

**MANGALAM CEMENT LIMITED**

34th ANNUAL REPORT 2009-10

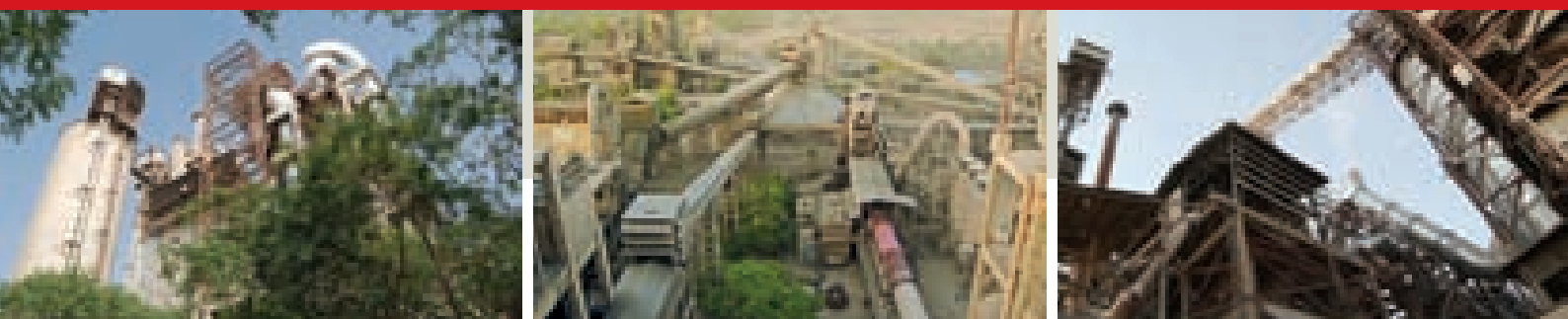
**CONCRETE  
COMPETENCE**



# Forward-looking statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.



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## At Mangalam Cement, concrete competence is an operative expression, not a decorative word play.

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It is the combination of product strength and business foresight. It is the ability to create market benchmarks through quality excellence, intelligent business expansions and widening market penetration.

It is the conviction of a group of committed people to build an enterprise, which will create enduring value for all stakeholders.

Our core competence is turning human aspirations into concrete realities for decades on end. And we are committed to carry forward this legacy, despite market cyclicity and economic challenges.

In this annual shareholder communication, we have tried to showcase multiple pillars of concrete competence that have sustained our brand over the last three decades.



# Concrete competence is all about...



<b>Legacy</b>	We belong to the illustrious B.K. Birla Group and our industry experience dates back to the Seventies.
<b>Brand</b>	Our brand 'Birla Uttam Cement' is a preferred choice in the Northern region
<b>Cost-effectiveness</b>	Our superior technology, strong raw material management and captive power source help us in being cost-effective.
<b>Dealer loyalty</b>	Over 70% of our dealers have been associated with the Company for more than 20 years.
<b>Locational advantage</b>	Our manufacturing unit, located in Kota, Rajasthan, caters to the fast growing markets of western Uttar Pradesh, Rajasthan, Delhi and Madhya Pradesh. It sells its product within 500 km from its plant and enjoys a low-cost logistical advantage.
<b>Reach</b>	We operate through an extensive network of 633 dealers across various cities and towns.
<b>Quality commitment</b>	Our globally benchmarked product quality conforms to international standards.
<b>Consistent growth</b>	We have grown our total revenue at 9.18 % CAGR over the preceding four years, leading to 2009-10. This has generated adequate resources for future expansions.
<b>Captive power</b>	Our operations are run through captive power plants and wind mills.
<b>Zero debt</b>	Mangalam Cement does not have any debt in its books.

# Concrete competence is the result of patient and painstaking effort.

## Lineage

- Mangalam Cement was incorporated in 1976
- Commenced cement production in 1981

## Business

- Integrated manufacturer of world-class cement of both varieties: Pozzolana Portland Cement (PPC) and Ordinary Portland Cement (OPC -- Grades 43 and 53)

## Capacity

- Cement: 2 million tons
- Coal based power: 17.5 MW
- Wind power: 6.15 MW

## Facilities

- Cement and coal-based power plant - Aditya Nagar, district Kota (Rajasthan)
- Wind power – 6.15 MW capacity at district Jaisalmer (Rajasthan)

## Presence

- Regional offices at Kota, Jaipur and Delhi
- Primarily caters to the markets of Rajasthan, Madhya Pradesh, Haryana and western Uttar Pradesh, among others

## Accreditation

- ISO 9001:2008 certification, ensuring stringent quality protocol
- ISO 14001:2004 certification, ensuring superior environmental management system
- IS 18001:2007 certification, ensuring advanced occupational health and safety management system

## Listings

- National Stock Exchange of India Limited (NSE)
- Bombay Stock Exchange Ltd. (BSE)

## Expansions

- Setting up a new cement plant with a 1.75 MT capacity and captive power plant of 17.5 MW at the exiting plant site
- Commissioning a new 7.5 MW wind power generation unit at Jaisalmer



# Awards and accolades







## Awards

### 2009-10

- First Prize for Energy Conservation in Cement Sector from Rajasthan Renewable Energy Corporation
- First Prize for Rehabilitation and Reclamation of Land from the Director General Mines Safety, Ajmer Region
- First Prize for Water Harvesting from the Director General Mines Safety, Ajmer Region
- Third Prize for Waste Dump Management from the Director General Mines Safety, Ajmer Region
- Third Prize for Overall Performance in Mechanised Open cast Mines from the Director General Mines Safety, Ajmer Region



# Our brand



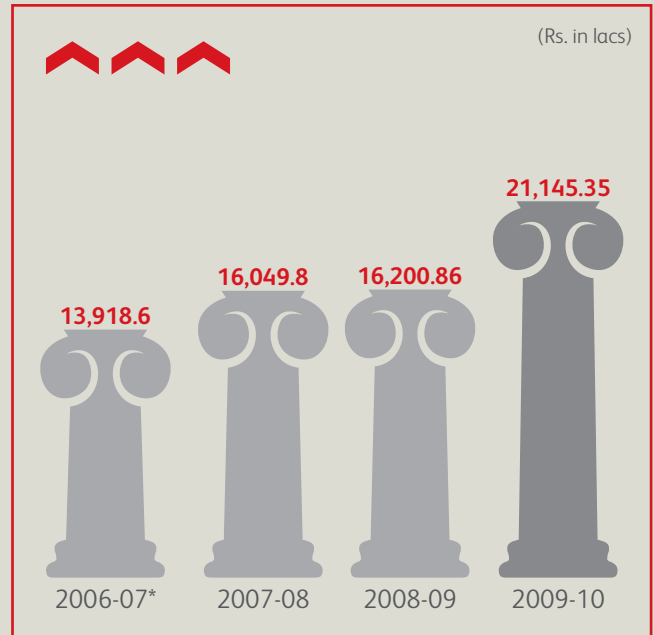


# Concrete performance

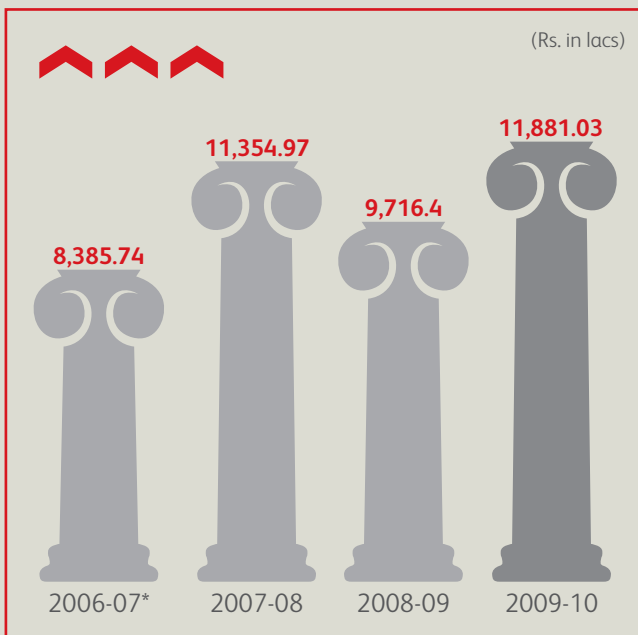
## TOTAL REVENUE



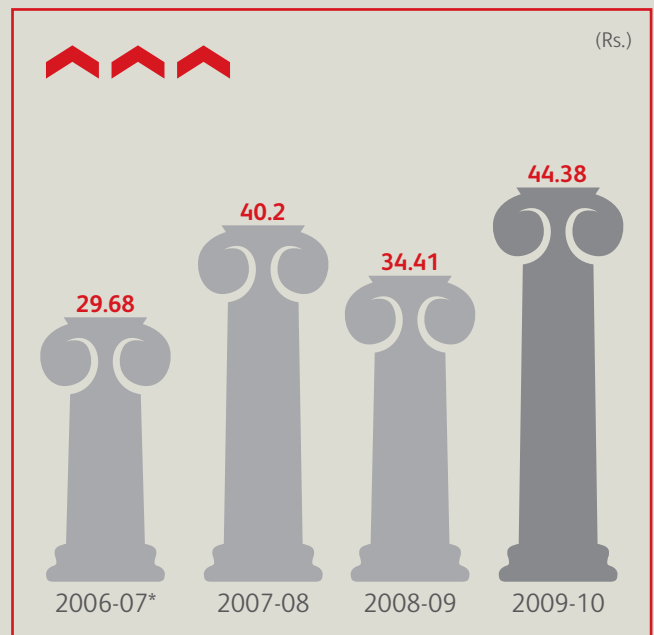
## EBIDTA



## POST-TAX PROFIT



## EARNINGS PER SHARE (BASIC)



\*annualised

## BOOK VALUE PER SHARE



## DIVIDEND RATE



## Highlights 2009-10

**16.37 lac tons:** Cement production

**16.37 lac tons:** Highest clinker production

**16.26 lac tons:** Dispatch of cement

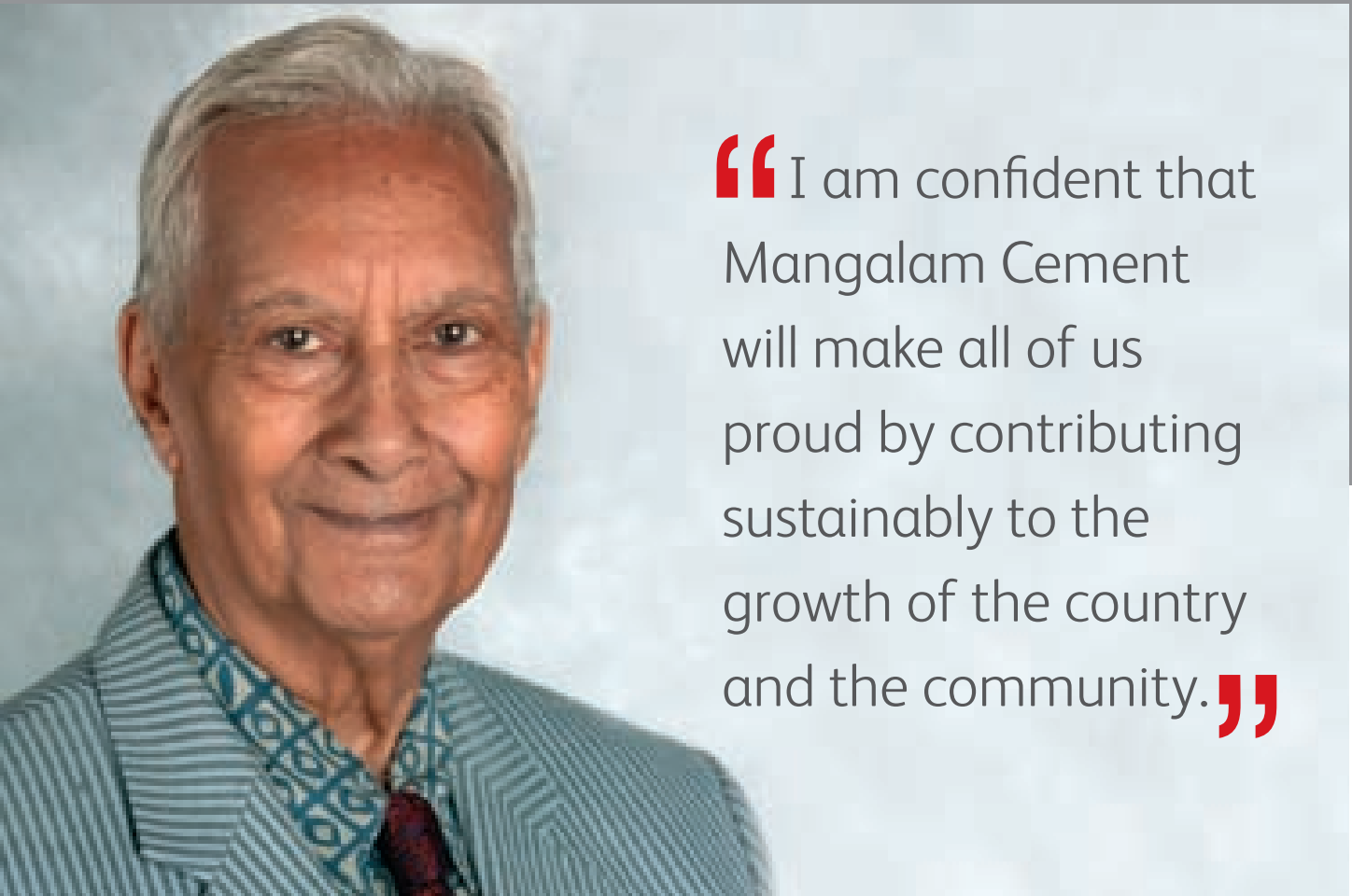
**100.29 lac Kwh:** Captive wind energy production

**1223.13 lac Kwh:** Captive thermal energy production



# Message from Syt. B.K. Birla

Founder B.K. Birla Group



“ I am confident that Mangalam Cement will make all of us proud by contributing sustainably to the growth of the country and the community. ”

I am happy to note that Mangalam Cement has grown phenomenally over the years. In three decades of its existence, the organisation has weathered multiple internal and external challenges and emerged stronger in the process, while drawing support and sustenance from the enduring values of our Group. I extend my good wishes for all its future endeavours and assure all possible contribution on the Group's behalf. I am confident that Mangalam Cement will make all of us proud by contributing sustainably to the growth of the country and the community.

With best wishes

**Basant Kumar Birla**

# Chairman's note

“We are creating competencies for sustained business growth through secured cash flows and enhanced visibility.”



## Dear Shareholders,

We are all witnessing interesting times. India is now entering into a phase of attractive multi-sectoral growth. Contrary to Europe and the US, India is expected to witness sustainable growth for another decade or two.

The domestic growth will be catalysed by robust infrastructural support, which in turn will drive the growth of the cement industry. The various stimulus measures announced by the government—prior to the budget and also during the budget – to stimulate rural income will augur well for the cement industry. Besides, the accelerated implementation of various infrastructure projects, stalled by the recession, will create the demand for fresh capacities. The result is that industry players will enjoy robust growth with excellent capacity utilisation.

At Mangalam Cement, we are creating competencies for sustained business growth through secured cash flows and enhanced visibility. With this strong foundation, your Company is particularly well prepared to meet the challenges of the future and to deliver stronger growth.

Today, India remains among the fastest growing economies around the world and your Company is poised to leverage this opportunity to drive its own growth plans. I am confident that our people with their wide industry experience and knowledge will play a pivotal role in opening a new chapter of growth for Mangalam Cement.

Regards,

**O.P. Gupta**

Chairman



# Managing Director's review



“I believe that the combination of our initiatives, our commitments and our people will ensure that Mangalam Cement will emerge as an even stronger and more competitive company.”

**2009-10 was a unique year in more senses than one. While the first half of the year witnessed a lingering shadow of global slowdown even in India, the second half was a study in contrast.**

However, the overall picture that transpired is one of sustained recovery. The revitalisation of the manufacturing sector was driven by a continuing demand for capital and consumer goods, as well as capacity additions across industries. The six core infrastructure sectors – crude, petroleum refinery products, coal, electricity, cement and finished steel – constitute 26.68% in IIP and recorded 5.3% growth in April-February 2009-10, as against 2.9% in the same period last year.

The cement industry is growing at 8-9%, which is expected to be around 288 million tons by 2011 and 300 million tons by 2012, the second fastest after China. Cement demand in North India is expected to remain buoyant on account of rising demand owing to the Commonwealth Games and enhanced infrastructure spending. This is our opportunity and we need to be more performance-driven in order to leverage it.

“ We provide our stakeholders with a unique and invaluable combination of concrete competence that clearly stand apart in today's business environment. ”

### Corporate performance

We have achieved an average growth in our net revenues by 8.78% from Rs. 56,414.93 lacs in 2008-09 to Rs. 61,369.08 lacs in 2009-10. For the year, our EBIDTA surged by 30.52% from Rs. 16,200.86 lacs to Rs. 21,145.35 lacs in 2009-10 and PAT by 22.28% from Rs. 9,716.40 lacs in 2008-09 to Rs. 11,881.03 lacs in 2009-10. The dividend recommended by the Board of directors was Rs. 6 per share.

