

ENDURING STRENGTHS



MANGALAM CEMENT LIMITED

35th Annual Report 2010-11

FORWARD-LOOKING STATEMENTS

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

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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At Mangalam Cement, enduring strength is reflected in consistently improving corporate performance since inception. Across the decades, we have worked hard to create a value-driven organisation. Values that transcend short-term business realities and ad hoc priorities to create a sustainable organisation.

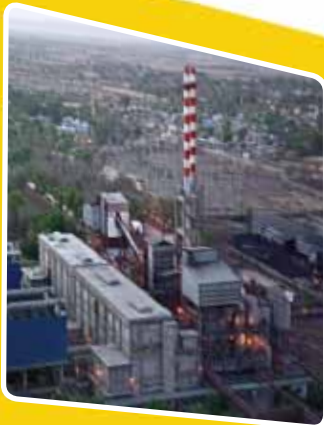
Our story is more than the story of cement. It is a story of unwavering courage to press ahead despite adversities; of conviction in our ability to perform significantly better in future; of consolidating key capabilities to drive operational excellence and visibility; and of enduring stakeholder commitment.

The market is also showing signs of a significant long-term improvement. We are focusing on ground realities and upgrading our capabilities to transform emerging opportunities into viable business propositions.





WE ARE LOOKING AHEAD INTO THE FUTURE WITH OPTIMISM



Status

- Mangalam Cement Limited was incorporated in 1976 and commenced cement production in 1981; it is an integrated manufacturer of world-class cement, based in North India.
- Part of the B.K. Birla Group of Companies
- Strong workforce of over 800 employees
- Equity shares of the Company are listed on the National Stock Exchange of India Ltd. (NSE) and the Bombay Stock Exchange Ltd. (BSE)

Offerings

- Birla Uttam Cement- 43 Grade
- Birla Uttam Cement- Portland pozzolana cement (PPC)

Locations

- Cement plants (2 million tons) and coal-based power plant (35 MW) - Aditya Nagar, Morak district Kota (Rajasthan)
- Wind power – 13.65 MW capacity at Jaisalmer (Rajasthan)
- Regional offices at Kota, Jaipur and Delhi
- Primarily caters to the markets of Rajasthan, Madhya Pradesh, Haryana and western Uttar Pradesh, among others

Certifications

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



Ratings

- Rated 'CARE AA-' for long- and medium-term facilities and 'PR1+ (PR one plus)' for short-term facilities by Credit Analysis & Research Ltd (CARE)

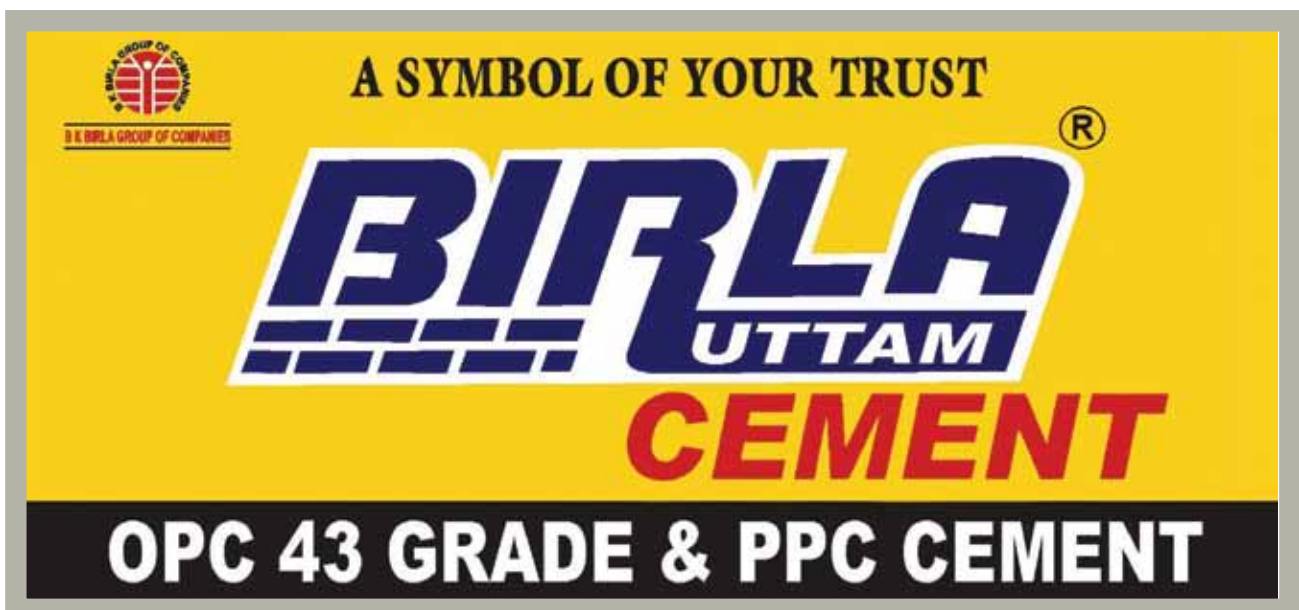
Expansion plans

- To set up a 1.25 MTPA clinker grinding unit at Aligarh, Uttar Pradesh
- Enhance clinker production by 0.5 million tons annually at the existing site.

