we are able to respond much faster to the demand, even on-call demands, as the delivery times are reduced. Secondly, we are now in a stronger position with regard to our flexibility in taking and fulfilling dispatch orders of even what are considered small quantities. This is possible because now we are much closer to the selling markets and thus we can fulfill order



quantities of small sizes, even up to 100 bags, by utilizing smaller trucks and vans for making deliveries. Thirdly, we can reach out to newer markets further away, while maintaining cost-efficiency in operations, especially logistics. Overall, the strategic placement of our grinding units has meant that we are able to offer a much higher standard of service to our customers.

## Shree Power Trading (SPT)

We received a Category - I Electricity Trading License from the Central Electricity Regulatory Commission (CERC) in March, 2010 and started trading activities from as soon as April 2010 itself. It is an achievement worth mentioning here that in our very first year itself, we made our mark in all the principal verticals of the power trading business namely bilateral transactions, banking arrangement of energy and power exchange transactions. In

fact, we are happy to state that we are already positioned amongst the top ten electricity trading licensees in India. This is indicative of the efforts which our young team has put forth and gives us further confidence for the sale of surplus power generated by Shree's power plants at remunerative and competitive prices. Our prestigious clientele currently includes various state distribution utilities, open access consumers and private power generators both captive and large IPPs. In the future, our soon to be commissioned 300 MW power plant shall make a substantial addition to our surplus power generation which would be sold primarily in the merchant (short-term) market. In this endeavor, the experience we have gained so far and the impressive clientele we have built up in a short span will definitely go a long way in attracting remunerative prices and high volumes.



# HUMAN RESOURCE

Shree considers people to be its greatest resource or asset. It is on the strong shoulders of our people that a remarkable journey has taken place so far and it is on the strength of their support only, that we envision an even better future. We are always focussed on how we can keep this treasure, our task-force, constantly motivated and forever learning and growing. This is because we understand that even though the situation is above average today, considering it to be perfect or ideal is a big mistake as it leaves no room for becoming better. Similarly, it will not be wise on our behalf to even expect a system in the first place that is perfect in ensuring the happiness of our people. Instead what we at Shree are doing is fulfilling the need of the hour, which is, a series of HR systems that are not only based on overall employee management but are also detailed enough to cater to individual employee's growth and development. Our initiatives in this direction in the past have been manifold and they have not only been successful from the company's perspective but have also received excellent engagement and response from the employees themselves.

## **Mentorship Process**

Now in most cases in the industry, it is considered an ideal practice to provide new employees in organizations with an induction program. These programs usually involve handing over many documents and print-outs pertaining to the rules, policies, practices etc., of the organization to the new employee. At Shree, we realized that this is not enough to make new employees comfortable with their new company which in turn means they will not be able to perform optimally from Day 1

and even the settling-in time will remain long.

Last year, we went beyond this ideal practice of induction programs and initiated a Mentorship process also. In this process, senior employees became a mentor or guide to new people in the company and assisted them in their personal, professional and technical needs. This has not only resulted in employees performing better right from Day 1 but has also led to stronger relationships between senior talent and fresh talent in the company. The reasons for this are obvious as human interaction has always been a more effective learning tool than learning from paperwork, which is a one-way process and can also be very tedious for the new employees.

Further, we realized that the senior talent in the organization could also possibly need some formal preparation first, in order to smoothly transfer their knowledge and learning from experience to their respective mentees. This is to say, we understood that though they might be excelling in their role, they may not necessarily be fully-equipped for this guiding responsibility. Therefore, all mentors were made to participate in a 2-day external training session. This was a highly structured training session which gave all soon-to-be mentors, the right approaches, skill-sets and tools to be successful in their mentorship.

## **Skill Enrichment Scheme**

Another example as to how perfection is a less preferred option for us as against sustained growth and improvement is the Skill Enrichment Scheme we introduced last year, in which 160 employees were provided with opportunities to work in cross-functional teams. Now, these employees were already top performers in their respective jobs and it would have made perfect sense to make them continue in the role they were doing well and

were comfortable with. But we did not agree with this perfection. Our belief was that such situations can lead to stagnancy in the employee's growth as repetitious boredom sets in.

To counter this, we started our skill enrichment scheme and provided employees with structured job rotation. Talent which was doing well in one function of a department was moved to another function in the same department or were sent to another location or site. The response to this program was unbelievable. Employees were highly motivated by these opportunities to learn something new and add to their knowledge and

were excited to take up new roles and increased responsibilities. For us this was a natural progression because a change in environment is always beneficial and rejuvenates the mind. This increased exposure has also led to better and more holistic development of employees who are now always ready to excel in newer roles.

## **Young Strength**

Shree dedicatedly follows a policy of encouraging youth and continually gives them higher and more challenging responsibilities. The year 2010 was celebrated as 'Youth Year' and many new initiatives were taken to ensure





HUMAN RESOURCE

an open and friendly work environment where young employees are encouraged to express their opinions and ideas and also get adequate opportunities to experiment and implement their ideas. The youth in our organization know that they have the full support of the senior talent and top management who always boost their confidence and motivate them to achieve to the fullest of their potential.

The following success story will further consolidate the young organization vibe which runs right across Shree. In line with Shree's youth policy, the second line of command at existing sites were promoted and sent to the frontiers of Shree's expansions as the first line of command. Though this is not a fixed rule we follow, which is to say we also take senior talent from outside the organization, we believe promoting our youth brigade gives us greater benefits. By making internal promotions, we not only reward the efforts of top performers and ensure their further growth and betterment but also drastically reduce the adjustment time a 'new hire' would have taken. Today, we are both happy and proud to state that the erstwhile second line of command is excelling as leaders at our new locations.

Shree Parivar

At Shree, there has been a conscious effort on the part of senior talent and top management to make themselves more accessible and approachable for their young juniors even after office hours. This has helped to develop a 'Shree family culture' or the Shree Parivar which binds its people with strong interpersonal relationships and keeps them happy. If a happiness quotient were to be

developed and tested in our organization, the results would definitely be in our favour. Happy people also automatically result in high levels of ownership, motivation and engagement which are brought and translated into above average work, every single day.

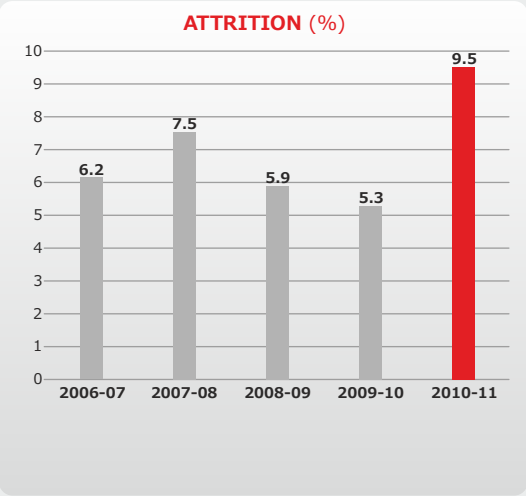
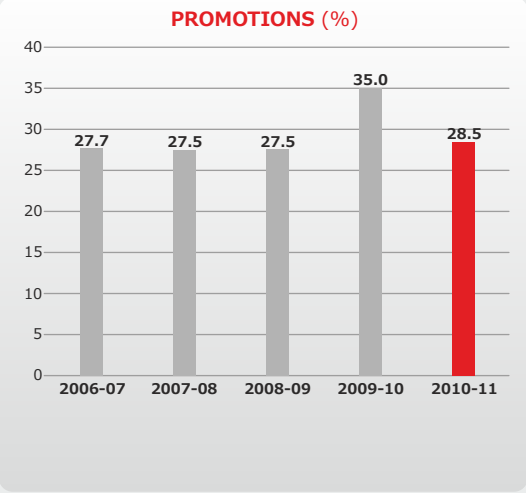
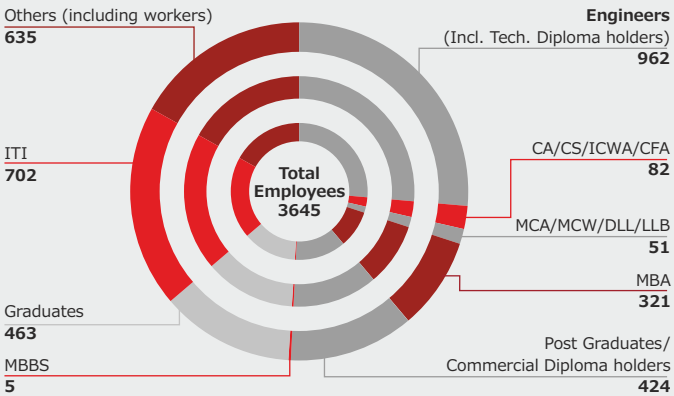
Employee Engagement

We participated in the 'India's Best Companies To Work For - 2011 Study', conducted by The Great Place to Work® Institute, India, in partnership with The Economic Times. More than 480 companies participated in the study and we received a rank within the Top 100 amongst all these companies. The broad parameters used as a basis for judging a company's rank were credibility, respect, fairness, pride and camaraderie. This is an apt testimony to the trust our employees have in us, the pride they take in working at Shree and most importantly the enjoyment they have in doing so.

Notable Achievements

- Winner of Greentech HR Excellence' "Silver Award" in "Best Strategy"
- We implemented an employee satisfaction initiative of deputing HR co-ordinators at each site to better understand employees and their grievances through personal interaction. This initiative has received excellent response and engagement from employees at all locations as they feel someone is present with them specifically for their support and who will listen to what they have to say in a manner in which they are most comfortable
- 100% implementation of Online Performance Appraisal System which has given us benefits of increased transparency and accountability, minimal use of paper and heavy cutback in the duration of the appraisal process

New companies have forayed into the cement and power sector while existing companies in both have considerably expanded their operations. They have provided newer avenues to employees to choose from. This has led to higher attrition rates across the sector. However, in spite of this, we at Shree Cement, due to our people centric practices and talent encouragement and enhancement systems have been able to offer a lot of scope and opportunities for our employees to grow and thereby maintain high levels of employee engagement. This and various other initiatives have helped Shree retain its precious talent.



TRAINING & DEVELOPMENT

Particulars	2009-10		2010-11	
	In- house	External	In- house	External
Programs (Nos)	516	135	688	166
Participants (Nos)	8499	239	12573	285
Person days spent on training	5037	524	7211	669
Person-hours of training	40392	4190	57686	5355



# FINANCE

Efficient financing is quintessential for seamless and effortless operations. It also induces greater operating flexibility and has a direct bearing on the overall economic sustainability. Money is the lifeline of any business. It's management thus attains paramount importance. At Shree we maintain high levels of efficiency in all facets of finance functions viz. mobilization or deployment be it for normal working or treasury functions. The task has become simple because of impeccable credibility and strong finance structure of the company painstakingly created over past twenty five years of planning and operation.

This is well manifested in the credit rating of AA+ for long term borrowing from CARE and CRISIL, PR1+ rating on its short term borrowing and SBBJ 1 for its working capital facility rating.

**Notable Achievements**

- The company raised Rs. 200 crore non-convertible debenture for 5 years at all inclusive cost of 8.42% per annum. It is notable that no finance intermediary was engaged for this. This speaks volume of the acceptance of the Shree brand in capital markets
- With the increased dependence of Shree on imported fuel, it was essential to identify an economic source of funding for this long term working capital intensive input. The problem further accentuated as the company did not have any natural hedge in the form of exports for currency exposures. The answer was found in buyers credit financing of Rs. 139.48 crore from leading international banks at a fully swapped INR interest cost of 7.04%

■ The increasing interest rate curve of INR induced Shree to scout for External Commercial Borrowings for long term resources due to inherent systemic arbitrage available. The company negotiated one of the finest spread of 175 basis points above six month LIBOR. It could successfully mobilize USD 20 million for 4 years at an all inclusive rate of 8.04% fixed in terms of INR

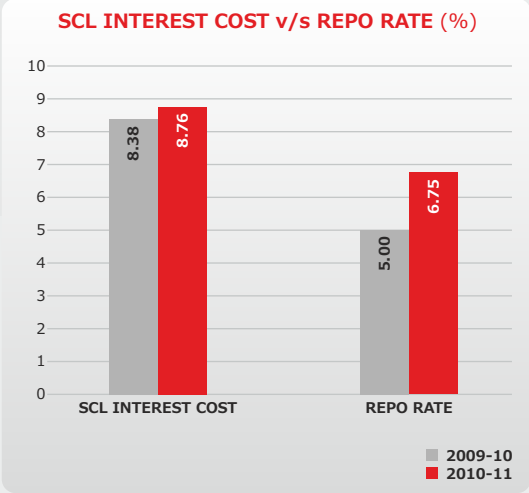
■ The new 300 MW power plant commissioning due in 2011-12 called for urgent augmentation of working capital limits both fund and non-fund based. Rising to the occasion, the company completed syndication of Rs. 400 crore fund based and Rs. 200 crore non-fund based facility in January 2011 from the existing Rs. 200 crore and Rs. 150 crore facilities syndicated in August 2010. This was done well in advance of the commissioning to capitalize on any opportunity of building our imported fuel inventory well in time.

The Repo rate has been increased by 175 basis points in FY 2010-11 by Reserve Bank of India, the company's weighted average cost of borrowing as on date stands at lower than the Base Rate of all domestic banks in India. The Reserve Bank of India has stipulated that no INR funding can be done below the Base Rate declared by the banks. This feat could be achieved by application of a novel resource mobilization strategy without subjecting the company to any adverse foreign currency related risk both for exchange and interest rate.

The proactive action of the finance department could cap the incremental rise in the weighted average cost of funds of the company by only 38 basis points.



Total Debt Position			
As On	Total Debt Amount (Crore Rs.)	SCL Interest Cost	Repo Rate
31.03.10	1943.44	8.38%	5.00%
31.03.11	1880.21	8.76%	6.75%





# SHAREHOLDERS' VALUE

At Shree, we are dedicated to the creation of value for our shareholders. This is reflected in our Internal Rate of Return (IRR) of 25.61% achieved for the period since the inception of the company until the end of the 2010-11 financial year. At Shree, we maintain low dividend payout ratios. Now, this may be seen as not being a perfect situation as many might think that Shree is not sharing its wealth creation with its shareholders. But we beg to differ. Our returns on investments have been consistently higher than the market, which means that the earnings of the Company retained and deployed in Shree’ business activities are generating better returns, than the investments which would have been made from the dividends received by shareholders’. These incremental earnings are reflected in the rising market capitalization of the Company, an indicator to our maximization of shareholder wealth. This is a result of our strategic decisions and investments based on the strengths of an innovative management and leadership style, deep understanding of our businesses and core competencies and an unshakeable focus on sustainable growth. In turn, Shree has gained the trust of its shareholders who know that they have invested their money in a dependable and responsible company.

### Rising Dividends

We have also registered consistent increase in the dividends we distribute to our shareholders. Now, this may seem contrary to the above point but is a necessary act on our

behalf. Our rising dividends are proof that the maximization of wealth which we claim is happening is actually happening with real money being generated and is not money which exists only on paper.

### High Standards of Corporate Governance

Our faith in delivering consistently improved performance is the fundamental driver of the shareholders’ value. At Shree, we ensure that our method of functioning is controlled and directed in ways that are in the best interests of our shareholders. This includes being completely transparent in all our procedures and letting our shareholders know of all major achievements, failures, events and occurrences in our organization. Our level of disclosures through our detailed reporting, financial, non-financial and sustainability are well above the mandatory requirements and communicate truthfully how the Company’s business is being run. We also always endeavor to satisfy the spirit of law in our compliances. The Board of Directors is at the core of our corporate governance practices and oversees how the Management serves and protects the long-term interests of all our stakeholders. In this manner we ensure to meet the ultimate objective of corporate governance i.e. as the management, we should act as the trustees of the shareholders' capital and not as its owners.



### 3 Years' Average Total Shareholder Return (TSR)

	2006-07	2007-08	2008-09	2009-10	2010-11
Opening Price (Three years earlier)	144.00	344.00	910.00	921.00	1148.00
Closing Price	921.85	1079.40	709.15	2300.05	2076.55
Difference	777.85	735.40	-200.85	1379.05	928.55
Add: Cum. Dividend	15.00	19.00	24.00	31.00	37.00
TSR	792.85	754.40	-176.85	1410.05	965.55
TSR %	550.59	219.30	-19.43	153.10	84.11
Avg. TSR %	183.53	73.10	-6.48	51.03	28.04
BSE Sensex Return %	44.49	46.81	-4.80	12.27	7.76

### Internal Rate of Return (IRR)

Particulars	Date	Amount (Mn. Rs.)
Market Capitalisation	18-Feb-85	(154.00)
Debt Conversion	15-Feb-88	(46.00)
Dividend	03-Feb-92	19.97
Dividend	01-Nov-92	25.34
Debt Conversion	20-Nov-91	(7.96)
Shares Issued	04-Mar-93	(126.00)
Dividend	10-Feb-93	26.63
Amalgamation with Shree Leas.	12-Oct-93	(2.40)
Dividend	01-Nov-94	36.94
Dividend	04-Oct-95	49.23
Shares Issued	05-May-95	(190.08)
Dividend	03-Oct-96	61.42
Shares Issued (Rights)	08-Apr-97	(116.12)
Dividend	29-Nov-01	34.84
Dividend	24-Aug-02	34.84
Dividend	12-Aug-03	87.09
Dividend	20-Jul-04	104.51
Dividend	19-Aug-05	139.35
Dividend	04-Aug-06	174.19
Dividend	29-Mar-07	209.02
Dividend	18-Jul-08	278.70
Interim Dividend	05-May-09	174.19
Final Dividend	24-Jul-09	174.19
Interim Dividend	27-Jan-10	174.19
Final Dividend	14-Aug-10	278.70
Interim Dividend	09-Feb-11	209.02
Market Capitalisation at Rs. 2076.55/-	31-Mar-11	72,341.24
IRR		25.61%



# CORPORATE SUSTAINABILITY

### Corporate Sustainability

At Shree, we strongly adhere to our belief in a triple bottom-line approach to sustain ourselves. Any success which does not incorporate the prosperity of the planet we inhabit and the people we live with on it is certain to not last for long. This in a sense is a deviation from the profit driven perfect business model but it is a deviation we are happy to make. Growth and expansion for us alone will mean inviting a day when neither the planet and nor the people on it are left capable of co-existing with us. In other words, our singular growth will lead to our own downfall as it will not be sustainable growth. Therefore along with earnings, earth and every surrounding community are equal deciding factors in any plan and any action taken at Shree. In fact we have integrated the three to such an extent that they are now a constant part of our routine day to day life.

### Green Operations

In the year 2009-11, we had installed Waste Heat Recovery Power Plants with the largest capacity of green power in the global cement industry excluding China. These Green Power Plants (GPPs) as we call them use the heat emissions from our pre-heaters and clinker coolers to generate power. Previously these heat emissions or energy radiations were being wasted as they were released into the atmosphere. In the year in review, GPPs have resulted in approximate savings of 1.05 Lac Tons of petcoke fuel which is the amount of fuel that would have been required to generate the power being generated by waste gases now. This also meant a reduction in CO<sub>2</sub>

emissions by 3,50,064 Tons which would have been emitted had the aforementioned amount of fuel been burnt. There are also significant water savings which were previously used up in the gas conditioning towers for cooling the waste gases before their emission into the atmosphere. Shree is in the final stages of registering these GPPs with the United Nation Framework Convention on Climate Change (UNFCCC) under the Clean Development Mechanism (CDM) section.

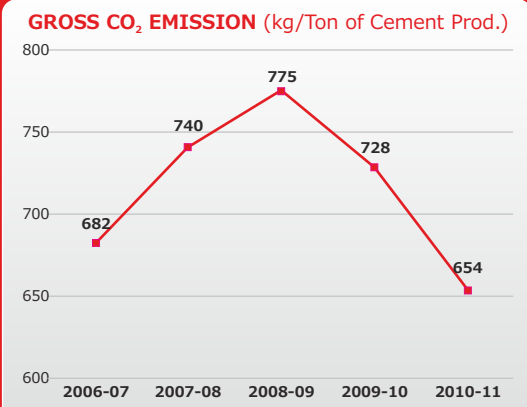
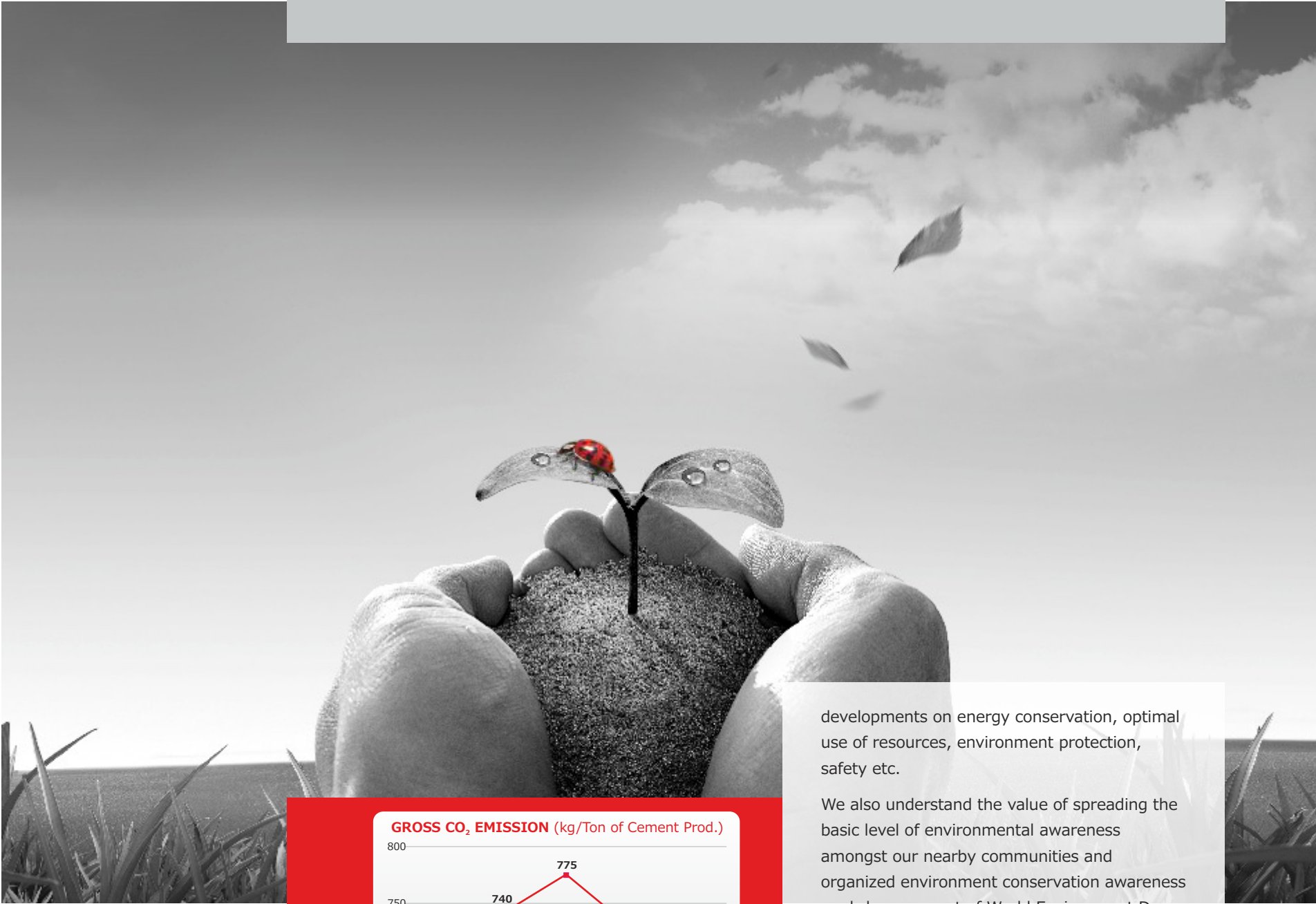
### Natural Advantage

In the financial year 2010-11, we planted more than 50,000 tree saplings which will help in the development of green coverage on the planet and will also aid in providing natural cooling in our surrounding areas.