During the year, we undertook several initiatives for process innovation, optimised procurement cost and institutionalised technical re-engineering. We achieved highest ever clinker production of 16.37 lac MT. Our cement production would have been higher, but due to non-availability of railway wagons, dispatches were adversely affected and consequently cement production stood at 16.37 lac MT in 2009-10, compared to 16.95 lac MT in 2008-09. We thus focused on sale of clinker, liquidating clinker stock at better realisation. We also strategically sold cement in Mumbai to gain from railways (40%) under traditional empty flow direction resulting reduction in forwarding expenses. Our ERP-enabled plant, branch offices and sales depots facilitated stringent debtor control. This has resulted in a four-day debtor cycle, which is one of the lowest in the industry.

During the year, we bought back 13,39,418 equity shares worth Rs. 1,003.90 lacs, which reduced our subscribed share capital to an extent. Following that our prevailing share price remained higher than the price fixed.

### New projects

Following the global slowdown our plans for setting up a 1.75 MTPA new cement manufacturing plant at our existing site were a slightly deferred. Going ahead, we are focused to expedite the work process for commissioning of the plant by 2012. Our new 17.5 MW captive power plant is expected to commence operations by December 2010; the power generated initially will be sold to the state grid till the commissioning of our new cement plant.

At Mangalam Cement, we provide our stakeholders with a unique and invaluable concrete competence that clearly stand apart in today's business environment. We are in the right markets, with outstanding prospects for sustainable, reliable and long-term growth.

### K.C. Jain

Managing Director



# The pillar of improved efficiencies

Business efficiencies are a critical prerequisite for sustainability.







### **This reality has inspired far-reaching transformation at Mangalam Cement.**

- Re-engineered the manufacturing process by which our power consumption was lower by 3 Kwh in Unit-I and by 1 Kwh in Unit-II and coal consumption was lower by 10 kgs in Unit-I and by 11 kgs in Unit-II
- Institutionalised ERP platform, facilitating real-time information management for timely decision-making, superior inventory management, elimination of data mismatch and redundancies
- Computerised all control system for faster manufacturing process and stringent monitoring
- Conducted quarterly quality audits, along with regular operational meetings
- Implementing Total Productivity Maintenance (TPM), focusing on reducing power consumption, fuel consumption and wastage
- Encouraged suggestions, where the best ideas on increasing productivity were acknowledged and awarded, as part of the TPM drive

## Our TPM objectives

- Reduce losses and institutionalise TPM across the organisation
- Focus on continuous improvement
- Sustain and improve upon current performance
- Prevent and eliminate chronic defects and losses
- Accelerate inventory cycles
- Manage and reduce wastages
- Respond and effectively schedule customer requirements



# The pillar of enhanced distribution

In a commodity business, it is important to strengthen the brand, generate a superior return and counter competition.





## Initiatives, 2009-10

- Arranged fully equipped vans to educate masons on our product, enhancing visibility and quality
- Made arrangements with Container Corporation of India for railway rakes to enhance dispatches
- Conducted 34 dealer meets and 96 mason meets to enhance product knowledge and visibility
- Motivated performing dealers by conducting domestic and foreign trips

## Agenda, 2010-11

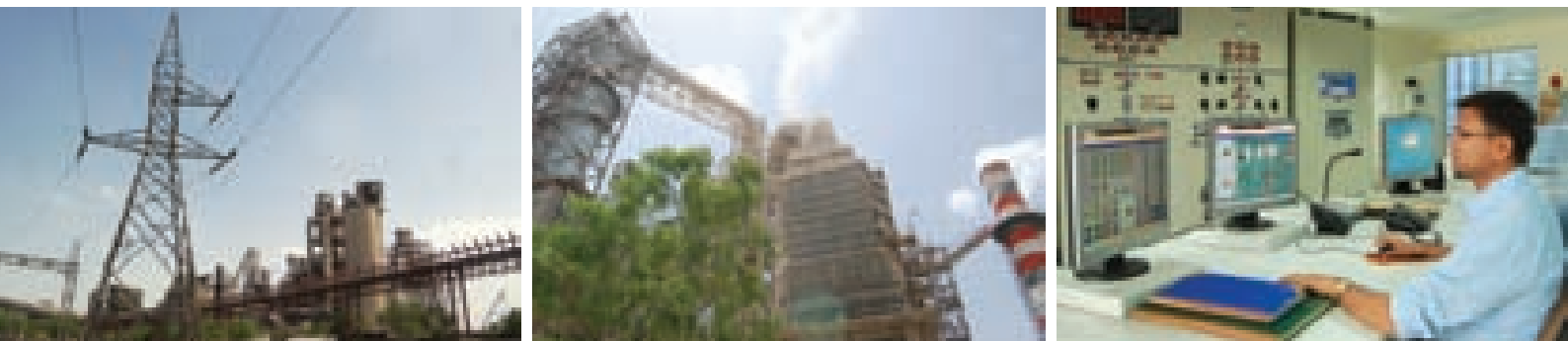
- Maximising market share in local markets for low logistic cost
- Increasing sale in NCR region
- Finalising plans to open new depots in Uttar Pradesh, Rajasthan and Madhya Pradesh
- Widening dealer network
- Recruiting marketing professionals and training them extensively to enhance skills
- Exploring newer markets for expanded capacities



# The pillar of green energy

Green energy is the energy of the future and we are emerging as a future-focused organisation.





**Greenhouse gases like carbon-dioxide, methane and nitrous oxide are wreaking havoc, endangering the earth's ecological balance. At Mangalam Cement, we are taking a small step towards a cleaner and a greener planet through the following initiatives.**

- We have embarked upon several initiatives for formal monitoring of greenhouse gas emissions.
- Conducted carbon footprint assessment studies at the cement works; we also proactively invested in wind energy based power generation units
- Made significant investments in green power; we have installed a 6.15 MW power generation unit at Jaisalmer and the project is taken up under clean development mechanism (CDM) of UNFCCC; the project is at a very advanced stage of validation and DOE is in the process of final review of the project
- Invested further in another 7.5 MW power generation unit, based on wind energy, which is expected to come on stream by June 2010; the project is also being taken up under clean development mechanism and Mangalam intends to file the project under CDM for sending it to UNFCCC; currently, under documentation stage, it will be put forward before UNFCCC for approval in the coming financial year
- Mangalam Cement will be the first company in Rajasthan to possess 13.65 MW of wind power capacity generating over 22,500 CER

## Other green initiatives

**At Mangalam Cement, we employ advance pollution-control techniques as a part of our greening initiatives.**

- We have installed air pollution-control devices (electro-static precipitators) to keep pollution levels, much below the prescribed levels
- Changed the bag house to reduce pollution levels
- Using our excavated limestone mines for rain water harvesting; as a result, we do not have to use water from any external sources
- Planted over 30,000 trees, of which 12,000 is Jatropha, as part of our greening initiatives
- Modified VRM (used from clinker grinding) to reduce coal consumption. The result is lower carbon footprints and more opportunity to gain CDR
- Enjoy zero-discharge status



# The pillar of people competence

People represent the lifeline of Mangalam Cement and we are taking initiatives to develop their competence. We have a team of 1,100 people, comprising skilled and semi-skilled people.





- We regularly train our people internally and also engage external consultants to enhance productivity
- Focus on developing talents, so that they can take leadership roles as and when required
- Impart IT-based training to enhance their skill set
- Provide consistent value-added trainings on ERP to integrate operations
- Organise plant visits for professionals to acquire knowledge; even visits to conferences and seminars are arranged to enrich the knowledge repository.
- Focused on active communication across tiers and departments for enhancing transparency
- Awarded promotions, incentives and rewards based on performance

The average employee tenure with the Company is over 15 years, reflecting enhanced loyalty quotient.



# The pillar of community engagement



**At Mangalam Cement, we believe any business enterprise cannot sustain in an environment of complete insularity and isolation. It needs to continually draw resources from the community, while giving back something in return. This symbiotic relationship with the community represents the bedrock of sustainable and holistic development, both for the community and the corporate.**

We are committed to enduring corporate citizenship through the development of regional resources, supporting local professional development and enhancing the quality of life in the villages we operate.

- Contributed significantly for the construction of a bypass road and railway over-bridge at Morak through public-private partnerships; besides, we have also helped in the development of the Morak station
- Partnered the local administration to set up a well-equipped hospital at Ramganj Mandi and regularly contribute for its facility development
- Contributed annually to the Morak and Budhkhan Panchayats for the general development of the areas
- The Mangalam DAV Public School in the campus at Morak, Rajasthan, provides education to over 1,000 children up to the 12th standard; the school is funded and managed by DAV and Mangalam.
- Adopted ITI Khairabad, a reputed industrial training institute, which will help generate higher regional employment, and also ensure that we can recruit the best trained talent from the region
- Regularly organise health camps, eye camps and visits to villages by doctors, as part of its programme to help improve and maintain regional healthcare facilities



# We see a great future ahead



The Company plans to set up a brownfield cement plant of 1.75 MT with clinkerisation of 1.32 MT on the existing site, along with a 17.5 MW captive power plant. The product mix of this unit will be 70% Pozzalona Portland Cement (PPC) and 30% Ordinary Portland Cement (OPC). This expansion project is estimated to cost Rs. 800 crore which will be financed through internal cash accrual and loan from the banks.

This plant will be state-of-the-art with machinery and equipment, benchmarked with an international plant. A major part of the machinery is expected to be ordered in August 2010. The cement plant is expected to start operation in 2012 and the power plant by the end of 2010.



# Concrete financials

The Company's accounts were prepared under the historical cost convention and on the basis of a going concern. All expenses and incomes to the extent ascertainable were accounted for on a mercantile basis unless otherwise stated.

## GROWING NUMBERS

	(Rs. in lacs)		Growth (in %)
	2009-10	2008-09	
Net sales	61,369.08	56,414.93	8.78
EBIDTA	21,145.35	16,200.86	30.52
Profit after tax	11,881.03	9,716.40	22.28
Cash profits	14,416.99	12,143.35	18.72
Earnings per share (Rs.)	44.38	34.41	28.97

## GROWING NUMBERS

	In (%)		Growth (in basis points)
	2009-10	2008-09	
EBIDTA margin	32.81	28.09	472
PAT margin	18.44	16.85	159
Cash profit margin	22.37	21.05	132

## ANALYSIS OF THE PROFIT AND LOSS ACCOUNT

- The Company's total income increased 11.73% from Rs. 57,677.11 lacs in 2008-09 to Rs. 64,443.87 lacs in 2009-10, following growing dispatches and realisations.
- Other income declined 22.34% from Rs. 2,575.98 lacs in 2008-09 to Rs. 2,000.55 lacs in 2009-10. Other income – recurring in nature – comprised around 9.46% of EBIDTA and 16.84% of net profit in 2009-10.
- Total operating cost increased 4.39% from Rs 41,476.25 lacs in 2008-09 to Rs. 43,298.52 lacs in 2009-10 on account of enhanced clinker production.
- The Company's raw material costs increased 17.48% from Rs. 7,412.11 lacs in 2008-09 to Rs. 8,707.81 lacs in 2009-10, following rising costs of critical raw materials like limestone and gypsum.
- The Company's manufacturing, selling and administrative expenses increased 1.55% from Rs. 34,064.14 lacs in 2008-09 to Rs. 34,590.71 lacs in 2009-10, on account of increased people cost.

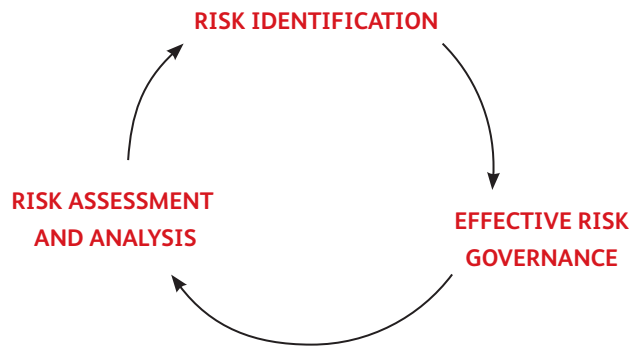


### ANALYSIS OF THE BALANCE SHEET

- The Company's capital employed increased 23.14% from Rs. 36,232.58 lacs in 2008-09 to Rs. 44,615.86 lacs in 2009-10, primarily on account of an increase in surplus reinvestment and deferred tax liability. Average return on capital employed increased from 39.15% in 2008-09 to 46.04% in 2009-10.
- Net worth increased 31.43% from Rs. 29,433.19 lacs in 2008-09 to Rs. 38,682.70 lacs in 2009-10. Net worth, as a proportion of capital employed, increased from 81.23% in 2008-09 to 86.70% in 2009-10. Average return on net worth stood at 34.88% in 2009-10.
- Share capital declined 4.78% to Rs. 2,669.38 lacs (2,66,93,780 equity shares of Rs. 10 each) as on 31st March, 2010, following a net buy of 13,39,418 shares.
- Reserves and surplus increased 35.24% from Rs. 26,629.87 lacs in 2008-09 to Rs. 36,013.32 lacs in 2009-10, following an increase in retained earnings.
- Debt declined 34.50% from Rs. 1,551.39 lacs in 2008-09 to Rs. 1,016.16 lacs in 2009-10. There were no secured loan in the books, where as unsecured loans increased from Rs. 896.74 lacs in 2008-09 to Rs. 1,016.16 lacs in 2009-10.
- The Company's gross block increased 1.32% from Rs. 50,151.86 lacs in 2008-09 to Rs. 50,815.89 lacs in 2009-10, following the creation of building infrastructure and installation of efficient machinery. The Company's return on net block increased from 53.47% in 2008-09 to 69.62% in 2009-10, reflecting the Company's ability to sweat its assets.
- Working capital requirement grew 47.01% from Rs. 7,293.15 lacs in 2008-09 to Rs. 10,721.32 lacs in 2009-10. Besides, working capital, as a proportion of capital employed, increased marginally from 20.13% in 2008-09 to 24.03% in 2009-10.
- Inventory increased 41.17% from Rs. 4,625.12 lacs in 2008-09 to Rs. 6,529.33 lacs in 2009-10. Raw materials formed 13.48% of the entire inventory level, stores and spare parts formed 50.15%, work-in-progress constituted 26.55% and the balance was finished goods and scrap. The inventory cycle (average) declined from 42 days of turnover equivalent in 2008-09 to 33 days in 2009-10.
- Debtors increased 54.19% from Rs. 576.35 lacs in 2008-09 to Rs. 888.65 lacs in 2009-10 on account of an increase in turnover. The debtor's cycle (average) stood at four days in 2009-10 on account of superior product mix and stronger terms of trade.
- Cash-and-bank balances increased 58.96% from Rs. 4,407.79 lacs in 2008-09 to Rs. 7,006.70 lacs in 2009-10 owing to growing business operations.
- Loans and advances increased 27.74% from Rs. 12,441.90 lacs to Rs. 15,893.69 lacs in 2009-10 due to an increase in inter-corporate deposit and advance taxes.
- Current liabilities and provision increased 32.79% from Rs. 14,758.16 lacs in 2008-09 to Rs. 19,597.20 lacs in 2009-10. Sundry creditors, as a proportion of current liabilities, increased from 34.32% in 2008-09 to 36.04% in 2009-10.
- Corporate tax increased 87.48% from Rs. 3,484.28 lacs in 2008-09 to Rs. 6,532.20 lacs in 2009-10, following a growth in provision for tax.

# De-risking Mangalam Cement

Risk and reward represent the obverse and reverse of the same coin. Unless the potential risks are properly managed, maximum rewards cannot be aggregated. At Mangalam Cement, we have a comprehensive risk management structure with prudential norms and reporting framework. The management’s risk management initiatives are trickled down across hierarchies for effective implementation.