Current development

- The process of merging Mangalam Timber Products Limited with Mangalam Cement Limited is currently underway. This will facilitate consolidation and integration of activities with pooling of more efficient resource utilisation. Mangalam Timber with pan-India presence is a leading brand in the medium density fibre boards (MDF) industry. MDF enjoys diverse applications and the industry is poised for substantial growth.

The Brand - Birla Uttam





AWARDS AND ACCOLADES

- ❑ Awarded in multiple categories in Mines Safety Week, 2010, which was celebrated under the aegis of the Directorate General of Mines Safety, Government of India Dhanbad
- ❑ Awarded in multiple categories in 21st Mines Environment and Mineral Conservation Week 2010-11 celebrated under the aegis of the Indian Bureau of Mines, Ajmer



21st Mines Environment and Mineral Conservation Week 2010-11



(Under The aegis of Indian Bureau of Mines, Ajmer Region)



CERTIFICATE OF HONOUR

is awarded to

M/s. *Manglam Cement Ltd. (Morab Limestone Mine)*

for participating in

21st Mines Environment & Mineral Conservation Week 2010-11
from 17th Jan. 2011 to 23rd Jan. 2011 in the group of
Mechinised/Semi-Mechanised I/II/III/Manual Open Cast Mines.

They have been awarded

First / Second / Third Prize in the field of

Reclamation & Rehabilitation of Land Damaged by Mining

D.K. Agarwal
Secretary

Dated : 29th Jan 2011
RSMML Ltd. Bikaner (Raj.)

R.K. Mehta
Chairman

21st Mines Environment and Mineral Conservation Week 2010-11



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First / Second / Third Prize in the field of

Afforestation / Plantation

D.K. Agarwal
Secretary

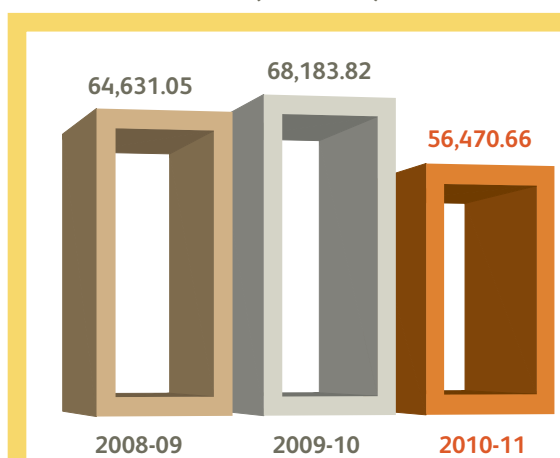
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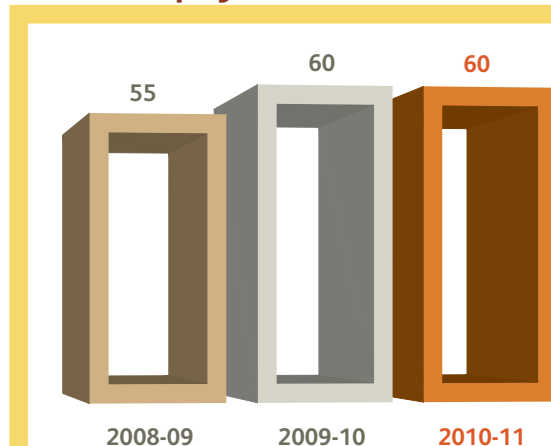


AMID CHALLENGING MARKET REALITIES-OUR PERFORMANCE

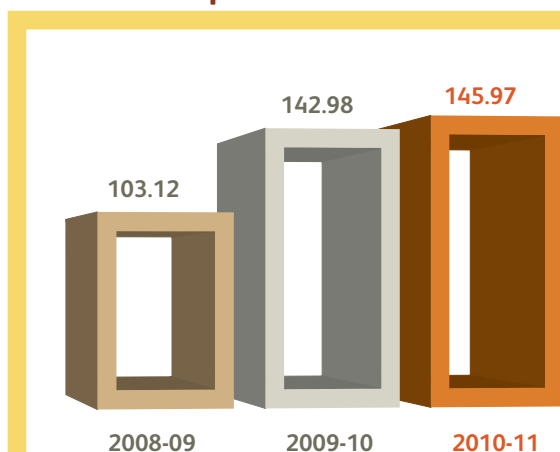
Total revenue (Rs. in lacs)



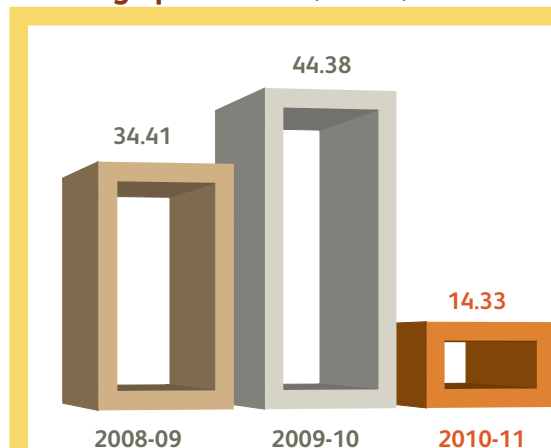
Dividend payment (%)



Book value per share (Rs.)