Additionally, we continued the building and maintaining of rainwater harvesting structures and used our empty mine pits for collecting rainwater. This was a part of our watershed development projects which we implemented in nearby surroundings to counter the problems of water scarcity. These projects also included taking household surveys on water management, installation of rain gauges, keeping well & crop inventories and setting up & training Village Development Committees in livestock management, agriculture development and water management.

### Growing Awareness

We are regular members and participants in many national and international forums where the industry gets together to share ideas and



developments on energy conservation, optimal use of resources, environment protection, safety etc.

We also understand the value of spreading the basic level of environmental awareness amongst our nearby communities and organized environment conservation awareness workshops as part of World Environment Day celebrations on 5<sup>th</sup> June 2010.

### Mamta Project

Through visits in our nearby communities we found that maternal mortality, child mortality, birth control and malnutrition were in significant need of improvement. Shree took up this responsibility and initiated the Mamta



# CORPORATE SUSTAINABILITY

project. We set up Mamta Centres in 7 villages for conducting health clinics and awareness sessions. Education in the concern areas was imparted at these centres by health educators and Govt. ANMs (Auxiliary Nurse Midwife) to pregnant women, mothers of newborns and newly married women. The efforts to improve their health included regular counselling, visits during antenatal and postnatal stages by gynaecologists, free medication, health surveys and identification of high risk pregnant mothers and children. Over 269 pregnant women and 369 children were benefited by the Mamta Project in the year 2010-11.

### Local Infrastructure Development

We constantly seek to improve nearby community infrastructure and assets which helps provide the residents with a better quality of living. In the year 2010-11, we constructed a Community Hall for villagers to assemble and improved the connectivity of village roads. We also carried out major renovation and construction work at the Government Hospital in Beawar which amounted to a cost of around Rs. 31 Lac. Additionally, we provided 250 water tanks to local bodies and Panchayats for making sufficient arrangement of drinking water for all villagers.

### Cultural Diversity

Every year, we host the Sankatmochan Hanuman Temple function which is a step towards promoting cultural diversity. Artistes from different and widespread countries come together on one stage and their eclectic performances give the people in nearby communities a glimpse into the lives and cultures of people across the world. Such expose to unique art forms is rarely available for the nearby communities and they show great response by turning up in large numbers year on year.

### Health & Education

It is our belief that by contributing towards the provision of medical services and education for the communities around our areas of operation, we can greatly aid their sustainable development. Our endeavors to put this belief into action included the setting up of infrastructure at our premises to provide 24x7 free medical services for nearby communities including an ambulance as well as a fully-equipped mobile medical team which distributes free medicines in the surrounding vicinities. Regular health camps, eye camps and AIDS awareness campaigns were also conducted to ensure preventive care and advice and a healthy community overall.

We also celebrated National Girl Child Day and International Women's Day with women equality theme events and awareness sessions. SHREE KI PATHSHALA was set up, which is an education project focussed specifically on girls. We organized a school specific health program for the early detection and treatment of health issues most notably malnutrition and to give students a healthy life that will help in their full focus on academic work. These school health camps, involving 1388 students were conducted in 5 government schools and at the Central Academy School which is inside our premises. Additionally, we made a contribution of Rs. 2 crore to an education society's cause of uplifting the literacy levels and standard of education.

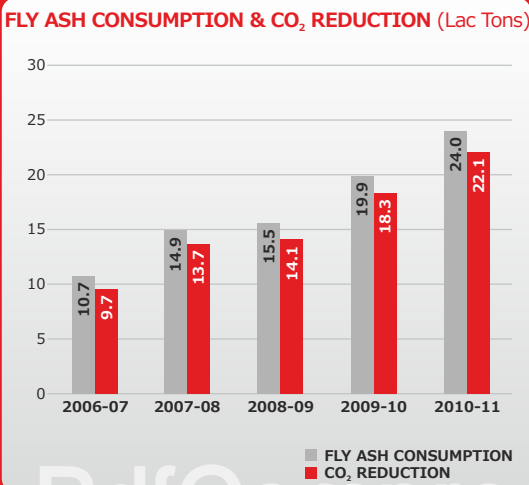
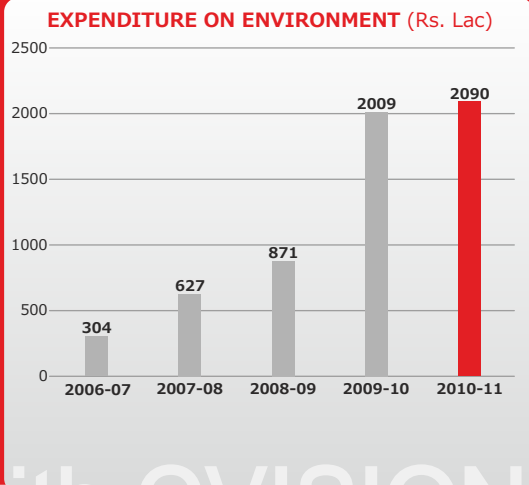
### More Every Time

At Shree, we invest our time and resources in the latest methods and means of environment conservation and management. We have year on year increased our financial support to the environment's cause. This is because we realize that the planet's concerns are growing

alarmingly and not only quick but increased action needs to be taken in order to restore the precarious balance of nature.

We have also increased our consumption of fly ash which means added benefits for the environment. Fly ash is a voluminous waste product of thermal power plants and is not easy to dispose as its light weight means it will spread through air very easily. It must either be dumped in landfills or in ponds or water bodies both of which are detrimental to the planet. By using it more and more each year as a part of our cement manufacturing process, we are increasingly solving this problem of fly ash disposal.

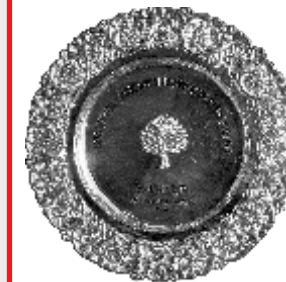
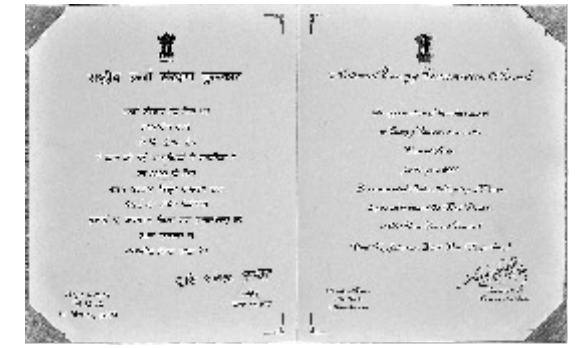
This financial year too, we further reduced the emissions of CO<sub>2</sub> into the atmosphere. Apart from using proper conditioning methods before emitting gases into the air, this results from our increased usage of fly ash which in turn means reduction in the CO<sub>2</sub> emitting clinker generation process.





# AWARDS

- CII-ITC Sustainability Award - 2010 for nurturing innovation, promoting excellence, building trust and contribution towards sustainable future for all
- ICC Sustainability Vision Award 2010 - 11 by Indian Chamber of Commerce for "CSR contributing inclusive growth"
- Golden Peacock Award by Institute of Directors for Climate Security
- FE-EVI Green Business Leadership Award by Financial Express & Emergent Ventures India for Green Business Practices
- National Award for Excellence in Energy Management - 2010 by Confederation of Indian Industry (CII)
- National Award for Excellence in Cost Management - 2009 by The Institute of Cost & Works Accountants of India (ICWAI)
- Greentech HR Excellence Silver Award in best Strategy - 2010
- Best Employer Award by The Employers Association of Rajasthan.





# PROFILE OF DIRECTORS



**Shri B.G. Bangur,**  
Executive Chairman



**Shri H.M. Bangur,**  
Managing Director



**Shri O.P. Setia,**  
Director



**Dr. Y.K. Alagh,**  
Director



**Shri Nitin Desai,**  
Director



**Shri R.L. Gaggar,**  
Director



**Shri Shreekant Somany,**  
Director



**Dr. Abid Hussain,**  
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 an extensive experience in the industry. He is also the 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. Shri Bangur is President of Rajasthan Foundation Kolkata Chapter. He is also Executive Member of FICCI. Shri Bangur was the president of the Cement Manufacturing Association (CMA) during 2007-2009.

**Shri 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 past 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. and Machino Polymer 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. and Scope Vanijya Pvt. Ltd.

**Dr. Abid Hussain,** Director

Dr. Abid Hussain is a retired IAS Officer and former Ambassador of India to United States. He was 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 Nagarjuna Oil Corp. Ltd., GVK Industries Ltd., GVK Taj Hotels & Resorts Ltd., GVK Power & Infrastructure Ltd., Zodiac Clothing Co. Ltd. and Wockhardt Ltd.

**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 Nitin Desai,** Director

Shri Nitin Desai is a well known Economist and has had a long and distinguished career in the Govt. of India and United Nations. Shri Desai is Member of Prime Minister's Council on Climate Change which is coordinating the national action for assessment, adaptation and mitigation of climate change and has set out eight "National Missions" as the way forward

in implementing India's climate change strategy. He is a distinguished Visiting Fellow at The Energy and Resources Institute (TERI), Honorary Professor at the Indian Council for Research in International Economics Relations (ICRIER), Honorary Fellow of the London School of Economics and Political Science, UK. He is connected with the governing bodies of several NGOs and research institutions and also chairs the Governing Body of the Institute of Economic Growth. He is also a Trustee of Worldwide Fund for Nature (WWF) International. Shri Desai worked at senior levels in the Planning Commission from 1973 to 1987. From 1988 to 1990, he was the Chief Economic Adviser and Secretary in the Department of Economic Affairs in the Ministry of Finance.

**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 33 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. He is also a member of Cement Task Force of Asia Pacific Partnership on Clean Development and Climate. He is the President of Rajasthan Cement Manufacturers Association. He is the Chairman of Cement Sub-committee of FICCI. He is also Member of Sectoral Expert Committee for Cement Sector constituted under Perform Achieve & Trade (PAT) Scheme (A part of National Mission on Enhanced Energy Efficiency covered by the Prime Minister's National Action Plan on Climate Change). 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 stakeholders 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 ORGANIZATION”*

### 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 & TWENTY FIVE YEARS HIGHLIGHTS

FIVE YEARS FINANCIAL HIGHLIGHTS

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Production (in Lac MTs)					
Clinker (in Lac MTs)	35.09	46.23	64.18	80.45	74.65
Cement (in Lac MTs)	47.99	63.37	77.65	93.72	94.28
Sales (Clinker & Cement)(in Lac MTs)	49.43	66.05	84.50	102.47	102.65
Sales (Power)(in Lac units)	-	-	1171.23	2635.93	6214.46
Energy Consumption					
Power (Kwh / PT Cement)	73.87	79.35	76.72	75.25	79.26
Coal (% of Clinker)	11.73	11.34	10.75	10.64	11.74

Rs. in Lac

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Sales - Gross	161314.44	244032.08	309159.96	401408.60	393778.94
Other Income	2127.33	7683.91	3914.91	7583.79	4677.07
Total Income	163441.77	251715.99	313074.87	408992.39	398456.01
Operating Expenses (inc. Excise Duty)	102342.04	157791.11	213810.97	251157.20	305215.21
Operating Profit	61099.73	93924.88	99263.90	157835.19	93240.80
Interest	1037.37	5329.64	3341.11	7658.07	9782.62
Profit before Depreciation & Tax	60062.36	88595.24	95922.79	150177.12	83458.18
Less: Depreciation & Amortisations	43305.33	47875.86	20538.70	57042.98	67575.94
Less: Exceptional items	(2123.73)	3888.46	3093.05	6342.85	4847.41
Profit before Tax	18880.76	36830.92	72291.04	86791.29	11034.83
Tax (including FBT)	8451.75	12265.32	13686.98	19382.66	(3949.88)
Deferred Tax	(7271.22)	(1471.60)	807.12	(201.40)	(5985.34)
Profit after Tax	17700.23	26037.20	57796.94	67610.03	20970.05
Basic and Diluted EPS (in Rupees)	50.81	74.74	165.91	194.07	60.19
Cash EPS (in Rupees)	154.24	207.94	227.18	369.77	236.99
Investment (Gross Block + CWIP)	200109.31	220525.90	273480.44	391828.07	506990.31
Net Block*	49895.10	75995.86	62685.57	75195.38	116705.76
Shareholders' Fund*	45454.52	67280.53	121001.69	183323.97	198617.53
Total Capital Employed*	138591.37	200350.35	270617.02	393947.74	399407.54
Return on Net Worth (%)	24.06	36.51	48.43	36.77	7.54
Return on Avg. Capital Employed (%)#	39.29	24.88	32.12	28.42	5.25

\* Excluding Revaluation Reserve  
# Return on Average capital employed has been calculated after adding additional depreciation.  
Figures have been regrouped / rearranged wherever necessary

TWENTY FIVE YEARS HIGHLIGHTS

Year		Clinker Production Lac MT	Cement Production Lac MT	Cement Sales Qty. Lac MT	Sales Value (Gross) (in Rs. Lac.)	Net Worth (in Rs. Lac.)	Book Value (Rs. per share)
1985	(8 Months)	2.60	2.77	2.67	2815.58	1546.37	10.11
1990-91		7.70	8.86	8.87	13454.55	3210.16	16.05
1995-96		8.88	8.62	8.68	20765.88	13487.43	46.46
1996-97	(15 months)	10.79	11.85	11.62	25112.19	18202.76	52.25
1997-98		14.36	17.26	16.62	34278.00	19056.86	54.70
1998-99		19.45	20.44	20.91	44214.50	19654.48	56.42
1999-00		22.85	23.12	23.10	48456.13	21939.14	60.82
2000-01		21.13	23.83	24.00	55460.48	24705.98	66.61
2001-02	(9 months)	16.25	18.06	18.02	39721.69	21560.59	57.58
2002-03		22.85	27.47	27.25	58242.94	22239.73	63.84
2003-04		22.94	28.41	28.41	60692.88	25138.28	72.16
2004-05		24.83	30.16	30.61	72302.60	28948.89	83.10
2005-06		27.71	32.20	32.03	82412.79	29629.67	85.05
2006-07		35.06	47.99	48.33	161314.44	45454.52	130.48
2007-08		46.23	63.37	63.34	244032.08	67280.53	193.13
2008-09*		64.18	77.65	77.36 \$	309159.40 \$	121001.69	347.33
2009-10*		80.45	93.72	92.71 \$	401408.60 \$	183323.97	526.23
2010-11*		74.65	94.28	93.38 \$	393778.94 \$	198617.53	570.13
Absolute No. of Times	25 Years	19.11 #	22.66 #	23.35 #	93.24 #	128.44	56.37
	20 Years	9.69	10.65	10.52	29.27	61.87	35.52
	15 Years	8.41	10.94	10.76	18.96	14.73	12.27
	10 Years	3.53	3.96	3.89	7.10	8.04	8.56
	5 Years	2.69	2.93	2.92	4.78	6.70	6.70
CAGR	25 Years	12.53% #	13.30% #	13.43% #	19.89% #	21.44%	17.50%
	20 Years	12.03%	12.55%	12.49%	18.39%	22.91%	19.54%
	15 Years	15.25%	17.29%	17.17%	21.67%	19.64%	18.19%
	10 Years	13.45%	14.74%	14.55%	21.65%	23.17%	23.95%
	5 Years	21.92%	23.97%	23.87%	36.73%	46.30%	46.30%

\* Sales value includes amount of power sale.  
\$ Excluding Cement used for Captive Consumption  
# For calculating the Return in Absolute No. of Times and CAGR, figures for 1985 have been annualised.  
Note: 1. Net Worth is net of revaluation reserve.  
2. Figures regrouped and rearranged wherever necessary.



DIRECTORS' REPORT AND  
MANAGEMENT DISCUSSION AND ANALYSIS

The Members,  
We have pleasure in presenting this Annual Report of the company for the year 2010-11.

Financial Results

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

Rs. in crore except per share data			
Particulars	2010-11	2009-10	+ / - %
Net Sales	3511.87	3,632.12	-3.3%
Other Income	46.77	75.84	-38.3%
Total Revenue	3558.64	3,707.96	-4.0%
Operating Expenditure	2626.23	2,129.61	23.3%
Earning before Interest, Depreciation and Taxes (EBIDTA) (before exceptional items)	932.41	1,578.35	-40.9%
Interest	97.83	76.58	27.7%
Earning before Depreciation and Taxes (before exceptional items)	834.58	1,501.77	-44.4%
Depreciation	675.76	570.43	18.5%
Earning before Taxes and Exceptional Items	158.82	931.34	-82.9%
Exceptional Items	48.47	63.43	-23.6%
Earning before Taxes	110.35	867.91	-87.3%
Taxes:			
Current Tax	21.71	208.85	
Deferred Tax	-59.85	-2.01	
MAT Credit Entitlement	-2.13	-	
Prior Period Tax (Net)	-58.74	-14.76	
Fringe Benefit Tax of Earlier Years Written Back	-0.34	-0.27	
Earning after Taxes	209.70	676.10	-69.0%
Earning Per Share (EPS)			
Basic and Diluted	60.19	194.07	-69.0%
Cash	236.99	369.77	-35.9%
Appropriations:			
Interim Dividend @ Rs. 6/- per share & Final Dividend @ Rs. 8 per share on Equity share (Previous year Interim Dividend @ Rs. 5/- per share & Final Dividend @ Rs. 8/- per share on Equity share)	48.77	45.29	
Tax on dividend distribution	7.99	7.59	
Transferred to Debenture Redemption Reserve	125.00	75.00	
Transferred to General Reserve	25.00	220.00	

Dividend

The Directors are pleased to recommend a final dividend @ Rs. 8/- per share. Together with interim dividend of Rs. 6/-per share, total dividend for the year 2010-11 would be Rs. 14/- per share. (Previous year total dividend amounted to Rs. 13/- per share). The total outgo on dividend payment for the current financial year amounts to Rs. 56.76 crore including Dividend Distribution tax of Rs. 7.99 Crore as against Rs. 52.88 crore including Dividend Distribution tax of Rs. 7.59 Crore in the previous year.

Economic scenario and Outlook

The Indian economy has continued its recovery in 2010-11, recording one of the high growth rates in the world and climbing back to near pre-crisis levels of 2007-08. Higher farm output as a result of better than normal monsoon, rising domestic demand and increasing foreign inflows enabled the economy to achieve 8.6% growth in 2010-11 against 8.0% recorded during 2009-10. The growth in 2010-11 was broad based with Agriculture growing at 5.4% against just 0.4% in previous year. The other two sectors, Industry and services recorded a growth of 8.1% and 9.6% in 2010-11 vis a vis 8.0% and 10.1% respectively in previous year.

Infrastructure sector relatively didn't do as well. The index for six core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) grew by 5.7% during 2010-11, as compared to 5.4% achieved in 2009-10. High inflation remains a concern for attaining sustainable economic growth. The average WPI inflation rate for 2010-11 was 9% as compared to 3% during 2009-10. The geopolitical instability in some of the African and Middle East countries and economic revival in the both developing and developed economies have led to surge in prices of energy products. This may fuel inflation putting added pressure on economic growth. There is considerable uncertainty in 2011-12 with major economies including India trying to sustain growth process but also contain inflation. Interest rates have risen in India and more increases are expected.

Cement Industry Developments and Outlook

Cement industry added new capacity of over 25 Million Tons Per Annum (mtpa) this year and achieved the projected target capacity of 298 mtpa set by Planning Commission for XIth Plan, one year in advance. Cement demand has not kept pace with additional supply resulting in demand - supply mismatch and low capacity utilization. Cement consumption recorded a muted growth of 4.7% reaching to 207 million tons. This was the lowest growth recorded in cement demand since 2003-04.

Low cement demand during the year adversely impacted the cement prices. Realizations of all cement companies tumbled. The industry also had to withstand sharp increase in price of fuel resulting in high power &

fuel costs. The cost of some raw materials viz Gypsum and Fly ash increased during the year. Simultaneous pressure on revenues and input costs adversely impacted the margins of the cement companies.

The outlook for next 6 to 8 quarters for cement industry continues to remain sluggish with over capacity exerting pressure on prices. Fuel prices also continue to remain at higher levels impacting the cost of production adversely. Increasing Government thrust on infrastructure, affordable housing and rising housing demand may lead to early recovery but rising interest rate would dampen investment demand.

Power Market outlook

Indian power sector is characterized by high demand supply gap. During 2010-11, India faced energy deficit of 7.5% with peak deficit at 10.3%. With increasing incomes and changing lifestyles, the power demand is expected to increase. Poor project execution and inefficient state controlled generation also aggravated the deficit. With regulatory changes and increasing private sector participation, the sector is witnessing improvement in capacity addition and generation.

Buyers in the power market are mostly State sector distribution utilities. These utilities make most of their power purchase arrangements on long term basis and meet the deficit through short term procurements (upto 1 year) through bilateral transactions with merchant power plants and power exchanges. While the long term power rates are driven by Power Purchase Agreements and thus remain stable, the short term rates depend on the prevailing market conditions and therefore exhibit high volatility. During 2010-11, the short term rates were high during 1st quarter but thereafter dipped as a result of good monsoon, imposition of power cuts by some state utilities and higher generation from hydro power plants. Tight monetary policy pursued in the wake of runaway inflation further eroded the purchasing power of the state utility distributors.

The demand supply equilibrium should favor the generating companies. Fuel security both in terms of cost and quantity shall remain a major challenge. The mid term appraisal of the XI Plan points out that while technical losses of the power utilities have decreased, financial losses are rising. It has also expressed concern at slow progress in effective electricity trading environment and market.



Performance Highlights

Company's performance during the year 2010-11 vis a vis 2009-10 was as hereunder:-

Particulars	Unit	2010-11	2009-10	+ / - %
Cement + Clinker Sale	Lac Tons	102.7	102.5	-
Power Generation	Million Units	1240.0	998.5	24%
Power Sale	Million Units	621.4	263.6	136%
Turnover:	Rs Crore	3511.9	3632.1	-3%
EBIDTA	Rs Crore	932.4	1578.4	-41%
EBIDTA Margin to Turnover	%	26.6%	43.5%	
Net Profit	Rs Crore	209.7	676.1	-69%

Cement:

The performance of the Company was affected during the year on account of low cement demand growth and increase in input costs. The demand in the North India market dipped during the year to 4.6% vis a vis 11% achieved in the previous year. There has been significant capacity addition over last 2 years resulting in surplus capacity. The surplus capacity with low growth in cement demand caused a 7% decline in sales realization of the Company. Fuel prices also witnessed a sharp rise leading to increase in its power and fuel cost. Gypsum and fly ash cost also increased. As a result, the operating margins of the Company dipped during the year resulting in drop in profits.

Power:

The sale of power was affected during second and third quarter because of the good monsoon and low merchant tariffs. As a result, the unit tariff of the Company showed a decline of 26%. Overall, total contribution of power business to the company's turnover rose by 44.06% to Rs. 254.92 crores against Rs. 176.95 crore in the previous year.

Power Trading:

Company commenced power trading activities also during the year. It has clocked power trading and banking deals for 417.69 Million Units during the year. Company was able to utilise various trading channels like trading through bilateral deals and exchange platform, banking of power etc. It provided a variety of services to its customers thereby adding several reputed entities to its list of clients. The power trading activities also helped Company in better managing the power sale from its own power plants.