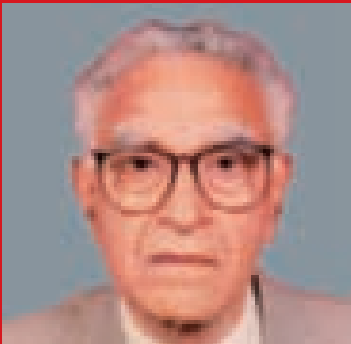


Nature of risk	Risk explanation	Risk mitigation
<b>Industry risk</b>	Demand slowdown in the downstream industries could dampen the Company’s profitability	<ul style="list-style-type: none"> <li>• The Company caters only to the northern part of the country, where the demand for cement is one of the highest</li> <li>• The cement demand is expected to grow at a CAGR of 10% for the next five years.</li> <li>• Growth in infrastructure and real estate sector, especially in the Tier- II and Tier-III cities will enhance cement demand</li> </ul>
<b>Competition risk</b>	Sustainable margins of the industry could attract competition.	<ul style="list-style-type: none"> <li>• The Company ranks among leading cement manufacturers in its operating regions</li> <li>• Possesses low-cost production capabilities (through continued process modernisation) and economies of scale</li> <li>• Has become a preferred choice among customers in the key markets of Rajasthan, Uttar Pradesh and Delhi, where demand conditions have remained strong on the back of government-funded projects and rural housing projects; price realisations have also remained higher on a y-o-y basis</li> </ul>

Nature of risk	Risk explanation	Risk mitigation
<b>Distribution risk</b>	Enhanced market penetration is required to facilitate product distribution	<ul style="list-style-type: none"> <li>• The manufacturing units are located in one of the fastest growing cement markets</li> <li>• The Company has a strong 633-dealer network to sell Birla Uttam Cement</li> <li>• It has created several stock points across its operating regions from effective distribution of products</li> <li>• Over 70% of dealers have been with the Company for more than 20 years</li> </ul>
<b>Raw material risk</b>	The Company may fail to source adequate raw materials and at the right price	<ul style="list-style-type: none"> <li>• Around 100% of the required coal for the production comes through linkages</li> <li>• The Company receives uninterrupted power from its captive power plant and wind mill</li> <li>• The Company's manufacturing units are located near the limestone pit heads, ensuring easy raw material availability</li> </ul>
<b>Cost risk</b>	Cement, a cyclical commodity business, cost rationalisation is the only insurance against volatile markets	<ul style="list-style-type: none"> <li>• Reduced power consumption per ton on cement from 98 kwh in 2008-09 to 95 kwh in 2009-10</li> <li>• Reduced coal consumption per ton on clinker from 193 kg in 2008-09 to 183 kg in 2009-10</li> <li>• Undertook several process innovation initiatives to reduce manufacturing cost</li> </ul>
<b>Liquidity risk</b>	The Company may not be able to procure fund to manage daily operations	<ul style="list-style-type: none"> <li>• The Company has enough cash for meeting the operational cash requirements.</li> <li>• Managed debtors' cycle at a comfortable four days</li> <li>• Maintained a quick ratio of 1.21</li> <li>• Reduced average inventory days from 42 days to 33 days</li> </ul>
<b>Funding risk</b>	The Company may not be able to source fund for the ongoing expansion plans	<ul style="list-style-type: none"> <li>• The Company has large reserves and surplus to fund the expansion</li> <li>• The Company's expansion project involved Rs. 81,542 lacs investment, which was achieved through a debt equity ratio of - 1.5:1</li> <li>• Maintains a low debt-equity ratio to facilitate low-cost funds mobilisation over the coming years</li> <li>• Rated 'AA-' for long term credit and 'PR1 (+)' for short term credit by CARE, providing ample scope for further fund raising</li> </ul>
<b>Intellectual capital risk</b>	The Company may not have competent people to run the business	<ul style="list-style-type: none"> <li>• Geared up recruitment process, focusing on prospective growth</li> <li>• Developed functional and behavioural skills through proactive training calendar</li> <li>• Enjoys one of the lowest attrition rate in the industry</li> </ul>



# Board of Directors



## Shri O.P. Gupta

Shri O.P. Gupta was former Chairman of Punjab National Bank and is associated with the Company since 1980. He is the Chairman of the Board of the Company since 2000. He has vast experience of working in FIs and banks and also held office of Director in various other companies.



## Shri T.S. Vishwanath

Shri T.S. Vishwanath, a practicing Chartered Accountant, was the President of The Institute of Chartered Accountants of India (ICAI) in 1996-97. He is the Director of the Company since 1998. He was President and member in various International / Professional / Public Appointments, such as South Asian Federation of Accountants in the year 1999 and Member on the Board of International Accounting Standard Committee since 1998 till October 2000. He was also present in various other committees of GOI, IRDA, RBI and SEBI.



## Shri K.C. Jain

Shri K.C. Jain, is a qualified Chartered Accountant and holds the position as Sr. President-Cement Section of M/s. Kesoram Cement and Vasavadatta Cement (Units of Kesoram Industries Ltd) and Manager of Kesoram Industries Ltd. He has a rich 44 year experience in the cement industry. Keeping with his position and experience of industry, he is a member of the Managing Committee of Cement Manufacturers' Association (CMA) for the past 31 years. He is the Managing Director of the Company since 1996.



## Shri K.K. Mudgil

Shri K.K. Mudgil, is B.A. (Hons.) in Economics with an advanced course in Organisation, Management and Financing of Small Scale Village Industries. He rose to the position of Chief General Manager of Reserve Bank of India (RBI) and retired on 30th November, 1997 as Executive Director (on deputation from RBI) of National Housing Bank, since January, 1998. He is holding the position of Secretary General, Council of State Industrial Development and Investment Corporations of India, New Delhi.



### Shri N.G. Khaitan

Shri N.G. Khaitan is practicing as Attorney and Advocate in the Hon'ble Calcutta High Court and the Hon'ble Supreme Court of India. He was rewarded during his law education curriculum. He was appointed as a Director in this Company since December 2000 and is also Director in various other companies. He is a partner of M/s. Khaitan & Co. a leading Attorney firm in India and also a member of Bharat Chamber of Commerce and FICCI New Delhi.



### Shri Anshuman Vikram Jalan

Shri A.V. Jalan was appointed as Additional Director on the Company's Board on 30th July, 2009. He is a B.Com (Hons.) from St. Xavier's College, Kolkata and has completed a management course in marketing and corporate finance from the London School of Economics, UK. He has been involved in the management of manufacturing companies since 1998 and has gained a rich experience in business administration.



### Smt. Vidula Jalan

Smt. Vidula Jalan was appointed as the Additional Director on the Company's Board on 30th July, 2009. She is B.A. (Economics-Honours), Accounting and Finance from the University of Manchester, U.K. and an MBA in Strategic Marketing and Leadership and Change Management from the Indian School of Business, Hyderabad. She was a trainee in the Corporate Banking Division of Standard Chartered Bank and at PWC, Kolkata.



# Management Discussion & Analysis





### INDIAN CEMENT INDUSTRY

The Indian cement industry with a cumulative capacity of about 244.69 Million MT at the end of the financial year 2009-10, represents the second largest manufacturing country after China. Despite the fact that the Indian cement industry has clocked production of over 840.55 million MT for the preceding five years, registering nearly 12% growth, the per capita consumption of around 150 kgs compares poorly with the world average of over 260 kgs. This underlines the tremendous scope for growth in the Indian cement industry over the long term. Although consolidation has taken place in the Indian cement industry with the top five players accounting for almost 50% of the capacity, the balance capacity still remains fragmented. Cement, a bulk commodity, is a freight-intensive industry and transporting it over long distances can prove to be uneconomical. The result is that cement industry is largely a regional play, with the industry divided into five main regions viz. North, South, West, East and the Central regions.

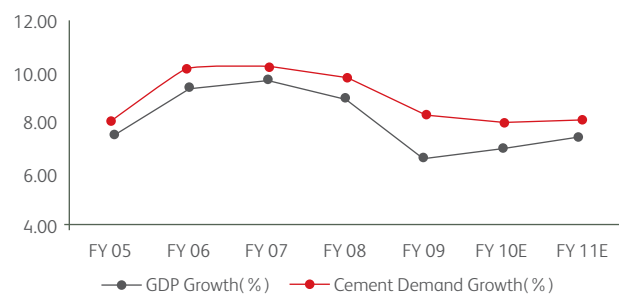
India's cement consumption grew 10.8% in 2009-10. The growth has been robust in the central (17%), eastern (16.8%) and northern (13.2%) regions, while western (6.7%) and southern (6%) regions performed dismally.

The domestic cement industry is highly insulated from global cement markets. Due to logistic issues and lack of port-handling capabilities, cement imports will remain negligible and do not pose a threat to the domestic industry. The cement demand is

expected to remain buoyant, driven by a boost in construction sector and infrastructure related projects in the country. India is fast emerging on the world map as a strong economy and a global power. The country is going through a phase of rapid economic development and growth. All the vital industries and sectors of the country are registering growth and thus attracting investors and cement industry is one of them.

Infrastructure investments and construction activity (the main drivers of cement demand) represent the key GDP components, and cement demand growth enjoys high correlation to GDP growth. Besides, housing (rural and urban) is also a determinant of cement demand and depends on agricultural productivity and income levels, which are key GDP components.

### GDP GROWTH VS CEMENT DEMAND GROWTH



[Source: Anagram research]



### PRICE STRUCTURE

Cement prices rose in the southern and western regions in December, due to the distribution constraints owing to the shortage of rail wagons. Besides, an improvement in the political scenario in Andhra Pradesh resulted in a rebound in the prices in the state. The prices in the northern region were firm in December 2009, on account of enhanced infrastructure demands arising from the Commonwealth Games. We estimate domestic cement demand to grow at a CAGR of approximately 10% for the next five years. Besides, we also expect the prices to remain firm.

### UNDERSTANDING INDIA'S CEMENT INDUSTRY (MICHAEL PORTER'S MODEL)

#### Threat of substitutes: Low

Only bitumen in roads and engineering plastics in building offer some element of competition, otherwise no close substitutes are popular.

#### Bargaining power of consumers: Low

Rising share of retail purchase and declining share of bulk purchase by the Government has taken away the bargaining power of retail customers.

#### Competition: High

Large number of players with over capacity; marginal product differentiation; high storage cost; and high exit barrier in the form of significant capital investment has led to stiff competition in the industry.

#### Bargaining power of suppliers: High

Monopolistic control of external cost elements (coal, power, transportation and taxes) result in high bargaining power with the government

#### Entry barrier: Low

High capital investment, broad distribution network, economies of scale and over supplied market deter new entrants. However, technology and manpower are easily available

**STRENGTHS, CHALLENGES, OPPORTUNITIES AND THREATS****Indian cement industry – SCOT analysis****Strengths**

- **Second largest in the world:** With installed capacity of over 256 million tones in 2009-10.
- **Low production cost:** On account of easy availability of raw materials and cheap labour.

**Challenges**

- **Effect of global slowdown on real estate:** Real estate prices are stabilizing and facing steady slowdown, especially in metros; drastic correction seen in real estate prices.
- **Demand-supply gap, overcapacity:** Capacity additions distort the demand-supply equilibrium in the industry, thereby affecting profitability.
- **Rising input cost:** Increasing production cost due to an increase in key input cost.

**Opportunities**

- **Strong economic growth in the long run:** After the economic slowdown, India is back on its growth track
- **Increase in infrastructure projects:** Government focus on infrastructure spending
- **Growing middle class:** Increase in the purchasing power of emerging middle-class with rise in income, which results in rising demand for better quality of life.
- **Technological changes:** Cement industry has made tremendous strides in technological upgradation and assimilation. The result is reduced cost of production.

**Threats**

- **Imports from Pakistan affecting markets in Northern India:** This is done to keep cement prices under check.
- **Excess overcapacity:** This can hurt margins, as well as prices.

**HIGHLIGHTS OF FINANCIAL PERFORMANCE**

Particulars	Rs. in Lacs		% Change
	2009-10	2008-09	
1. Net Sales	61,369.08	56,414.93	+8.78
2. Operating Profit before Interest, Dep. and Taxation	21,145.35	16,200.86	+30.52
3. Less: Interest and Financial charges	196.16	317.66	-38.25
4. Profit after Interest	20,949.19	15,883.20	+31.90
5. Less: Depreciation	2,535.96	2,426.95	+4.49
6. Profit after Depreciation	18,413.23	13,456.25	+36.84
7. Less: Exceptional Items Loss/diminution on sale of investment	--	255.57	-100.00
8. Profit before Tax	18,413.23	13,200.68	+39.49
9. Provision for Taxes	6,532.20	3,484.28	+87.48
10. Net Profit after tax	11,881.03	9,716.40	+22.28

The year 2009-10 was another successful year of the Company, in terms of financial performance.

- Net Sales increased by 8.78% from Rs. 564.15 cr in the previous year to Rs. 613.69 cr in the current year.
- Gross Profit before depreciation and tax was higher at Rs. 209.49 cr as against Rs. 158.83 cr in the previous year.
- Net Profit After Tax was higher at Rs. 118.81 cr as against Rs. 97.16 cr in the previous year, primarily because of effective cost control and efficiency
- EPS is Rs. 44.38 per share, as against Rs. 34.41 per share in the previous year.

Although coal cost increased remarkably, the Company derisked itself by utilizing the power generated from its captive thermal power plant and wind mills and also reducing coal consumption for clinker manufacture.



### OPERATIONAL PERFORMANCE

	2009-10 MT	2008-09 MT
<b>Clinker production</b>		
Mangalam cement (Unit-I)	525810	385490
Neer Shree Cement (Unit-II)	1110730	1056200
<b>TOTAL</b>	<b>1636540</b>	<b>1441690</b>
<b>Cement production</b>		
Mangalam cement	689739	638820
Neer Shree Cement	947079	1056475
<b>TOTAL</b>	<b>1636818</b>	<b>1695295</b>
<b>Power consumption (Per MT on cement)</b>		
Mangalam cement	95 Kwh	98 Kwh
Neer Shree Cement	81 Kwh	82 Kwh
<b>Coal consumption (Per MT on clinker)</b>		
Mangalam cement	183 Kg	193 Kg
Neer Shree Cement	163 Kg	174 Kg
<b>Power generation</b>	In lacs kwh	In lacs kwh
Captive thermal power plant	1223.13	1254.90
Wind mills	100.29	108.76

During the year, the Company achieved highest ever clinker production of 16.36 Lac MTs. Cement production would have been higher but due to non-availability of railway wagons, despatches were adversely affected and consequently cement production. By various measures adopted by the Company, power consumption was lower by 3 Kwh in Unit-I and by 1 Kwh in Unit-II.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company possesses adequate internal control in all areas of its operation by utilizing services of internal and external auditors from time to time, and also by its own competent and qualified personnel. The existing Audit Committee ensures proper compliance with provision of Listing Agreement with the stock exchanges and relevant provisions of Companies Act.

#### **HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS**

At Mangalam, measures for the safety of employees' training, welfare and development continue to get top priority at all levels, which are reflected in the improved quality and efficiency.

The Company's training programmes and value-based teachings enhance motivational levels among its people. The Company's industrial relations, as well as public relations, with all outside agencies were most cordial. The Company had 844 employees as on 31st March, 2010.

Kolkata

The 1st day of May, 2010.

#### **CAUTIONARY STATEMENT**

Statement in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security law or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, changes in Government regulations and tax structure, economic developments and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward-looking statements, herein which may undergo changes in future on the basis of subsequent developments, information or events.

**O.P. Gupta**, *Chairman*

**K.K. Mudgil**, *Director*

**K.C. Jain**, *Managing Director*



# Report of the Directors



Dear Shareholders,

We have the pleasure in presenting the 34th Annual Report of the Company with audited statements of accounts for the year ended 31st March, 2010. The summarized Financial Results are given below:

### 1. FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year ended 31st March, 2010	Previous Year ended 31st March, 2009
Gross Sales	68183.82	64631.05
Less: Excise Duty	6814.74	8216.12
<b>Net Sales</b>	<b>61369.08</b>	<b>56414.93</b>
Operating Profit before Interest and Financial Charges, Depreciation and Tax	21145.35	16200.86
Less: Interest and Financial Charges	196.16	317.66
<b>Gross Profit before Depreciation and Tax</b>	<b>20949.19</b>	<b>15883.20</b>
Less: Depreciation (net of transfer from Revaluation Reserve)	2535.96	2426.95
<b>Profit after depreciation</b>	<b>18413.23</b>	<b>13456.25</b>
Less: Exceptional Items		
Loss/Diminution on sale of Investment	--	255.57
<b>Profit before Tax</b>	<b>18413.23</b>	<b>13200.68</b>
Less: Provision for Tax:		
(a) Income Tax	6700.20	3449.63
(b) Deferred Tax Assets	(168.00)	--
(c) Fringe Benefit Tax	--	34.65
<b>Net Profit after Tax</b>	<b>11881.03</b>	<b>9716.40</b>
Provision for Dividend for 2008-09 written back	73.67	--
Corporate Dividend Tax provided in 2008-09 written back	12.52	--
Profit brought forward from previous year	20655.42	14742.88
<b>Profit available for appropriation</b>	<b>32622.64</b>	<b>24459.28</b>
<b>APPROPRIATIONS</b>		
(a) Transfer to general Reserve	1200.00	2000.00
(b) Proposed Dividend on Equity Shares	1601.63	1541.83
(c) Corporate Dividend Tax	266.01	262.03
(d) Balance carried forward to next year	29555.00	20655.42
<b>TOTAL</b>	<b>32622.64</b>	<b>24459.28</b>



**2. DIVIDEND**

The Board of Directors at its meeting held today has recommended dividend on Equity Shares for the year ended 31st March, 2010 as under:

	(Rs. in Lacs)	
	31st March, 2010	31st March, 2009
On 2,66,93,780 Equity Shares of Rs.10 each as on 31.3.2010 @ Rs.6.00 per share (Previous year Rs.5.50 per share on 28033198 Equity Shares)	1601.63	1541.83
Dividend Tax	266.01	262.03
	<b>1867.64</b>	<b>1803.86</b>

**3. DEFERRED TAX**

In terms of the order dated 30th November, 2007 of the Hon'ble High Court of Rajasthan, deferred tax liability of Rs. 585 Lacs for the year has been adjusted from the Securities Premium Account. Deferred Tax Assets of Rs. 540 Lacs which were adjusted in earlier years from the Securities Premium Account has been transferred to General Reserve and deferred tax assets of Rs. 168.00 lacs of the current year has been credited to the Profit and Loss Account

**4. OVERALL PERFORMANCE**

Performance of the Company has been comprehensively covered in the Management Discussions and Analysis Report which forms part of Directors' Report.

**5. WIND MILLS**

Considering various investment opportunities and CDM benefit available, the Company decided to install 6 more wind mills of 1.25 MW capacity each, at Jaisalmer. These wind mills are expected to be commissioned by June, 2010.

With the commissioning of these wind mills, total capacity of wind mill power will be 13.65 MW. Necessary steps have been taken to avail CDM benefit.

**6. CAPTIVE THERMAL POWER PLANT (CPP)**

One more CPP of 17.5 MW capacity is under installation and barring any unforeseen circumstances, the plant is expected to be commissioned by December, 2010. Since the company will be having surplus power, it will sell surplus power either to Jaipur Vidyut Vithran Nigam Ltd and/or through Indian Energy Exchange or to any agency of the Government, which is expected to increase the profitability of the Company.