Earnings per share (basic) (Rs.)

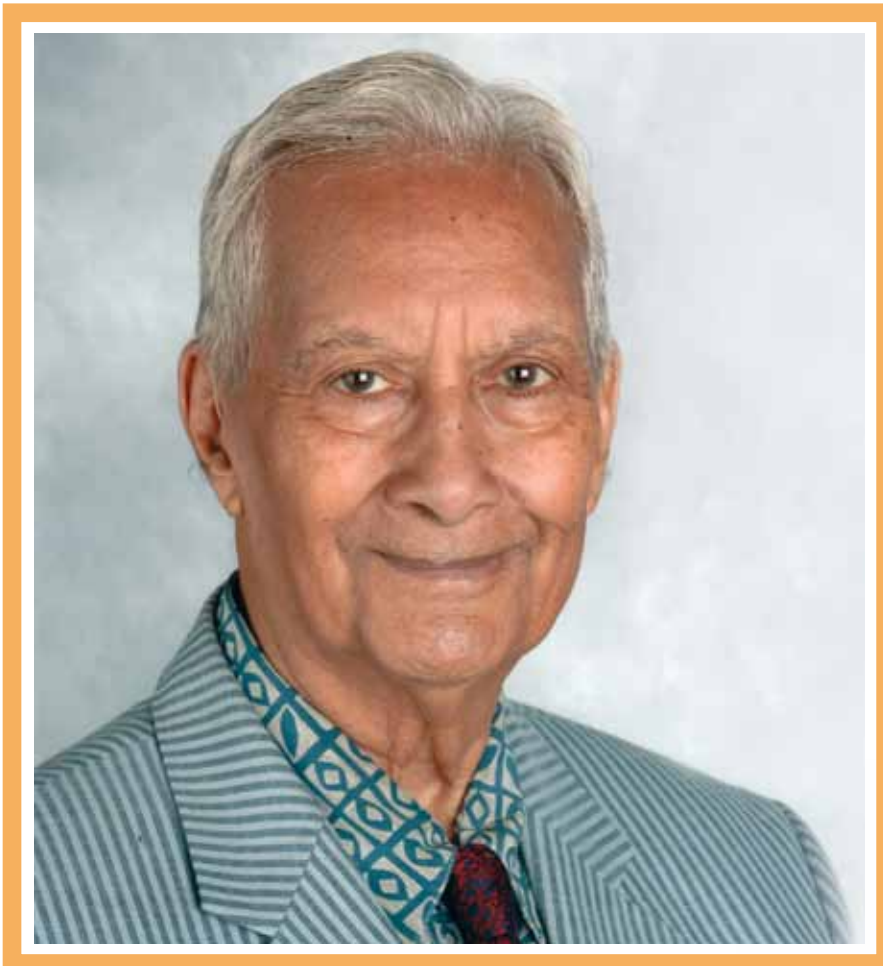


Production

	2010-11	2009-10
Cement	1514276 MT	1636818 MT
Clinker	1379500 MT	1636540 MT



MESSAGE FROM SYT. B.K. BIRLA



Mangalam Cement represents a sterling example of value-centric corporate governance, guided by the established principles of our Group. I extend my wholehearted cooperation and support for its journey ahead. Market challenges, in my opinion, are transitory realities that can be overcome by virtue of sound strategies and solid execution. It will also continue to contribute meaningfully towards social wellbeing and consciously minimise the impact of its activities on the environment. I am confident that Mangalam Cement has the calibre to emerge as a considerable presence in the cement industry.

With best wishes

Basant Kumar Birla



FROM THE CHAIRMAN'S DESK

Dear Shareowners,

The past year was challenging for the cement industry in the northern region as demand declined considerably following the completion of the Commonwealth Games village. Demand from other sectors could not help arrest the downward spiral as most industry players had enhanced capacities and cumulative production overshoot demand. The consequence was unfortunate: capacity utilisation plummeted to a 13-year low (83.9%) for 2010-11, vis-à-vis an average 96% utilisation in the preceding five years.

However, the situation is fast recovering and prices are demonstrating a stabilising trend. The cement industry plays a critical role in the nation's economic expansion, and with more than 8% average economic growth, the demand is expected to rebound considerably. The government initiatives in the infrastructure sector, coupled with the housing sector boom (which consumes 65% of the total production) and urban development, continue to be the principal growth drivers of the domestic cement industry.

Opportunities can be translated into visible and quantifiable business performance only when the operating efficiencies are achieved. Capacity building and utilisation, along with cost rationalisation, represent the areas in which we need to adopt a well-defined and calibrated approach. Besides, we are concentrating on reducing our environmental impact and energy intensiveness through technological up-gradation. There is a considerable scope for waste heat recovery in cement business. On the one hand it



reduces cost and helps in maintaining a clean and green environment on the other. Skill up-gradation of our people is also an important focus area.

I thank all the members of the Mangalam Cement family for their unrelenting support and faith in our enterprise. Let us all work together with greater dedication and foresight towards a brighter tomorrow.