New / Expansion Projects

During the year, Company made another World record by setting up 1 million ton Clinkerisation unit (Unit VIII) at Bangur City, Ras in 330 days against the industry average of around 630 days. This feat breaks the World Record made by Company itself earlier in year 2009 of 367 days. Company also commissioned a clinker grinding Unit of 1.5 mtpa at

Jobner near Jaipur in Rajasthan. The grinding units at Suratgarh in Rajasthan and Haridwar in Uttarakhand established last year have stabilized. With these grinding units, the cement capacity of the Company has increased to 13.5 mtpa.

Activities on its upcoming 300 MW (2 x 150 MW) power plant are in advanced stage of completion. The 1<sup>st</sup> unit of 150 MW is expected to come up by second quarter and the second unit by third quarter of 2011-12. Company is installing Air Cooled Condenser in these power plants- largest such installation in India. With completion of this project, the total power generation capacity of the Company will reach 560 MW from present 260 MW. Company has also placed order for adding one more Waste Heat Recovery boiler for utilizing waste heat generated from its clinker unit VIII at Ras which is expected to be completed by June 2012.

Company is actively working on increasing its cement capacity further and to venture into other geographical regions in India. It has already acquired mining lease for limestone in the states of Chhattisgarh and Karnataka and is in the process of completing land acquisition at both the locations. It is confident of attaining cement capacity of 20 million tonnes per annum by 2016-17 from internal accruals and/or debt.

Information Technology

Company is utilizing advanced technology for enhancing its competitive edge. It has deployed remote surveillance system which enables the management to keep track of progress of power project activities on real time basis from its office. An Operator Independent Truck Despatch System (OITDS) was deployed for automating the movement of limestone carrying Trucks at Ras mines for the first time in Cement Industry resulting in improved efficiency of the mines.

Company made its ERP suite more productive, pro business intelligence and employee friendly through integration with SMS services, providing online platform for various activities. Company celebrated the year 2010-11 as "IT Awareness Year" under which extensive IT trainings were imparted to all employees including senior executives to enhance their IT knowledge which has helped them increase their work efficiency. Company is constantly working on Next Generation Technology like Virtualization and Cloud Computing to improve the quality of services for users.

Internal Control

Your Company remains committed to ensuring an effective and comprehensive internal control system. Company has an Internal Audit department and has also engaged the services of a professional firm to carry out internal audit spanning all production units and functions. All business processes are covered in the audit process and controls are continually reviewed and strengthened. Business as well as process risks, if any, are dealt with immediately and adequately addressed.

The control systems are regularly reviewed by the functional heads who are required to certify the effectiveness and adequacy of the

systems. All significant audit observations and follow-up actions thereon are reported to the Audit Committee which reviews the adequacy and effectiveness of the internal control environment and monitors implementation of audit recommendations.

Research and Development

Company has strong R&D focus with a dedicated team of professionals who regularly undertakes new initiatives aimed at improving quality and energy efficiency, utilizing alternative fuel and raw materials, new product development and resource optimization.

Sustainability - Triple Bottom-line approach

Company's approach to sustainability encompasses the triple bottomline approach of measuring business performance against the three aspects of people, planet and profit all of which carry equal importance to achieve overall growth. Company has undertaken several measures towards conservation of natural resources, climate change and environment management and to run its operations in a way which enhances the overall prosperity of its stakeholders.

**Environment Management** - Company has adopted a structured approach to environment management which encapsulates measurement of impact, identification of remedial measures and implementing the same as well as continual improvements thereon. This structural approach has ensured that environment management is recognized as one of its key parameter in all business decisions. Some of the accomplishments of the company in Environment management included saving of petcoke fuel equivalent to approx. 1.05 Lac ton through successful operation of Waste Heat Recovery Power plants, saving of water to the tune of approx 0.68 million kilo liters at its Beawar power plant through replacement of Water Cooled Condensers by Air Cooled Condensers (ACC) and plantation of more than 50000 tree saplings for increasing the green cover. Realizing the need for water conservation in the water deficient status of its area of operations, Company decided to implement ACC in its 300 MW power project also. Several rain water harvesting structures have been constructed to recharge the ground water in the surrounding areas of Company's operations.

The Waste Heat Recovery power generation plants have enabled saving of 350064 Ton CO<sub>2</sub> emission. Company is in advanced stage of registering these projects with United Nation Framework Convention on Climate Change (UNFCCC) under the Clean Development Mechanism (CDM). Company actively participated at various global forums which are working on various initiatives on matters relating to energy conservation, optimal use of resources and environment protection etc. Company also celebrated World Environment Day on 5th June 2010 and organized workshops to create awareness about environmental safety & management, conservation of natural resources and reduction in pollution.

Social Aspect - Corporate Social Responsibility

The Corporate Social Responsibility activities at Shree are aimed at creating sustainable livelihood capabilities and increasing the level of prosperity of the local community. For this, Company has undertaken several measures for providing health and education facilities, infrastructure support to the local community and other welfare activities. Notable measures taken by the company in its endeavor towards social upliftment are:

**Health** - Company provides 24x7 free medical services at its premises as well as free ambulance and fire fighting services to the people in its local community. It also provides medical services through fully equipped mobile medical team which visits the nearby villages on a regular basis and distributes free medicines. Shree also conducts health camps, eye camps and AIDS awareness campaign from time to time.

**Education** - Company contributed Rs. 2 crore to an Education Society which is engaged in upliftment of the literacy level and standards of education. The Company's contribution shall help the Society in furthering its objectives. Shree has also undertaken an education project "SHREE KIPATHSHALA" for drop out or non-school going girls in nearby areas of its operations. It has established rural library at nearby villages to help villagers develop reading habits. It organized workshop for school children to advise them about career choices. Company supported an NGO for providing notebooks on subsidized rates to under privileged children. It also contributed financially for sports equipment and celebrating Children Day, Republic Day, Independence Day etc.

**Infrastructure** - Company constructed cement concrete road, ward and prayer hall at Government Hospital Beawar at approx. cost of around Rs. 31 lacs. It also provided around 250 water tanks to local bodies and Panchyat for arranging drinking water. It constructed hygiene and sanitation facilities at schools in the nearby villages and created passenger facilities at local bus stand.

**Women Empowerment** - National Girl Child Day and International Women Day was observed on 14<sup>th</sup> January and 8<sup>th</sup> March 2011 respectively in nearby villages in which theme based folk media programmes were organized on the subjects of girl child education, right age of marriage, gender discrimination. Around 300 people participated in the programs.

**Cultural participation** - To promote cultural harmony among people, company regularly supports various religious and social programmes. One such program where Shree makes its contribution is "Teja Mela" a local fair which is celebrated with a wide participation from local community. The celebration of annual Sankatmochan Hanuman Temple function is also another cultural promotion activity which Shree carries out every year. Artistes from different countries are invited to give their unique art performances and exhibit their culture. Large numbers of people from local community come and enjoy these performances and also get acquainted with different cultures.



Occupational Health and Safety

Company has well defined health and safety policies which are widely circulated internally to ensure appropriate attention to health and safety hazards and to build a safe working environment. All the plants have medical facilities with qualified doctors. Annual medical checkup is mandatory for all employees. Training related to safety aspects is provided to all employees prior to engaging them. During the year, 328 safety training programs were conducted. Company motivated its contractors also to adopt similar Occupational Health and Safety practices while engaging them for Company work. There is a system of monthly review of the activities done in the area of health, hygiene and safety and to address challenges in these areas. Regular personal development sessions like “Art of living” etc. are also conducted with a view to maintain work life balance.

Human Resources

Company strives to provide a fair, meritorious and competitive work environment to attract and nurture best talents and provides them with a work environment which is conducive to both professional and personal growth. 63041 man hours of training was imparted during the year which works out to 19 manhours per employee. Around 150 people were provided with multiskills training programmes to help them acquire cross functional expertise and use it through job enlargement and increased responsibilities. Around 800 employees were recruited during the year across various skill categories. Various schemes were introduced to enhance overall employee working environment. Company introduced “Mentoring the Mentors” scheme wherein specific employees were identified to act as mentors for new comers and assist them in their initial period in the company. Company follows a policy of encouraging youth by giving them higher and challenging responsibilities and open work environment. With average age of employees at 35.61 years, the Company is reckoned as a young organization. The year 2010-11 was celebrated as “Youth Year”. Its employee base has a blend of professionals which constitutes nearly 30% of total strength. Company has developed a unique “Shree family culture” which binds its people together and keeps them happy. As a result, their engagement level in the company is also very high. In recognition of its excellent human resource management which rests on work-life balance, the company was awarded the “Greentech HR Excellence Silver award in best Strategy-2010.” Company’s HR policy is targeted towards total prosperity management. Its innovative HR practices and family culture, promotion of youth, better compensation and avenues for merit based growth are some measures which has helped it attract and retain best talent in the industry. Total number of employees as on 31.3.2011 was 3645.

Corporate Sustainability Report

Company issued Corporate Sustainability Report, independently assured by Ernst and Young, for the year 2010 highlighting the work it has done across the three dimensions of the triple bottom line. Your Company has followed the highest level 'A+' for reporting the 'triple bottom line' performance.

**Risks and Concerns**

Company has incorporated a Risk Management Framework to facilitate identification and effective addressal of all its business risks. As part of this framework, board members are regularly apprised of the risk assessment and mitigation procedures. Key Risks identified by company are as below:

**Over capacity in cement** - Already the cement industry is feeling the pressure of over capacity which has impacted realizations and operating margins during the year. With more capacities coming up, these concerns persist in future as well. However, company believes that consistently increasing cement demand will be able to match the increased supplies in the medium to long term.

**Volatility in Power Sale prices** - Company is expanding its power capacity for merchant sale purpose. As merchant power market has high price volatility, company is exposed to volatile power price movements. Company actively manages this risk by keeping a close eye on market movements. Company has its own trading division which helps it track market movements and sell power with different parties.

**Input cost rise** - Cost of fuel for cement production as well as for power generation has increased significantly during the year. Cost of raw materials such as Gypsum and Fly Ash has also increased during the year. Transportation cost has also risen as a result of rising diesel prices. Your Company is adequately geared to meet these challenges through utilization of alternate raw material and fuel sources, increased energy efficiency and better logistics management.

**Currency risk** - The exchange rates of Indian currency vis a vis foreign currencies are volatile which exposes the Company to forex risk on its foreign currency borrowings and Letter of Credits (L / Cs) for imports. Company, as a policy, hedges all its foreign currency borrowings through appropriate forward covers and swap instruments. All imports under letter of credit (barring some short duration or small amount L / Cs) are also hedged through appropriate forward cover.

**Govt. Policies** - Macro policies including interest rate policies of the Government will impact investment demand.

**Awards & Recognitions**

Company continued to be recognized and appreciated at various forums of repute for its efforts to consistently implement and follow best practices in the field of Corporate Governance, Environment Management, Energy Efficiency, Human Resources, Information

Technology, Safety etc. Notable among them are National Award for Excellence in Energy Management 2010 from the Ministry of Power, CII-ITC Sustainability award, Golden Peacock Award for Climate Security 2010 and Greentech HR Excellence Silver award in best Strategy-2010.

**Directors**

Dr. Y.K. Alagh and Shri Shreekant Somany, 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.

Shri Amitabha Ghosh has ceased to be a Director of the Company w.e.f. 27<sup>th</sup> May, 2011. Shri Nitin Desai has been appointed as Additional Director of the Company w.e.f. 27<sup>th</sup> May, 2011.

**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 31<sup>st</sup> March, 2011 and in case of material departures, proper explanation has been given in the Accounts and notes thereon.
- Such accounting policies (as mentioned in the Notes to the Accounts) have been selected and applied consistently, and that the judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March, 2011 and of the profit of your Company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of 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. They have confirmed their eligibility under section 224 of the Companies Act, 1956 and willingness for re-appointment as Statutory Auditors of the Company.

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

The observations of the Auditors' in their report are self explanatory and, therefore, do not call for any further comments of the management on the observations of auditors.

**Cost Audit**

Pursuant to the 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 2010-11.

**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.

**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 this 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 thank and express their gratitude to various stakeholders i.e. customers, dealers, suppliers, transporters, advisors, local community etc. for their committed engagement with the Company. 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 Directors further express their deep sense of gratitude to the Shareholders for your confidence, faith and trust in the Company.

Your Company's consistent growth has been made possible only through the dedication and support of all the above stakeholders and we expect this support and confidence to keep growing.

For and on behalf of the Board

Place: Kolkata  
Date: 27<sup>th</sup> May, 2011

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 31<sup>st</sup> March, 2011

EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN RS. 60,00,000/- 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)

1.

Bangur B.G., Executive Chairman, 128603948, B.Com, 77, 58, 13.08.1992, Hasting Mill, A division of Shree Digvijay Cement Company Ltd., Chief Executive (Production and Development)
2.

Bangur H.M., Managing Director, 43603621, B.E. (Chemical), 59, 33, 01.01.1992, Shree Digvijay Cement Company Ltd., Financial Advisor
3.

Singhi M.K., Executive Director, 35716368, B.Sc., LLB., FCA, 59, 33, 17.01.1995, Rajshree Cement- A unit of Indian Rayon & Industries Ltd., Sr. Vice President (Commercial)
4.

Bangur Prashant, Executive Joint President, 10633336, B. Sc., MBA, 31, 07, 22.06.2004 - -
5.

Bhandari Ashok, Chief Finance Officer, 10174076, B.Sc. (Hons.), FCA, 58, 33, 01.04.1990, PT Indo Rama Synthetics, Vice President (Finance)
6.

Payal Diwakar, Jt President (Marketing), 10235459, B. Tech., PGDM, 53, 29, 23.10.2001, Gujrat Ambuja Cements Ltd., Vice President (Marketing)
7.

Chhangani P.N., Jt. President (Works), 6934666, B. Sc. (Chemical Engg), 51, 28, 03.04.2006, Holtec Consulting Pvt. Ltd., General Manager
8.

Wadhawa Vinay, Sr. Vice President (Marketing), 8784626, B.A. (Hons.), M.B.A. (Marketing), 55, 30, 01.12.2006, Binani Cement Limited, Executive Vice President (Marketing)
9.

Verma Kuldeep, Sr. Vice President (Marketing), 7936968, B.Com, M.B.A, 54, 30, 20.07.2009, ACC Ltd., Head Product Innovation & Large Buyer Business
10.

Sharma M.M., Sr. Vice President (Projects), 6743985, B. Sc. (Mech. Engg), 61, 38, 15.06.1992, U. P. State Cement Corporation Limited, Manager (Maintenance)
11.

Bhalla Arun, Chief Executive (Power Business), 6813033, PGD (Marketing & Sales Management), 60, 36, 15.02.2010, PTC India Ltd., Executive Director

EMPLOYED FOR THE PART OF THE FINANCIAL YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN RS. 5,00,000/- 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)

1.

Tripathy P.K., Jt. President (Works), 4939613, B. Sc. (Chem. Engg), 53, 28, 03.04.1997, Aditya Cement, Sr. Manager (Technical Cell)

NOTES:

- i)

All appointments are contractual and terminable by applicable notice period as per contractual terms.
- ii)

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.
- iii)

Other terms and conditions are as per Company's Rules.
- iv)

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.
- v)

Shri B.G. Bangur and Shri H.M. Bangur belong to promoters group. Shri Prashant Bangur, Executive Joint President also belongs to promoters group. Except them, no employee was holding voting right of 2% or more of the company along with 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 31<sup>st</sup> March, 2011.

A. Conservation of Energy

a) Measures taken for conservation of energy:

1.

Installation of diesel firing system at TAD outlet to heat Calcliner string.
2.

Installation of double flap valve in the Raw mill reject system instead of vibro feeder.
3.

Installation of control valve in HP-1 drip line of one of the TGs at Ras, which lead to increase in drip temperature.
4.

All the BFP's of power plant at Ras put in Auto mode.
5.

Removal of discharge Damper of ID fan of some Boilers of Power Plant.
6.

Exhaust duct spray system installed to reduce the heat load in TGs.

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

1.

Re-orientation of Kiln string down comer duct at Beawar to reduce pressure drop.
2.

Modification / upgradation of the existing Raw mill / kiln ESP's at Ras.
3.

Modification of Waste heat recovery boiler at Beawar to reduce pressure drop across it and saving in power.
4.

Installation of VFDs at various locations.
5.

Installation of separate fan at AQC boiler outlet at Beawar.
6.

Final Super heater of all AQC boilers in WHR Power plants at Ras to be split in two parts to accommodate the de super heater in between.
7.

Helium Leak Detection test for turbine exhaust duct to ACC with one TG at Ras.
8.

HP / LP Heaters dummy tubes to be replaced with new tubes in Power Plant at Ras.

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

The measures stated in points (a) and (b) above, have resulted in saving of energy used, both thermal and electrical as well as improvement of quality of cement and overall productivity.

d) Total energy consumption and energy consumption per unit of 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

a) 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. Company is exploring new opportunities of clinker and cement exports continuously.

b) Total Foreign Exchange used and earned:

	Current Year ended 31.3.2011	Previous Year ended 31.3.2010
Used	56655.62	39400.65
Earned	3129.15	1139.76

Rs. in Lac



ANNEXURE-II

Form - A (See Rule 2)  
Form of Disclosure of Particulars with respect to Conservation of Energy

(A) Power and Fuel Consumption

Particulars	2010-11	2009-10
<b>1. Electricity</b>		
<b>a) Purchased</b>		
<b>i. From grid</b>		
Unit (Lac Kwh)	653.32	195.23
Total amount (Rs. In Lac)	3044.05	863.91
Rate / unit (Rs.)	4.66	4.42
<b>ii. From Energy Exchange</b>		
Unit (Lac Kwh)	669.90	343.11
Total amount (Rs. In Lac)	2613.81	1591.73
Rate / unit (Rs.)	3.90	4.64
<b>b) Own Generation</b>		
<b>i. Through Diesel Generators</b>		
Units (Lac Kwh)	3.53	3.89
Unit per Ltr. of Diesel	2.78	3.29
Cost / unit (Rs.)	16.13	9.14
<b>ii. Through Steam Turbine / Generators</b>		
Units (Lac Kwh)	12400.29	9984.81
Unit per Kg. of Fuel	2.45	2.56
Cost / unit (Rs.)	2.40*	1.84*
<b>2. Coal and other fuels</b>		
<b>a) Used in Kiln &amp; Calciner</b>		
Quantity (in lac MT)	8.77	8.56
Total cost (Rs. In Lac)	57771	40925
Average rate per MT (Rs.)	6589	4779
<b>b) Used in Steam Turbine / Generators</b>		
Quantity (in Lac MT)	5.06	3.90
Total cost (Rs. In lacs)	26237	15343
Average rate per MT (Rs.)	5181	3934

(B) Consumption per unit of production

Particulars	Standard (if any)	2010-11	2009-10
Product : Cement			
Unit : MT			
Electricity (Kwh /MT of Cement)	75 – 100	79.26	75.25
Coal (% of Clinker)	15	11.74	10.64

\* Cost per unit of own generation (through steam turbines/ generators) has been worked out considering power generated from waste heat recovery plants also.  
Note: 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 activities carried out by the company
- R & D projects have been taken up for new product development, high performance and value added product, use of residual resources and nano particles, improve the energy efficiency, diagnostic studies of wastes for use in raw material, fuel and blending material and optimization of quality & process parameters. Few initiatives are given below:
- a) Preparation of low energy cement at lab scale.

b) Developed second generation of performance improver.

c) Enhanced the performance of castable with additive.

d) Reduction of energy consumption through energy audit.
2. Benefits as a result of above R & D
- a) Resource Sustainability.

b) Quality improvement.

c) Reduction in production cost.

d) Increase in energy efficiency.
3. Future plan of action
- a) Continuous efforts to use alternative fuel and raw materials to conserve the natural resources.

b) Formulation of composite cement.

c) Industrial Farming of Algae Biomass.

Particulars	2010-11	2009-10
Capital Expenditure (Rs. in Lac)	123.07	1787.83
Recurring Expenditure (Rs. in Lac)	830.97	638.70
Total Expenditure (Rs. in Lac)	954.04	2426.53
Total R&D Expenditure as a percentage of turnover (In %)	0.30	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, improving life of refractory, pollution control, resource sustainability, up-gradation and use of residual resources etc.
- Various efficient cement and power plants of World are also visited by Company's executives. They participated in different seminars and workshops like NCB, MBEE etc. Company is a member of various global and domestic forums that are working on debating climate change, few of them are 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. Company is also the leader of Cement Task Force set up by Bureau of Energy Efficiency, Government of India. Company has made continuous energy reduction efforts which include installation of high energy efficiency fans, VFDs etc.
2. Benefits derived as a result of above efforts
- a) Learning 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	-
b) Year imported	-
c) Has technology been fully absorbed?	-
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 31<sup>st</sup> March, 2011, 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)

Place: Kolkata  
Date: 27<sup>th</sup> May, 2011

(**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 management serves the short and 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.

Governance Structure

Corporate Governance Structure of the Company is enumerated below:

- i) **Board of Directors:** The Board of the Company has been entrusted to play a vital role in ensuring good governance and for creating shareholders' value. The Board has democratic style of functioning and its role, functions, responsibility and accountability are clearly spelt out and defined. The primary role of the Board is fiduciary in nature and is responsible for creating and enhancing shareholder value of the members of the Company and carrying its sustainability agenda.
- ii) **Committee of Directors:** The Board has constituted four main committees of its Directors viz Audit Committee, Shareholders' & Investors' Grievances Committee, Nomination cum Remuneration

The details of the attendance of each Director at the Board Meetings held during the year 2010-11 and Directorship, Membership / Chairmanship in Board Committees of other Companies are as under:

Name of Director	Category	No. of Board Meetings of the Company attended in 2010-11#	Whether attended last AGM held on 14 <sup>th</sup> August, 2010	No. of other Directorship held as at 31.3.2011*	No of Membership / Chairmanship held in Committees of other Companies as at 31.3.2011**	
					Member	Chairman
Shri B.G. Bangur	Executive Chairman	4	Yes	4	-	-
Shri H.M. Bangur	Managing Director	4	Yes	-	-	-
Shri R.L. Gaggar	Independent and Non-executive	2	No	10	7	-
Shri Shreekant Somany	Independent and Non-executive	2	No	5	-	-
Shri O.P. Setia	Independent and Non-executive	4	Yes	-	-	-
Dr. Abid Hussain	Independent and Non-executive	3	Yes	6	4	1
Dr. Y.K. Alagh	Independent and Non-executive	2	Yes	3	3	1
Shri A. Ghosh \$	Independent and Non-executive	2	Yes	13	10	5
Shri Nitin Desai \$\$	Independent and Non-executive	-	-	-	-	-
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 2010-11  
\$ Cessed w.e.f. 27.05.2011  
\$\$ Appointed as Auditor on 27.05.2011

Committee, Selection Committee for providing more focused attention on various aspects of business operations and to ensure better accountability.

Board of Directors: Composition and functioning & procedures

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

Composition of Board of Directors

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 has 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 such as economist, bureaucrat, banker, industrialist, solicitor etc. Brief profile of all the Directors is given in separate section of this annual report.

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

Further, the Independent and Non-Executive Directors do not have any material pecuniary relationship with the Company.