**7. BUY-BACK OF SHARES**

During the year, the company bought back 13,39,418 Equity Shares at a total cost of Rs. 1003.90 Lacs and the shares so purchased were extinguished and the subscribed share capital of the Company has been reduced to that extent. Considering that the prevailing share price was higher than the price fixed by the company for buy-back, the Board



decided on 30th July, 2009 to close the buy-back.

In accordance with the public announcement dt. 17th January, 2009, in total, the Company bought back 15,52,978 equity shares at a cost of Rs. 1118.59 Lacs which amounts to 52.03% of the buy-back size offer at an average price of Rs. 72.03 per share out of general reserves.

#### **8. NEW PROJECTS**

The Company's appeal for granting Prospecting License for limestone bearing mining area in the District of Morena, M.P., was rejected by the Hon'ble Mines Tribunal, New Delhi and the Company is examining possible course of action against the judgment.

Considering the global meltdown of the market, the plans for setting up of a 1.75 MTPA new cement manufacturing plant was deferred. With the revival of the economy and good demand of cement in future, the Company has decided to go ahead for setting up of a new cement manufacturing plant of 1.75 MTPA at the existing site.

#### **9. FINANCES**

During the year, the Company has repaid Rs. 654.65 Lacs to the State Bank of India, towards last installment of term loan availed for setting up of Captive Thermal Power Plant. The company has no secured debt as on date.

#### **10. CREDIT RATINGS**

Your Directors are pleased to inform that Credit Analysis & Research Ltd (CARE) has assigned to the Company 'CARE AA-' rating for the long term and medium term facilities. 'CARE AA' rating is considered to offer high safety for timely servicing of debt obligations. Such facility carries very low credit risk. CARE assigns '+' or '-' signs to be shown after the

assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

Further, CARE has re-affirmed PR1+ (PR One Plus) rating assigned to the short term facilities. This is the highest rating for short term facilities. PR1+ rating indicates strong capacity for timely payment of short term debt obligations and carries lowest credit risk.

#### **11. INSURANCE**

Adequate insurance cover has been taken for the properties of the Company including buildings, plant and machinery and stocks.

#### **12. DIRECTORS**

The Board has appointed Shri Anshuman Vikram Jalan and Smt. Vidula Jalan as Additional Directors of the Company w.e.f. 30th July, 2009. They shall hold office upto the date of the ensuing Annual General Meeting (AGM). The Company has received requisite notices from the members U/s 257 of the Companies Act, 1956, proposing the names of Shri Anshuman Vikram Jalan and Smt. Vidula Jalan for appointment as Directors. They are the promoter Directors. The Board recommends their appointment.

In accordance with Article 99 of the Articles of Association of the Company, Shri N.G.Khaitan and Shri T.S.Vishwanath, retire by rotation at the forthcoming AGM of the Company and being eligible offer themselves for reappointment.

The resumes of Shri Anshuman Vikram Jalan, Smt. Vidula Jalan, Shri N.G. Khaitan and Shri T.S. Vishwanath, are given in the Notice of Annual General Meeting.



### 13. AUDITORS' REPORT

Auditors' Report to the Shareholders does not contain any qualification, reservation or adverse mark.

### 14. STATUTORY AUDITORS

M/s. Jain Pramod Jain & Co., Chartered Accountants, (Firm Registration No. 016746N), auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment and they have confirmed that their re-appointment, if made, shall be within the limits of Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

### 15. COST AUDIT

Pursuant to the directives of the Central Government under provisions of Section 233-B of the Companies Act, 1956, a Cost Auditor has been appointed to audit Cost Accounts of your Company for the year ended 31st March, 2010.

### 16. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors declare that :

- (i) in preparation of Annual Accounts, applicable accounting standards have been followed and that no material departure has been made from the same;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for Financial Year ended 31st March, 2010 and of the profit of the company for that year;
- (iii) they have taken proper and sufficient care for maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) they have prepared the annual accounts on a going concern basis.

### 17. PARTICULARS OF EMPLOYEES

Details of remuneration paid to employees, as required by Section 217(2A) of the Companies Act, 1956, are set out in a separate statement attached hereto which forms part of this report.

### 18. PARTICULARS OF ENERGY CONSERVATION ETC.

Particulars as required to be disclosed as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the statement attached hereto and form part of this Report.

### 19. CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as part of this Annual Report. Certificate from the Auditors of the Company regarding compliance with the Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

### 20. PUBLIC DEPOSITS

The Company has neither invited nor accepted any deposits from the public within the meaning of Section 58(A) of the Companies Act, 1956 during the year under review. As such no amount of principal or interest was outstanding on the date of the Balance Sheet.

## 21. CASH FLOW ANALYSIS

In conformity with the provisions of Clause 32 of the Listing Agreement(s), cash flow statement for the financial year ended 31st March, 2010 is annexed hereto.

## 22. AWARDS

Your Directors are pleased to inform that the Company has received the following awards during the year :

### **From Rajasthan Renewable Energy Corp (RERC), Govt of Rajasthan**

- (i) For Energy Conservation in cement sector for the year 2008-09 - 1st Prize

### **From the Director General, Mines Safety, Ajmer Region, Govt of Rajasthan**

- (i) For Rehabilitation and Reclamation of land - 1st Prize.
- (ii) For Water Harvesting - 1st Prize.
- (iii) For Waste Dump Management - 3rd Prize.
- (iv) For overall performance in mechanized open cast Mines - 3rd Prize.

### **National Safety Award (Mines)**

The company has also been nominated for National Mines Safety Award for the year 2008.

The company was also conferred with high praises and accolades by the local and District Administration, for contribution to social welfare in the area for contributing for construction of hospital.

## 23. ACKNOWLEDGEMENTS

Your Directors place on record, their deep appreciation of the devoted services rendered by the employees of the Company who have contributed towards an excellent performance of the Company. Their grateful thanks are due to the State Government of Rajasthan, investors, Bankers and the District level authorities for their support extended to the Company from time to time. Shareholders' appreciation of the Management's efforts expressed at the General Meetings of the Company are a great fillip to strive for better performance.

Yours faithfully,

**O.P. Gupta, Chairman**

**K.K. Mudgil, Director**

**K.C. Jain Managing Director**

Kolkata

The 1st day of May, 2010.



**STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.**

Employed throughout the period under review and were in receipt of remuneration for the year, in aggregate not less than Rs.24,00,000/- and employed for part of the year and were in receipt of remuneration not less than Rs.2,00,000/- per month

S. No.	Name	Designation	Qualification	Age (In years)	Date of commencement of employment	Expereince in years	Remuneration (In Rs.)	Previous employment & designation
1	Syt. KC Jain	Managing Director	F.C.A	71	4.1.1996	44	3406850	Sr. President of Kesoram Cement and Vasavadatta Cement (Divisions of Kesoram Industries Ltd.)

Notes:

- 1 Above mentioned employee is non-contractual
- 2 Above mentioned employee is not a relative of any Director of the Company.
- 3 Remuneration here includes salary, allowances, value of perquisites and Company's contribution towards Provident and Superannuation funds.
- 4 In addition to the above remuneration, employee is entitled to gratuity in term of his appointment.

Kolkata

The 1st day of May, 2010.

**O.P. Gupta, Chairman**

**K.K. Mudgil, Director**

**K.C. Jain, Managing Director**

**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.**

**1. Conservation of Energy**

**A) Energy Conservation Measures Taken**

(i) Projects implemented

We have executed certain projects in year 2008-09, which got fully stabilized in the current financial year ended 31st March 2010, hence full benefits were derived in the current year. No significant schemes were implemented in the current year -

ii) Other energy conservation measures taken

- a. Provided a system in PLC for making bypass of tertiary crusher and vibrating screen during raw mill running to avoid stoppage of Unit-I raw mill.
- b. System implemented to avoid idle running of Unit-II crusher H.T. motor, when lime stone hopper is empty.
- c. System implemented to stop 7.5 KW compressor when Unit-II Crusher is not running.
- d. Power saving by providing timer control in mines road lights.
- e. Splitting of Unit-I raw mill feed belt 911 BC-3 into two parts for power saving.

iii) Utilisation of renewable electrical energy for captive use

We utilized 95.77 lakhs units of electricity for captive use from 6 wind mills with a total capacity of 6.15 MW installed at Jaisalmer.

**B) Additional Investments and Proposals, if any, Being Implemented for Reduction of Consumption of Energy**

i) Projects to be implemented

- a) Installation of further wind power mills with a capacity of 7.5 MW at Jaisalmer.
- b) Installation of Waste Heat Recovery System in Kiln- I Pre heater and Clinker Cooler and Kiln-II Clinker Cooler for getting power generation capacity of approx. 4 MW.

**C) Impact of the Measures At (A) & (B) Above For Reduction of Energy Consumption and Consequent Impact on the Cost of Production of Goods.**

By the efforts mentioned in (A)(i) saving achieved in electrical energy in Unit- I is appx. 3.5 units per ton of Cement and in thermal energy is appx. 4 Kcal/Kg of clinker and saving achieved in electrical energy in Unit- II is appx. 1.23 units per ton of Cement and in thermal energy is appx. 2 Kcal/Kg of clinker.

**2 Total Energy Consumption and Energy Consumption Per Unit of Production as Per Form - A of the Annexure to the Rules in Respect of Industries Specified in the Schedule.**
**A. Power and Fuel Consumption**

	2009-10	2008-09
<b>1. Electricity</b>		
<b>a. Purchased(Net)</b>		
Unit (in lacs)	461.61	365.41
Total amount (Rs.in lacs)	2087.19	1618.80
Rate/Unit (Rs.)	4.52	4.33
<b>b. Own Generation(Net)</b>		
<b>i. Through Diesel Generators</b>		
Units (in lacs)	8.00	--
Unit per Ltr. of Diesel Oil	3.40	--
Cost/unit (Rs.)	9.71	--
<b>ii. Through Steam Turbine/Generator</b>		
Unit (Kwh in lacs)	1223.13	1254.90
Unit per Kg of coal	0.964	1.13
Cost/Unit (Rs.)	2.90	3.04
<b>iii. Through Wind Mills</b>		
Gross Units (Kwh in Lacs)	100.29	108.76
Net Units (Kwh in Lacs)	95.77	103.87
<b>2. Coal</b>		
<b>a. Used for Calcining of Raw Meal</b>		
Qty. (MT)	277363	258447
Total cost (Rs. in lacs)	10030.40	9061.05
Average Rate (Rs. /MT)	3616.35	3505.96
<b>b. Used in steam turbine/generator.</b>		
Quantity (MT)	117940	111067
Total cost (Rs. in Lacs)	3143.01	3385.50
Average rate (Rs./MT)	2664.92	3048.16
<b>3. Furnace Oil</b>	N.A.	N.A.

**B. Consumption Per Unit of Production**

Products Unit	Industry Avg	Cement (MT)	Cement (MT)
<b>Electricity</b>			
i) Unit I	100-120 Kwh	95 Kwh	98 Kwh
ii) Unit II	70-90 Kwh	81 Kwh	82 Kwh
<b>Furnace Oil</b>			
		N.A.	N.A.
<b>Coal per ton on Cement</b>			
i) Unit I		155 Kg	160 Kg
ii) Unit II		138 Kg	151 Kg

### 3. Technology Absorption

#### 1. Research and Development (R&D)

(a)	Specific areas in which R&D carried out by the Company	NIL
(b)	Benefit derived as a result of above.	NIL
(c)	Future plan of action	NIL
(d)	Expenditure on R&D	
(i)	Capital	NIL
(ii)	Recurring	Rs. 17.19 lacs
(iii)	Total	Rs. 17.19 lacs
(iv)	Total R&D Expenditure as a percentage of total turnover	0.03

#### 2. Technology absorption, adoption and innovation

(a)	Efforts in brief made Towards technology absorption	<ol style="list-style-type: none"> <li>1. Continuous interaction with the main plant supplier and others for technical assistance, has helped to achieve optimum benefits of the advancement in technology such as plant optimization, efficient use of energy etc.</li> <li>2. Plant personnel were trained by experts, in-house and outside through Seminars and visits.</li> </ol>
(b)	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Improved quality and productivity improved throughput and cost reduction, due to thermal and electrical energy savings.
(c)	In case of imported technology (imported during the last 5 years reckoned from the beginning of The financial year) following information may be furnished :	
(i)	Technology imported	NIL
(ii)	Year of import	N.A.
(iii)	Has Technology been fully absorbed	N.A.
(iv)	If not fully absorbed, areas where this has not taken place, reason thereof and future plan of action	N.A.

#### 4. Foreign Exchange Earning and Outgo

(a)	Total foreign exchange earned	Rs. NIL
(b)	Total foreign exchange used	Rs. 251.08 lacs

Kolkata

The 1st day of May, 2010.

**O.P. Gupta**, *Chairman*

**K.K. Mudgil**, *Director*

**K.C. Jain**, *Managing Director*



# Report on Corporate Governance





Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of Corporate Governance.

#### A. COMPLIANCE OF MANDATORY REQUIREMENTS

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Corporate Governance Compliance by the Company are as under:

##### I. Company's Philosophy of Corporate Governance

Company believes that good Corporate Governance is a basic tool to achieve long-term corporate goals and to create shareholders' value on a sustainable basis. The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in all its facets including the conduct of its business, its relationship with its stakeholders viz. shareholders, employees, customers, government and the lenders.

##### II. Board of Directors

###### a) Composition of the Board:

As on date the Board of Directors of the Company consists of seven Directors out of which four are Non-Executive and Independent Directors as against minimum requirement of 1/3 rd as per clause 49 of the Listing Agreement. The Company has a Non-Executive Chairman. The composition of Board of Directors is as follows:-

Name of the Director	Executive/ Non-Executive/ Independent	Members of the Board of other public companies excluding directorship in Pvt. companies	Total No. of outside committee membership held (excluding private companies).	
			As Chairman	As Member
Shri O.P.Gupta	Non-Executive & Independent (Chairman)	1	1	-
Shri K.K.Mudgil	Non-Executive & Independent	-	-	-
Shri T.S. Vishwanath	Non-Executive & Independent	2	1	2
Shri N.G. Khaitan	Non-Executive & Independent	9	1	7
Shri A.V.Jalan*	Non Executive	2	-	1
Smt Vidula Jalan*	Non Executive	2	-	1
Shri. K.C. Jain	Executive (Managing Director)	-	-	-

\*Appointed as Additional Directors w.e.f. 30th July, 2009.



Except Shri A.V.Jalan and Smt Vidula Jalan, who are spouses, no Director is related to any other Directors on the Board in terms of the provisions of the Companies Act, 1956. All the Directors who are on various Committees are within the permissible limits of the Listing Agreement. The Directors have intimated from time to time their membership in other various Committees in other companies.

#### b) Board Meetings and attendance of the Directors

- (i) The Company's Board of Directors plays a primary role in ensuring good governance and functioning of the company. All the relevant information (as mandated by the regulations) is placed before the Board. The Board reviews from time to time compliance reports of all the laws applicable to the company. The members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion.

During the year ended on March 31, 2010 the Board of Directors had four (4) meetings. They were held on:

S.No.	Date of Meeting
1.	25.04.2009
2.	30.07.2009
3.	27.10.2009
4.	20.01.2010

- (ii) The attendance record of the Directors at the Board Meetings during the year ended 31st March, 2010 and the last Annual General Meeting (AGM) is as under:

S. No.	Name of the Director	No. of Board Meetings Attended	Attendance at the Last AGM
1.	Shri O.P.Gupta	4 out of 4	No
2.	Shri K.K.Mudgil	4 out of 4	Yes
3.	Shri T.S. Vishwanath	4 out of 4	No
4.	Shri N.G. Khaitan	4 out of 4	No
5.	Shri A.V.Jalan*	2 out of 3	No
6.	Smt Vidula Jalan*	2 out of 3	No
7.	Shri K.C. Jain (Managing Director)	4 out of 4	Yes

\*Appointed as Additional Directors w.e.f. 30th July, 2009.

#### c) Remuneration

- (i) Details of the sitting fee, commission and remuneration paid to the Directors during the year ended 31st March, 2010 are as under:

S. No	Name of the Director	Salary (Rs.)	Commission Payable for the year (Rs.)	Perquisites (Rs.)	Sitting Fee paid during the year (Rs.)	Total (Rs.)
1.	Shri O.P.Gupta	-	3,50,000	-	2,40,000	5,90,000
2.	Shri K.K.Mudgil	-	3,50,000	-	2,35,000	5,85,000
3.	Shri T.S.Vishwanath	-	3,50,000	-	45,000	3,95,000
4.	Shri N.G.Khaitan	-	3,50,000	-	75,000	4,25,000
5.	Shri A.V.Jalan	-	3,50,000	-	35,000	3,85,000
6.	Smt. Vidula Jalan	-	3,50,000	-	35,000	3,85,000
7.	Shri K.C.Jain (Managing Director)	6,55,000	-	27,51,850	--	34,06,850

- (ii) Besides the sitting fee and traveling expenses to attend any meeting of the Board or any Committee thereof, the approval of shareholders at their meeting held on 15th July, 2008 enables the company to pay commission in every financial year to its Directors except the Managing Director (to be divided amongst them equally) at the rate of 1 % of the net profits (restricted to Rs.10 Lacs) of the Company computed in the manner referred to in Section 198(1) of the Companies Act, 1956 for a period of 3 years w.e.f. 1st April, 2008.

The limit of Rs.10 Lacs is proposed to be increased to Rs.21 Lacs w.e.f. 1st April, 2009 subject to the approval of the Shareholders.