Regards,
O.P. Gupta
 Chairman





MANAGING DIRECTOR'S REVIEW



In February 2011, we commissioned our 17.5 MW captive power plant, which has been subsequently operationalised in March 2011, taking our cumulative captive power base to 35 MW.

Dear Shareholders,

2010-11 was undoubtedly a year of hardship. During the year, we reported volume de-growth on account of the Gujjar agitation, which resulted in production loss of about 20 days. Besides, wagon non-availability too impacted volumes. Consequently, we reported Rs. 51,712.46 lacs total revenue, compared to Rs. 68,183.82 lacs in 2009-10, Rs. 7,107.79 lacs EBIDTA against Rs. 21,145.35 lacs in 2009-10 and Rs. 3824.14 lacs net profit vis-à-vis Rs. 11,881.03 lacs in 2009-10.

During the year, subject to requisite approvals, we decided to merge Mangalam Timber Products Limited with Mangalam Cement Limited in a swap ratio of 1:10. Mangalam Timber is engaged in the manufacture and sale of medium density fibre boards (MDF); moreover it is the market leader in plain and pre-laminated MDF. Mangalam Timber's DURATUFF MDF is the market's most preferred brand. The merger will facilitate integration of activities, along with pooling of efficient resource, reduction of overheads and improvement in various other operating parameters. This merger will create a larger and stronger entity.

In February 2011, we commissioned our 17.5 MW captive power plant, which has been subsequently operationalised in March 2011, taking our cumulative captive power base to 35 MW. Our captive power capacity would fulfill 100% of our power requirements even after current expansion of 1.25 MTPA and the surplus would be available for merchant sale.

We also started operation of new wind mills of 7.50 MW in Jaisalmer, Rajasthan in addition to the existing capacity of 6.15 MW, taking total capacity to 13.65 MW. This will entail significant cost savings in power.

We have decided to set up a clinker grinding unit (1.25 MTPA) at Aligarh, Uttar Pradesh. The plant is likely to be commissioned during the last quarter of 2012-13, taking the total cement capacity to 3.2 MTPA. We also plan to increase clinker production by 0.5 million tons annually at the existing site. This capacity will facilitate proximity to key markets in the northern region. However, we have decided to defer our 1.75 MTPA brownfield cement plant following cement price volatility impacting free cash flow.

We will continue to explore new frontiers of growth through enhanced acquisition of knowledge, technologies and integration across each aspect of the business. I am sure we will receive your wholehearted support in our future endeavours.

K.C. Jain

Managing Director



SUSTAINABLE VALUE CREATION CAN ONLY BE OBTAINED THROUGH COMPETENCE AND COST-EFFECTIVE OPERATIONS



At Mangalam, we are unperturbed by cyclic downturns and are building capabilities to shape our future. These operational endeavours will optimise costs and enhance in-plant efficiency.

Operational endeavours

- ❑ We have set up a Vertical Roller Pre Grinding Mill to enhance output
- ❑ Installed LP Cyclone in Stage I and II of pre-heater to increase the cyclone efficiency, resulting in increased output
- ❑ A Dynamic separator in coal mill to improve output
- ❑ A DCS system in kiln, raw mill and coal mill sections to improve plant output
- ❑ A variable frequency drive in dust collector fans and cooler fans to reduce power consumption and environmental impact
- ❑ Electronic packers, truck loading machines and wagon loading machines in packing plant to improve the loading efficiency
- ❑ Auto-idling system in hydraulic excavator to save fuel, reducing hourly diesel consumption by 3 to 4 litres
- ❑ Commenced preventive maintenance and part replacements for better operational efficiency
- ❑ Increased dumper capacity to enhance hauling capacity of dumpers by 17.5 %
- ❑ Enhanced fly ash utilisation through improved process management



FOCUSING ON MINING EFFICIENCY TO BUILD A FOUNDATION FOR LONG-TERM PROFITABLE GROWTH



Our limestone reserves can support the organisation's expanded operations for another 61 years. An optimal mix of low and high grade limestone is required to obtain the desired quality.

Setting the course with confidence and speed

- We have increased per-hour meterage of drilling, which will progressively result in more output at significantly lower costs
- Enhanced yield (per kg) of explosives by increment in powder factor
- Optimised hourly material transportation by dumpers, resulting in considerable cost savings
- Increased proportion of skilled labour in mines to increase productivity and reduce wastage
- Redesigned the network of haulage roads by using road rollers (smooth turns, gradients and road surface) to accelerate vehicle movement and minimise fuel consumption



**STEADY SUPPLY CHAIN, STRONG
RELATIONSHIPS AND AN EXTENSIVE
NETWORK HAVE ENHANCED VISIBILITY AND
ENDEARED OUR BRAND TO CUSTOMERS**



We believe, a sensitive understanding of customer requirements is critical to foresee the continuously changing contours of market demand in a commodity business.