The previous Annual General Meeting of the Company held on 14<sup>th</sup> August, 2010 was attended by seven 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 foresightedness 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 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, in addition to agenda of the meeting, for review on vital matters affecting the working of the Company including the information as inter-alia specified under clause 49 Annexure - IA of the Listing Agreement. The matters placed before the Board includes the following:

- Key elements of Annual Budgets.
- Business Plans and Progress thereof.
- Company performance.
- The information on recruitment and remuneration of senior officers including appointment or removal of Chief Financial 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.
- Significant Human Resources related issues.
- Sale / purchase of investments, assets of material nature.
- Any issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed stricture on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Review of compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any;

Meetings and Attendance

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

Date of the meeting	Attended by no. of Directors
20-May-2010	7 out of 9
14-August-2010	7 out of 9
11-November-2010	7 out of 9
31-January-2011	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 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 Directors' 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 of Commerce and Ex-Managing Director of State Bank of India. He possesses the requisite accounting and financial management expertise.
Shri R.L. Gaggar	Independent 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 2010-11 including for approval of accounts for the year ended 31<sup>st</sup> March, 2010, before placing the same before the Board. The attendance of the members of the Committee is as under:

Name of the Member Audit Committee	No. of meetings	
	Held	Attended
Shri O.P. Setia	4	4
Shri R.L. Gaggar	4	2
Dr. Abid Hussain	4	3
Dr. Y.K. Alagh	4	2

For the meetings, internal auditors of the Company are invited for discussions and review. Executive Director and Chief Finance Officer are the permanent invitees to the meetings for responding to the observations of the Committee while Company Secretary acts as Secretary to the Committee.

B. Nomination cum Remuneration Committee

The purpose of this Committee of the Board of Directors is to:

- Identify individuals qualified to become Directors and recommend to Board for selecting the candidates for all Directorships to be filled by the Board.
- Determine the remuneration packages of the Whole-time Directors such as salary, benefits, bonuses, stock options

including pension rights, notice period, severance fee / compensation, performance linked incentives, commission and other terms and conditions of their appointment(s),

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

During the year, committee met once on 31<sup>st</sup> January, 2011 discussing the terms and conditions of remuneration of the Executive Director of the Company for the year 2011-12 & 2012-13. The detail of the attendance of the Directors in the meeting is as under:

Name of the Member	No. of meetings	
	Held	Attended
Shri R.L. Gaggar - Chairman*	1	0
Shri O.P. Setia	1	1
Shri Shreekant Somany	1	1
Dr. Y.K. Alagh	1	0

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

a) Paid to Non-executive Directors:

				Amount in Lac Rs
S No	Name of Director	Sitting fees	Commission	Total
1	Shri R.L. Gaggar	0.80	10.00	10.80
2	Shri Shreekant Somany	0.80	10.00	10.80
3	Shri O.P. Setia	2.20	10.00	12.20
4.	Dr. Abid Hussain	1.60	10.00	11.60
5.	Dr. Y.K. Alagh	0.80	10.00	10.80
6.	Shri A. Ghosh	0.40	10.00	10.40
	TOTAL	6.60	60.00	66.60

None of the Non-Executive Directors hold shares / options of the Company.

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

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

Whole time Directors are not paid any sitting fee for attending meetings of Board.

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. Besides the sitting fees, they are also paid commission. The shareholders had, at the Annual General Meeting of the Company held on 18<sup>th</sup> 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 198(1) of the Companies Act, 1956. The commission is paid to Non-Executive Directors based on their tenure of directorship in the Company. For this purpose, tenure is determined on quarterly basis e.g. no of quarters served as Director. The Commission is being paid on a uniform basis to reinforce the principle of collective responsibility.

The details of remuneration package, fees paid etc. to Directors for the year ended 31<sup>st</sup> March, 2011, for information of Members, are given hereunder:



b) Paid to Executive Directors / Whole Time Directors:

Amount in Lac 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	149.34	149.34	144.00
	Contribution to Provident and Superannuation Fund	40.32	40.32	38.88
	Benefits - allowances / perks	121.38	121.38	74.28
	Bonus	-	-	100.00
	Commission	975.00	125.00	-
	Stock options	-	-	-
	Pension	-	-	-
	TOTAL	1286.04	436.04	357.16
(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 2010-11 Rs. 12,44,485 per month)	Rs. 9,35,000 per month#  (Effective for year 2010-11 Rs. 12,44,485 per month)	Rs. 6,25,000 per month@  (Effective for year 2010-11 Rs. 12,00,000 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

S No	Particulars	Shri B. G. Bangur, Executive Chairman	Shri H.M. Bangur, Managing Director	Shri M.K. Singhi, Executive Director
	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 and Commission taken together	Commission as may be decided by Board, limited to 5% of the Net Profit by way of Salary, Perks and Commission taken together	Bonus as may be decided by Board, limited to 5% of the Net Profit by way of Salary, Perks 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 i.e. till 12 <sup>th</sup> August, 2012	Appointment is for five years i.e. till 31 <sup>st</sup> July, 2012	Appointment is for five years i.e. till 31 <sup>st</sup> 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:

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

The Shareholders’ and Investors’ Grievances Committee consists of all independent and non-executive directors. The composition is as under:

Name of the Member	Category
Shri O.P. Setia - Chairman	Independent and Non - Executive Director
Shri R.L. Gaggar	Independent and Non - Executive Director
Dr. Abid Hussain	Independent and Non - Executive Director
Dr. Y.K. Alagh	Independent and Non - Executive Director

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 15 complaints received during the year 2010-11) and no complaint or grievance remained unattended / unresolved at the year end.

The Committee during the year met once on 31<sup>st</sup> January, 2011 and reviewed the status of investors’ complaints received and resolved during the calendar year 2010. The attendance details of the Directors in the meeting are as under:

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

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 2010-11:

S No	Nature of Complaints	No. of Complaints received	No. of Complaints resolved
I	Dividend related issues	5	5
II	Duplicate shares related issues	2	2
II	Annual Reports related issues	3	3
III	Shares transfer / transmission related issues	5	5
	<b>Total</b>	<b>15</b>	<b>15</b>

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 17 times during the year ended on 31<sup>st</sup> March, 2011. 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 2010-11.

D. Selection Committee

The Board of Directors has constituted a Selection Committee to deal with the matters pertaining to appointment and deciding the terms & conditions as to remuneration of relative of Directors of the Company with following composition:

Name of the Member	Category
Shri O.P. Setia - Chairman	Independent and Non - Executive Director
Dr. Abid Hussain	Independent and Non - Executive Director
Shri Shreekant Soman	Independent and Non - Executive Director
Shri R.L. Gaggar	Independent and Non - Executive Director
Shri M.K. Singhi	Executive Director

The Committee during the year met once on 31<sup>st</sup> January, 2011 to discuss and approve revision in terms of appointment and remuneration of Shri Prashant Bangur, Executive Jt. President of the Company and relative of Shri B.G. Bangur, Executive Chairman and Shri H.M. Bangur, Managing Director of the Company. The attendance details of the Directors in the meeting are as under:

Name of the Member	No. of meetings	
	Held	Attended
Shri O.P. Setia - Chairman	1	1
Dr. Abid Hussain	1	1
Shri Shreekant Soman	1	1
Shri R.L. Gaggar	1	-
Shri M.K. Singhi	1	1

General Body Meetings

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

Postal Ballot

During the year, no postal ballot process was undertaken.

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 amended SEBI (Prevention of Insider Trading) Regulations 1992, 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 unaudited quarterly / half yearly / nine monthly and audited financial results are announced immediately after approval from the Board and sent to respective stock exchanges where the Company’s shares are listed within the time specified in the listing agreement with the stock exchange(s).
- Thereafter, these are circulated among media / news agencies / analyst etc alongwith official press release of the Company and are displayed on the Company’s website www.shreecement.in and are published in all editions of the Economic Times, Business Standard, Rajasthan Patrika, Danik Bhaskar and Nafa Nuksan within forty-eight hours.
- Annual Report of the Company is sent to each shareholder prior to the Annual General Meeting.
- Company also sends reminders to all shareholders whose dividends have remained unclaimed, before depositing the unpaid dividends to Investors’ Education & Protection Fund (IEPF).

**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 Shareholders Information

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



ANNEXURE TO  
CORPORATE GOVERNANCE REPORT

Shareholders’ Information

Registered Office:

Bangur Nagar, Post Box No. 33,  
Beawar - 305 901, District: Ajmer, Rajasthan  
Phone: (91)1462-228101-06  
Toll free no.: 1800 180 6003/6004  
Email: shreebwr@shreecementltd.com  
Website: www.shreecement.in

Corporate Office:

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

Plants Locations:

Integrated Cement Unit I & II and Power Plants:

Bangur Nagar, Post Box No. 33, Beawar - 305 901,  
District: Ajmer (Rajasthan)

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

Bangur City, Ras, Tehsil: Jaitaran, District: Pali (Rajasthan)

Cement Grinding Unit(s) at:

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

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

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

**Jaipur:** Mahela - Jobner Road, Village: Aslapur, Tehsil: Phulera,  
District: Jaipur, Rajasthan

Address for correspondence:

Shree Cement Limited,  
Bangur Nagar, Post Box No. 33,  
Beawar - 305 901, District: Ajmer, Rajasthan  
Phone: (91)1462-228101-06  
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  
Exclusive e-mail ID for shareholders queries:  
khandelwalss@shreecementltd.com  
Corporate Secretarial E-mail ID: investor@shreecementltd.com

Clarifications on financial statement:

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

Day & Date of AGM	Annual General Meeting	
	Time	Venue
1 <sup>st</sup> August, 2011 Monday	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	Day & Date of AGM	Time	Venue
31.3.2008	18.07.2008 Friday	1.30 PM	Bangur Nagar, Beawar, Rajasthan
31.3.2009	24.07.2009 Friday	11.30 AM	-do-
31.3.2010	14.08.2010 Saturday	11.30 AM	-do-

(b) Special Resolution passed in previous three AGMs

Date of AGM	Special Resolution Passed by Members
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	Revision in remuneration of Shri Prashant Bangur, Relative of the Directors of the Company
14.8.2010	No special resolution was passed by the members

Financial Calendar

(For the Financial Year 2011 - 2012)

Un-audited / Limited Review Results:	
First Quarter ending 30.6.2011	Within 45 days from end of the quarter
Second Quarter / half year ending 30.9.2011	Within 45 days from end of the quarter
Third quarter / nine months ending 31.12.2011	Within 45 days from end of the quarter
Last Quarter / year ending 31.3.2012	Within 45 days from end of the quarter
Audited Results:	
Year ended 31.3.2011	By end of May, 2011

Date of Book Closure

25<sup>th</sup> July, 2011 to 1<sup>st</sup> August, 2011 (both days inclusive)

Dividend payment date

Company's Board, vide its meeting dated 31<sup>st</sup> January, 2011 has declared

Market Price data

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2010	2542.20	2140.60	76648	2400.00	2160.00	214435
May 2010	2192.00	1861.15	100370	2198.50	1875.10	327570
June 2010	2200.00	1948.00	62095	2118.00	1947.00	213613
July 2010	2024.95	1780.00	362071	2050.00	1781.10	429440
August 2010	1967.00	1773.00	313039	1968.00	1779.00	562836
September 2010	2180.00	1852.35	130167	2250.00	1842.60	764186
October 2010	2145.00	2000.25	91124	2140.00	2006.50	315019
November 2010	2323.95	1839.00	62082	2350.00	1880.00	468302
December 2010	2187.00	1911.00	40941	2200.00	1930.00	116372
January 2011	2050.00	1610.00	31174	2063.50	1625.00	348977
February 2011	1758.00	1504.75	47415	1752.00	1500.00	174376
March 2011	2197.70	1673.00	143493	2188.70	1652.35	267800
TOTAL			1460619			4202926

The performance in comparison to broad based indices:

Indices	BSE (Sensex)	SCL Quote at BSE	NSE (Nifty)	SCL Quote at NSE
01.04.2010 (open)	17555.04	2348.00	5249.20	2356.00
31.3.2011 (close)	19445.22	2076.55	5833.75	2070.05
Increase / Decrease	10.77%	-11.56%	11.14%	-12.14%

interim dividend @ Rs. 6/- per share for financial year 2010-2011 which was paid to those shareholders who held shares in the Company on 7<sup>th</sup> February, 2011. Company's Board in its meeting held on 27<sup>th</sup> May, 2011 has also recommended a final dividend of Rs. 8/- per share for financial year 2010-2011 which would be paid to those shareholders who hold shares in the Company on 1<sup>st</sup> August, 2011. 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.

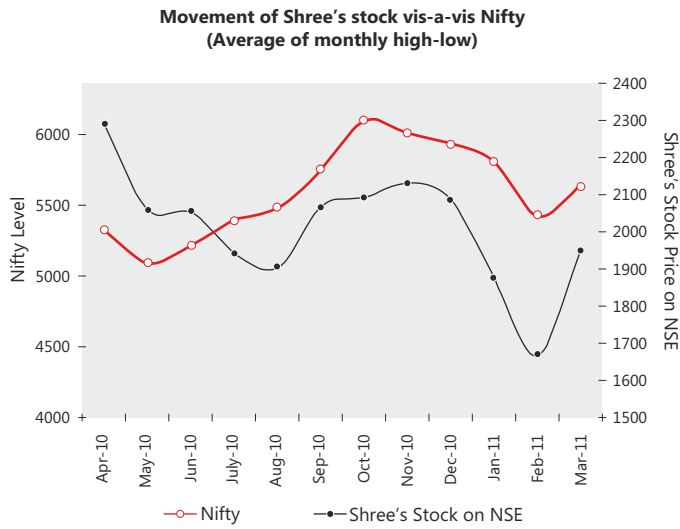
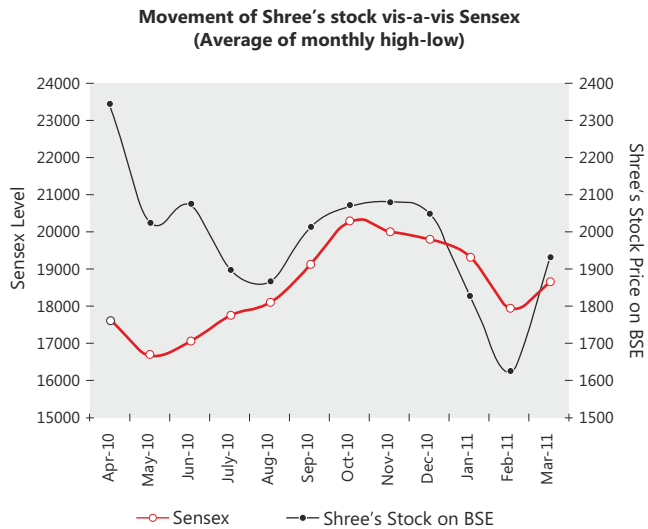
Listing on Stock Exchanges:

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)	Scrip Code
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) 040-44655180 (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. Duly transferred share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

##### 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

Shareholders might be aware that they have the option of receiving dividend payments through electronic mode directly in their account. The Company also has extended this ECS facility to all the shareholders. RBI had vide its circular dated July 29, 2009 directed banks to move to the NECS platform for centralized platform of inward instructions and handling of bulk transactions with effect from October 1, 2009. To facilitate dividend payment through NECS, members who hold shares in demat mode should inform depository participant and such of members holding shares in physical form should inform the Company of the new account number allotted to them by their bankers consequent upon the banks migration to the core banking system. In case where the core banking account number is not intimated to the Company / Depository Participant, the Company will issue dividend warrants to the members. 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 transfer the dividend amount of year 2003-2004 in August 2011 which has remained unclaimed / unpaid.

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. Unclaimed share certificates lying with Company / R&T agent

SEBI vide its notification dated 16.12.2010 has made it mandatory for every listed Company, which has issued shares in physical mode in past and where such share certificates could not reach the concerned shareholder due to insufficient / incorrect information or for any other reasons, to send at least three reminders to such shareholders whose shares have remained unclaimed as above and in case no response is received from concerned shareholder, such unclaimed shares shall be transferred to one folio in the name of "Unclaimed Suspense Account" and kept in a separate Demat Account. Pursuant to above amendment, Company's R&T agent has sent first reminder to all such shareholders whose share certificate(s), whether related to past public issue or related to transfer request, are lying undelivered with Company / R&T agent. In case no response is received from these shareholders even after the second and third reminder, Company / R&T agent shall transfer all such shares to "Unclaimed Suspense Account".

As on 31<sup>st</sup> March, 2011, none of such shares were transferred to "Unclaimed Suspense Account".

##### vi. Servicing of documents by e-mode-Green Initiative of Ministry of Corporate Affairs

Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. In view of above, company shall send future communication, including Notice of Annual General Meeting and Annual Report of the Company for the year 2010-11, in electronic mode to the e-mail address available in the Register of Members of the Company. However these documents will also be available on the Company's website [www.shreecement.in](http://www.shreecement.in) for download by the shareholders. In case shareholder wishes to get a physical copy of all the documents, the company shall provide the same at no extra cost. In case investors, who have not registered their email addresses with their DP / RTA of Company, wish to receive future communication on email, they can intimate their email address to Company / RTA in the feedback form attached with this report.

##### vii. Correspondence regarding change of address etc

Shareholders are requested to ensure that all events 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).

##### viii. Furnishing Permanent Account Number (PAN) for share transfer cases

The Securities Exchange Board of India (SEBI) vide its earlier circulars had made the Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction. Further to this, SEBI had vide its circular No. NRD/Dop/Cir-05/2009 dated May 20, 2009 directed that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company / RTA, as the case may be, for registration of transfer of shares. In continuation to this circular, SEBI had vide its Circular No. SEBI/MRD/Dop/SE/RTA/Cir-03/2010 dated January 7, 2010, had clarified that it shall be mandatory to furnish a copy of PAN in the following case:

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

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



Distribution of Shareholding as on March 31, 2011

Range	Total no. of Shareholders	%	Total no. of Shares held	%
From - To				
Up to 50	9131	64.53	191229	0.55
51 - 100	2415	17.07	223712	0.64
101 - 200	1081	7.64	183116	0.53
201 - 500	861	6.08	321049	0.92
501 - 1000	310	2.19	248706	0.71
1001 - 5000	206	1.46	452662	1.30
5001 - 10000	31	0.22	222440	0.64
10001 and above	115	0.81	32994311	94.71
TOTAL	14150	100.00	34837225	100.00

Dematerialization of Shares & Liquidity

The trading in the Company's Equity Shares has been permitted in Demat form w.e.f. 29<sup>th</sup> 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 31<sup>st</sup> March, 2011, 26.20% (as on 31<sup>st</sup> 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 31<sup>st</sup> March, 2011.

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 31<sup>st</sup> March, 2011.

for SHREE CEMENT LIMITED

Place: Kolkata

Date: 27<sup>th</sup> May, 2011

H.M. Bangur  
Managing Director

Shareholding Pattern as on March 31, 2011

Description	No. of Shares held		%	
	31/3/11	31/3/10	31/3/11	31/3/10
Promoters	22567797	22838127	64.78	65.56
Mutual Fund & UTI	2043133	2972862	5.87	8.54
Financial Institutions, Banks, Insurance Companies etc.	94663	94813	0.27	0.27
FII's	2059669	1697866	5.91	4.87
NRIs/OCBs/Non Domestic Companies	3785449	3803939	10.87	10.92
Private Corporate Bodies	2878416	1822427	8.26	5.23
Indian Public	1403632	1600424	4.03	4.59
Others-Directors/relatives (non- promoters)	4466	6767	0.01	0.02
Total	34837225	34837225	100.00	100.00

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, 2011 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.

Place: Kolkata

Date: 27<sup>th</sup> May, 2011

Ashok Bhandari  
Chief Finance Officer

H.M. Bangur  
Managing Director



# CODE OF CONDUCT ON CORPORATE GOVERNANCE

### 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.

# AUDITORS' REPORT

### To the Members of Shree Cement Limited

1. We have audited the attached Balance Sheet of Shree Cement Limited as at 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011;
    - (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

Place: Kolkata  
Date: 27<sup>th</sup> May, 2011

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 31.03.2011 for a period of more than six months from the date they become payable.

(c)

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(d)

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
<b>A. Entry Tax</b>				
Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax including Interest on goods purchased from outside Rajasthan	6917.83	2005-06 to 2010-11	Rajasthan High Court, Jodhpur
	Entry tax including Interest - 50% Exemption on Ras Plant	1465.94	2005-06 to 2008-09	Deputy Commissioner (Appeals), Ajmer
		1343.98	2009-10 to 2010-11	CTO, Special Circle, Ajmer
UP Tax on Entry of Goods Act, 2000	Entry Tax including Interest on stock transfer from Rajasthan to Uttar Pradesh	3215.99	2003-04 to 2009-10	Uttar Pradesh High Court, Allahbad
<b>Total (A)</b>		<b>2743.4</b>		

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>B. Excise and Service Tax</b>				
Central Excise Act, 1944	Cenvat credit on Inputs and capital goods	89.51	1994-95 to 2009-10	Commissioner (Appeals) of Central Excise
	Custom Duty (Valuation)	70.44	2009-10	Commissioner (Appeals) of Central Excise
	Custom duty payment through DEPB	690.33	2009-10	Customs Excise Service Tax Appellate Tribunal (CESTAT)
	Cenvat credit on Inputs and capital goods	110.64	1997-98 to 2008-09	Customs Excise Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax credit on Road Freight & Others	164.47	2004-05, 2005-06, 2007-08 & 2008-09	Customs Excise Service Tax Appellate Tribunal (CESTAT)
<b>Total (B)</b>		<b>1125.39</b>		
<b>C Sales Tax</b>				
Central Sales Tax Act, 1956	Partial Exemption claim including Interest	612.23	1998-99 to 2000-01	Rajasthan High Court, Jodhpur
Rajasthan Value Added Tax, 2003	Input Tax Credit on Capital Goods	28.79	2007-08 & 2008-09	Deputy Commissioner (Appeals), Ajmer
<b>Total (C)</b>		<b>641.02</b>		
<b>(D) Others</b>				
The Rajasthan Finance Act, 2008	Environment & Health Cess on Limestone including Interest	1937.38	2007-08 to 2010-11	Rajasthan High Court, Jodhpur
<b>Total (D)</b>		<b>1937.38</b>		
<b>Grand Total (A+B+C+D)</b>		<b>16647.53</b>		

- 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)
- Place: Kolkata  
Date: 27<sup>th</sup> May, 2011
- (SUDHIR MAHESHWARI)**  
Partner  
Membership No. 081075



BALANCE SHEET AS AT  
31<sup>ST</sup> MARCH, 2011

Rs. in Lac			
	Schedule	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	3,483.72	3,483.72
Reserves & Surplus	2	195,133.81	179,840.25
		198,617.53	183,323.97
<b>Loan Funds</b>			
Secured Loans	3	1,78,049.08	1,78,853.25
Unsecured Loans	4	22,740.93	31,770.52
		2,00,790.01	2,10,623.77
<b>Total</b>		399,407.54	393,947.74
<b>APPLICATIONS OF FUNDS</b>			
<b>Fixed Assets</b>	5		
Gross Block		4,04,207.23	2,95,086.48
Less: Depreciation		2,87,501.47	2,19,891.10
Net Block		1,16,705.76	75,195.38
Capital Work-in-Progress		1,02,783.08	96,741.59
		2,19,488.84	1,71,936.97
<b>Investments</b>	6	119,646.27	159,224.04
<b>Deferred Tax Assets (Net)</b>	7	7,225.72	1,240.38
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	8	40,423.03	35,813.30
Sundry Debtors	9	10,821.48	8,241.79
Cash & Bank Balances	10	46,080.56	41,637.42
Other Current Assets	11	2,245.25	1,127.84
Loans & Advances	12	44,314.95	71,397.03
		143,885.27	158,217.38
<b>Less: Current Liabilities &amp; Provisions</b>	13		
Liabilities		62,641.77	46,684.53
Provisions		28,196.79	49,986.50
		90,838.56	96,671.03
<b>Net Current Assets</b>		53,046.71	61,546.35
<b>Total</b>		399,407.54	393,947.74
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  
Registration No. 001035N