- (iii) The Company does not have any stock option or any performance linked incentive that is paid to the Directors.  
 (iv) Appointment of Shri K.C.Jain as Managing Director is for a period of 3 years commencing from 1st May, 2008.

**d) Code of Conduct for Members of the Board and Senior Management Personnel**

The Board of Directors has laid down a code of conduct for the members of the Board as well as employees in the Senior Management of the Company. A copy of the Code has been put on the Company's website : [www.mangalamcement.com](http://www.mangalamcement.com)

All the Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director and CEO in this regard is given below:

"As provided under clause 49 of the Listing Agreement with Stock Exchange(s), it is hereby declared that all the board members and senior management personnel of the Company have confirmed compliance with the Code of Conduct for the year ended 31.3.2010".

Date: 30.4.2010

**K.C. Jain,**  
*Managing Director*

**III. Committees of the Board as on 31st March, 2010**

**a. Audit Committee**

- (i) The Company has an Audit Committee and consists of three Independent and Non-executive Directors. The terms of reference to the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchanges read with section 292A of the Companies Act, 1956. These broadly include review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussions on quarterly/half yearly/annual financial results, interaction with statutory, internal auditors, cost auditors and appointment and removal of Internal Auditors.
- (ii) During the year ended 31st March, 2010, the Audit Committee held 4 meetings. They were held on 25.4.2009, 30.7.2009, 27.10.2009 and 20.01.2010.
- (iii) Details of the composition of the Audit Committee and the attendance at the Meetings held are as follows.

S. No.	Name of the Director	Position	Meetings attended
1.	Shri O.P. Gupta	Chairman	4 out of 4
2.	Shri K.K. Mudgil	Member	4 out of 4
3.	Shri N.G. Khaitan	Member	4 out of 4

- (iv) Shri K.C. Jain, Managing Director, is a permanent invitee to the Committee. At the invitation of the Committee, Internal Auditors, Cost Auditors, Statutory Auditors and Shri R.C. Gupta, President (Finance & Admn) & Company Secretary who is acting as Secretary to the Audit Committee also attends the Audit Committee meetings as and when required to respond to the queries raised at the Committee Meetings.



**b. Remuneration Committee**

The Remuneration Committee of the Directors comprises of the three independent Directors as its members, viz.

S.No.	Name of the Director
1.	Shri O.P. Gupta
2.	Shri K.K. Mudgil
3.	Shri T.S.Vishwanath

During the year ended 31st March, 2010, one meeting of the Committee was held on 25.04.2009.

**c. Shareholders/Investors Grievance Committee**

The Committee consists of two independent and non-executive Directors and Managing Director. Details of the attendance at the meetings held are as follows:

S.No.	Name of the Director	Position	Meetings attended
1.	Shri K.K.Mudgil	Chairman	2 out of 2
2.	Shri O.P.Gupta	Member	2 out of 2
3	Shri K.C.Jain	Member	2 out of 2

Shareholders'/Investors' Grievance Committee meetings were held on 25.4.2009, and 27.10.2009.

The position as on 31st March, 2010 of the shareholders' complaints received and redressed during the financial year:

	Complaints received from				Total complaints Received During 2009-10	Total redressed	No. of grievances outstanding as on 31.3.2010
	Investors directly	Stock Exchanges	SEBI	ROC			
Non-receipt of Dividend/interest / Redemption warrant(s)	15	Nil	Nil	Nil	15	15	Nil
Non-receipt of Share/ Debenture Certificate(s) / after transfer/ demate	3	Nil	Nil	Nil	3	3	Nil
Non-receipt of Duplicate Share/ Debenture certificate(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-receipt of Annual Report(s)	2	Nil	Nil	Nil	2	2	Nil
<b>TOTAL</b>	<b>20</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>20</b>	<b>20</b>	<b>Nil</b>

**d. Share Transfer Committee**

Share Transfer Committee is in force since 10th November 1986. It was reconstituted on 18.1.2005 comprising of Shri K.C.Jain, Managing Director and Shri O.P.Gupta and Shri K.K.Mudgil, Directors of the Company. Shri K.K.Mudgil is the Chairman of the Committee. The Committee has been given the powers to deal with all the matters related to transfer, transmission, issuance of duplicate certificates, split and/or consolidation requests. In addition, the Company Secretary and certain officials of the company have been given the powers to endorse registration of share transfers and transmission of share certificates. Share Transfer Committee meets at frequent intervals as and when required.

Shri R.C.Gupta, Secretary of the Company is Secretary to the Audit committee, Remuneration Committee, Shareholders' / Investors' Grievance Committee and Share Transfer committee.

**e. Committee for Investments**

The Committee was constituted on 18.10.2008 to take decisions on investment of surplus funds of the Company. It was re-constituted on 27.10.2009. The details of composition and attendance of the meetings held are as under:

S.No.	Name of Director	Position	No. of meetings attended
1.	Shri O.P.Gupta (upto 26.10.09)	Chairman	7 out of 7
2.	Shri K.K.Mudgil (upto 26.10.09)	Member	7 out of 7
3.	Shri K.C.Jain (upto 26.10.09)	Member	1 out of 7
4.	Shri N.G.Khaitan (w.e.f. 27.10.09)	Chairman	3 out of 3
5.	Shri A.V.Jalan (w.e.f. 27.10.09)	Member	3 out of 3
6.	Smt. Vidula Jalan (w.e.f. 27.10.09)	Member	3 out of 3

The Committee meetings were held on 15.4.2009, 9.5.2009, 23.6.2009, 13.7.2009, 1.9.2009, 5.9.2009, 13.10.2009, 5.12.2009, 19.12.2009 and 22.01.2010.

**f. Buy-back of Shares Committee**

The Committee was constituted by the Board of Directors at its meeting held on 17.01.2009 to take decisions in the matters relating to Buy-back of shares of the Company. The committee consists of two independent and non-executive Directors, Managing Director and President (Fin & Admn) of the Company. Details of attendance at the meetings held are as under:

S.No.	Name of Member	No. of meetings attended
1.	Shri O.P.Gupta, Director	5 out of 5
2.	Shri K.K.Mudgil, Director	4 out of 5
3.	Shri K.C.Jain, Mg Director	5 out of 5
4.	Shri R.C.Gupta, President (Fin & Admn)	5 out of 5

The Committee meetings were held on 1.4.2009, 25.4.2009, 4.5.2009, 6.6.2009 and 6.7.2009.

Consequent upon the closure of Buy-back of Shares on 30.7.2009, the Committee stands dissolved.

#### IV Shares and Convertible Instruments held by Directors

Details of Shareholding of Directors as on 31.03.2010 in the Company are as under:

	Director	No. of Equity Shares
1.	Shri O.P.Gupta	Nil
2.	Shri N.G. Khaitan in HUF	440
3.	Shri T.S. Vishwanath	4000
4.	Shri K.K. Mudgil	1000
5.	Shri A.V.Jalan	Nil
6.	Smt. Vidula Jalan	5000
7.	Shri K.C.Jain	4800

Company has no convertible instrument pending as on 31.3.2010.

#### V. Subsidiary Company

The Company does not have any subsidiary company.

#### VI. CEO/CFO Certification

The CEO and CFO certification of the financial statements and the cash flow statements for the year is enclosed at the end of the report.

#### VII. Annual General Meeting

- a) The Company convenes Annual General Meetings generally within 4 months of the close of the Corporate Financial Year. Details of the AGMs held during the past 3 years are as under:

AGM No	Financial Year	Day, Date and time	Venue
31st	2006-2007	Saturday, 14.07.2007 at 11.30 am	At Regd Office, Adityanagar 326520 , Morak, Dist. Kota, Rajasthan.
32nd	2007-2008	Tuesday, 15.7.2008 at 11.30 AM	-do-
33rd	2008-09	Friday, 17.7.2009 at 11.30 AM	-do-

- b) All the resolutions, including Special Resolutions set out in the respective Notices were passed by shareholders in their General Meetings.

**c) Postal Ballot Resolutions**

No resolution was passed through Postal Ballot during the year.

Presently there is no proposal for passing any Resolution through Postal Ballot in the ensuing AGM.

#### VIII. Disclosures

- (i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transaction with related parties which were not in the normal course of business required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis.
- (ii) All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- (iii) A well defined Risk Management Policy covering assessment, management, monitoring and review, has been approved by the Board.
- (iv) No money was raised by the Company through public issue, rights issue, preferential issues etc in the last financial year and hence, provisions contained in this behalf in Clause 49 of the Listing Agreement are not applicable for Compliance by the Company.

- (v) (a) All pecuniary relationship or transactions of the non-executive directors vis-a-vis the company have been disclosed in item II(c) of this Report.
- (b) The Company has Managing Director on the Board whose appointment and remuneration has been fixed by the Board in terms of resolution passed by the members and approved by the Central Government. The remuneration paid/payable to him is mentioned in item II(c) of this report.
- (c) The number of shares held by each director is mentioned in item IV of this report.
- (vi) (a) Management Discussion and Analysis forms part of the Annual Report to the Shareholders and it includes discussion on matters as required under the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.
- (b) There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the listing agreement where they have personal interests that may have a potential conflict with the interests of the company at large requiring disclosure by them to the Board of Directors of the Company.
- (vii) No penalties or strictures have been imposed on the Company by Stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

#### **IX. Code of Conduct for Prohibition of Insider Trading**

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. The Code is applicable to all the Directors/Officers and Designated Employees. The Code also aims to prevent dealing in the shares by persons having access to unpublished information.

#### **X. Means of Communication**

The quarterly, half-yearly and yearly financial results of the company are sent to the Stock Exchanges immediately after they are approved by the Board. These financial results are normally published in Financial Express (all editions)/ Dainik Bhaskar / Rajasthan Patrika (Rajasthan editions).

#### **XI. Management Discussion and Analysis Report**

The Management Discussion and analysis Report is attached and forms part of the Directors' Report.

#### **XII. Appointment/Re-appointment of Directors**

The resume and other details of the Directors seeking appointment-re-appointment as required to be disclosed under clause 49 (iv)(a)(i) of the Listing Agreement is provided in the AGM Notice attached with this Annual Report.

#### **XIII. General Shareholders' Information**

##### **(a) Registered Office and Plant Location**

Adityanagar 326520, Morak Dist.Kota (Rajasthan) Tel. No. 07459-232262/ 232227/ 232236  
Website: www.mangalamcement.com, E.mail: mclmorak@kappa.net.in, Telefax: 07459-232231

##### **(b) Head Office**

Birla Building, 9/1, R.N.Mukherjee Road,  
Kolkata 700001 Tel. No.033-22101575

##### **(c) Share Transfer Agents**

MAS Services Ltd, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110020  
Tel.No. 011-26387281 / 82 / 83. Fax No.011-26387384  
E.mail: mas\_serv@yahoo.com, Website: www.masserve.com



**(d) Annual General Meeting**

Date, Time and Venue:

Day and Date: Friday, the 30th July, 2010 Time: 11.30 A.M.

Venue : Club Hall, Basant Vihar,  
Mangalam Cement Ltd,  
Adityanagar 326520,  
Morak, Dist.Kota (Rajasthan)

**(e) Book Closure**

From Friday, the 23rd July, 2010 to Friday, the 30th July, 2010, both the days inclusive.

**(f) Dividend Payment Date**

On approval by the Shareholders in the Annual General Meeting, the dividend will be paid to the shareholders in August, 2010 but within the statutory time limit.

**(g) Listing of Securities**

Equity shares of the company are listed at the following Stock Exchanges:

S. No.	Name of the Stock Exchange	Stock Code
1	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy towers, Dalal Street, Mumbai 400001	502157
2	National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051	MANGLMCEM

S. No.	Name of the Depositories (for de-mat only)	Scrip Code
1	National Securities Depository Ltd	INE 347A01017
2	Central Depository Services (India) Ltd.	INE 347A01017

**(h) Listing Fee**

Company has paid the listing fee for the year 2010-11 to all the Stock Exchanges where the securities are listed.

**(i) Custodial Fees to Depositories**

Custodial fee for the year 2010-11 has been paid to National Securities Depository Ltd and to Central Depository Services (India) Ltd.



**(j) Market Price Data**

The high/low market price of the Equity Shares during the year 2009-10 at the Bombay Stock Exchange Ltd, Mumbai and at National Stock Exchange of India Ltd, were as under:

Month	Quotation at Bombay Stock Exchange Ltd. (BSE)		Quotation at National Stock Exchange of India Ltd. (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 09	88.00	59.50	88.00	59.30
May, 09	117.45	77.00	117.95	76.25
June, 09	130.40	98.25	128.00	105.05
July, 09	150.00	110.00	149.80	110.25
Aug, 09	143.70	125.20	143.50	125.50
Sept, 09	143.90	127.00	142.30	126.10
Oct, 09	134.50	117.05	134.40	115.00
Nov, 09	129.75	111.55	129.95	107.40
Dec, 09	168.20	122.00	168.80	124.05
Jan, 10	199.00	140.30	173.95	142.00
Feb, 10	175.65	146.00	176.00	147.05
March, 10	176.95	163.00	185.00	160.55

**(k) Distribution of Shareholding**

The shareholding distribution of equity shares as on 31st March, 2010 is given below.

S.No.	No. of Equity Shares	No. of shareholders	No. of shares	Percentage of Shareholding
1.	1 to 500	21329	2739016	10.26
2.	501 to 1000	1313	1061426	3.98
3.	1001 to 2000	645	980854	3.67
4.	2001 to 3000	174	450127	1.69
5.	3001 to 4000	69	248009	0.93
6.	4001 to 5000	72	346911	1.30
7.	5001 to 10,000	109	806607	3.02
8.	10001 and above	134	20060830	75.15
	<b>TOTAL</b>	<b>23845</b>	<b>26693780</b>	<b>100%</b>

**(l) Shareholding Pattern**

S.No	Category	No. of Equity shares	Percentage
1.	Promoters' holding	6803040	25.49
2.	Individuals/others	7010617	26.26
3.	Companies	8921893	33.42
4.	Mutual Funds, Banks, Financial and Govt Institutions	2071233	7.76
5.	FII's, NRIs, OCBs	1886997	7.07
	<b>TOTAL</b>	<b>26693780</b>	<b>100%</b>



**(m) Dematerialisation of Shares**

As on 31st March, 2010, 82.03% of the Company's total equity shares representing 21896217 shares were held in dematerialized form and balance 17.97% representing 4797563 shares were held in physical form.

**(n) Secretarial Audit**

As stipulated by the Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Secretarial Audit. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors.

**(o) Convertible Instruments**

The Company has not issued any GDRs/ ADRs/ warrants or any convertible instruments.

**(p) Share Transfer System**

Share transfer work of physical segment is attended to by the Company's Registrar & Share Transfer Agents within the prescribed period under the law and the Listing Agreement with the Stock Exchanges. All share transfers etc. are approved by Committee of Directors which meets periodically.

In the case of Shares held in Electronic Form, the transfers are processed by NSDL/ CDSL through the respective Depository Participants.

**q) Financial Calendar 2010-2011**

(i) Financial Year	1st April, 2010 to 31st March, 2011
(ii) First Quarterly Results for Quarter ending 30th June, 2010	By end of July 2010
(iii) Second Quarterly Results for the quarter ending 30th Sept, 2010	By end of October, 2010.
(iv) Third Quarterly Results for the Quarter ending 31st December, 2010	By end of January, 2011
(v) Annual Results for the Year ending 31st March, 2011	By end of April, 2011
(vi) Annual General Meeting for the year ending on 31st March, 2011	By July, 2011
(vii) Date of dividend payment	Within the statutory time limit after approval by the Members in the AGM.

**(r) Compliance Officer**

Shri R.C.Gupta, Secretary of the Company is the Compliance Officer.

**B. STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENTS**

**i. The Board**

- (a) An office for the use of the Chairman is made available whenever required.
- (b) At present there is no policy fixing the tenure of independent Directors.

**ii. Remuneration Committee**

The Company has the Remuneration Committee comprising of Shri O.P.Gupta, Shri K.K.Mudgil and Shri T.S.Vishwanath, as members, as stated in item No.III(b) above.

**iii. Shareholders' Rights**

Half yearly financial results including summary of the significant events in the last six months are presently not being sent to shareholders of the Company.

**(iv) Audit Qualifications**

There are no qualifications in the Auditors' Report on the financial statements to the Shareholders of the Company.

**(v) Training of Board Members**

There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

**(vi) Mechanism for evaluating non-executive Board Members**

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

**(vii) Whistle Blower Policy**

The Company does not have any formal Whistle Blower Policy as of now but no personnel are being denied any access to the Audit Committee.

Kolkata

The 1st day of May, 2010.

**O.P. Gupta**, *Chairman*

**K.K. Mudgil**, *Director*

**K.C. Jain**, *Managing Director*



# CEO and CFO Certification

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To,  
The Board of Directors,  
Mangalam Cement Ltd

We, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and that of the best of our knowledge and belief;
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violating the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, pertaining to financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the audit committee;
  - (i) significant changes in internal controls for financial reporting, during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Financial Statements, and;
  - (iii) instances of significant fraud of which we have become aware and the involvement there in, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Kolkata  
May 1, 2010

**K.C. Jain**  
Chief Executive Officer  
Managing Director

**R.C. Gupta**  
Chief Financial Officer  
President (Fin & Adm)  
& Company Secretary

# Certificate from Auditor on Corporate Governance

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To,

The Members of  
Mangalam Cement Ltd

We have examined the compliance of conditions of Corporate Governance by Mangalam Cement Ltd, for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 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 the Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that, based on the records maintained by the Company and confirmation received from its Registrars and Share Transfer Agents, no investor grievances are pending for a period exceeding one month against the Company as at 31st March, 2010.