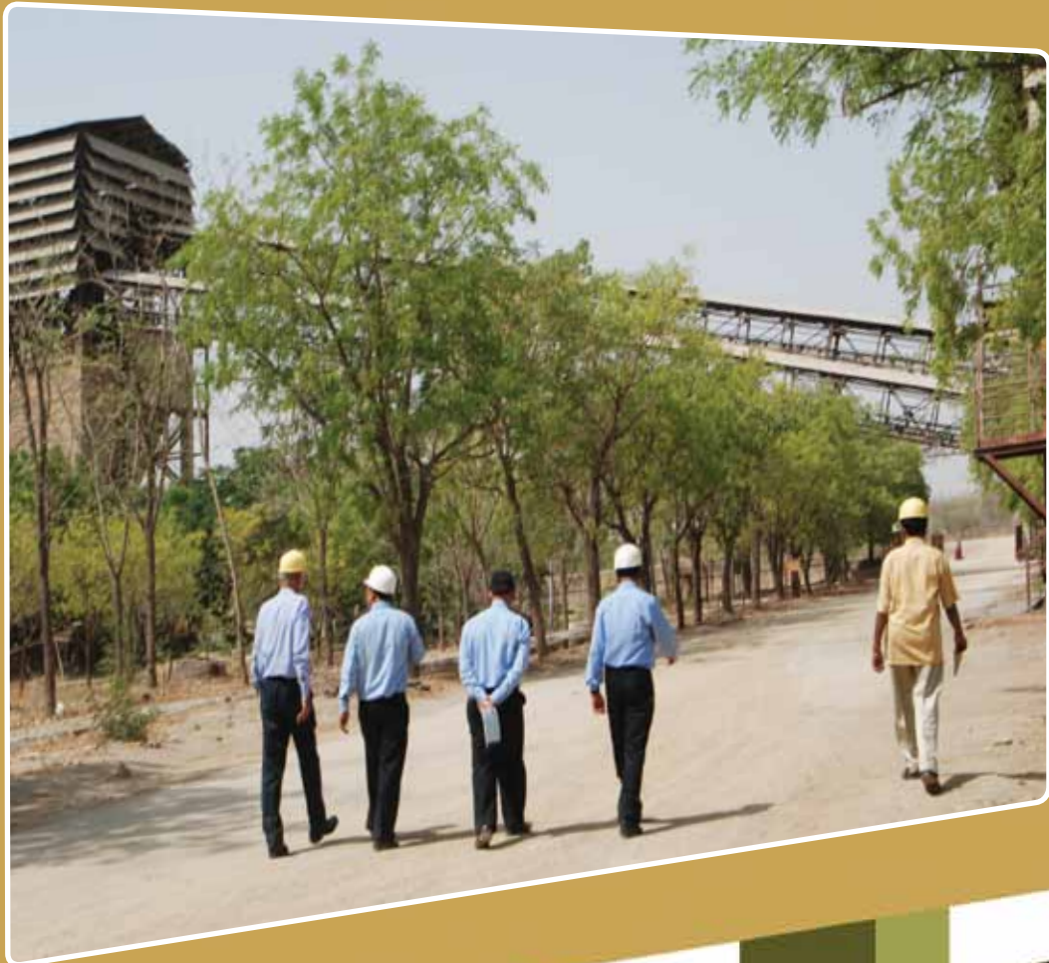
- We have enhanced our network to 640 dealer and 115 retailers to enhance penetration
- Increased expenditure in various means of advertisement in all markets to reinforce the brand
- Organised several mason and dealer meets during 2010-11
- Arranged fully equipped vans to educate masons and customers on our product, enhancing visibility
- We motivate dealers to enhance their performance levels by conducting foreign and domestic tours and other programmes

The road ahead

- Plan to dispatch 2 million tons during 2011-12
- Strengthen the network of dealers to 1,000
- Drive market expansion across Delhi, Rajasthan, Madhya Pradesh, Haryana, Uttar Pradesh and Punjab
- Increase fleet size to accelerate road dispatches
- Enhance reach to customers and retailers by increasing rail and road dispatches



WE ARE CONSTANTLY IMPROVING WORKING TECHNIQUES AND IMPLEMENTING EFFICIENT NEW WAYS TO COLLABORATE AND SHARE OPERATIONAL BEST PRACTICES.



We are creating multi-disciplinary expertise across hierarchies and functional areas to emerge as a future-focused organisation.

- ❑ We have designed customise training programmes to enhance efficacy of personnel
- ❑ Promoting organisational work environment through positive attitudinal change, skill enhancement and knowledge sharing
- ❑ Conducted tournaments and competition for quiz, sports, cooking and indoor games; organised Bharat Darshan Yatra for 30 employees to promote national integration and to instil cultural awareness
- ❑ Aligning individual career objectives with long-term organisational vision

Thinking ahead

- ❑ We are planning to develop virtual classroom sessions and dedicated areas for practical training to enhance training effectiveness across depots through the online medium
- ❑ Implement competence mapping and develop KRA (Key Result Area) and PI (Performance Indicators) for people empowerment
- ❑ Introduce 360° feedback system (Performance Management System)

Trainings imparted

Total training programmes in 2010-11	221
Total participants	3012
Number of technical programmes	121
Number of functional programmes	48
Number of behavioural programmes	52
Number of summer internship trainings	25
Number of apprentices (from ITI)	19
Number of external programmes	38



ENVIRONMENT PROTECTION IS A GLOBAL PRIORITY. WE ARE ADOPTING A CALIBRATED APPROACH TO ENVIRONMENT STEWARDSHIP.