<b>Sudhir Maheshwari</b> Partner Membership No. 081075	<b>B.G. Bangur</b> Executive Chairman	<b>H.M. Bangur</b> Managing Director	<b>R.L. Gaggar</b> Director	<b>O.P. Setia</b> Director	<b>Shreekant Somany</b> Director	<b>Dr. Abid Hussain</b> Director
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PLACE: KOLKATA DATE: 27 <sup>th</sup> May, 2011	<b>Dr. Y.K. Alagh</b> Director	<b>A. Ghosh</b> Director	<b>M.K. Singhi</b> Executive Director	<b>Ashok Bhandari</b> Chief Finance Officer	<b>S.S. Khandelwal</b> Company Secretary
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PROFIT & LOSS ACCOUNT FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

Rs. in Lac			
	Schedule	For the Year ended 31.03.2011	For the Year ended 31.03.2010
<b>INCOME</b>			
Sales	14	3,93,778.94	4,01,408.60
Less: Excise Duty		42,591.69	38,196.30
Net Sales		3,51,187.25	3,63,212.30
Other Income	15	4,677.07	7,583.79
		3,55,864.32	3,70,796.09
<b>EXPENDITURE</b>			
Manufacturing Expenses	16	1,73,412.70	1,31,234.03
(Increase) / Decrease in Stock	17	(3,359.83)	(1,965.58)
Purchase of Finished Goods		6,251.28	918.42
Payment to and Provision for Employees	18	19,853.79	15,861.19
Administrative Expenses	19	6,268.26	4,949.31
Freight & Selling Expenses	20	61,405.91	62,983.14
Interest and Financial Expenses (Net)	21	9,782.62	7,658.07
		2,73,614.73	2,21,638.58
Captive consumption of Cement [Net of Excise Duty Rs. 197.92 Lac (Previous year Rs. 165.43 Lac)]		(1,208.59)	(1,019.61)
		2,72,406.14	2,20,618.97
<b>PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS &amp; TAX</b>		83,458.18	1,50,177.12
Depreciation & Amortisation		67,575.94	57,042.98
Exceptional Items			
Provision for Statutory Liabilities of Earlier Years		-	4,367.62
Assets Constructed at Others' Premises W / off		4,847.41	1,975.23
<b>PROFIT BEFORE TAX</b>		11,034.83	86,791.29
Provision for Current Tax		2,171.00	20,885.00
MAT Credit Entitlement		(213.00)	-
Provision for Deferred Tax		(5,985.34)	(201.40)
Prior Period Tax Expense (Net)		(5,874.40)	(1,476.00)
Fringe Benefit Tax of Earlier Years Written Back		(33.48)	(26.34)
<b>PROFIT AFTER TAX</b>		20,970.05	67,610.03
Balance Brought Forward from Previous Year		1,13,615.46	80,793.18
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		1,34,585.51	1,48,403.21
Transferred to Debenture Redemption Reserve		12,500.00	7,500.00
Transferred to General Reserve		2,500.00	22,000.00
Interim Dividend on Equity Shares		2,090.23	1,741.86
Corporate Dividend Tax on Interim Dividend		347.16	296.03
Proposed Final Dividend on Equity Shares		2,786.98	2,786.98
Corporate Dividend Tax on Final Dividend		452.12	462.88
		20,676.49	34,787.75
Balance Carried Over to Balance Sheet		1,13,909.02	1,13,615.46
		1,34,585.51	1,48,403.21
<b>Earning Per Equity Share of Rs. 10 each (In Rs.) - Cash</b>		236.99	369.77
<b>- Basic &amp; Diluted</b>		60.19	194.07
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  
Registration No. 001035N

<b>Sudhir Maheshwari</b> Partner Membership No. 081075	<b>B.G. Bangur</b> Executive Chairman	<b>H.M. Bangur</b> Managing Director	<b>R.L. Gaggar</b> Director	<b>O.P. Setia</b> Director	<b>Shreekant Somany</b> Director	<b>Dr. Abid Hussain</b> Director
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PLACE: KOLKATA DATE: 27 <sup>th</sup> May, 2011	<b>Dr. Y.K. Alagh</b> Director	<b>A. Ghosh</b> Director	<b>M.K. Singhi</b> Executive Director	<b>Ashok Bhandari</b> Chief Finance Officer	<b>S.S. Khandelwal</b> Company Secretary
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SCHEDULES FORMING  
PART OF THE BALANCE SHEET

		Rs. in Lac	
		As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE 1 - SHARE CAPITAL</b>			
<b>Authorised</b>			
6,00,00,000	Equity Shares of Rs.10/- each (Previous Year 6,00,00,000)	<b>6,000.00</b>	6,000.00
15,00,000	Cumulative Preference Shares of Rs.100/- each (Previous Year 15,00,000)	<b>1,500.00</b>	1,500.00
		<b>7,500.00</b>	7,500.00
<b>Issued, Subscribed and Paid-up</b>			
3,48,37,225	Equity Shares of Rs.10/- each fully paid-up (Previous Year 3,48,37,225)	<b>3,483.72</b>	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			
		<b>3,483.72</b>	3,483.72
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>			
Capital Reserve			
As per last Balance Sheet		<b>52.16</b>	52.16
		<b>52.16</b>	52.16
Capital Redemption Reserve			
As per last Balance Sheet		<b>1,500.00</b>	1,500.00
		<b>1,500.00</b>	1,500.00
Securities Premium Account			
As per last Balance Sheet		<b>2,652.73</b>	2,652.73
		<b>2,652.73</b>	2,652.73
Debenture Redemption Reserve			
As per last Balance Sheet		<b>7,500.00</b>	-
Add: Addition during the year		<b>12,500.00</b>	7,500.00
		<b>20,000.00</b>	7,500.00
General Reserve			
As per last Balance Sheet		<b>44,000.00</b>	22,000.00
Add: Transfer from Profit & Loss Account		<b>2,500.00</b>	22,000.00
		<b>46,500.00</b>	44,000.00
Special Reserve			
As per last Balance Sheet		<b>10,519.90</b>	10,519.90
		<b>10,519.90</b>	10,519.90
Profit & Loss Account		<b>1,13,909.02</b>	1,13,615.46
		<b>1,95,133.81</b>	1,79,840.25

		Rs. in Lac	
		As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE 3 - SECURED LOANS</b>			
<b>Term Loans from Banks</b>		<b>110,092.87</b>	131,570.37
<b>Secured Redeemable Non Convertible Debentures</b>			
3,000 (Previous year 3,000) 8.10% NCDs of Rs. 10,00,000/- each		<b>30,000.00</b>	30,000.00
2,000 (Previous year Nil) 8.42% NCDs of Rs. 10,00,000/- each		<b>20,000.00</b>	-
		<b>17,956.21</b>	17,282.88
<b>Working Capital Facilities from Banks</b>		<b>178,049.08</b>	178,853.25
1) All Term loans from 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.			
2) 3000-8.10% Non Convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 30000 Lac (Previous Year Rs. 30000 Lac) redeemable at par on 23.11.2012 and 2000-8.42% Non Convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 20000 Lac (Previous Year Rs. Nil ) redeemable at par on 22.07.2015 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 Term Loans.  The above Debentures are also secured by a legal mortgage over immovable property of the Company situated at Jamnagar (Gujarat).			
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.			
<b>SCHEDULE 4 - UNSECURED LOANS</b>			
Security Deposits		<b>16,361.25</b>	9,899.25
Deferred Sales Tax		<b>6,379.68</b>	6,379.68
From Banks		-	15,491.59
		<b>22,740.93</b>	31,770.52



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5 - FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION/AMORTIZATION				NET BLOCK	
	As At 31.03.2010	Additions During The Year	Deductions/ Adjustments During The Year	As At 31.03.2011	Up to 31.03.2010	Provisions During the Year	Deductions/ Adjustments During the Year	Up to 31.03.2011	As At 31.03.2011
	Rs. in Lac			Rs. in Lac					
<b>Tangible Assets:</b>									
Free Hold Land	4,690.16	13,845.84	206.92	18,329.08	-	-	-	-	18,329.08
Lease Hold Land	833.25	-	-	833.25	-	-	-	-	833.25
Land & Site Development	557.75	-	-	557.75	-	-	-	-	557.75
Buildings	12,764.71	2,649.82	-	15,414.53	4,302.47	1,257.35	-	5,559.82	9,854.71
Plant & Machinery	2,67,499.64	90,405.57	17.48	3,57,887.73	2,10,003.38	63,790.72	17.48	2,73,776.62	84,111.11
Railway Siding	1,232.40	-	-	1,232.40	1,081.95	18.01	-	1,099.96	132.44
Furniture, Fixtures & Office Equipments	4,593.98	637.39	34.96	5,196.41	2,757.48	682.63	18.55	3,421.56	1,774.85
Vehicles	2,471.13	349.69	141.16	2,679.66	1,315.52	358.55	93.82	1,580.25	1,099.41
<b>Sub Total</b>	<b>294643.02</b>	<b>107888.31</b>	<b>400.52</b>	<b>402130.81</b>	<b>219460.80</b>	<b>66107.26 (a)</b>	<b>129.85</b>	<b>285438.21</b>	<b>116692.60</b>
<b>Intangible Assets:</b>									
Clean Development Mechanism (Internally Generated)	13.16	-	-	13.16 (b)	-	-	-	-	13.16
Computer Software	430.30	-	-	430.30	430.30	-	-	430.30	-
Mining Rights	-	1,632.96	-	1,632.96	-	1,632.96	-	1,632.96	-
<b>Sub Total</b>	<b>443.46</b>	<b>1632.96</b>	<b>-</b>	<b>2076.42</b>	<b>430.30</b>	<b>1632.96</b>	<b>-</b>	<b>2063.26</b>	<b>13.16</b>
<b>Total (A)</b>	<b>295086.48</b>	<b>109521.27</b>	<b>400.52</b>	<b>404207.23</b>	<b>219891.10</b>	<b>67740.22</b>	<b>129.85</b>	<b>287501.47</b>	<b>116705.76</b>
<b>Previous Year</b>	<b>225591.46</b>	<b>69935.27</b>	<b>440.25</b>	<b>295086.48</b>	<b>162905.89</b>	<b>57359.15</b>	<b>373.94</b>	<b>219891.10</b>	<b>62,685.57</b>
<b>Capital Work in Progress (B)</b>									
									<b>1,02,783.08</b>
<b>Grand Total (A + B)</b>									<b>2,19,488.84</b>
									<b>1,71,936.97</b>

- (a) Depreciation for the year includes Rs. 164.28 Lac (Previous Year Rs. 316.17 Lac) on assets during construction period
- (b) Expenses incurred on Clean Development Mechanism to be amortised against sale proceeds

SCHEDULE 6 - INVESTMENTS

Particulars	Face Value (Rs. Per Unit)	As at 31.03.2010		Additions during the year		Sold / Deductions during the year		As at 31.03.2011	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
		Rs. in Lac							
<b>(A) LONG TERM (OTHER THAN TRADE) - QUOTED In Public Financial Institutions</b>									
<b>National Bank for Agriculture and Rural Development</b>									
Zero Coupon NABARD Bhavishya Nirman Bonds - 01AG17	20000.00	2,09,520.000	22,440.46	-	-	13625.000	1,425.80	1,95,895.000	21,014.66
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JN18	20000.00	99,804.000	10,174.14	-	-	22,800.000	2,269.08	77,004.000	7,905.06
Zero Coupon NABARD Bhavishya Nirman Bonds - 01FB18	20000.00	5,000.000	529.17	-	-	-	-	5,000.000	529.17
Zero Coupon NABARD Bhavishya Nirman Bonds - 01JN19	20000.00	2,95,400.000	28,057.73	9980.000	1052.50	19950.000	1,725.67	2,85,430.000	27,384.56
Zero Coupon NABARD Bhavishya Nirman Bonds - 01FB19	20000.00	5,700.000	498.75	5000.000	508.87	-	-	10,700.000	1,007.62
Zero Coupon NABARD Bhavishya Nirman Bonds - 01MR19	20000.00	10,260.000	897.75	-	-	-	-	10,260.000	897.75
Zero Coupon NABARD Bhavishya Nirman Bonds - 31MR19	20000.00	1,27,860.000	11,187.75	-	-	-	-	1,27,860.000	11,187.74
<b>National Housing Bank</b>									
Zero Coupon NHB Bonds - 24DC18	10000.00	2,66,438.000	12,630.46	50000.000	2698.00	1,850.000	84.92	3,14,588.000	15,243.54
Zero Coupon NHB Bonds - 31MR19	10000.00	83,760.000	3,921.41	-	-	-	-	83,760.000	3,921.41
<b>India Infrastructure Finance Company Ltd.</b>									
6.85% IIFCL Tax Free Bonds - 22JN14	100000.00	4,500.000	4,515.75	-	-	4,500.000	4,515.75	-	-
<b>State Bank of India</b>									
9.50% SBI Bonds - 04NV25	10000.00	-	-	4200.000	420.00	4,200.000	420.00	-	-
<b>Government of India</b>									
8.26% GOI Bonds - 02AG27 (Face Value Rs. 1305 Lac)		-	-	-	17382.13	-	16,091.50	-	1,290.63
<b>Indian Railway Finance Corporation</b>									
8.50% Indian Railway Finance Corporation Bonds - 22JU20	1000000.00	-	-	650.000	6478.50	-	-	650.000	6,478.50
<b>Power Finance Corporation</b>									
8.70% Power Finance Corporation Bonds - 14MY20	1000000.00	-	-	880.000	8797.87	-	-	880.000	8,797.87
<b>Rural Electrification Corporation</b>									
8.65% Rural Electrification Corporation Bonds - 15JN19	1000000.00	-	-	200.000	1995.00	-	-	200.000	1,995.00
8.65% Rural Electrification Corporation Bonds - 22JN20	1000000.00	-	-	50.000	498.00	-	-	50.000	498.00
<b>Power Grid Corporation</b>									
8.64% Power Grid Corporation Bonds - 08LI21	1250000.00	-	-	120.000	1494.75	-	-	120.000	1,494.75
<b>TOTAL (A)</b>		<b>11,08,242.000</b>	<b>94,853.37</b>	<b>71,080.000</b>	<b>41,325.62</b>	<b>66,925.000</b>	<b>26,532.72</b>	<b>11,12,397.000</b>	<b>1,09,646.27</b>



SCHEDULE 6 - INVESTMENTS

Particulars	Face Value (Rs. Per Unit)	As at 31.03.2010		Additions during the year		Sold / Deductions during the year		As at 31.03.2011		Rs. in La
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	
(B) LONG TERM (OTHER THAN TRADE) - UNQUOTED In Units of Mutual Fund										
Birla Sun Life Income Plus Growth	10.00	60,48,583.251	2,500.00	-	-	60,48,583.251	2,500.00	-	-	-
DWS Fixed Term Fund Series 59 - Institutional Growth	10.00	50,00,000.000	500.00	-	-	50,00,000.000	500.00	-	-	-
HDFC Arbitrage Fund-Wholesale Plan-Growth	10.00	13,74,31,705.841	15,500.00	-	-	13,74,31,705.841	15,500.00	-	-	-
HDFC Income Fund-Growth	10.00	2,31,17,983.042	4,833.00	-	-	2,31,17,983.042	4,833.00	-	-	-
ICICI Prudential Gift Fund-Investment Plan - Growth	10.00	1,26,95,050.491	4,050.00	-	-	1,26,95,050.491	4,050.00	-	-	-
ICICI Prudential Institutional Income Plan - Growth	10.00	2,95,94,302.572	9,000.00	-	-	2,95,94,302.572	9,000.00	-	-	-
JM - Arbitrage Advantage Fund-Growth Plan	10.00	7,20,11,539.556	8,987.67	-	-	7,20,11,539.556	8,987.67	-	-	-
Kotak Equity Arbitrage Fund-Growth	10.00	1,51,86,320.333	2,000.00	-	-	1,51,86,320.333	2,000.00	-	-	-
Reliance Fixed Horizon Fund-IX Series 6 Institutional Growth Plan	10.00	50,00,000.000	500.00	-	-	50,00,000.000	500.00	-	-	-
Religare Arbitrage Fund-Growth	10.00	2,54,32,333.334	3,000.00	-	-	2,54,32,333.334	3,000.00	-	-	-
SBI Arbitrage Opportunities Fund-Growth	10.00	7,42,92,277.090	9,000.00	-	-	7,42,92,277.090	9,000.00	-	-	-
Templeton India Government Securities Fund-Composite Plan-Growth	10.00	15,39,299.865	500.00	-	-	15,39,299.865	500.00	-	-	-
UTI-Spread Fund Growth Plan	10.00	3,57,24,343.961	4,000.00	-	-	3,57,24,343.961	4,000.00	-	-	-
Birla Sun Life Fixed Term Plan Series CX Growth	10.00	-	2,50,00,000.000	2,500.00	-	-	-	2,50,00,000.000	2,500.00	-
HDFC FMP 370D March 2011 (5) - Growth Series XVI	10.00	-	5,00,00,000.000	5,000.00	-	-	-	5,00,00,000.000	5,000.00	-
Kotak FMP Series 41 - Growth Plan	10.00	-	2,50,00,000.000	2,500.00	-	-	-	2,50,00,000.000	2,500.00	-
TOTAL (B)		44,30,73,739.336	64,370.67	10,00,00,000.000	10,000.00	44,30,73,739.336	64,370.67	10,00,00,000.000	10,000.00	-
(C) CURRENT (OTHER THAN TRADE) - UNQUOTED In Units of Mutual Fund										
DWS Insta Cash Plus Fund Super Institutional Plan - Daily Dividend Reinvestment	10.00	-	2,49,48,025.792	2,502.39	-	2,49,48,025.792	2,502.39	-	-	-
Reliance Liquidity Fund - Daily Dividend Reinvestment	10.00	-	5,00,07,186.405	5,003.27	-	5,00,07,186.405	5,003.27	-	-	-
JM High Liquidity Fund Super Institutional Plan - Daily Dividend Reinvestment	10.00	-	2,50,02,370.767	2,504.36	-	2,50,02,370.767	2,504.36	-	-	-
Kotak Liquid Institutional Premium - Daily Dividend Reinvestment	10.00	-	2,04,54,920.553	2,501.25	-	2,04,54,920.553	2,501.25	-	-	-
ICICI Prudential Liquid Super Institutional - Daily Dividend Reinvestment	10.00	-	25,03,559.655	2,504.13	-	25,03,559.655	2,504.13	-	-	-

Particulars	Face Value (Rs. Per Unit)	As at 31.03.2010		Additions during the year		Sold / Deductions during the year		As at 31.03.2011	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
Birla Sunlife Cash Plus Institutional Premium - Daily Dividend Reinvestment	10.00	-	-	3,69,60,409.098	3,703.25	3,69,60,409.098	3,703.25	-	-
IDFC Cash Fund Super Institutional Plan - Daily Dividend Reinvestment	10.00	-	-	2,50,05,896.527	2,501.21	2,50,05,896.527	2,501.21	-	-
HDFC Liquid Fund Premium Plan - Daily Dividend Reinvestment	10.00	-	-	4,89,61,667.714	6,002.60	4,89,61,667.714	6,002.60	-	-
TOTAL ( C)		-	-	23,38,44,036.511	27,222.46	23,38,44,036.511	27,222.46	-	-
GRAND TOTAL (A+B+C)		44,41,81,981.336	1,59,224.04	33,39,15,116.511	78,548.08	67,69,84,700.847	1,18,125.85	10,11,12,397.000	1,19,646.27

AGGREGATE NET COST AND MARKET VALUE OF INVESTMENTS

	As at 31.03.2011			As at 31.03.2010		
	Aggregate Net Cost	Market Value		Aggregate Net Cost	Market Value	
Quoted Investment:						
- In Public Financial Institutions	109646.27	116789.23		94853.37	101347.54	
Unquoted Investment:						
- In Units of Mutual Funds (#)	10000.00	-		64370.67	-	
Total Investments	119646.27			159224.04		

(#) Net Asset Value of Investment in Units of Mutual Funds as on 31st March, 2011 stands at Rs.10023.65 Lac (Previous Year Rs. 66962.14 Lac)



SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. in Lac

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE 7 - DEFERRED TAX ASSETS (Net)</b>		
<b>Deferred Tax Assets</b>		
Arising on account of:		
- Long-term and Short-term Capital Losses	452.78	277.19
- Expenses allowed for tax purpose when paid	6,407.49	5,215.82
- Depreciation	944.74	-
<b>Less: Deferred Tax Liabilities</b>		
Arising on Account of:		
- Depreciation	-	3,631.16
- Others	579.29	621.47
	7,225.72	1,240.38
<b>SCHEDULE 8 - INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials	1,801.89	2,482.28
Fuels	5,866.47	10,516.00
Stores, Spares and Packing Materials	17,905.16	12,872.54
Materials-in-Transit	6,149.96	4,723.87
Goods-in-Process	4,361.33	2,214.90
Finished Goods	4,338.22	3,003.71
	40,423.03	35,813.30
<b>SCHEDULE 9 - SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Over Six months	224.90	47.22
Others	10,596.58	8,194.57
	10,821.48	8,241.79
<b>SCHEDULE 10 - CASH AND BANK BALANCES</b>		
Cash on Hand	79.94	89.68
Fixed Deposits with Scheduled Banks (Includes Margin Money Pledged with Banks Rs. 268.99 Lac)	46,776.99	
Less: Overdrafts	(3,792.04)	
Balances with Scheduled Banks	42,984.95	36,459.47
- In Current Accounts	2,912.89	4,928.24
- In Unpaid Dividend Accounts	84.21	70.00
Balance with Non Scheduled Bank (Refer Note 9)	18.57	90.03
	46,080.56	41,637.42

Rs. in Lac

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE 11 - OTHER CURRENT ASSETS</b>		
Interest Accrued on Deposits	903.68	1,069.57
Interest Accrued on Tax Free and Other Bonds	1,341.57	58.27
	2,245.25	1,127.84
<b>SCHEDULE 12 - LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	8,594.38	8,602.11
Balance with Customs, Excise and Port trust etc. on Current Accounts	3,821.78	4,918.23
Deposit with Government Departments & Others	6,306.74	6,962.29
Prepaid Expenses	205.64	50.41
MAT Credit Entitlement	282.98	69.98
Advance Tax	25,103.43	50,794.01
	44,314.95	71,397.03
<b>SCHEDULE 13 - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Liabilities</b>		
Acceptances	13,933.93	-
Sundry Creditors		
- Micro, Medium and Small Enterprises (Refer Note 5)	46.09	12.79
- Others	12,183.47	17,133.96
Customers Advances	9,479.54	7,048.40
Sales-tax Payable	2,330.78	1,803.58
Other Liabilities	22,163.04	18,319.85
Interest Accrued but Not Due on Loans	2,420.71	2,295.95
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 at 31.03.2011)	84.21	70.00
	62,641.77	46,684.53
<b>Provisions</b>		
Income Tax	23,269.53	45,235.60
Fringe Benefit Tax	-	374.93
Wealth Tax	17.85	16.47
Staff Benefit Schemes	20.38	16.50
Mines Reclamation Expenses (Refer Note 13)	1,649.93	1,093.14
Proposed Dividend - Final	2,786.98	2,786.98
Corporate Dividend Tax	452.12	462.88
	28,196.79	49,986.50
	90,838.56	96,671.03