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.

Kolkata  
1st day of May, 2010.

For **Jain Pramod Jain & Co.,**  
Chartered Accountants,  
(Firm Registration No. 016746N)  
**P.K. Jain**  
Partner  
Membership No.10479



# Financial statements



# Auditors' Report To Members of Mangalam Cement Limited

We have audited the attached Balance Sheet of MANGALAM CEMENT LIMITED, as at 31st March, 2010, the annexed Profit and Loss Account for the year ended on that date, and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 any 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred in paragraph 1 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 purposes of our audit;
  - (ii) In our opinion, proper books of account 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 account;
  - (iv) In our opinion, Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representation received from the Directors and taken on record by the Board of Directors of the Company we report that none of the Directors of the Company is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act 1956, in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2010;
    - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata  
The 1st day of May, 2010

For **Jain Pramod Jain & Co.**  
Chartered Accountants  
(Firm Registration No. 016746N)  
**P.K. Jain**  
Partner  
Membership No.10479

## Annexure to the Auditors' Report

(Referred To In Paragraph 1 Of Our Report Of Even Date) For The Year Ended 31st March, 2010 Of Mangalam Cement Limited

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification;
- (c) The Company has not disposed off any substantial part of its fixed assets;
- ii. (a) As explained to us, the inventories of the Company at all its locations (except stocks lying with third parties and in transit) have been physically verified by the management at reasonable intervals;
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination, we are of the opinion that, the Company is maintaining proper records of inventory. The discrepancies which were noticed on physical verification of inventory as compared to book records were not material;
- iii. The company has not given or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act, hence our comments on para (iii) (a) to para (iii) (g) of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. (a) On the basis of the audit procedures performed by us, and according to the information and explanations and representations given to us, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register 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 Act and exceeding the value of Rs 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at that relevant time;
- vi. In our opinion and according to the information and explanations given to us, the Company has not taken any deposit from public as referred in Section 58A and 58AA of the Companies Act 1956 and the rules framed thereunder;
- vii. In our opinion the Company has an internal audit system commensurate with the size of the Company and nature of its business;
- viii. We have broadly viewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable, and are of the opinion that, prima-facie, prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete;
- ix. (a) According to the information and explanations and records of the Company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Cess and other material Statutory Dues with the appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date it became payable as on 31st March, 2010;
- (b) According to the records and information and explanations given to us, there are no dues in respect of custom duty, wealth tax and cess that have not been deposited on account of any dispute. In our opinion and according to the information and explanations given to us, the dues in respect of sales tax, service tax, excise duty and income tax that have not been deposited with the appropriate authority on account of dispute and the forum where the dispute



is pending are given below:

Name of Statute	Nature of Dues pending	Amount In Lacs	Period to which the amount relates	Forum where matter is pending
Central Excise Act	CENVAT	8.70	Various matters, from 1995 to 1997	High Court, Jaipur
		398.28	Various matters, from 1996 to 2009	CESTAT, New Delhi
		132.72	Various matters, from 1995 to 2009	Commissioner (Appeals)
		4.27	Various matters, from 2005 to 2006	Addl. Commissioner
		21.42	Various matters, from 2008 to 2010	Asst. Commissioner
		52.43	2007 - 2010	Commissioner
Income Tax Act	Income Tax	1.14	AY 1992-93	High court, Jaipur (appeal filed by Department)
Sales Tax (M.P)	Disallowance of credit notes	2.68	Various matters from 2001 to 2003	Tax Board, M.P
Central Sales Tax Act	Central Sales Tax	592.16	2005-06	Asst. Commissioner
Service Tax	Service Tax	48.79	11/97-06/98	High Court, Jaipur
		114.63	Various matters, from 2005 to 2006	CESTAT, New Delhi
		146.19	Various matters, from 2007 to 2009	Joint Commissioner
		122.90	Various matters, from 2006 to 2008	Addl. Commissioner
		6.48	Various matters, from 2006 to 2009	Asst. Commissioner
Entry Tax (U.P)	Entry Tax	28.34	2005-06	Assessing Authority
		59.36	2006-07	Addl. Commissioner
		1169.37	Various matters form 2007-2010	High Court, Allahabad
Land Tax (Rajasthan)	Land Tax	877.15	Various matters from 2006 to 2009	Supreme Court (Appeal filed by Federation of Mining Association of Rajasthan)
Government of Rajasthan	Environment and Health Cess	61.62	2008-2010	High Court, Jaipur

- x. There was no accumulated loss at the end of year. The Company has not incurred cash losses during current financial year and immediately preceding financial year;
- xi. The Company has not defaulted in repayment of dues to financial institution or bank or debenture holders;
- xii. According to information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and any other securities;
- xiii. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Order is not applicable to the Company;
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions;
- xvi. In our opinion, the term loans have been applied for the purpose for which they were raised;
- xvii. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act;
- xix. On the basis of the records made available to us, the Company has not issued any debentures during the period;
- xx. The Company has not raised any money by public issue, during the year;
- xxi. Based upon the audit procedure performed and the information and explanations given to us, we report that no fraud on or by the Company, has been noticed or reported during the course of our audit.

For Jain Pramod Jain & Co.  
Chartered Accountants  
(Firm Registration No. 016746N)  
**P.K. Jain**  
Partner  
Membership No.10479

Kolkata  
The 1st day of May,2010



# Balance Sheet as at 31st March, 2010

Rs. in lacs

	Schedule	31st March, 2010	31st March, 2009
<b>I. SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
(a) Capital	1	2669.38	2803.32
(b) Reserves & Surplus	2	36013.32	26629.87
			38682.70
			29433.19
<b>2 Loan Funds</b>			
(a) Secured Loans	3	-	654.65
(b) Unsecured Loans	4	1016.16	896.74
			1016.16
			1551.39
<b>3 Deferred Tax Liabilities (Net) (Note No.4)</b>			4917.00
			5248.00
<b>TOTAL</b>		<b>44615.86</b>	<b>36232.58</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>			
(a) Gross Block	5	50815.89	50151.86
(b) Less: Depreciation/Amortisation		25006.07	22498.04
(c) Net Block		25809.82	27653.82
(d) Capital work in progress		6134.38	477.51
			31944.20
			28131.33
<b>2 Investments</b>	6		1950.34
			808.10
<b>3 Current Assets, Loans &amp; Advances</b>			
(a) Interest accrued on Investment		0.15	0.15
(b) Inventories	7	6529.33	4625.12
(c) Sundry Debtors	8	888.65	576.35
(d) Cash & Bank balances	9	7006.70	4407.79
(e) Loans & Advances	10	15893.69	12441.90
			30318.52
			22051.31
<b>Less: Current Liabilities &amp; Provisions</b>	11		
(a) Liabilities		7062.10	5065.11
(b) Provisions		12535.10	9693.05
			19597.20
			14758.16
Net Current Assets			10721.32
			7293.15
<b>TOTAL</b>		<b>44615.86</b>	<b>36232.58</b>
Accounting Policies and Notes on the Accounts	17		

The Schedules 1 to 11 and Schedule 17 referred to above form an integral part of the Balance Sheet

As per our Report of even date  
FOR JAIN PRAMOD JAIN & CO.

Chartered Accountants

**P.K.Jain**

Partner

M. No. 10479

**R.C.Gupta**

Company Secretary

**O.P. Gupta**

**K. K. Mudgil**

**K. C. Jain**

Chairman

Director

Managing Director

Kolkata

The 1st day of May, 2010

# Profit And Loss Account for the year ended 31st March, 2010

Rs. in lacs

	Schedule	31st March, 2010	31st March, 2009
<b>I. INCOME</b>			
Sales (Gross)		68183.82	64631.05
Less: Excise Duty		6814.74	8216.12
Sales (Net)		61369.08	56414.93
Other Income	12	2000.55	2575.98
Increase/(Decrease) in Stock	13	1074.24	(1313.80)
<b>TOTAL</b>		<b>64443.87</b>	<b>57677.11</b>
<b>II. EXPENDITURE</b>			
Raw Materials consumed	14	8707.81	7412.11
Manufacturing, Selling and Administrative Expenses	15	34590.71	34064.14
<b>TOTAL</b>		<b>43298.52</b>	<b>41476.25</b>
<b>Profit Before Depreciation &amp; interest</b>		<b>21145.35</b>	<b>16200.86</b>
Interest & Financial Charges	16	196.16	317.66
<b>Profit After Interest</b>		<b>20949.19</b>	<b>15883.20</b>
Depreciation / Amortisation		2545.13	2436.14
Less: Recouped from Revaluation Reserve		9.17	9.19
		2535.96	2426.95
<b>Profit After Depreciation</b>		<b>18413.23</b>	<b>13456.25</b>
<b>Exceptional Items</b>			
Loss/diminution on sale of investment		-	255.57
<b>Profit Before Tax</b>		<b>18413.23</b>	<b>13200.68</b>
Provision for Tax		6700.20	3449.63
Deferred Tax Credit (Note No.4)		168.00	-
Fringe Benefit Tax		-	34.65
<b>Profit After Tax</b>		<b>11881.03</b>	<b>9716.40</b>
Provision for Dividend for 2008-09 Written back (Note No.6)		73.67	-
Corporate Dividend Tax provided in 2008-09 Written back (Note No.6)		12.52	-
		<b>11967.22</b>	<b>9716.40</b>
Profit brought forward from previous year		20655.42	14742.88
<b>Profit Available for Appropriations</b>		<b>32622.64</b>	<b>24459.28</b>
<b>III APPROPRIATIONS</b>			
General Reserve		1200.00	2000.00
Proposed Dividend - On Equity Shares		1601.63	1541.83
Corporate Dividend Tax		266.01	262.03
Surplus carried to Balance Sheet		29555.00	20655.42
		<b>32622.64</b>	<b>24459.28</b>
<b>Basic and Diluted EPS (in Rupees)</b>		<b>44.38</b>	<b>34.41</b>
<b>Accounting Policies and Notes on the Accounts</b>	17		

The Schedules 12 to 17 referred to above form an integral part of the Profit & Loss Account

As per our Report of even date  
FOR JAIN PRAMOD JAIN & CO.

Chartered Accountants

Kolkata  
The 1st day of May, 2010

**P.K.Jain**  
Partner  
M. No. 10479

**R.C.Gupta**  
Company Secretary

**O.P. Gupta**  
**K. K. Mudgil**  
**K. C. Jain**

Chairman  
Director  
Managing Director

# Schedules forming part of the Balance Sheet

Rs. in lacs

		31st March, 2010	31st March, 2009
<b>SCHEDULE 1</b>			
<b>Share Capital</b>			
<b>Authorised</b>			
200000	Redeemable cumulative Preference shares of Rs.100 each	200.00	200.00
40000000	Equity shares of Rs.10 each	4000.00	4000.00
18000000	Optionally Convertible Cumulative Redeemable Preference Share (OCCPS) of Rs.10/- each	1800.00	1800.00
		<b>6000.00</b>	<b>6000.00</b>
<b>Issued, Subscribed and Called up</b>			
26693780	Equity Shares of Rs. 10/- each (net of 1339418 shares (Previous year 213560 shares) bought back and extinguished during the year)	2669.38	2803.32
28033198		<b>2669.38</b>	<b>2803.32</b>

Rs. in lacs

	31st March, 2009	Additions	Transfer / Adjustments	31st March, 2010
<b>SCHEDULE 2</b>				
<b>Reserves &amp; Surplus</b>				
Capital Reserves	20.22	-	-	20.22
Capital Redemption Reserve (Note No. 6)	21.36	133.94	-	155.30
Revaluation Reserve	525.53	-	9.17 (a)	516.36
Preference Share Capital Redemption Reserve	20.00	-	-	20.00
Securities Premium Account	1910.29	-	377.00 (b)	1533.29
General Reserve	3477.05	1740.00 (c)	1003.90 (d)	4213.15
Profit and Loss Account	20655.42	8899.58	-	29555.00
	<b>26629.87</b>	<b>10773.52</b>	<b>1390.07</b>	<b>36013.32</b>
<b>Previous year</b>	<b>19381.85</b>	<b>7933.90</b>	<b>685.88</b>	<b>26629.87</b>

- (a) Depreciation on revalued fixed assets recouped from Revaluation Reserve, transferred to Profit & Loss Account.
- (b) Represents utilisation of Deferred Tax liabilities of Rs.585 lacs for the year ended 31.3.2010 and reduction of Rs.208 lacs pertaining to Deferred Tax assets earlier adjusted (Refer Note No. 4).
- (c) Deferred Tax Assets already adjusted in earlier years against securities premium account from April 2007 to March 2009, now transferred to General Reserve (Refer Note No. 4).
- (d) Represents utilisation for Buy-Back of Equity Shares (Refer Note No. 6).

## Schedules forming part of the Balance Sheet (Contd.)

Rs. in lacs

	31st March, 2010	31st March, 2009
<b>SCHEDULE 3</b>		
<b>Secured Loans</b>		
<b>Loans from Banks</b>		
State Bank Of India	-	654.65
(Secured by equitable mortgage of company's immovable properties, present and future and hypothecation of movable assets both present and future save and except book debts in favour of the above).		
	-	<b>654.65</b>

Rs. in lacs

	31st March, 2010	31st March, 2009
<b>SCHEDULE 4</b>		
<b>Unsecured Loans</b>		
Security deposit from Stockists and others	1016.16	896.74
	<b>1016.16</b>	<b>896.74</b>

# Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 5	COST/BOOK VALUE			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31st March 2009	Additions	Deduction/ Adjustment	As at 31st March 2010	Upto 31st March 2009	For the Year	On sales/ Adjustment	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
<b>Fixed Assets</b>										
<b>A. Tangible Assets</b>										
Land	440.49	231.39	-	671.88	-	-	-	-	671.88	440.49
Leasehold Land	7.18	-	0.07	7.11	0.93	0.12	-	1.05	6.06	6.25
Buildings	2690.76	123.62*	2.19	2812.19	734.72	58.71	1.01	792.42	2019.77	1956.04
Railway siding	494.72	-	-	494.72	258.85	7.10	-	265.95	228.77	235.87
Plant & Machinery	44280.51	276.58	34.23	44522.86	20931.75	2230.91	30.49	23132.17	21390.69	23348.76
Furniture & fittings	128.02	15.10	2.42	140.70	79.38	7.57	1.54	85.41	55.29	48.64
Vehicles	111.41	4.89	4.38	111.92	36.54	10.30	4.06	42.78	69.14	74.87
<b>TOTAL A</b>	<b>48153.09</b>	<b>651.58</b>	<b>43.29</b>	<b>48761.38</b>	<b>22042.17</b>	<b>2314.71</b>	<b>37.10</b>	<b>24319.78</b>	<b>24441.60</b>	<b>26110.92</b>
<b>B. Intangible Assets</b>										
Computer Software	45.16	6.72	-	51.88	14.90	9.46	-	24.36	27.52	30.26
Mining Right	1953.61	49.02	-	2002.63	440.97	220.96	-	661.93	1340.70	1512.64
<b>TOTAL B</b>	<b>1998.77</b>	<b>55.74</b>	<b>-</b>	<b>2054.51</b>	<b>455.87</b>	<b>230.42</b>	<b>-</b>	<b>686.29</b>	<b>1368.22</b>	<b>1542.90</b>
<b>G. TOTAL (A+B)</b>	<b>50151.86</b>	<b>707.32</b>	<b>43.29</b>	<b>50815.89</b>	<b>22498.04</b>	<b>2545.13</b>	<b>37.10</b>	<b>25006.07</b>	<b>25809.82</b>	<b>27653.82</b>
Previous year	44678.01	6261.58	787.73	50151.86	20811.07	2436.14	749.17	22498.04	6134.38	477.51
Capital work in progress (Including advance and preoperative expenses)									31944.20	28131.33

\*Includes Rs.12.90 lacs being "Dry Fly Ash Handling System" the ownership of which vests with KSTPS, Kota.

## Schedules forming part of the Balance Sheet (Contd.)

Rs. in lacs

	31st March, 2010	31st March, 2009
<b>SCHEDULE 6</b>		
<b>Investments (Other Than Trade)</b>		
<b>Long Term Investments</b>		
<b>Quoted</b>		
650000 Fully paid up Equity shares of Rs.10/- each of Mangalam Timber Products Ltd.	110.02	110.02
<b>Unquoted</b>		
Government Securities (Deposited with Government Departments)	0.23	0.23
<b>Current Investments</b>		
<b>Quoted</b>		
<b>Units of Mutual Fund</b>		
ICICI Prudential Focused Equity Fund	150.23	-
ICICI Prudential MF Ultra Short Term Plan	484.69	-
BSL Medium Term Plan	169.50	-
HDFC Top 200 Fund Income Fund	500.00	-
DSP Blackrock World Energy Fund	200.00	-
Birla Sun Life Midcap Fund Plan	235.67	-
Reliance Regular Savings Fund	100.00	-
Birla Sun Life Dynamic Bond Fund	-	201.97
Birla Sun Life Income Plus	-	101.84
HDFC Income Fund	-	202.56
LIC MF Bond Fund	-	203.76
	1840.09	710.13
Less:Provision for Diminution in the value	-	12.28
	1840.09	697.85
	<b>1950.34</b>	<b>808.10</b>
Aggregate Book value of Quoted Investments	1950.11	807.87
Aggregate Book value of Unquoted Investments	0.23	0.23
Aggregate Market Value of Quoted Investments	2021.37	797.30



## Schedules forming part of the Balance Sheet (Contd.)

Rs. in lacs

31st March, 2010      31st March, 2009

**SCHEDULE 7**

	31st March, 2010	31st March, 2009
<b>Inventories</b>		
(As taken, valued and certified by the Management - including in transit)		
At Cost or Net Realisable Value whichever is Lower		
Stores and Spare Parts	3274.49	2558.86
Raw Materials	880.00	765.66
Materials-in-Process	1733.87	979.58
Finished Goods	599.31	222.79
Scrap & Waste (at net realisable value)	41.66	98.23
	<b>6529.33</b>	<b>4625.12</b>

Rs. in lacs

31st March, 2010      31st March, 2009

**SCHEDULE 8**

	31st March, 2010	31st March, 2009
<b>Sundry Debtors</b>		
(More than six months)		
Considered Good		
Secured	8.79 *	8.79 *
(Less than Six Months)		
Considered Good		
Secured	211.32	152.17
Unsecured	668.54	415.39
	<b>888.65</b>	<b>576.35</b>

\* Secured since the similar amount of the concerned Sales promoters has been retained by the company till the recovery of this amount.