We are protecting the Earth's natural resources through innovative and more efficient use of land, energy and water. Our eco-efficiency measures comprise:

- Systematic reclamation of mined-out area
- Judicious selection of waste dump site, supported by scientific study
- Developing green belts around mines
- Water harvesting through water storage in mined-out area, ensuring optimum utilisation; we are focusing on more and more effective ways to use water sustainably
- Systematic marking of blast holes for controlled blasting
- Regular water spraying on haulage roads and conveyor belts to arrest dust generation
- Proper maintenance of haulage roads and all approach roads for better connectivity
- Regular maintenance of heavy earth moving machinery (HEMM) to arrest noise and smoke emissions
- Reducing the use of noise generating equipment
- Ensuring zero-effluent discharge through the installation of effluent treatment plant
- Mineral conservation by adopting proper blending ratio of limestone
- Adoption of wet drilling system to reduce dust emission

Green energy

Mangalam Cement commenced the operation of new wind mills of 7.5-MW capacity (Jaisalmer, Rajasthan) in addition to the existing capacity of 6.15 MW, totalling 13.65 MW.

In February, 2011 under the United Nations Framework Convention on Climate Change (UNFCCC), Mangalam Cement got the 6.15 MW wind project, registered as a CDM project activity entitled '6.15 MW wind power project in Rajasthan, India'. This CDM project will generate around 10,000 Certified Emission Reductions (CERs) annually.

Moreover, the 7.5 MW project received Host Country Approval (HCA) from the Ministry of Environment and Forest (MoEF), and is expected to be registered by December 2011.

Mangalam Cement Limited will be Rajasthan's first cement company to possess 13.65 MW of wind power capacity generating over 22,700 CERs per annum.



INTEGRATING OUR POLICIES AND ACTIONS WITH COMMUNITY ASPIRATIONS



We support local communities wherever we operate and foster an environment in which the business and the neighbouring populace share a relationship of mutual trust and reliability. Our community intervention initiatives include the following:

- ❑ We have adopted I.T.I. Khairabad, District Kota, Rajasthan through a PPP model to promote employable skills to local youth with a special focus on women.
- ❑ We also run a D.A.V Public Senior Secondary School; with consistently good academic performance
- ❑ Provide scholarship and uniform to disadvantaged students in various schools.
- ❑ We are operating well-equipped in-plant dispensary, treating employees and their families and also a separate health check up centre for patients from adjacent villages
- ❑ Extend financial assistance to Government Mangalam Hospital (Ramganjmandi, Kota), Government Senior Secondary School (Morak), Adarsh Vidya Mandir School (Ramganjmandi), Government Sanskrit School, Morak and Middle School, Budhkhan
- ❑ Helped in the construction of Rajiv Gandhi Swarn Jayanti Vidhyalya, Hiriakheri; constructed a community hall (Kalyan Mandapam) in the Morak Village
- ❑ We have contributed a significant amount for the construction of bypass road and railway over-bridge at Morak, Rajasthan





SYSTEMATIC AND COORDINATED VIGILANCE MINIMISES RISK IMPACT AT MANGALAM CEMENT

Uncertain industry scenario

India's cement industry, the second largest in the world, has registered an 18-year consumption CAGR of 8.1% (1993-2011E). A strong long-term CAGR encouraged the industry to create more capacities ahead of demand, impacting a price decline. However, cement prices are showing signs of stability on account of increasing momentum of infrastructure growth, backed by strong budgetary allocations.

Availability of raw material and fuel

The Company has sufficient limestone reserves for its existing and expanded operations. However further it is focusing on acquiring additional leases of limestone. It has entered into long-term contracts for gypsum, the other key component for cement manufacture. Approximately 60% of the coal is sourced through linkages from South Eastern Coal Fields & Western Coal Fields of Coal India Limited and the balance is purchased from open market. Mangalam Cement also encourages the use of alternative energies as part of its energy sustainability initiatives.

Rising competition from regional players

The Company is focusing on marketing initiatives and adopting strategies to enhance its dealer and retailer base. The Company is expanding and consolidating its position in northern India. It further plans to set up a 1.25 MTPA clinker grinding unit at Aligarh, Uttar Pradesh.

Ability to penetrate newer markets and geographies

The Company extended its sales by increasing dealer and retailer base. It is strengthening market recall through investments in print and radio advertisements. The Company is also focusing on rural retail markets and expanding growth in ready-mix concrete.

Availability of funds for day-to-day operations and future expansions

The Company possesses enough cash for meeting operational cash requirements and also maintains a zero debt-equity ratio to facilitate low-cost fund mobilisation. The Company maintains substantial reserves and surplus to fund the expansion. Rated 'AA-' for long term credit and 'PR1 (+)' for short term credit by CARE, providing strong creditworthiness for fund raising.

Conducting business in compliance with stringent environmental legislation is a considerable challenge

The Company is consistently improving mined-out area, development of green belt and harvesting water in mined pits. It maintains highest degree of adherence to the mining norms by conducting controlled blasting, minimum noise and smoke emission and adopting wet drilling techniques. Mangalam Cement is also actively engaged in promoting the use of alternative fuels, waste heat recovery and utilisation of waste products.