SCHEDULES FORMING  
PART OF THE PROFIT & LOSS ACCOUNT

Rs. in Lac

	For the Year ended 31.03.2011	For the Year ended 31.03.2010
<b>SCHEDULE 14 - SALES</b>		
Cement and Clinker Sales	3,62,238.80	3,83,713.50
Power Sales	31,540.14	17,695.10
Gross Sales	3,93,778.94	4,01,408.60
<b>SCHEDULE 15 - OTHER INCOME</b>		
<b>(A) Other Operating Income</b>		
CERs Sale Receipt (Net of Expenses)	-	860.74
Provision No Longer Required (Net)	278.20	166.62
Profit /(Loss) on Sale of Fixed Assets (Net)	(52.14)	84.16
<b>Total (A)</b>	226.06	1,111.52
<b>(B) Investment and Other Income</b>		
Profit/(Loss) on Sale of Investments (Other than Trade)		
- Long term (Net)	4,321.62	6,468.95
- Current (Net)	66.35	(46.25)
Dividend from Current Investments (Other than Trade)	22.46	10.00
Miscellaneous Income	40.58	39.57
<b>Total (B)</b>	4,451.01	6,472.27
<b>Total (A+B)</b>	4,677.07	7,583.79
<b>SCHEDULE 16 - MANUFACTURING EXPENSES</b>		
Raw Materials Consumed	37,233.76	32,378.07
Freight on Inter Unit Clinker Transfer	16,101.79	13,271.92
Excise Duty on Captive Consumption of Clinker	1,176.78	-
Stores, Spares & Packing Materials Consumed	21,605.77	19,115.25
Power, Fuel & Water	91,232.18	61,047.62
Mines Reclamation Expenses	689.82	552.00
Repair & Maintenance:		
Plant & Machinery	4,343.03	3,627.11
Buildings	741.34	1,024.85
Others	288.23	217.21
	1,73,412.70	1,31,234.03
<b>SCHEDULE 17 - (INCREASE) / DECREASE IN STOCK</b>		
Closing Stock:		
Goods-in-Process	4,361.33	2,214.90
Finished Goods	4,338.22	3,003.71
	8,699.55	5,218.61
Opening Stock:		
Goods-in-Process	2,214.90	1,232.61
Finished Goods	3,003.71	1,627.99
	5,218.61	2,860.60
(Increase) / Decrease	(3,480.94)	(2,358.01)
Add/(Less): Excise Duty Variance on Closing / Opening Stock	121.11	392.43
Net (Increase) / Decrease	(3,359.83)	(1,965.58)

Rs. in Lac

	For the Year ended 31.03.2011	For the Year ended 31.03.2010
<b>SCHEDULE 18 - PAYMENT TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages, Bonus and Allowances	15,090.84	11,585.49
Contribution to Provident, Superannuation and Gratuity Funds	3,069.70	2,667.02
Employees Welfare Expenses	1,693.25	1,608.68
	19,853.79	15,861.19
<b>SCHEDULE 19 - ADMINISTRATIVE EXPENSES</b>		
Rent	581.90	430.36
Rates & Taxes	582.88	529.96
Insurance	165.06	156.47
Travelling	1,355.09	1,057.85
Commission to Directors [Refer Note 15(d)]	60.00	60.00
Directors' Sitting Fees and Expenses	12.90	10.70
Foreign Exchange Rate Difference (Net)	218.94	153.98
Miscellaneous	3,319.86	2,545.37
Balances Written Off (Net)	(28.37)	4.62
	6,268.26	4,949.31
<b>SCHEDULE 20 - FREIGHT &amp; SELLING EXPENSES</b>		
Freight Charges	42,186.19	45,614.87
Publicity & Selling Expenses	8,022.75	7,397.31
Rebate & Discount	11,196.97	9,970.96
	61,405.91	62,983.14
<b>SCHEDULE 21 - INTEREST AND FINANCIAL EXPENSES (Net)</b>		
<b>Interest Expenses</b>		
- On Fixed Loans [(Net of Interest capitalised Rs. NIL (Previous Year Rs. 1219.49 Lac)]	9,676.29	6,948.19
- On Debentures	4,044.53	2,247.46
- Others	3,373.64	2,650.22
<b>Total</b>	17,094.46	11,845.87
<b>Less : Interest Received</b>		
Interest Income [(Gross, Tax deducted at source Rs. 480.98 Lac (Previous Year Rs.505.35 Lac)]		
- On FDRs	4,593.03	4,543.04
- On Tax Free and Other Bonds	2,074.97	217.89
- On Income Tax & Sales Tax Refund	1,041.90	439.43
- Others	42.40	51.00
<b>Total</b>	7,752.30	5,251.36
<b>Interest (Net)</b>	9,342.16	6,594.51
Bank and Financial Expenses	440.46	1,063.56
	9,782.62	7,658.07



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. Use of Estimates

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

03. Fixed Assets

Tangible Assets

- a) Free hold and Lease hold land are disclosed at cost.
- b) 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.

04. Foreign Currency Transactions

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

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

carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

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

Derivative Instruments

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

05. 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 Accounts in the year of expenditure.

06. 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.

07. 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.

08. Revenue Recognition

Revenue from sale of goods and power is recognized when significant risks and rewards of ownership is transferred 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.

09. 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.

10. 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 Accounts 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.

11. Leases

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

12. 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.

13. Depreciation

Tangible Assets

- (a) Depreciation is provided on Written down Value method at the rates specified in Schedule XIV of the Companies Act, 1956 or the rates prescribed in the Income Tax Act 1961, whichever is higher. However, in case of those assets whose WDV as per Income Tax Act, 1961 is lower than the WDV as per books, additional depreciation is provided to align the Book WDV with WDV as per Income Tax Act, 1961.

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

Intangible Assets

- (a) Expenditure incurred on Clean Development Mechanism Projects is amortized against sale proceeds.
- (b) Expenditure on Computer Software is amortized in the year in which it is capitalized.

- (c) Amount paid for Mining rights is amortized in the same year.

14. 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.

15. 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.

16. Segment Reporting

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

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

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

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

17. Taxation

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

18. 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 not recognized nor disclosed in the financial statements.

19. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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



SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

[B] NOTES ON ACCOUNTS

1. Contingent liabilities not provided for:  
Counter-guarantees in favour of banks: Rs. 8103.88 Lac (Previous Year Rs. 15595.50 Lac).
2. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs 19817.77 Lac (Previous Year Rs. 69313.03 Lac).
3. Installments of Secured Loans falling due for repayment in next 12 months amounting to Rs. 19301.43 Lac (Previous Year Rs. 5668.11 Lac).
4. Capital Work-in-Progress includes:

a) Rs. 29880.88 Lac (Previous Year Rs. 29824.66 Lac) paid towards capital advances.

- b) Pre-operative expenses of Rs. 1831.33 Lac (Previous Year Rs. 1968.39 Lac) which includes depreciation of Rs 45.87 Lac (Previous Year Rs. 140 Lac) on assets during construction period.
5. 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.

6. (a) Unhedged Foreign Currency Exposure: 

Amount in Lac

	Purpose	Currency	As at 31-03-2011	As at 31-03-2010
1	Outstanding creditors for Spares, Capital Goods & Technical Consultancy	USD	4.18	7.98
2	Outstanding creditors for Capital Goods and Spares	JPY	-	192.00

(b) The details of Derivatives outstanding at the year end are as follows: 

Amount in Lac

	Nature of Contract	Currency	Buy Amount		Purpose
			As at 31-03-2011	As at 31-03-2010	
1	Forward Contracts	USD	298.78	-	Hedging of Acceptances
2	Currency and Interest rate Swap	USD	2326.50	2158.75	Hedging of Loans
3	Currency and Interest rate Swap	JPY	11485.00	17227.50	Hedging of Loans
4	Forward Contracts	USD	-	2.48	Hedging of Import of Material / Capital goods
5	Forward Contracts	GBP	-	0.47	Hedging of Import of Material / Capital goods
6	Forward Contracts	EURO	-	39.79	Hedging of Import of Material / Capital goods

7. Employee Benefits:
- (a) Contribution to defined contribution plans recognized as expenses are as under:

Rs. in Lac

	2010-11	2009-10
Superannuation	1221.13	890.13
Employees’ Pension Scheme	381.46	291.34
Provident fund	721.20	648.97
Total	2323.79	1830.44

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

Rs. in Lac

		Gratuity (Funded Plan)	
		As at 31-03-2011	As at 31-03-2010
I	Change in Obligation		
	1 Present Value of defined benefit obligation at the beginning of the year	3913.73	2353.00
	2 Current service cost	479.79	301.51
	3 Interest cost	313.10	188.24
	4 Actuarial (gain) / loss on obligation	715.74	1145.39
	5 Benefits paid	(120.75)	(74.41)
	6 Present value of defined benefit obligation at the end of the year	5301.61	3913.73
II	Change in the Fair Value of Plan Assets		
	1 Fair Value of plan assets at the beginning of the year	3892.09	2353.00
	2 Expected return on plan assets	449.43	319.41
	3 Contributions by employer	1001.74	1294.09
	4 Actuarial gain / (loss) on plan assets	-	-
	5 Benefits paid	(120.75)	(74.41)
	6 Fair value of plan assets at the end of the year	5222.51	3892.09
III	Expenses recognized in the Profit and Loss Account		
	1 Current service cost	479.79	301.51
	2 Interest cost	313.10	188.24
	3 Expected return on plan assets	(449.43)	(319.41)
	4 Net actuarial loss / (gain) recognized in the current year	715.74	1145.39
	5 Expenses recognized in Profit and Loss Account	1059.20	1315.73
IV	Amount recognized in the Balance Sheet as at the end of the year		
	1 Present value of defined benefit obligation	5301.61	3913.73
	2 Fair Value of plan assets at the end of the year	5222.51	3892.09
	3 Funded status [Surplus / (Deficit)]	(79.10)	(21.64)
	4 Net assets / (liability) as at the end of the year	(79.10)	(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	449.43	319.41



SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

- (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.

- (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.

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

Rs. in Lac

Gratuity-Funded plan	As at 31-3-11	As at 31-3-10	As at 31-3-09	As at 31-3-08
Defined benefit obligation	5301.61	3913.73	2353.00	1858.71
Plan assets	5222.51	3892.09	2353.00	1858.71
Surplus / (deficit)	(79.10)	(21.64)	-	-

- (g) Amount recognized as an expense in respect of leave encashment and compensated absences is Rs. 617.25 Lac (Previous Year Rs. 484.71 Lac).

8. Revenue expenditure on Research and Development amounting to Rs. 830.97 Lac (Previous Year Rs. 638.70 Lac) is included under relevant heads of expenditure. Capital expenditure relating to Research and Development amounting to Rs. 123.07 Lac (previous year Rs. 1787.83 Lac) has been included in fixed assets.
9. 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. 104.78 Lac (previous year Rs. 247.36 Lac). None of the directors or their relatives are interested in the bank.
10. 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.

Revenue, Results and other information:

Rs. in Lac

Particulars	2010-11				2009-10			
	Cement	Power	Inter-Segment Eliminations	Total	Cement	Power	Inter-Segment Eliminations	Total
Revenue								
External Sales	319647.11	31540.14	-	351187.25	345517.20	17695.10	-	363212.30
Inter Segment Revenue	-	35024.05	(35024.05)	-	-	45473.37	(45473.37)	-
Total Revenue	319647.11	66564.19	(35024.05)	351187.25	345517.20	63168.47	(45473.37)	363212.30
Results								
Segment Results (Profit before Interest , Exceptional items & Tax)	22814.68	(1560.25)	-	21254.43	63712.74	30646.77	-	94359.51
Add: Un-allocated Income	-	-	-	4410.43	-	-	-	6432.70
Less: Interest and Financial Expenses(Net)	-	-	-	9782.62	-	-	-	7658.07
Profit before exceptional items & Tax	-	-	-	15882.24	-	-	-	93134.14
Less: Exceptional Items	-	-	-	4847.41	-	-	-	6342.85
Profit before Tax	-	-	-	11034.83	-	-	-	86791.29
Tax Expenses	-	-	-	(9935.22)	-	-	-	19181.26
Profit after Tax	-	-	-	20970.05	-	-	-	67610.03
Other Information								
Segment Assets	184552.19	105107.59	-	289659.78	158933.95	77589.04	-	236522.99
Un-allocated Assets	-	-	-	200586.32	-	-	-	254095.78
Total Assets	-	-	-	490246.10	-	-	-	490618.77
Segment Liabilities	52400.12	8764.35	-	61164.47	41215.80	3822.85	-	45038.65
Un-allocated Liabilities & Provisions	-	-	-	29674.09	-	-	-	51632.38
Total Liabilities	-	-	-	90838.56	-	-	-	96671.03
Depreciation & Amortization	35935.86	31640.08	-	67575.94	43760.59	13282.39	-	57042.98
Capital expenditure	58759.16	56403.08	-	115162.24	57528.48	60819.16	-	118347.64
Significant Non Cash Expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-



SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

11. 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) Aqua Infra Project Limited

(iii) Shri Venkatesh Ayurvedic Aushadhalaya

(iv) Asish Creations Pvt. Ltd.

(v) Alpha Buildhome Pvt. Ltd.

(b) Key Management Personnel

(i) Shri B.G. Bangur

(ii) Shri H.M. Bangur

(iii) Shri M.K. Singhi

Executive Chairman

Managing Director

Executive Director

(c) Relatives to key Management Personnel

(i) Shri Prashant Bangur

Details of Transactions:

<

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

		2010-11	2009-10
- Profit attributable to Equity shareholders	Rs. in Lac	20970.05	67610.03
- Equity share capital	Rs. in 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.	60.19	194.07

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

Mines Reclamation Expenses:		
		Rs. in Lac
	2010-11	2009-10
Opening Provision	1093.14	562.50
Add: Provision during the year	689.82	552.00
Less: Utilization during the year	133.03	21.36
Closing Provision	1649.93	1093.14

14. Payment made to Auditors :

		Rs. in Lac
	2010-11	2009-10
Statutory Auditors		
- Audit Fee	19.00	19.00
- Tax Audit Fee	1.25	1.25
- Certification / Other Services	3.79	3.75
- Reimbursement of Expenses	4.39	3.17
Cost Auditors		
- Audit Fee	2.00	1.25
- Reimbursement of Expenses	0.14	0.10

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

		Rs. in Lac
	2010-11	2009-10
- Salary	530.63	370.52
- Bonus / Commission	1200.00	1200.00
- Contribution to Provident and Superannuation Funds	119.52	100.04
- Allowances and Perquisites	229.08	188.84
	2079.23	1859.40

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:

		Rs. in Lac
	2010-11	2009-10
Profit before Tax	11034.83	86791.29
Add / (Deduct)		
- Remuneration to Whole Time Directors	2079.23	1859.40
- Commission to other Directors	60.00	60.00
- Directors' Sitting Fee	6.60	4.20
- Depreciation as per Books	67575.94	57042.98
- Provision for Wealth Tax	15.00	15.00
- Depreciation under Section 350 of the Companies Act, 1956	(35512.36)	(20428.09)
- Profit on Sale of Fixed Assets	(0.07)	(0.10)
Net Profit as per Section 349 of the Companies Act, 1956	45259.17	125344.68



SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(c) Commission / Bonus to Wholetime Directors:			Rs. in Lac
	2010-11	2009-10	
- Eligible Remuneration in terms of Section 309 of the Companies Act, 1956 [10% of Net Profit (b) above]	4525.92	12534.47	
- Less: Remuneration (Excluding commission / Bonus)	879.23	659.40	
- Balance available for payment of Commission / Bonus	3646.69	11875.07	
- Commission / Bonus to be paid as determined by the Board of Directors	1200.00	1200.00	

(d) Commission to other Directors:			Rs. in Lac
	2010-11	2009-10	
- Maximum eligible commission in terms of Section 309 of the Companies Act, 1956 [1% of Net Profit (b) above]	452.59	1253.45	
- Commission to be paid as determined by the Board of Directors	60.00	60.00	

16. 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
17. 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:

	2010-11 (MT)	2009-10 (MT)
(i) Licensed Capacity(*)	-	-
(ii) Installed Capacity(**)	13500000	10200000
(iii) Production [Includes Trial run production 60960 MT (Previous Year 22237 MT)]	9428396	9371922

(\*) 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	2010-11	2009-10
(i) Licensed Capacity(No license is required)	MW	-	-
(ii) Installed Capacity(as certified by Management)	MW	260.00	160.00
(iii) Generation [Includes Trial run generation 63.43 lac units (Previous Year 475.15 Lac units)]	Lac Unit	12400.29	9984.81

(B) Stock and Sales :

(a) Cement				
	2010-11		2009-10	
	Quantity (MT)	Value (Rs. in Lac)	Quantity (MT)	Value (Rs. in Lac)
(i) Cement Stock:				
Opening	143596	3003.71	88329	1627.99
Closing	171411*	4338.22	143596	3003.71
(ii) Sales:				
Cement	9338423#	301877.92	9270788 #	320482.60
Clinker	926270	17769.19	976299	25034.60

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

(#) Excludes self consumption for capital and revenue jobs 71750 MT (Previous Year 68982 MT) and includes trial run Qty 58063 MT (Previous Year 12670 MT).

(b) Power				
	2010-11		2009-10	
	Quantity (Lac Unit)	Value (Rs. in Lac)	Quantity (Lac Unit)	Value (Rs. in Lac)
Sales	6214.46	31540.14	2635.93	17695.10

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

	2010-11		2009-10	
	Quantity (MT)	Value (Rs. in Lac)	Quantity (MT)	Value (Rs. in Lac)
(i) Limestone	11087779	15726.51	11851846	15349.54
(ii) Sulphuric Acid	68518	1426.61	22153	377.72
(iii) Gypsum	401779	4915.01	341265	3628.89
(iv) Fly Ash	2398576	12859.79	1996717	11119.32
(v) Slag	265170	835.79	329007	1050.38
(vi) Iron Ore & Bauxite etc.	54476	282.40	10085	40.31
(vii) Others		1187.65		811.91

(D) Trade Purchases:

	2010-11		2009-10	
	Quantity	Value (Rs. in Lac)	Quantity	Value (Rs. in Lac)
(i) Cement In MT	9592	417.53	23115	918.42
(ii) Power Lac Unit	987.29	5833.75	-	-



SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

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

	2010-11	2009-10
(i) Raw Materials	470.12	405.76
(ii) Fuel	35298.75	24001.61
(iii) Stores, Spare parts and components	2661.76	1073.62
(iv) Capital Goods	17584.09	13167.77

(F) Expenditure incurred in foreign currencies:

	2010-11	2009-10
(i) Foreign Travel	35.79(#)	59.47(#)
(ii) Consultancy charges	51.23	62.64(#)
(iii) Others	49.81	89.78(#)
(#) For Capital Projects Rs. 4.55 Lac (Previous Year Rs. 62.10 Lac)		

(G) Earning in foreign currencies:

	2010-11	2009-10
(i) CERs sale receipts	-	896.01
(ii) Other receipts	3129.15	243.75

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

	2010-11		2009-10	
	Value (Rs. in Lac)	%	Value (Rs. in Lac)	%
(i) Imported	995.99	2.67	291.81	0.90
(ii) Indigenous	36237.77	97.33	32086.26	99.10

(b) Stores, Spare Parts and Components:

	2001-11		2009-10	
	Value (Rs. in Lac)	%	Value (Rs. in Lac)	%
(i) Imported	1196.52	8.17	594.16	4.56
(ii) Indigenous	13454.85	91.83	12425.21	95.44

(I) Net dividend remitted to non-resident shareholders in foreign currency:

	2010-11	2009-10
(i) No. of non-resident share holders	2	1
(ii) No. of shares held	3600500	3600000
(iii) Year to which dividend relates	2009-10	2008-09
(iv) Amount remitted (Rs. in Lac)	288.04	180.00

(b) Interim Dividend

	2010-11	2009-10
(i) No. of non-resident share holders	2	1
(ii) No. of shares held	3600500	3600000
(iii) Year to which dividend relates	2010-11	2008-09 & 2009-10
(iv) Amount remitted (Rs. in Lac)	216.03	360.00*

(\*) Includes Rs. 180 Lac related to 2008-09

18. 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  
Registration No. 001035N

<b>Sudhir Maheshwari</b> Partner Membership No. 081075	<b>B.G. Bangur</b> Executive Chairman	<b>H.M. Bangur</b> Managing Director	<b>R.L. Gaggar</b> Director	<b>O.P. Setia</b> Director	<b>Shreekant Somany</b> Director	<b>Dr. Abid Hussain</b> Director
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PLACE: KOLKATA DATE: 27 <sup>th</sup> May, 2011	<b>Dr. Y.K. Alagh</b> Director	<b>A. Ghosh</b> Director	<b>M.K. Singhi</b> Executive Director	<b>Ashok Bhandari</b> Chief Finance Officer	<b>S.S. Khandelwal</b> Company Secretary
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BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No. 

1

9

3

5

State Code 

1

7

Balance Sheet Date

3

1

0

3

2

0

1

1

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)

4

9

0

2

4

6

1

0

Total Liabilities

4

9

0

2

4

6

1

0

Total Assets

SOURCES OF FUNDS

3

4

8

3

7

2

Paid-Up Capital

1

7

8

0

4

9

0

8

Secured Loans

1

9

5

1

3

3

8

1

Reserves and Surplus

2

2

7

4

0

9

3

Unsecured Loans

APPLICATION OF FUNDS

2

1

9

4

8

8

8

4

Net Fixed Assets

7

2

2

5

7

2

Deferred Tax Assets

1

1

9

6

4

6

2

7

Investments

5

3

0

4

6

7

1

Net Current Assets

N

I

L

Misc. Expenditure

N

I

L

Accumulated Losses

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

3

5

5

8

6

4

3

2

Turnover & Other Income

3

4

4

8

2

9

4

9

Total Expenditure

+

1

1

0

3

4

8

3

Profit / Loss Before Tax

+

2

0

9

7

0

0

5

Profit / Loss After Tax

+

-

6

0

.

1

9

Earning Per Share in Rs.

1

4

0

Dividend Rate %

V. Generic Name of Principal Products of Company

Item Code No. (ITC Code)

2

5

2

3

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2

9

N

A

Product Description

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CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011

	Rs. in Lac	
	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010
<b>A Cash Flow From Operating Activities</b>		
Net Profit Before Tax	11,034.83	86,791.29
Add: Exceptional Items	4,847.41	6,342.85
Net Profit Before Tax & Exceptional Items	15,882.24	93,134.14
Adjustment For:		
Depreciation and Amortisation	67,575.94	57,042.98
Foreign Exchange Rate Difference (Net)	218.94	153.98
Balances Written off (Net)	(28.37)	4.62
Loss / (Profit) on Sale of Investment (Net)	(4,387.97)	(6,422.70)
Interest Income	(7,752.30)	(5,251.36)
Dividend Received	(22.46)	(10.00)
Loss / (Profit) on Sale / Disposal of Fixed Assets (Net)	52.14	(84.16)
Interest and Financial Expenses	17,534.92	12,909.43
Operating Profit Before Working Capital Changes	89,073.08	1,51,476.93
Adjustment For:		
(Increase) / Decrease in Trade And Other Receivables	(1,925.19)	(1,360.04)
(Increase) / Decrease In Inventories	(4,609.73)	(20,367.46)
Increase / (Decrease) in Trade Payables and Other Liabilities	22,883.52	21,119.15
Cash Generated From Operations	1,05,421.68	1,50,868.58
Foreign Exchange Rate Difference (Net)	(218.94)	(153.98)
Direct Taxes Paid (Net of Refunds)	7,087.84	(18,973.42)
Cash Flow Before Exceptional Items	1,12,290.58	1,31,741.18
Exceptional Items	(4,847.41)	(6,342.85)
<b>Net Cash From Operating Activities</b>	<b>1,07,443.17</b>	<b>1,25,398.33</b>
<b>B Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(1,15,398.48)	(1,17,252.22)
Sale of Fixed Assets	218.53	150.47
Purchase of Investments	(78,548.08)	(1,57,017.88)
Proceeds from sale of Investments	1,23,463.82	1,00,385.51
Dividend Received	22.46	10.00
Interest Received	6,634.89	4,878.72
<b>Net Cash Used in Investing Activities</b>	<b>(63,606.86)</b>	<b>(1,68,845.40)</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from Long Term Borrowings	28,982.00	69,206.25
Repayment of Long Term Borrowings	(5,668.12)	(13,184.01)
Proceeds from Short term Borrowings (Net)	(39,609.64)	1,271.87
Interest and Financial Charges Paid	(17,410.16)	(13,322.00)
Dividend & Tax Paid there on (Interim and/or Final)	(5,687.25)	(6,113.67)
<b>Net Cash From Financing Activities</b>	<b>(39,393.17)</b>	<b>37,858.44</b>
Net Increase / (Decrease) In Cash & Cash Equivalents	4,443.14	(5,588.63)
Cash & Cash Equivalents as at the beginning of the Year	41,637.42	47,226.05
Cash & Cash Equivalents as at the close of the Year	46,080.56	41,637.42

Notes:

- 1 Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities
- 2 Previous year's figures have been regrouped and rearranged wherever necessary
- 3 Cash and cash equivalents are Cash and Bank Balances as per Balance Sheet and includes Rs. 84.21 Lac (Previous Year - Rs. 70.00 Lac) in respect of unclaimed Dividend, the balance of which is not available to the Company.