Rs. in lacs

31st March, 2010      31st March, 2009

**SCHEDULE 9**

	31st March, 2010	31st March, 2009
<b>Cash And Bank Balances</b>		
Cash on hand (includes Rs.150.87 lacs (Previous year Rs.303.18 lacs) Cheques / drafts in hand)	155.58	318.14
On Current Accounts	234.08	684.35
On Short Term Deposit	5088.00	3001.00
On Unpaid Dividend Account	32.79	19.66
With Margin Money Accounts	1496.25	384.64
	<b>7006.70</b>	<b>4407.79</b>



## Schedules forming part of the Balance Sheet (Contd.)

Rs. in lacs

31st March, 2010      31st March, 2009

**SCHEDULE 10**

<b>Loans And Advances (Unsecured-Considered Good)</b>		
Advances recoverable in cash or in kind or for value to be received	1561.79	2181.67
Intercorporate Deposit	2450.00	1100.00
Advance Income Tax (Including tax deducted/collected at source)	11493.11	8561.16
Advance payment of fringe benefit tax	33.85	86.70
MAT Credit Entitlement	-	221.00
Deposits with Government Departments & others	354.94	291.37
	<b>15893.69</b>	<b>12441.90</b>

Rs. in lacs

31st March, 2010

31st March, 2009

**SCHEDULE 11**

<b>Current Liabilities And Provisions</b>			
<b>Current Liabilities:</b>			
Sundry Creditors :			
a) Micro and Small Enterprises (To the extent identified with available information Note No. 9)	1.53		-
b) Others	5180.20	5181.73	3440.32
Unclaimed Dividends		32.79	19.66
Advance from Customers		1145.12	874.51
Other Liabilities		702.46	722.06
Interest accrued but not due on Loans		-	8.56
		<b>7062.10</b>	<b>5065.11</b>
<b>Provisions:</b>			
Income Tax /MAT		10165.57	7375.13
Fringe Benefit Tax		35.08	89.55
Wealth Tax		7.52	7.07
Employee Benefits		459.29	417.44
Proposed Equity Dividend		1601.63	1541.83
Corporate Dividend Tax		266.01	262.03
		<b>12535.10</b>	<b>9693.05</b>



## Schedules forming part of the Profit and Loss Account

Rs. in lacs

	31st March, 2010	31st March, 2009
<b>SCHEDULE 12</b>		
<b>Other Income</b>		
Interest on Fixed Deposits and Others (Gross)		
including Rs.128.52 lacs (Previous year Rs. Nil ) on		
Income Tax Refund . Tax deducted at source		
Rs.92.59 lacs (Previous year Rs.63.66 lacs )	912.36	309.32
Rent	21.46	11.73
Rebate on CST	383.40	-
Balances written back ( Net )	92.40	31.00
Diminution in the Value of Current Investment written back	12.28	-
Dividend Received		
On Long Term Investments	3.90	3.90
On Current Investments	90.27	70.13
Prior Period Adjustments (net)	-	8.32
Profit On Sale of Current Investment (net)	116.02	-
Profit On Sale/Discard of Fixed Assets (net)	-	663.11
Gain on discharge of deferred sales Tax Loan	-	1330.82
Miscellaneous	368.46	147.65
	<b>2000.55</b>	<b>2575.98</b>

Rs. in lacs

	31st March, 2010	31st March, 2009
<b>SCHEDULE 13</b>		
<b>Increase/(Decrease) In Stocks</b>		
<b>Opening Stock</b>		
Material-in-Process	979.58	2132.60
Finished Goods	222.79	445.60
Scrap & waste	98.23	36.20
		1300.60
		2614.40
<b>Less: Closing Stock</b>		
Material-in-Process	1733.87	979.58
Finished Goods	599.31	222.79
Scrap & waste	41.66	98.23
		2374.84
	<b>1074.24</b>	<b>(1313.80)</b>

## Schedules forming part of the Profit and Loss Account (Contd.)

	31st March, 2010		31st March, 2009	
	Quantity MT	Amount Rs. in lacs	Quantity MT	Amount Rs. in lacs
<b>SCHEDULE 14</b>				
<b>Raw Materials Consumed</b>				
Limestone	2476692	6301.85	2245179	5399.12
Gypsum	102572	1224.21	94169	976.77
Blue Dust	48907	726.67	38315	577.26
Bauxite	203	3.88	-	-
Carbide Sludge	30	0.10	-	-
Marble Slurry	37	0.22	-	-
Fly Ash	147858	450.88	154127	458.96
		<b>8707.81</b>		<b>7412.11</b>

Rs. in lacs

	31st March, 2010		31st March, 2009	
<b>SCHEDULE 15</b>				
<b>Manufacturing, Selling and Administrative Expenses</b>				
Salaries, Wages, Bonus and Allowances			2000.33	1905.47
Contribution to Provident, Gratuity and other funds			265.18	252.07
Workmen and staff welfare			92.41	69.24
Power and Fuel (less receipt Rs.4970.27 lacs from power generation Previous year Rs.5107.67 lacs.)			15524.97	14087.91
Stores and Spares consumed			1851.06	1988.10
Insurance			57.23	53.47
Testing & Lab Expenses			17.19	21.46
Repairs and Maintenance				
Plant and Machinery		542.30		687.81
Buildings		79.77		59.33
Others		38.83		64.63
			660.90	811.77
Rent			87.95	77.21
Rates and Taxes			770.66	821.46
Packing, Forwarding and Distribution Expenses			11612.63	12458.92
Commission & Brokerage to Selling Agents			857.35	881.86
Wealth Tax			7.40	7.10
Prior period adjustments (net)			0.67	-
Miscellaneous Expenses			746.45	604.04
Directors Commission			21.00	10.00
Directors fees			6.65	6.90

# Schedules forming part of the Balance Sheet Profit and Loss Account

Rs. in lacs

	31st March, 2010	31st March, 2009
<b>SCHEDULE 15 (Contd.)</b>		
<b>Payments to Auditors:</b>		
(a) <b>Statutory Auditors</b>		
Audit fees	5.00	4.50
Tax Audit Fees	1.10	1.00
Certification & other work	1.03	1.03
Reimbursement of Travelling Expenses	0.39	0.13
		7.52
		6.66
(b) <b>Cost Auditors</b>		
Audit fees		0.55
Loss on sale of Fixed Assets(net)		2.61
		34590.71
		34064.14

Rs. in lacs

	31st March, 2010	31st March, 2009
<b>SCHEDULE 16</b>		
<b>Interest &amp; Financial Charges</b>		
On Fixed Loan	7.76 *	127.85
On Others	188.40	189.81
	196.16	317.66

\*Net of interest subsidy Rs.7.53 lacs (Previous year Rs.112.29 lacs )

## SCHEDULE 17

### Accounting Policies and Notes on Accounts for the year ended 31st March 2010.

#### A. Significant Accounting Policies

##### 1. Accounting Concepts

The financial statements have been prepared in compliance with all material aspects with the notified accounting standard by the Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. These accounts are prepared on the historical cost basis adjusted by revaluation of certain fixed assets and on the accounting principles of going concern. The accounting policies are consistent with those used in the previous year.

##### 2. Recognition Of Income And Expenditure

Expenses and income considered payable and

receivable respectively are accounted for on accrual basis.

##### 3. Inventories

Inventories are valued at lower of cost and net realisable value. Cost for the purpose of valuation of Raw Materials and Stores and Spare Parts has been computed on weighted average method. Cost for the purpose of valuation of Finished Goods and Materials-in-Process is computed on the basis of cost of material, labour and other costs incurred in bringing the inventories to their present location and condition.

##### 4. Investments

Long Term Investments are stated at cost. Provision is made for diminution, other than temporary in the value of such investments. Current Investments are stated at cost or fair value, whichever is lower computed category wise.

## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### 5. Fixed Assets

Fixed assets are stated at their original cost of acquisition/installation adjusted by revaluation of certain fixed assets, net of accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost.

### 6. Expenditure During Construction Period

Expenditure during construction period are included under capital work in progress and the same is allocated to the respective fixed assets on the completion of the construction/erection/installation period.

### 7. Impairment Of Assets

The Management periodically assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

### 8. Depreciation

#### (i) Tangible Assets

Depreciation is provided on the straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Continuous process plants as defined therein have been taken on technical assessment and depreciation is provided accordingly. Depreciation on increase in value of fixed assets due to revaluation of fixed assets is computed on the basis of remaining useful life as estimated by the valuer on straight line method. Depreciation of Fixed Assets on which ownership belongs to KSTPS, Kota is amortised over the period of agreement.

#### (ii) Intangible Assets

- (a) Mining right is amortized over the period of lease.
- (b) Computer software is amortised over a period of 5 years.

### 9. Employee Benefit

#### (i) Defined contribution plan:

Employee benefits in the form of superannuation fund, state governed provident fund scheme are defined contribution plan. The contribution under the scheme is recognised during the period in which the employee renders the related services.

#### (ii) Defined Benefit Plan:

The employees' gratuity fund and leave encashment schemes are the company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

### 10. Exchange Fluctuation

Foreign Currency transactions are recoded at the rate of exchange prevailing on the date of transactions. Foreign Currency Loans/Liabilities are restated at the rates prevailing at the year end. Exchange differences are adjusted in the Profit & Loss Account.

### 11. Government Grants

Government grants are accounted for where there is reasonable certainty that the ultimate collection will be made. Government grants of the nature of Project Subsidy are credited to Capital Reserve. Other Revenue grants are credited to Profit & Loss Account or deducted from related expenses.

### 12. Borrowing Costs

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/ construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

### 13. Provisions And Contingent Liabilities/Assets

Provision in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of the obligations. Contingent liabilities, if material, are disclosed by way of notes to accounts. Contingent

## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

assets are not recognised or disclosed in the financial statements.

### 14 Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax assets is recognised as income and carried forward only to the extent there is a virtual certainty that the assets will be adjusted in future. Pursuant to the approval of the shareholders and Hon'ble Rajasthan High Court's order dated 30th November, 2007 deferred tax liabilities from the year 2007-08 and onwards are met from Securities Premium Account as disclosed in note no. 4.

### B. Notes On Accounts

1. Buildings, Plant and Machinery and Railway siding were revalued as on 1st January, 1988 by the valuer after considering useful life, quotations and R.B.I. indices, etc. As a result net book value of such assets was increased by Rs.2355.16 lacs which was transferred to revaluation reserve. Depreciation for the year includes Rs. 9.17 lacs (Previous year Rs. 9.19 lacs) being depreciation on the increased amount of assets due to revaluation and an equivalent amount has been transferred from Revaluation Reserve to the Profit and Loss Account.

### 2. Contingent liabilities not provided for:

#### (i) Claims against the Company not acknowledged as debts:

- (a) Differential of royalty on limestone Rs. 180.34 lacs (previous year Rs.180.34 lacs).
- (b) Disputed Cenvat and other excise claims Rs. 1100.60 lacs (previous year Rs.1017.53 lacs).
- (c) differential tax on raw material (Sales Tax) etc. Rs. 9.72 lacs (previous year Rs. 9.72 lacs).
- (d) Turnover tax Rs. 3.13 lacs (previous year Rs. 3.13 lacs).
- (e) Claims by customers and others Rs. 50.81 lacs (previous year Rs.87.79 lacs)
- (f) Income Tax matters Rs. 76.26 lacs (previous year Rs. 76.26 lacs).
- (g) Differential of CST Rs. 592.16 lacs (previous year Rs. 545.11 lacs).
- (h) Haryana VAT matters Rs. 0.68 lacs (previous year Nil).

- #### (ii) The Jute Commissioner has issued a show cause notice dated 14.08.2002 for non use of Jute Packaging Material as stipulated under the Jute Packaging Material (Compulsory use in Packing Commodities) Act 1987, which has been stayed by the Honorable Rajasthan High Court, Jodhpur. Liabilities on this account upto 30.06.1997 are presently not quantifiable.

3. Estimated capital commitments outstanding Rs. 9457.70 lacs (previous year Rs. 475.78 lacs) against which advance paid Rs. 4542.51 lacs (Previous year Rs. 115.15 lacs).

## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### 4. The major components of the deferred tax assets and liabilities accounted are as below:

	Rs. in lacs	
	As at 31st March, 2010	As at 31st March, 2009
<b>(i) Deferred Tax liability being tax impact on -</b>		
(a) Difference between written down value of block of assets as per Income Tax laws and book written down value of the fixed assets	5199.91	5258.39
(b) Others	633.09	737.61
<b>TOTAL (I)</b>	<b>5833.00</b>	<b>5996.00</b>
Deduct : Deferred Tax Assets	-	748.00
Less: Adjusted till 31.03.2009	5248.00	5248.00
Charged to securities premium account for this year	585.00	-
<b>(ii) Deferred Tax Assets being tax impact on expenses charged in the books but allowance thereof deferred under income tax laws (II)</b>	<b>916.00</b>	<b>748.00</b>
Less: Adjusted through Deferred Tax Liabilities (net)	-	748.00
	916.00	-
Deduct already adjusted against Profit & Loss Account upto 31.03.2007	208.00	-
Deduct already adjusted against securities premium account From April 2007 to March 2009, now reversed & transferred to General Reserve	540.00	-
Credited to Profit & Loss Account	168.00	-
<b>(iii) Net Deferred Tax Liabilities ( I ) – ( II )</b>	<b>4917.00</b>	<b>5248.00</b>

High Court of Rajasthan vide its order dated 30.11.2007 under section 78 and 100 of the Companies Act, 1956 had approved utilization of securities premium account as at 31.03.2007 for the purpose of meeting the deferred tax liabilities in terms of AS-22. Consequently, the company has adjusted deferred tax assets by charging to profit and loss account as against adjusting from securities premium account. Consequently a sum of Rs.540 lacs adjusted from security premium account in earlier years have been transferred to General Reserve and deferred tax assets amounting to Rs.168 lacs of this year has been credited to Profit & Loss Account. Additional deferred tax liability of Rs.585 lacs of this year have been adjusted against securities premium account pursuant to the order dated 30.11.2007 of Hon'ble High court of Rajasthan.

## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

5. It is not possible to ascertain the quantum of accrual with reasonable certainty in respect of insurance, other claims and performance guarantees, the same are continued to be accounted on settlement basis.
6. (i) During the year the company has bought back 13,39,418 equity shares at value of Rs.1003.90 lacs (previous year 213560 equity shares at value of Rs.114.69 lacs) out of General Reserve till closure of the scheme on 30.07.2009. The shares bought back were extinguished and the share capital has been reduced to this extent and total nominal value of equity shares purchased Rs.133.94 lacs (Previous year Rs.21.36 lacs) have been transferred to Capital Redemption Reserve.
- (ii) Consequent to above 1339418 equity shares which were bought back during the period 1st April 2009 to the date of record date did not carry dividend and provision of Rs.73.67 lacs for dividend and corporate dividend tax of Rs.12.52 lacs made as on 31.03.2009 on these shares has been written back during the year.
7. Maximum amount due at any time during the year from an officer of the Company under the head "Loans and Advances" is Rs. 0.77 lac (Previous year Rs.0.36 lac).
8. (i) Capital work-in-progress includes advance against capital orders, machinery under installation and building and other assets under erection.