Ability to recruit and retain the right people can be business-impacting

The Company promotes an environment of continuous learning to stimulate its workforce and attract talent. Besides the rewards, compensation packages have been designed at par with the industry to retain competent people.



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 K.C. Jain

Shri K.C. Jain, is a qualified Chartered Accountant and holds the position of Wholetime Director of Kesoram Industries Ltd. He has a rich 45 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 32 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 is an Executive Director of the Company. He is 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 is an Executive Director of the Company. 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 is also managing the affairs of reputed schools and charitable trusts of the group.



MANAGEMENT DISCUSSION AND ANALYSIS



GLOBAL CEMENT OVERVIEW

International Cement Review's latest cement report states that the global cement consumption increased 9.9% from 2,998 million MT in 2009 to 3,294 million MT in 2010. It is expected that by 2012 cement consumption will reach 3,859 million MT globally.

China remains firmly in the lead as the world's No 1 consumer with 1,851 million MT in 2010, followed by India, with 212 million MT consumption in 2010 (Source: CemNet.com).

INDIAN CEMENT INDUSTRY

Current scenario

Indian cement industry is the second largest in the world with 137 large and 365 mini cement plants, possessing 267 million MT capacity. The total cement production for April-January 2010-11 reached 136.51 million MT. Besides, cement dispatches also witnessed an upsurge from 130.09 million MT during April-January 2009-10 to 135.56 million MT during April-January 2010-11. The sector is further expected to add an additional capacity of 92.3 million MT by 2013. Total FDI between April 2000 and August 2010 stood at USD 1.9 billion.

Cement prices have recovered considerably in the current quarter and the trend is likely to sustain for fiscal 2012.

Technological change

Recently, the cement industry has witnessed continuous technological up-gradation and adoption of advanced technology. At present, 93 per cent of the cumulative industry capacity is based on modern and environment-friendly dry process technology and only 7 per cent of the capacity is based on old wet and semi-dry process technology. There is a tremendous scope for waste heat recovery in cement plants and thereby reduction in emission levels.

Growth drivers

Housing: According to the Eleventh Five Year Plan (2007–2012), housing demand is estimated to increase from more than 24 million units in 2007 to over 26 million units at the end of the Plan period. A total amount of Rs. 1,270 crore was allocated for Rajiv Awas Yojana, compared to Rs.250 crore last year. This is expected to trigger a rural housing demand and, in turn, robust cement demand.

Infrastructure: The Government has planned an outlay of USD1 trillion on infrastructure in the 12th Five Year Plan as against USD461 billion in the 11th Five Year Plan. The sector shall contribute over 10% to India's GDP. Infrastructure projects, such as the Dedicated Freight Corridors (DFCs) and upgraded and green field airports and ports are expected to drive construction activity.

Real estate: The Eleventh Five Year Plan depicts the shortage of 26.53 million houses. A combination of increasing purchasing power of Indian consumers, enhanced urbanisation and ease in

getting loans shall fuel cement demand in the residential sector. The commercial real estate (CRE) segments, comprising retail space, office space and hotels as well as civil facilities including hospitals, multiplexes and schools, have been on the rise, which would further accelerate cement consumption.

SCOT analysis of the domestic cement industry

Strengths

- ▣ **Second largest in the world:** With cumulative installed capacity of 137 large and 365 mini cement plants, the domestic cement industry possesses 267 million MT capacity.
- ▣ **Substantial capacity expansion:** The sector is expected to add an additional capacity of 92.3 million MT by 2013. The result: the industry will possess a total installed capacity of 383.5 million MT by March 2013.
- ▣ **Modern and eco-friendly technology:** The industry has witnessed continuous modernisation and adoption of new technologies. Almost 93 per cent of the total capacity is based on eco-friendly dry process technology.
- ▣ **Employment generation:** The cement industry employed 140,000 people in 2009.

Challenges

- ▣ **Effect of global slowdown on real estate:** Real estate sector is witnessing a temporary slowdown, impacting cement demand.
- ▣ **Regionalism:** The regional impact of cement demand adversely affects the entire domestic industry.

Opportunities

- ▣ **Increasing participation from foreign players:** Total FDI in the cement sector between April 2000 and August 2010 stood at USD 1.9 billion.
- ▣ **Infrastructure projects:** Enhanced government focus on infrastructure spending to drive economic growth.
- ▣ **Growing middle class:** Increase in the purchasing power of middle-class with rise in income, driving urbanisation.
- ▣ **Technological changes:** Cement industry has made tremendous strides in technological up-gradation and assimilation.

**Threats**

- Rising input cost: The rationalisation in excise duty through composite rates and increase in coal cost will hike the cement prices across different regions, impacting cement demand.
- Excess capacity: Demand-supply imbalance owing to over capacity can hurt margins, as well as prices.

OUTLOOK

According to a latest research report, Indian Cement Industry Forecast to 2012, produced by RNCOS, cement production in India has grown at a brisk pace during the last few years. Global cement consumption amounted to more than 3 billion tones in 2010, of which 50% took place in China and 7% in India. In view of the upcoming massive infrastructure projects, manufacturers are aggressively increasing their production capacities and the study foresees a 10.5% CAGR growth in cement production during 2010-2014.