As per our report of even date  
For **B. R. Maheswari & Co.**  
Chartered Accountants (Registration No. 001035N)

<b>Sudhir Maheswari</b> Partner Membership No. 081075	<b>B.G. Bangur</b> Executive Chairman	<b>H.M. Bangur</b> Managing Director	<b>R.L. Gaggar</b> Director	<b>O.P. Setia</b> Director	<b>Shreekant Somany</b> Director	<b>Dr. Abid Hussain</b> Director
PLACE: KOLKATA DATE: 27 <sup>th</sup> May, 2011	<b>Dr. Y.K. Alagh</b> Director	<b>A. Ghosh</b> Director	<b>M.K. Singhi</b> Executive Director	<b>Ashok Bhandari</b> Chief Finance Officer	<b>S.S. Khandelwal</b> Company Secretary	



RATIO ANALYSIS

COMPANY DETAILS

FINANCIAL PERFORMANCE RATIOS	2010-11*	2009-10*	2008-09*	2007-08	2006-07
RAW MATERIAL COST / TOTAL TURNOVER (%)	11.22	8.43	8.35	8.90	10.60
POWER COST / TOTAL TURNOVER (%)	5.55	4.10	5.56	5.19	5.10
FUEL COST / TOTAL TURNOVER (%)	17.62	11.11	14.03	9.86	9.44
MANPOWER & ADMIN COST / TOTAL TURNOVER (%)	6.63	5.18	4.65	4.46	5.25
INTEREST / TOTAL TURNOVER (%)	2.48	1.91	1.08	2.18	0.64
PRE-INTEREST PROFIT / TOTAL TURNOVER (%)	23.68	39.32	32.11	38.49	37.88
POST-INTEREST PROFIT / TOTAL TURNOVER (%)	21.19	37.41	31.03	36.30	37.23
DEPRECIATION / TOTAL TURNOVER (%)	17.16	14.21	6.64	19.62	26.53
TAX / NET PROFIT (%)	-47.38	28.37	25.08	35.71	7.03
TAX / TOTAL TURNOVER (%)	-2.52	4.78	4.69	4.42	0.73
NET PROFIT/ TOTAL TURNOVER (%)	5.33	16.84	18.69	10.67	10.97
CASH PROFIT / TOTAL TURNOVER (%)	20.97	31.00	25.60	29.69	33.31
ROCE (PBIT / AVERAGE CAPITAL EMPLOYED) (%)	5.25	28.42	32.12	24.88	39.29
TURNOVER / AVERAGE CAPITAL EMPLOYED (%)	99.27	120.80	131.29	144.00	157.00
EARNING PER SHARE (RS.)	60.19	194.07	165.91	74.74	50.81
CASH EARNING PER SHARE (RS.)	236.99	369.77	227.18	207.94	154.24

BALANCE SHEET RATIOS	2010-11*	2009-10*	2008-09*	2007-08	2006-07
DEBT-EQUITY RATIO (TIMES)	0.84	0.89	0.88	1.73	1.88
DEBTORS TURNOVER (DAYS)	10.03	7.49	6.89	7.39	5.94
INVENTORY TURNOVER ( DAYS)	37.47	32.56	18.24	26.41	35.31
CURRENT RATIO (TIMES)	1.58	1.64	2.09	2.28	2.72
QUICK RATIO (TIMES)	1.14	1.27	1.86	1.92	2.17
BOOK VALUE PER SHARE (RS)	570.13	526.23	347.33	193.13	130.48

\*Turnover includes Cement as well as Power

Board of Directors

Shri B.G. Bangur	- Executive Chairman
Shri H.M. Bangur	- Managing Director
Shri R.L. Gaggar	
Shri O.P. Setia	
Shri Shreekant Somany	
Dr. Abid Hussain	
Dr. Y.K. Alagh	
Shri Nitin Desai (w.e.f. 27.5.11)	
Shri M.K. Singhi	- Executive Director

Management Team

Shri Prashant Bangur	- Executive Joint President
Shri Ashok Bhandari	- Chief Finance Officer
Shri Diwakar Payal	- Joint President (Marketing)
Shri Kuldeep Verma	- Senior Vice President (Marketing)
Shri Arun Bhalla	- Chief Executive (Power Business Development)
	- Joint President (Works)
Shri P.N. Chhangani	- Senior Vice President (Strategy)
Shri Shrinath Savoor	- Senior Vice President (PR)
Shri Ramakant Sharma	- Senior Vice President (Material Management)
Shri K.C. Gandhi	- Senior Vice President (Project Management)
Shri Gopal Daga	- Senior Vice President (Commercial)
Shri Sanjay Mehta	- Advisor (Commercial)
Shri S.K. Gupta	- Vice President (P&A)
Shri P.C. Jhawar	- Vice President (Mines)
Shri S.C. Suthar	- Vice President (Business Development)
Shri C.R. Biyani	- Vice President (Project)
Shri C.S. Sharma	- Vice President (Contract)
Shri Pradeep Kothari	- Vice President (Commercial)
Shri Arvind Khicha	- Advisor (Technical)
Shri M.C. Gupta	- Joint Vice President (P&A)
Shri R.C. Bohra	- Joint Vice President (HR)
Shri S.R. Singhvi	- Joint Vice President (Power Plant)
Shri M.M. Rathi	- Joint Vice President (Mechanical)
Shri R.K. Agarwal	- Joint Vice President (Liaison)
Shri R.K. Tiwari	- Joint Vice President (Operation)
Shri R.K. Manawat	- Joint Vice President (Operation)
Shri Vinay Saxena	- Joint Vice President (Power Project)
Shri Gajraj Jain	- Joint Vice President (R&D)
Shri Rakesh Bhargava	- Joint Vice President (Marketing)
Shri Narip Bajwa	- Joint Vice President (Marketing)
Shri Himanshu Dewan	- Assistant Vice President (ERP)
Shri S.K. Soni	- Assistant Vice President (Land acquisition)
Shri G.L. Nandwana	- Assistant Vice President (IT)
Shri R. K. Srivastava	- Assistant Vice President (IT)

Shri A.K. Gupta	- Assistant Vice President (Civil Project)
Shri A.K. Srivastav	- Assistant Vice President (Project)
Shri Rakesh Dalmia	- Assistant Vice President (Corporate MIS)
Shri R.N. Dani	- Assistant Vice President (Costing & MIS)
Shri N.C. Jain	- Assistant Vice President (Finance)
Shri Yogesh Mehta	- Assistant Vice President (Logistics)
Shri K.K. Jain	- Assistant Vice President (Accounts)
Shri S.K. Gupta	- Assistant Vice President (Project Accounts)
Shri S.L. Bhansali	- Assistant Vice President (Legal)
Shri S.C. Maheshwari	- Assistant Vice President (Taxation)
Shri Vijay Barthwal	- Assistant Vice President (Power Business Development)
Shri Vivek Mathur	- Assistant Vice President (Marketing)
Shri Anil Kaushik	- Assistant Vice President (Marketing)
Shri K.K. Talwar	- Assistant Vice President (Marketing)
Shri P.S. Sharma	- Assistant Vice President (Marketing)

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
HDFC Bank Ltd.
DBS Bank Ltd.
BNP Paribas

Advertising Consultant

Shri Alyque Padamsee
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Auditors

M/s. B.R. Maheswari & Co., New Delhi
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Cost Auditors

M/s. K.G. Goyal & Associates, Jaipur
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Internal Auditors

M/s. P.K. Ajmera & Co., Ahmedabad
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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: <a href="http://www.shreecement.in">www.shreecement.in</a>
email: <a href="mailto:sclbwr@shreecementltd.com">sclbwr@shreecementltd.com</a>

Corporate Office

21, Strand Road, Kolkata - 700 001
Phone: (91) 33-22390601-05
Fax: (91) 33-22434226
email: <a href="mailto:clcal@shreecementltd.co.in">clcal@shreecementltd.co.in</a>



COMPANY’S PLANTS & MARKETING OFFICES

NOTES

Plants

Units I & II and Power Plants, Beawar

Bangur Nagar, Beawar - 305 901 Dist.: Ajmer, Rajasthan (India)  
Phone: (91) 1462-228101-06

Units III to VIII and Power Plants, Ras

Bangur City, Ras, Tehsil Jaitaran - 306 107, Dist.: Pali, Rajasthan (India)  
Phone: (91) 1462-228101-06

Cement Grinding Unit(s)

**Khushkhrera:** Plot No SP 3-II, A-1, RIICO Industrial Area, Khushkhera (Bhiwadi) - 301 707, Dist.: Alwar, Rajasthan  
Phone: (91) 1493-250521 / 22 / 23 / 24

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

**Roorkee:** Akbarpur - Oud, The.: Laksar, Dist.: Haridwar, Uttarakhand  
Phone : (91) 1332-225810-11

**Jaipur:** Mahela, Jobner Road, Village: Aslapur, Tehsil: Phulera, Dist.: Jaipur, Rajasthan

**Email:** [shreebwr@shreecementltd.com](mailto:shreebwr@shreecementltd.com)

Marketing Offices

Shree Ultra Cement

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

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

Bangur Cement

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

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

Rockstrong Cement

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

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



NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There is no text or other markings on the paper.

Concept, Research, Content & Design:

The logo for MSLGROUP CREATIVE+ features a stylized graphic on the left composed of three interlocking loops in blue, red, and blue. To the right of this graphic, the word "MSLGROUP" is written in a bold, blue, sans-serif font, with "CREATIVE+" in a smaller, blue, sans-serif font below it.

*Part of Publicis Groupe*

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pankaj@hanmermsl.com



Part of Publicis Groupe

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pankaj@hanmermsl.com









INSTRUCTIONS:

- 1. The Nomination can be made only by individuals holding shares on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the shares are held jointly, all joint holders shall sign the nomination form.
- 2. A minor can be nominated by holder(s) of shares and in that event the name and address of the Guardian shall be given by the holder(s).
- 3. The nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-resident Indian can be a nominee on repatriable basis subject to RBI approval.
- 4. Nomination shall stand rescinded upon transfer of shares.
- 5. Transfer of shares in favour of a nominee shall be valid discharge by Company against the legal heir.

FOR OFFICE USE ONLY

Nomination Registration No.: ..... Checked by: .....  
Date of Registration: ..... Signature: .....

GUIDELINES FOR NOMINATION

- 1. Nomination per Folio  
Nomination for only one folio can be made on this Form. In case you have many folios, then you may take a photocopy of this form and nominate separately for each folio.
- 2. Signatures  
The sole / joint holders should sign as per the specimen signatures recorded with the Company / Share Transfer Agent, else the Form is liable to be rejected.
- 3. Registration of Nomination  
Upon receipt of a duly executed Nomination Form, Karvy Computershare Pvt. Ltd. will register the nomination and allot a Registration Number. This number will be furnished to the holder. All the subsequent correspondence regarding the nomination may please be done quoting the Registration number.
- 4. Change of Nomination  
The holder(s) can override (delete or change) an earlier nomination by executing a fresh nomination form for which a fresh registration number will be allotted. The earlier nomination will automatically stand cancelled upon registration of new nomination.
- 5. Change in composition of the Account  
Nomination stands rescinded upon transfer of shares. Whenever the shares in the given folio are transferred / transmitted / dematerialized / amalgamated with some other folio, then this nomination stands void. A new nomination form will have to be filled by the person(s) in whose name(s) the shares have been transferred / transmitted / dematerialized / amalgamated.
- 6. Electronic holding  
The nomination given in the form would be considered for the physical holding only. In case shares are held in electronic form, then the holder(s) have to approach to the concerned Depository Participant (DP) for registering their nomination.
- 7. Accrual and Acquisitions  
Once a nomination is registered by a Company for a given folio, the same is valid for all future accruals and acquisitions made by the holder(s) in that folio unless notified to the contrary by the holder(s). The accruals could be in the form of Rights, Bonus, purchases from open market under the same folio etc.
- 8. Validity of nomination  
The nomination made through Form 2B will be considered valid and recognised by the Company if the nomination made by the holder(s) of the shares / debentures / deposits is registered with the Company before the death of the holder(s) of the shares / debentures / deposits.
- 9. Entitlement of Nominee  
The nominee will be entitled to all the rights in the shares of the Company only in the event of death of the sole / all holders in the account. The nominee will be required to approach the Company for transmitting the securities in his / her name and will be required to produce the death certificate of the holder(s), the share / debentures / deposits certificates and proof of identity as required by the Board of Directors of the Company. The registration number under which the nomination was registered should be provided by the Company.
- 10. Date of execution  
Kindly note that nomination being a legal document should be dated by the nominator and the witnesses should certify that the Form has been signed by the nominator in their presence. Furthermore, the date of execution on the nomination form should match with the date of witness, witnessing the document.

SHREE CEMENT LIMITED

Regd. Office: Bangur Nagar, BEAWAR - 305 901, Distt.: Ajmer (Rajasthan)

NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of SHREE CEMENT LIMITED will be held at the Registered Office of the Company at Bangur Nagar, Beawar - 305 901, District: Ajmer (Rajasthan) on Monday, the 1<sup>st</sup> day of August, 2011 at 11.30 A.M. to transact the following business:-

Ordinary Business

- 1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March, 2011 and the Reports of the Directors and Auditors thereon
- 2. To confirm the payment of Interim Dividend on equity shares for the Year 2010-11
- 3. To declare final dividend on equity shares for the Year 2010-11
- 4. To appoint a Director in place of Dr. Y.K. Alagh who retires by rotation and being eligible, offers himself for re-appointment
- 5. To appoint a Director in place of Shri Shreekant Somany who retires by rotation and being eligible, offers himself for re-appointment
- 6. To appoint M/s B.R. Maheswari & Company, retiring Auditors as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration

Special Business

- 7. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri Nitin Desai, who was appointed as an additional director of the Company by the Board of Directors and holds office up to the date of this meeting under section 260 of the Companies Act, 1956 and in respect of whom, the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."
- 8. To consider and, if thought fit, to pass with or without modification, the following Resolutions as Special Resolutions:  
"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 for the time being in force (including any statutory modifications and re-enactments thereof) read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the reappointment of Shri B.G. Bangur as the Executive Chairman of the Company for a period of five years w.e.f. 1<sup>st</sup> April, 2011 on the terms and conditions as to remuneration, allowances, perquisites and other benefits including commission etc. as specified and set out in the annexed Explanatory Statement, with the authority to the Board to alter or vary the same from time to time with effect from such date or dates as may be decided by it and agreed to by Shri B.G. Bangur."  
"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the amount of remuneration and perquisites stated in the Explanatory Statement shall be paid to Shri B.G. Bangur as minimum remuneration subject to the necessary approvals and ceiling specified under Schedule XIII of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof)."

- 9. To consider and, if thought fit, to pass with or without modification, the following Resolutions as Special Resolutions:  
"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 for the time being in force (including any statutory modifications and re-enactments thereof) read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded to the reappointment of Shri H.M. Bangur as the Managing Director of the Company for a period of five years w.e.f. 1<sup>st</sup> April, 2011 on the terms and conditions as to remuneration, allowances, perquisites and other benefits including commission etc. as specified and set out in the annexed Explanatory Statement, with the authority to the Board to alter or vary the same from time to time with effect from such date or dates as may be decided by it and agreed to by Shri H.M. Bangur."  
"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the amount of remuneration and perquisites stated in the Explanatory Statement shall be paid to Shri H.M. Bangur as minimum remuneration subject to the necessary approvals and ceiling specified under Schedule XIII of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof)."
- 10. To consider and, if thought fit, to pass with or without modification, the following Resolution as Special Resolution:  
"RESOLVED THAT pursuant to provisions of Section 314 and other applicable provisions of the Companies Act, 1956 for the time being in force (including any statutory modifications and re-enactments thereof, and subject to such approvals / consents / permissions as may be required, consent of the Company be and is hereby accorded for continuation of employment of Shri Prashant Bangur, son of Shri H.M. Bangur, Managing Director and grand son of Shri B.G. Bangur, Executive Chairman, as Executive President (or such designation as may be considered appropriate by the Management of the Company) on such remuneration and terms and conditions, as set out in the Explanatory Statement annexed hereto, notwithstanding that the remuneration paid to Shri Prashant Bangur exceeds the limits prescribed for the time being under Section 314 of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof) or such other provisions as may be applicable for this purpose".
- 11. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Special Resolution:-  
"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 for the time being in force (including any statutory modifications and re-enactments thereof) read with Schedule XIII of the said Act, the consent of the Company be and is hereby accorded for terms and conditions as to remuneration as specified and set out in the annexed Explanatory Statement in respect of Shri M.K. Singhi, Executive Director for the period commencing from 1.4.2011 for remaining period of his present tenure of appointment as Executive Director i.e. upto 31.3.2013".



“RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the amount of remuneration and perquisites stated in the Explanatory Statement shall be paid to Shri M.K. Singhi as minimum remuneration subject to the necessary approvals and ceiling specified under Schedule XIII of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof).”

By order of the Board

Place: Kolkata  
Date: 27<sup>th</sup> May, 2011

**S. S. Khandelwal**  
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of item No 7 to 11 of the Notice convening the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 25<sup>th</sup> July, 2011 to Monday 1<sup>st</sup> August, 2011 (both days inclusive).
4. (A) The Company has transferred all unclaimed dividend declared upto the Accounting year 1994-95 to the General Revenue Account of the Central Govt. as required under Companies (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Members who have so far not claimed or collected their dividends declared up to the aforesaid year are requested to claim such dividends from the Registrar of Companies, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur, Rajasthan by making an application in Form II of the said Rules.  
  
(B) The Company has transferred all unclaimed dividend declared for the years 1995-96, 2000-01, 2001-2002 and 2002-03 to Investors Education and Protection Fund.  
  
(C) The members who have not yet encashed the dividend warrant(s) for the years 2003-04, 2004-05, 2005-06, 2006-07 (Interim Dividend), 2007-08, 2008-09 (Interim and Final Dividend), 2009-10 (Interim Dividend and Final Dividend) and 2010-11 (Interim Dividend) are requested to approach the Company with their warrants for revalidation. Dividend for these years, which remain unclaimed for a period of 7 years, will be transferred by the Company to Investors Education and Protection Fund. The last date upto which claim for unpaid dividend which can be lodged with the Company is given hereunder:

Financial Year	Date of declaration of Dividend	Last date for transfer of unpaid dividend in Investors' Education and Protection fund
2003-04	15.7.2004	20.8.2011
2004-05	16.8.2005	19.9.2012

Financial Year	Date of declaration of Dividend	Last date for transfer of unpaid dividend in Investors' Education and Protection fund
2005-06	31.7.2006	5.9.2013
2006-07 (Interim Dividend)	13.3.2007	18.4.2014
2007-08	18.7.2008	23.8.2015
2008-09 (Interim Dividend)	28.4.2009	3.6.2016
2008-09 (Final Dividend)	24.7.2009	29.8.2016
2009-10 (Interim Dividend)	21.1.2010	26.2.2017
2009-10 (Final Dividend)	14.8.2010	19.9.2017
2010-11 (Interim Dividend)	31.1.2011	6.3.2018

5. The Company has appointed M/s Karvy Computershare Pvt. Ltd. as Share Transfer Agent for both manual and electronic form of shareholdings. All communications relating to shares should be addressed to:-  
M/s. Karvy Computershare Pvt. Ltd.  
17-24 Vithalrao Nagar, Madhapur, HYDERABAD - 500081  
Attn: Mr. K.S. Reddy, Asst. General Manager
6. Shareholders can also receive dividend payment directly into their bank account through National Electronic Clearing Service (NECS) mechanism. The specimen format of NECS mandate is being circulated and members holding shares in physical form are requested to send same to Share Transfer Agent and in case of holding in de-mat form to their respective Depository Participants.
7. Members, who are holding physical shares in identical order of names in more than one account, are requested to intimate to the Share Transfer Agent, the Ledger Folio of such accounts and send the Share certificate(s) to enable the Company to consolidate all the holdings into one account. The Share Certificate(s) will be returned to the members, after making the necessary endorsements, in due course.
8. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days except Sunday and public holiday, between 10.30 hours and 12.30 hours up to the date of meeting.
9. The Members desiring any information as regards accounts of the Company are requested to write to the Company at an early date, so as to enable the Company to keep information ready.
10. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the meeting.
11. As required under Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed / re-appointed are given below and forms part of Notice.

SN	Nature of Information	Item No. 4 of Notice	Item No. 5 of Notice	ItemNo. 7 of Notice
1	Name	Dr. Y.K. Alagh	Shri Shreekant Somany	Shri Nitin Desai
2	Age	72 Years	62 Years	70 Years
3	Nationality	Indian	Indian	Indian
4	Qualification	Doctoral & Masters Degree in Economics	B. Sc.	Master’s degree in Economics
5	Expertise in specific functional area	Eminent economist with wide experience in policy making & planning	Eminent Industrialist having rich experience of Business	Eminent economist with vide experience in sustainable development
6	Director of Company since (date)	29.10.2004	20.10.2000	27.5.2011
7	Directorship in other Companies	- Tata Chemicals Ltd. - Somany Ceramics Ltd. - Rallis India Ltd.	- Somany Ceramics Ltd. - SR Continental Ltd. - Somany Global Ltd. - Sarvottam Vanijya Ltd. - Cosmo Ferities Ltd. - Scope Vinimoy Pvt. Ltd.	-
8	Member of Committees of Board	<b>Shree Cement Ltd.</b> - Audit Committee - Shareholders’ & Investors’ Grievance Committee - Nomination cum Remuneration Committee <b>Tata Chemicals Ltd.</b> - Shareholders’ & Investors’ Grievances committee-Chairman - Audit Committee - Nomination Committee-Chairman - Ethics & Compliance Committee-Chairman - Executive Committee of the Board <b>Rallies India Ltd.</b> - Audit Committee	<b>Shree Cement Ltd.</b> - Nomination cum Remuneration Committee - Selection Committee <b>Cosmo Ferities Ltd.</b> - Remuneration Committee	-
9	Nature of Directors' Interest, in any of the resolution(s)	Except Dr. Y.K. Alagh himself, none of the remaining directors is concerned or interested in the Resolution.	Except Shri Shreekant Somany himself, none of the remaining directors is concerned or interested in the Resolution.	Except Shri Nitin Desai himself, none of the remaining directors is concerned or interested in the Resolution.
10	Number of shares held in the Company	Nil	Nil	Nil

S.No	Nature of Information	Item No. 8 of Notice	Item No. 9 of Notice
1	Name	Shri B.G. Bangur	Shri H.M. Bangur
2	Age	77 Years	59 Years
3	Nationality	Indian	Indian
4	Qualification	B.Com	B.E. (Chemical)
5	Expertise in specific functional area	Business planning and corporate management	Business planning and corporate management
6	Director of Company since (date)	13.8.1992	1.1.1992
7	Directorship in other Companies	- NBI Industrial Finance Co. Ltd. - Shree Capital Services Ltd. - Khemka Properties Pvt. Ltd. - Digvijay Finlease Ltd. - The Didwana Investment Co. Ltd. - Marwar Textiles (Agency) Pvt. Ltd.	-
8	Member of Committees of Board	- Share transfer Committee	- Share transfer Committee
9	Nature of Directors' Interest, in any of the resolution(s)	Except Shri B.G. Bangur himself and Shri H.M. Bangur, relative, none of the remaining directors is concerned or interested in the Resolution.	Except Shri H.M. Bangur himself and Shri B.G. Bangur, relative, none of the remaining directors is concerned or interested in the Resolution.



# ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED HERETO AND FORMS PART OF THE NOTICE DATED 27<sup>TH</sup> MAY, 2011.

### Items No. 7 of Notice

Shri Nitin Desai was appointed as an Additional Director of the Company by the Board of Directors with effect from 27<sup>th</sup> May, 2011 under Section 260 of the Companies Act, 1956 and holds office upto the date of ensuing Annual General Meeting of the Company.

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

As required under section 257 of the Companies Act, 1956, Notice has been received from a member proposing the name of Shri Nitin Desai for the office of Director.

None of the Directors, except Shri Nitin Desai himself is concerned or interested in the resolution.

Board of Directors recommends the passing of the Ordinary Resolution at Item No. 7 of the Notice.

### Item No: 8 & 9 of Notice

Shri B.G. Bangur and Shri H.M. Bangur were appointed as Executive Chairman and Managing Director for 5 years from 13<sup>th</sup> August, 2007 and 1<sup>st</sup> August, 2007 respectively. Accordingly, their present term will expire on 12<sup>th</sup> August, 2012 and 31<sup>st</sup> July, 2012 respectively.

Under the stewardship of Shri B.G. Bangur and Shri H.M. Bangur, the Company has scaled great heights and has expanded its operations significantly and also undertaken several new initiatives. Keeping in view the above, it is essential to continue to secure their leadership for the Company. It is therefore, proposed to fore-close their current terms of appointment w.e.f. 1<sup>st</sup> April 2011 and reappoint them for a new term of 5 years commencing from that date.

The Board in its meeting held on 27<sup>th</sup> May, 2011 has approved the fore-closure of current term of appointment of Shri B.G. Bangur as Executive Chairman and Shri H.M. Bangur as Managing Director and their re-appointment for new term of 5 years effective from 1<sup>st</sup> April, 2011 on such terms and conditions as recommended by the Nomination cum Remuneration Committee. The terms and conditions as to remuneration recommended by the Nomination cum

Remuneration Committee and approved by the Board for new term of five years commencing from 1.4.2011 are as under:

### Shri B.G. Bangur, Executive Chairman

- (a) Salary: Rs. 20,00,000/- per month (w.e.f. 1<sup>st</sup> April, 2011) [The Salary shall increase to Rs. 25,00,000/- per month w.e.f. 1.4.2012 and thereafter there will be an annual increase in the salary @ 10% (of previous year basic salary) effective from 1.4.2013].

- (b) Commission: Such commission on net profits as may be decided by the Board of Directors in its absolute discretion for each financial year or part thereof.

- (c) Perquisites / Allowances: (1) House Rent Allowance: He shall be entitled to and be paid House Rent Allowance @ 60% of the salary

Explanation: The expenditure incurred on gas, electricity, water and furnishings shall be reimbursed and borne by the Company upto a limit of 10% of the salary

- (2) Medical Reimbursement: All expenses incurred for self and family in India and / or abroad including hospitalization, nursing home and surgical treatment shall be reimbursed.

- (3) Leave Travel Concession: Reimbursement of leave travel expenses for self and family, once in a year for proceeding on leave.

- (4) Club Fees: Reimbursement of fees of Clubs subject to the maximum of four Clubs including admission and life membership fees.

- (5) Personal Accident Insurance: Personal accident insurance for an amount, annual premium of which does not exceed Rs. 4000/- p.a.

- (6) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per the rules of the Company.

- (7) Gratuity: As per the rules of the Company but not exceeding half a month's salary for each completed year of service.

- (8) Encashment of leaves accumulated and not availed of: As per rules of the Company.

- (9) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

### (10) Other Perquisites:

Subject to overall ceiling on remuneration as prescribed under Schedule XIII or other provisions of Companies Act, 1956 or such higher ceiling as may be applicable from time to time during his tenure, he may be given any other allowances, benefits and perquisites as the Board of Directors may from time to time, decide. However the aggregate amount of such allowances, benefits (excluding commission) and perquisites (excluding items at serial nos. 6 to 8) will not exceed 90% of salary of that year.

Explanation:

"Family" means the spouse, the dependent children and dependent parents of such director.

The total remuneration payable to Shri B.G. Bangur by way of salary, commission, perquisites, allowances, benefits and amenities as approved by the Board shall not exceed the limits laid down in Section 198 and 309 and other relevant provisions of the Companies Act, 1956 or any statutory modification or re-enactments thereof.

Minimum Remuneration:

In the absence or inadequacy of the profits in any year, Shri B.G. Bangur shall be entitled to receive and be paid, the above remuneration as minimum remuneration in that year by way of salary, allowances, perquisite and other benefits as stated above in that year, subject, however, to the necessary approvals and ceiling specified under the Schedule XIII of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof).

Except Shri B.G. Bangur himself and Shri H.M. Bangur, relative, none of the remaining directors is concerned or interested in the Resolution.

### Shri H.M. Bangur, Managing Director

- (a) Salary: Rs. 20,00,000/- per month (w.e.f. 1<sup>st</sup> April, 2011) [The Salary shall increase to Rs. 25,00,000/- per month w.e.f. 1.4.2012 and thereafter there will be an annual increase in the salary @ 10% (of previous year basic salary) effective from 1.4.2013].

- (b) Commission: Such commission on net profits as may be decided by the Board of Directors in its absolute discretion for each financial year or part thereof.

- (c) Perquisites / Allowances: (1) House Rent Allowance: He shall be entitled to and be paid House Rent Allowance @ 60% of the salary.

Explanation:

The expenditure incurred on gas, electricity, water and furnishings shall be reimbursed and borne by the Company upto a limit of 10% of the salary.

- (2) Medical Reimbursement: All expenses incurred for self and family in India and / or abroad including hospitalization, nursing home and surgical treatment shall be reimbursed.

- (3) Leave Travel Concession: Reimbursement of leave travel expenses for self and family, once in a year for proceeding on leave.

- (4) Club Fees: Reimbursement of fees of Clubs subject to the maximum of four Clubs including admission and life membership fees.

- (5) Personal Accident Insurance: Personal accident insurance for an amount, annual premium of which does not exceed Rs. 4000/- p.a.

- (6) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per the rules of the Company.

- (7) Gratuity: As per the rules of the Company but not exceeding half a month's salary for each completed year of service.

- (8) Encashment of leaves accumulated and not availed of: As per rules of the Company.

- (9) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

- (10) Other Perquisites: Subject to overall ceiling on remuneration as prescribed under Schedule XIII or other provisions of Companies Act, 1956 or such higher ceiling as may be applicable from time to time during his tenure, he may be given any other allowances, benefits and perquisites as the Board of Directors may from time to time, decide. However the aggregate amount of such allowances, benefits (excluding commission) and perquisites (excluding items at serial nos. 6 to 8) will not exceed 90% of salary of that year.

Explanation:

"Family" means the spouse, the dependent children and dependent parents of such director.

The total remuneration payable to Shri H.M. Bangur by way of salary, commission, perquisites, allowances, benefits and amenities as approved by the Board shall not



exceed the limits laid down in Section 198 and 309 and other relevant provisions of the Companies Act, 1956 or any statutory modification or re-enactments thereof.

Minimum Remuneration:

In the absence or inadequacy of the profits in any year, Shri H.M. Bangur shall be entitled to receive and be paid the above remuneration as minimum remuneration in that year by way of salary, allowances, perquisite and other benefits as stated above in that year, subject, however, to the necessary approvals and ceiling specified under the Schedule XIII of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof).

Except Shri H.M. Bangur himself and Shri B.G. Bangur, relative, none of the remaining directors is concerned or interested in the Resolution.

Board of Directors recommends the passing of the Special Resolutions at Item No. 8 & 9 of the Notice

**Item No 10 of Notice**

Shri Prashant Bangur was appointed as Senior Executive of the Company on 22<sup>nd</sup> June, 2004. Members of the Company vide their meeting held on 24<sup>th</sup> July, 2009 had approved the revision in the remuneration of Shri Prashant Bangur w.e.f. 1<sup>st</sup> April, 2009 and re-designated him as Executive Joint President.

Shri Bangur is involved in all strategic, policy and operational matters of the Company and provides critical insight and direction in management of all such matters. With his supervision and control, Company has implemented all its expansion projects within budgeted cost and time. Shri Bangur has well demonstrated his administrative capability in handling various diverse issues relating to project implementation and operation. Considering his role in the Organisation and level of responsibilities, his present remuneration needs to be revised upward.

Shri Prashant Bangur is son of Shri H.M. Bangur, Managing Director of the Company and grand son of Shri B.G. Bangur, Executive Chairman of the Company. For payment of remuneration exceeding Rs. 250000/- per month to a relative of director, prior approval of members of the company and Central Government is required in terms of provision of Section 314 of the Companies Act, 1956.

The Board of Directors has recommended revised terms and conditions of Shri Prashant Bangur w.e.f. 1.4.2011 to members for their approval subject to approval of Central Government. The terms and conditions as to remuneration recommended are as under:

(a) Salary: Rs. 742340/- per month (w.e.f. 1.4.2011)

(b) Perquisites / Allowances / Benefits:

1. House Rent Allowance: He shall be entitled to and be paid House Rent Allowance of 60000/- per month.

2. Retaining Allowance: He shall be entitled to and be paid Retaining Allowance of Rs. 127500/- per month.

3. Uniform Maintenance Allowance: He shall be entitled to and be paid a Uniform Maintenance Allowance of Rs. 3000/- per month.
4. Education Allowance: He shall be entitled to and be paid Education Allowance of Rs. 200/- per month.
5. Medical Reimbursement: All expenses incurred for self and family, including hospitalization, nursing home and surgical treatment shall be reimbursed, subject to maximum of Rs. 1250/- per month.
6. Attendant Allowance: He shall be entitled to and be paid Attendant Allowance of Rs. 8000/- Per month.
7. Leave Travel Concession: Reimbursement of leave travel expenses for self and family for proceedings on leave in accordance with the rules of the Company
8. Reimbursement of Books & periodicals: As per rules of the Company.
9. Company's contribution to Provident fund, Superannuation Fund or Annuity Fund as per rules of the Company.
10. Gratuity: As per rules of the Company but not exceeding half a month's salary for each completed year of service.
11. Encashment of leaves accumulated and not availed of as per rules of the Company.
12. Re-imbursement of Conveyance: He shall be reimbursed expenses incurred on conveyance, driver's salary and other expenses as per rules of the Company.
13. Other allowances as may be applicable to the similarly placed employees of the Company.
- The Board of Directors of the Company are further authorised to fix the Annual increase in the salary and other variation as are considered appropriate in the remuneration of Shri Prashant Bangur subject however, to a ceiling of Rs. 300 Lac per annum on all inclusive "Cost to Company" basis. First increase to be effective from 1.4.2012. The Board is also authorised to decide the designation of Shri Bangur from time to time.
- Shri Prashant Bangur being appointee and Shri B.G. Bangur and Shri H.M. Bangur, Directors of the Company as relative, are interested or concerned in the proposed resolution. None of the other directors is concerned or interested in the Resolution.
- Board of Directors recommends the passing of the Special Resolution at Item No. 10 of the Notice.
- Item No 11 of Notice**
- Shri M.K. Singhi was appointed as Executive Director for 5 years from 1.4.2008 to 31.3.2013. However, the terms and conditions as to remuneration of Shri Singhi as Executive Director were determined for 3 years i.e. from 1.4.2008 to 31.3.2011 only. Accordingly the terms and conditions as to remuneration need to be determined for his remaining tenure of 2 Years.

- The Board of directors of the Company in their meeting held on 31<sup>st</sup> January, 2011 had approved the terms and conditions as to remuneration of Shri Singhi for the period 1.4.2011 to 31.3.2013, which are as under:
- (a) Salary (W.e.f. 1.4.2011): Rs. 17,00,000/- per month
- [The Salary shall increase to Rs. 22,00,000/- per month w.e.f. 1.4.2012]
- (b) Perquisites / Allowances:
- 1 Accommodation:
- Provision of furnished accommodation by the Company.
- 2 Medical Reimbursement:
- All expenses incurred for self and family in India and / or abroad including hospitalization, nursing home and surgical expenses shall be reimbursed as per Company's Rules, subject to a ceiling of one month's salary per year.
- 3 Leave Travel Concession:
- Reimbursement of leave travel expenses for self and family for proceeding on leave subject to a ceiling of one month's salary per year in accordance with the rules of the Company.
- 4 Club Fees:
- Reimbursement of fees of Clubs subject to the maximum of Two Clubs including admission and life membership fees.
- 5 Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund:
- As per the rules of the Company.
- 6 Gratuity:
- As per the rules of the Company.
- 7 Leave Entitlement and Encashment of earned leave:
- As per rules of the Company.
- 8 Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.
- 9 Bonus:
- As approved by Board at its absolute discretion.
- 10 Other perquisites / benefits / allowances:
- As allowable to other employees of the Company as per rules of the Company including which may become applicable in future. Any other allowances, benefits and perquisites as the Board may from time to time decide subject to overall ceiling on remuneration mentioned herein below.

Explanation:

"Family" means the spouse, dependent children and dependent parents of such director.

Overall remuneration:

The total remuneration payable to Shri M.K. Singhi by way of salary, bonus, perquisites, allowances, benefits and amenities as approved by the Board shall not exceed the limits laid down in Section 198 and 309 and other relevant provisions of the Companies Act, 1956 or any statutory modification or re-enactments thereof.

Minimum Remuneration:

In the absence or inadequacy of profits in any year, Shri Singhi shall be entitled to receive and be paid as minimum remuneration in that year by way of salary, allowances, perquisite and other benefits except Bonus as stated above in that year, subject, however, to the necessary approvals and ceiling specified under Schedule XIII of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof).

Except Shri M.K. Singhi himself, none of the remaining directors is concerned or interested in the Resolution.

Board of Directors recommends the passing of the Special Resolutions at Item No. 11 of the Notice.

By order of the Board

Place: Kolkata

Date: 27<sup>th</sup> May, 2011

**S. S. Khandelwal**  
Company Secretary





**SHREE CEMENT LIMITED**

Regd. Office: Bangur Nagar, Beawar - 305 901 Distt.: Ajmer (Rajasthan)

**SUB: Payment of Dividend through National Electronic Clearing Service (NECS)**

Dear Shareholder,

You might be aware that Company had provided the facility to directly receive dividend payments to your bank account through Electronic Credit Service (ECS) mechanism. ECS provides adequate protection against fraudulent interception and encashment of dividend warrants apart from eliminating loss / damage of dividend warrants in transit and the correspondence with the Company on revalidation / issuance of duplicate dividend warrants.

RBI has directed banks to move to NECS platform for centralized processing of inward instructions and handling of bulk transactions. National Electronic Clearing Service (NECS) is a centralized version of ECS facility. It takes advantage of the centralized accounting system implemented in banks. Under this mechanism, the account of a bank that is submitting or receiving payment instructions is debited or credited centrally at Mumbai. The branches participating in NECS can, however, be located anywhere across the length and breadth of the country. Thus contrary to ECS facility which was available for some selected locations, NECS has no restrictions of centres or of any geographical area inside the country.

This facility is available subject to Reserve Bank of India's guidelines.

In order to take advantage of this facility, shareholders holding shares in physical form may send the enclosed NECS mandate form duly filled up and signed to Company's Registrar and Share Transfer Agents M/s Karvy Computershare Pvt. Ltd. at 17-24, Vithalrao Nagar, Hyderabad - 500081. The form is also available for download on Company's website [www.shreecement.in](http://www.shreecement.in) under the 'investor centre' section.

However, if the shares are held in dematerialized form, NECS mandate has to be sent to concerned Depository Participant (DP) with whom the demat account is maintained in the format prescribed by the DP.

The information should be accurate and complete in all respect so that you get the credit of dividend in time. Please note that NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solution (CBS) for centralized processing. Thus you are requested to furnish the new bank account number allotted by the banks post implementation of CBS, along with a copy of cheque pertaining to the concerned account. Please further note that in case shareholders do not provide their new account number allotted after implementation of CBS, NECS to the shareholders' old account may either be rejected or returned. Similarly it is advised that all changes pertaining to recorded bank mandate are promptly informed and updated to R&TA or DP, as the case may be.

The shareholders opting of this facility have the right to withdraw from NECS mode of payment by giving 30 days notice before the due date of payment.

We recommend that you should avail for the same.

Yours faithfully,

**S.S. KHANDELWAL**

Company Secretary





SHREE CEMENT LIMITED



SHREE CEMENT LIMITED

Regd. Office: Bangur Nagar, Beawar - 305 901 Distt.: Ajmer (Rajasthan)

NATIONAL ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

Karvy Computershare Pvt. Limited  
Unit - Shree Cement Limited  
17-24, Vithalrao Nagar,  
Madhapur,  
Hyderabad - 500 081

←

For SHARES HELD IN PHYSICAL MODE  
Please complete the form and mail to

For SHARES HELD IN ELECTRONIC MODE  
Please inform respective DPs

Dear Sir(s),

Sub: Change in mode of payments to NECS

I hereby consent to have the amount of dividend on my equity shares credited through National Electronic Clearing Service (NECS). The Particulars are:

1.

Folio No. / DP ID No. & Client ID No. ....  
(Folio No. given in equity share certificate(s) / Client ID no. given by your DP)

2.

Shareholder's name  
.....  
.....

3.

Shareholder's address  
.....  
.....

4.

Particulars of the bank:

- Bank name: .....
- Branch and address: .....
- Telephone no. of bank: .....
- Mention the 9 digit-code number of the bank and branch appearing on the MICR cheque issued by the bank.

(Please attach the photocopy of a cheque or a cancelled bank cheque issued by your bank for accuracy of your code number)

Account type (Please ✓)      Saving ☐      Current ☐      Cash Credit ☐

Account number (as appearing on the cheque book) .....

5.

Date from which mandate should be effective .....

I hereby, declare that particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Company / Registrar and Share Transfer agents of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS.

Signature of the First / Sole shareholder

Dear Shareholder(s),

Sub: Nomination facility for shares

You may be aware that the Companies Act, 1956 provides nomination facility for shares / debentures of the Company registered in their name. Nomination will enable smooth inheritance of ownership of the shares to the Nominee without any procedural difficulties. Therefore we would recommend you to avail this facility in respect of holding of share(s) in the Company. For this purpose, you may fill in the prescribed Form No. 2B and send to the Registrar and Share Transfer Agent of the Company at following address:

M/s. Karvy Computershare Pvt. Ltd.,  
Unit: Shree Cement Limited  
17-24, Vithalrao Nagar,  
Madhapur,  
Hyderabad - 500081  
Kind Atten: Mr. K.S. Reddy, Asstt General Manager

Investors holding share(s) in electronic form should contact their concerned Depository Participant (DP) directly for nomination.

Yours faithfully,

S.S. Khandelwal  
Company Secretary

PDF compression, OCR, web-optimization with CVISION's PdfCompressor

11



Form No. 2B

(See rules 4CCC and 5D of the Companies (Central Government's) General Rules and Forms, 1956)

NOMINATION REQUEST FORM

(To be filled by individual(s) holding shares in physical form - singly or jointly)

To,

M/s. Karvy Computershare Pvt. Ltd.,

Unit: Shree Cement Limited

17-24, Vithalrao Nagar,

Madhapur,

Hyderabad - 5800081

From:

Folio No.:

No. of shares held:

I am / we are the holder(s) of shares of the Company as mentioned above. I / we nominate the following person(s) in whose favour all rights of transfer and / or amount payable in respect of equity shares shall vest in the event of my / our death.

Nominee's name:

Age

Date of Birth

(To be furnished only in case the nominee is minor)

Address of the nominee:

Pin code

Telephone No(s):

Fax No(s)

Email Address:

Mobile No(s):

Name and address of Guardian (To be furnished only in case the nominee is minor)

Specimen signature of Nominee / Guardian (in case of nominee is minor) (optional)

Kindly take the aforesaid information on record.

Thanking you,

Yours faithfully,

Name of all the holder(s) (as appearing on the Certificate(s))	Signature as per specimen recorded with the Company	Date

Signature of two witnesses

Name and address of witness	Signature	Date





Feedback Form for Shree Annual Report 2010-11

Name: \_\_\_\_\_ e-mail id\*: \_\_\_\_\_

Address: \_\_\_\_\_ Pin: \_\_\_\_\_

DP ID: \_\_\_\_\_ Client ID: \_\_\_\_\_

Folio no. (In case of physical holding): \_\_\_\_\_

No. of equity shares held: \_\_\_\_\_

Signature of Member

\* for updating records of the Company

	Excellent	Very Good	Good	Satisfactory	Need Improvement
Directors' Report and Management's Discussion and Analysis					
Report on Corporate Governance					
Reporting of Annual Accounts (Financial information)					
Quality of Non-financial information (Chairman, MD,ED Messages & Dept. highlights)					
- Content					
- Presentation					

Suggest what other issues should be covered in the Report

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Suggest the areas, if any, where more details should be reported?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please mail your feedback to:

S. S. Khandelwal  
Company Secretary  
Shree Cement Limited,  
Bangur Nagar, Post Box No. 33,  
BEAWAR - 305 901 District: Ajmer, Rajasthan  
Phone: (91) 1462-228101-06 Fax: (91) 1462-228117/119  
E-mail: khandelwalss@shreecementltd.com



ATTENDANCE SLIP  
Thirty Second Annual General Meeting

SHREE CEMENT LIMITED

Regd. Office: Bangur Nagar, BEAWAR-305 901 Distt.: Ajmer (Rajasthan)

D.P. ID*		Folio No.	
Client ID*		No. of shares held:	

NAME OF THE SHAREHOLDER/PROXY \_\_\_\_\_

ADDRESS \_\_\_\_\_

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING of the Company to be held on Monday, the 1st day of August, 2011 at 11:30 A.M. at the Registered Office of the Company at Bangur Nagar, Beawar – 305 901 Dist. Ajmer (Rajasthan).

SIGNATURE OF THE SHAREHOLDER/PROXY

Note: Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

\*Applicable for holding in electronic form.



PROXY  
Thirty Second Annual General Meeting

SHREE CEMENT LIMITED

Regd. Office: Bangur Nagar, BEAWAR - 305 901 Distt.: Ajmer (Rajasthan)

D.P. ID*		Folio No.	
Client ID*		No. of shares held:	

I/We \_\_\_\_\_ being a member/members of  
SHREE CEMENT LIMITED hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_  
as my/our proxy to vote for me/us and on my/our behalf at the 32nd ANNUAL GENERAL MEETING of the Company to be held on Monday, the 1<sup>st</sup> day of August, 2011 at 11:30 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

\*Applicable for holding in electronic form.

Note: The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be member of the Company.

Affix  
Revenue  
Stamp here  
& Sign

SIGNATURE OF SHAREHOLDER(S)