**(ii) Addition to Fixed Assets/Capital work-in-progress includes following preoperative expenses:**

(Rs in Lacs)

Particulars	31st March, 2010	31st March, 2009
Salaries & Wages, Bonus & other allowance	3.04	-
Contribution to provident fund & other funds	0.50	-
Staff Welfare	0.16	-
Insurance Premium	9.72	-
Others Expenses	8.23	-
<b>TOTAL</b>	<b>21.65</b>	<b>-</b>

9. Details of dues to Micro and Small Enterprise as per MSMED Act, 2006 as per the information available with the company:

(Rs in Lacs)

S. No.	Particulars	31st March, 2010	31st March, 2009
(i)	(a) Principal amount remaining unpaid at the end of the accounting year	1.53	Nil
	(b) Interest due on above	Nil	Nil
(ii)	The amount of interest paid by the buyer in terms of section 16 of MSMED Act,2006 along with amount of payment made to the suppliers beyond the appointed date	Nil	Nil
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this Act	Nil	Nil
(iv)	The amount of interest accrued and remaining unpaid at the end of the financial year	Nil	Nil
(v)	The amount of further interest remaining due and payable in succeeding years, until such interest is actually paid	Nil	Nil



## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

10. Pursuant to Accounting Standard –15 (Revised), Defined Benefit Plans as per Actuarial Valuation as on 31st March, 2010 and recognised in the financial statements in respect of Employee Benefit Schemes:

(Rs in Lacs)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
<b>I Reconciliation of Defined Benefit Obligations (DBO) during the year ended 31st March, 2010</b>				
1 Present Value of DBO at the Beginning of Period	843.28	789.36	318.57	267.96
2 Current Service Cost	52.45	48.29	29.75	28.47
3 Interest Cost	67.46	63.15	25.49	21.44
4 Actuarial (Gains)/Losses	28.98	(37.37)	38.67	51.06
5 Benefits Paid	(35.70)	(20.15)	(51.01)	(50.36)
6 Present Value of DBO at the End of Period	956.47	843.28	361.47	318.57
<b>II Reconciliation of Fair Value of Plan Assets during the year ended 31st March, 2010</b>				
1 Plan Assets at the Beginning of Period	797.95	566.15	-	-
2 Expected Return on Plan Assets	74.21	52.37	-	-
3 Actuarial Gains/(Losses)	34.64	(23.64)	-	-
4 Company Contribution	45.33	223.22	-	-
5 Benefits Paid	(35.70)	(20.15)	-	-
6 Plan Assets at the End of Period	916.43	797.95	-	-
<b>III Reconciliation of fair value of assets and obligation as at 31st March, 2010</b>				
1 Present value of Defined Benefit Obligation	956.47	843.28	361.47	318.57
2 Fair value on Plan Assets	916.43	797.95	-	-
3 Status[Surplus/(Deficit)]	(40.04)	(45.33)	-	-
4 Net Asset/(Liability) recognised in Balance Sheet	(40.04)	(45.33)	(361.47)	(318.57)
<b>IV Expenses recognised during the year</b>				
1 Current Service Cost	52.45	48.29	29.75	28.47
2 Interest Cost	67.46	63.15	25.49	21.44
3 Expected Return on Plan Assets	(74.21)	(52.37)	-	-



## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
4 Actuarial Losses/(Gains)	(5.66)	(13.73)	38.67	51.06
5 Total Expenses recognised in the Statement of Profit & Loss Account (includes Rs.0.02 lacs for Gratuity and Rs.0.11 lacs for Leave Encashment) (Previous year Rs. Nil) charged as preoperative expenses)	40.04	45.33	93.91	100.97
<b>V Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March 2010</b>				
1 Government Securities/ Special Deposit with RBI	0%	0%	-	-
2 High Quality Corporate Bonds	0%	0%	-	-
3 Insurance Companies	100%	100%	-	-
4 Mutual Funds	0%	0%	-	-
5 Cash and Cash Equivalents	0%	0%	-	-
<b>VI Actuarial Assumptions</b>				
1 Discount Rate (%)	8.00	8.00	8.00	8.00
2 Expected Return on Plan Assets (%)	9.30	9.25	-	-
3 Rate of escalation in salary (per annum)	6.0%	5.5%	6.0%	5.5%
4 Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96

11. The company is engaged only in cement business and there are no separate reportable segments as per Accounting Standard 17.

### 12. Related Party Information

	2009-10	2008-09
<b>I. List of Related Parties</b>		
(a) Key Management Personnel	Shri KC Jain (Managing Director)	Shri KC Jain (Managing Director)
(b) Enterprise in which Key Management personnel is able to exercise significant influence	(1) Kesoram Industries Ltd.	(1) Kesoram Industries Ltd.
	(2) Kamal C Jain & Co.	(2) Kamal C Jain & Co.
(c) Other Related Parties #	(1) Shri A.V. Jalan	-
	(2) Smt.Vidula Jalan	-
	(3) Pilani Investment & Industrial Corporation Ltd.	-
	(4) Vidula Consultancy Service Ltd.	-
	(5) Mangalam Timber Products Ltd.	-

# The parties stated in (c) above are Related Parties in the broader sense of the term and are included for making the financial statements more transparent.

## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### II. Transactions with Related Parties:

(Rs. in lacs)

Particulars	Related Parties		
	Referred In 1(a) Above	Referred In 1(b) Above	Referred In 1(c) Above
Purchase:			
Goods and material	-	0.61 (Nil)	Nil (N.A)
Sales:			
Goods and material	-	393.00 (Nil)	Nil (N.A)
Expenses:			
Consultancy	-	Nil (Nil)	1.77 (N.A)
Income:			
Interest Received	-	Nil (90.74)	Nil (N.A)
Dividend Received	-	Nil (Nil)	3.90 (N.A)
Loan Given	-	Nil (2300)	Nil (N.A)
Realisation of loan given	-	Nil (2300)	Nil (N.A)
Dividend paid	-	157.41 (143.10)	61.60 (N.A)
Remuneration	Refer note No.15 of Notes to the Accounts	-	-
Director Fees		- -	0.70 (N.A)
<b>Outstanding:</b>			
Purchase:			
(a) For goods and material	-	0.16 (0.16)	Nil (N.A)
Sales:			
(b) For goods and material	-	3.38 (Nil)	Nil (N.A)
Expenses:			
(c) Consultancy	-	Nil (Nil)	0.25 (N.A)

\*Previous year figures are given in bracket

## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

**13. Earning Per Share (EPS)**

(Rs. in lacs)

	<b>31st March, 2010</b>	<b>31st March, 2009</b>
Net profit attributable to equity share holders	11881.03	9716.40
Weighted average of Equity Shares (Nos.)	26771818	28236477
Nominal value of Equity Shares	10	10
Basic/Diluted EPS (in rupees)	44.38	34.41

Calculation of weighted average number of equity shares for 2009-10

	No. of shares		Days	Proportionate Number of shares outstanding
	Bought Back	Outstanding		
Balance as at 1st April 2009		28033198	21	1612869
Less: Bought Back on: 22.04.2009	1161393	26871805	2	147243
24.04.2009	178025	26693780	342	25011706
<b>Total Weighted Average Share</b>			<b>365</b>	<b>26771818</b>

**14 (a) The expenses directly charged to Raw Material (Limestone) account during the year include:**

(Rs. in lacs)

	<b>31st March, 2010</b>	<b>31st March, 2009</b>
Salaries, Wages, Bonus and Allowances	166.36	150.63
Contribution to provident and other fund	13.36	11.71
Workmen and staff welfare	1.70	1.47
Power and Fuel	216.25	247.71
Stores and Spare consumed	191.11	198.74
Insurance	2.70	5.68
Transportation of Raw Materials	648.02	618.50
Repairs to Machinery	47.83	21.48
Repairs to Building	0.59	4.26
Royalty	1109.22	795.18
Rates and Taxes	477.30	664.23
Other Expenses	7.53	8.33

**(b) The expenses directly charged to Power & Fuel (Captive Power Generation) include:**

(Rs. in lacs)

	<b>31st March, 2010</b>	<b>31st March, 2009</b>
Salaries, Wages, Bonus and Allowances	121.82	122.50
Contribution to Provident Fund	17.07	16.68
Electricity / Diesel	85.13	5.98
Stores & Spares consumed	169.64	92.35
Insurance	4.83	7.63
Repairs to Plant & Machinery	126.34	69.00
Rates & Taxes	1.39	0.81
Misc. Expenses	10.25	11.36

## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### 15 (a) Remuneration to Managing Director

(Rs. in lacs)

	31st March, 2010	31st March, 2009
Salary	6.55	5.80
Contribution to Provident Fund	0.79	0.70
Superannuation Fund	0.98	0.87
Allowances	25.75	11.00
P.L. Encashment	0.00	0.90

Note: Liability for gratuity not ascertained since funded with LIC along with all employees of the Company.

(Rs. in lacs)

### (b) Commission to Non-Executive Directors

21.00

10.00

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for the purpose of Director Commission:

(Rs. in lacs)

	31st March, 2010	31st March, 2009
Profit before Taxation	18413.23	13200.68
Add		
Depreciation as per accounts	2535.96	2426.95
Loss on sale of investment	-	243.29
Managerial Remuneration	61.72	36.17
Diminution in the value of current investment	-	12.28
Wealth Tax	7.40	-
<b>Total - A</b>	<b>21018.31</b>	<b>15919.37</b>
Deduct		
Depreciation as per section 350	2458.52	2385.06
Profit on sale/discard of fixed assets (net)	-	663.11
Profit on sale of Investment (net)	116.02	-
Diminution in the value of Investment written back	12.28	-
<b>Total - B</b>	<b>2586.82</b>	<b>3048.17</b>
Net profit for the year (A-B)	18431.49	12871.20
1% of Net Profit	184.32	128.71
Directors commission restricted to*	21.00	10.00

\*Approval of share holders is being obtained in the ensuing Annual General Meeting for the increase of Directors' Commission from Rs.10 lacs to Rs.21 lacs.



## Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### 16 (a) Information for class of goods manufactured, sold and stocks- Portland cement

(Rs. in lacs)

	31st March, 2010		31st March, 2009	
	Qty (MT)	Value	Qty (MT)	Value
Licensed capacity – p.a.	*		*	
Installed capacity – p.a. (as certified by company's technical expert)	20,00,000		20,00,000	
Production	1636818		1695295	
<b>Opening stock</b>	8777	222.80	18779	445.59
Sales(Gross)(including Self consumption 2925 MT Value Rs. 57.07 lacs (2008- 2009, 1855 MT value Rs.38.21 lacs) and shortage in transit/samples/claim 337.10 MT (2008-09 124.58 MT)				
Cement	1621296	63016.76	1705297	62645.83
Clinker	193471	5167.06	80566	1985.22
<b>Closing Stock</b>	24299	599.31	8777	222.79

(b) All Raw Materials consumed are indigenous.

(c) Stores and spare parts consumed

(Rs. in lacs)

	31st March, 2010	Percentage	31st March, 2009	Percentage
Indigenous	2042.98	92	2081.46	91
Imported	168.83	8	198.77	9
(d) C.I.F. Value of imports in respect of				
(i) Stores and spares	243.10		317.69	
(ii) Capital Goods	4.76		27.81	
(e) Expenditure in foreign currency (on cash basis)				
Traveling Expenses	2.74		2.35	
Sales promotion exp.	0.48		0.00	

\* The company's product is exempt from licensing requirement under New Industrial Policy in terms of Notification No. S.O.477 (E) dated 25th July 1991.

### 17. Previous year's figures have been regrouped and rearranged wherever necessary.

As per our Report of even date  
FOR JAIN PRAMOD JAIN & CO.

Chartered Accountants

**P.K.Jain**

Partner

M. No. 10479

**R.C.Gupta**

Company Secretary

**O.P. Gupta****K. K. Mudgil****K. C. Jain**

Chairman

Director

Managing Director

Kolkata

The 1st day of May, 2010

# Cash Flow Statement for the year ended 31st March 2010

Rs. in lacs

	31st March 2010	31st March 2009
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before Taxation</b>	18413.23	13200.68
Adjustments for:		
1. Depreciation / Amortisation	2535.96	2426.95
2. Interest Expense	196.16	317.66
3. Dividend received	(94.17)	(74.03)
4. Interest income	(912.36)	(309.32)
5. Profit on sale of fixed Assets	(1.61)	(670.48)
6. Loss on sale of fixed Assets	4.22	7.37
7. Wealth Tax	7.40	7.10
8. Diminution in the value of investment	(12.28)	12.28
9. Profit/Loss on sale of investments (Net)	(116.02)	243.29
10. Gain on Discharge of deferred Sales Tax loan	-	(1330.82)
<b>Operating Profit before Working Capital Changes</b>	<b>20020.53</b>	<b>13830.68</b>
Adjustments for:		
1. Trade & Other receivables	(883.15)	(708.15)
2. Inventories	(1904.21)	3867.06
3. Trade payables	2034.27	463.94
Cash generated from operations	19267.44	17453.53
Direct taxes paid	(6629.28)	(3819.05)
<b>Net Cash from Operating Activities</b>	<b>12638.16</b>	<b>13634.48</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed assets	(6364.19)	(4820.15)
Sale of fixed assets	3.57	701.67
Dividend Received	94.17	74.03
Interest received	689.53	286.72
Purchase of Current investments (net)	(1013.94)	(466.68)
<b>Net Cash used in Investing Activities</b>	<b>(6590.86)</b>	<b>(4224.41)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Buy back of equity share	(1003.90)	(114.69)
Interest and financial charges	(204.73)	(342.85)
Dividend Paid (including corporate dividend tax)	(1704.53)	(1638.82)
Proceeds from long term borrowings	119.42	111.75
Re-payment of long term borrowings	(654.65)	(4468.87)
<b>Net Cash used in Financing Activities</b>	<b>(3448.39)</b>	<b>(6453.48)</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2598.91</b>	<b>2956.59</b>
<b>Cash and cash equivalents as at 31.03.2009 (Opening balance)</b>	<b>4407.79</b>	<b>1451.20</b>
<b>Cash and cash equivalents as at 31.03.2010 (Closing balance)</b>	<b>7006.70</b>	<b>4407.79</b>



# Cash Flow Statement for the year ended 31st March 2010

Rs. in lacs

	31st March 2010	31st March 2009
Notes 1. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.		
2. Figure in brackets indicates cash outgo		
3. Cash and Cash equivalents include		
Cash and bank balances	238.79	699.31
Margin money	1496.25	384.64
Cheques/Drafts in hand	150.87	303.18
Short term deposit	5088.00	3001.00
Unpaid Dividend	32.79	19.66
	<b>7006.70</b>	<b>4407.79</b>

As per our Report of even date  
FOR JAIN PRAMOD JAIN & CO.  
Chartered Accountants

**P.K.Jain**

Partner

M. No. 10479

**R.C.Gupta**

Company Secretary

**O.P. Gupta****K. K. Mudgil****K. C. Jain**

Chairman

Director

Managing Director

Kolkata

The 1st day of May, 2010



# Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.                      State Code

Balance Sheet Date

## II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue        Rights Issue

Bonus Issue        Private Placement

## III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities         Total Assets

### Sources of Funds

Paid up Capital         Reserves & Surplus

Secured Loans         Unsecured Loans

Deferred Tax Liabilities (Net)

### Application of Funds

Net Fixed Assets         Investments

Net Current Assets         Miscellaneous Expenditure

## IV. Performance of Company (Amount in Rs. Thousands)

Turnover         Total Expenditure

Profit before tax         Profit after tax

Earning per Share in Rs.        Dividend Rate %

## V. Generic Name of Principal Product of the Company

Item Code No.

(ITC Code) A

Product Description

Kolkata  
The 1st day of May, 2010

**R.C.Gupta** Company Secretary  
**O.P. Gupta** Chairman  
**K. K. Mudgil** Director  
**K. C. Jain** Managing Director



# Corporate information

## BOARD OF DIRECTORS

Shri O.P. Gupta	<i>Chairman</i>
Shri N.G. Khaitan	
Shri K.K. Mudgil	
Shri T.S. Vishwanath	
Shri A.V. Jalan	
Smt. Vidula Jalan	
Shri K.C. Jain	<i>Managing Director</i>

## COMPANY SECRETARY

Shri R.C. Gupta

## TEAM OF EXECUTIVES

Mr. R.C. Gupta	<i>President &amp; Company Secretary</i>
Mr. Yaswant Mishra	<i>Sr. Joint President &amp; Marketing Head</i>
Mr. S.K. Agrawal	<i>Joint President (Tech.)</i>
Mr. Anil Mandot	<i>Sr. Vice President (A &amp; T)</i>
Mr. V. Raghupati	<i>Vice President (Power Plant)</i>
Mr. R. Giri	<i>Vice President (Elect. &amp; Instrumentation)</i>
Mr. R.K. Sodhani	<i>Vice President (Production)</i>
Mr. G.S. Chandak	<i>Vice President (Sales &amp; Sales Accounts)</i>
Mr. Anoop Walia	<i>Vice President (Marketing)</i>

## REGISTERED OFFICE & FACTORIES

P.O. Aditya Nagar - 326520  
Morak  
Distt. Kota (Rajasthan)

## HEAD OFFICE

8th Floor, Birla Building  
9/1, R.N. Mukherjee Road  
Kolkata - 700 001.

## AUDITORS

Messrs Jain Pramod Jain & Co.  
Chartered Accountants

## BANKERS

State Bank of India  
State Bank of Bikaner & Jaipur  
The Bank of Rajasthan Limited  
HDFC Bank Limited

## REGISTRAR & SHARE TRANSFER AGENT

M/s. MAS Services Ltd.  
T-34, 2nd Floor, Okhla Industrial Area, Phase II,  
New Delhi 110020  
Tel. No. – 26387281/82/83  
Fax - 26387384  
Email – info@masserv.com  
Website – www.masserv.com



## **The Group Logo – As represented by the 21st Century Atlas**

### **Atlas, the Titan - Collective Strength**

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while encompassing the Group's tenacity, consistency, reliability and overall leadership.

### **The Sun – Enlightenment and Growth**

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

### **The Earth Segments – Diversified Activities**

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

### **The Globe – Global Vision**

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

### **The Base – Solid Foundations**

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

### **The Symmetry – The Resilience, Versatility and Stability**

Seen in its entirety, each of the elements – Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

**Strong Foundation • Sustained Growth • Proven Leadership**



[www.mangalamcement.com](http://www.mangalamcement.com)

concept, content and design at **Atherstone** (info@aiclin)  
INSTITUTE OF COMMUNICATIONS