Highlights of financial performance

		Rs. in Lacs		
Particulars		2010-11 (Apr-March)	2009-2010 (Apr-March)	Change in %
1.	Net Sales	49157.03	61,369.08	-19.90
2.	Operating Profit before Interest, Dep. and Taxation	7107.79	21,145.35	-66.39
3.	Less: Interest and Financial charges	219.46	196.16	+11.88
4.	Profit after Interest	6888.33	20,949.19	-67.12
5.	Less: Depreciation	2751.43	2,535.96	+8.50
6.	Profit before tax	4136.90	18,413.23	-77.53
7.	Provision for Taxes	312.76	6,532.20	-95.21
8.	Net Profit after tax	3824.14	11,881.03	-67.83

The year 2010-11 witnessed modest performance, in terms of financial parameters.

- Net Sales declined by 19.90% from Rs. 613.69 Cr in the previous year to Rs. 491.57 Cr in the current year.
- Gross Profit before depreciation and tax was lower at Rs. 68.88 Cr as against Rs. 209.49 Cr in the previous year.
- Net Profit After Tax was lower at Rs. 38.24 Cr as against Rs. 118.81 Cr in the previous year, mainly because of lower sales realisation and rise in input cost.
- EPS is Rs. 14.33 per share as against Rs. 44.38 per share in the previous year.

Although coal cost increased remarkably, the Company de-risked itself by utilising the power generated from its captive thermal power plants and wind mills and also reducing power consumption.

OPERATIONAL PERFORMANCE

	2010-11 MT	2009-10 MT
Clinker Production		
Mangalam Cement (Unit-I)	423340	525810
Neer Shree Cement (Unit-II)	956160	1110730
TOTAL	1379500	1636540

	2010-11 MT	2009-10 MT
Cement Production		
Mangalam Cement	566177	689739
Neer Shree Cement	948099	947079
TOTAL	1514276	1636818

Power Consumption (Per MT on Cement)

Mangalam Cement	98 Kwh	95 Kwh
Neer Shree Cement	79 Kwh	81 Kwh

Coal Consumption (Per MT on Clinker)

Mangalam Cement	193 Kg	183 Kg
Neer Shree Cement	175 Kg	163 Kg

	In lacs kwh	In lacs kwh
Power Generation		
Captive Thermal Power Plant	1217.22	1223.13
Wind Mills	120.11	100.29

During the year, the Company produced lower clinker production of 13.80 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 virtue of various measures adopted by the Company, power consumption was lower by 2 Kwh in Unit-II.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company possesses adequate internal controls across multiple areas of its operation by utilising services of internal and external auditors periodically, 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 provision of Companies Act.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

At Mangalam, measures for employee safety, training, welfare and development continue to get top priority at all levels, 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 during the year under review. The Company had 852 employees as on 31st March, 2011.

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.

New Delhi
The 27th day of April, 2011

O. P. Gupta, Chairman
K. K. Mudgil, Director
K.C. Jain, Managing Director



REPORT OF THE DIRECTORS for the year ended 31st March, 2011



Dear Shareholders,

We have the pleasure in presenting the 35th Annual Report of the Company with audited statements of accounts for the year ended 31st March, 2011. The summarised Financial Results are given below:

1. FINANCIAL RESULTS

(Rs. in Lacs)

	Current Year ended 31st March, 2011	Previous Year ended 31st March, 2010
Gross Sales	56470.66	68183.82
Less: Excise Duty	7313.63	6814.74
Net Sales	49157.03	61369.08
Operating Profit before Interest and Financial Charges, Depreciation and Tax	7107.79	21145.35
Less: Interest and Financial Charges	219.46	196.16
Gross Profit before Depreciation and Tax	6888.33	20949.19
Less: Depreciation (net of transfer from Revaluation Reserve)	2751.43	2535.96
Profit before Tax	4136.90	18413.23
Less: Provision for Tax:		
(a) Income Tax /MAT for current year (Net)	25.00	6700.20
(b) Income Tax for earlier years	455.76	--
(c) Deferred Tax Credit	(168.00)	(168.00)
Net Profit After Tax	3824.14	11881.03
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	29555.00	20655.42
Profit available for appropriation	33379.14	32622.64
APPROPRIATIONS		
(a) Transfer to general Reserve	400.00	1200.00
(b) Proposed Dividend on Equity Shares	1601.63	1601.63
(c) Corporate Dividend Tax	259.82	266.01
(d) Balance carried forward to next year	31117.69	29555.00
TOTAL	33379.14	32622.64

2. DIVIDEND

We recommend a dividend of Rs.6.00 per equity share of Rs.10/- each for the year ended 31st March, 2011. Total dividend outgo will be Rs.1861.45 Lacs including corporate dividend tax.

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.1164.00 Lacs for the year has been adjusted from the Securities Premium Account. Deferred tax assets of Rs.168 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

All the six wind mills of 1.25 MW capacity each installed at Jaisalmer, were commissioned in June, 2010 and with the commissioning of these wind mills, total capacity of wind mill power is 13.65 MW. Necessary steps have been taken to avail CDM benefit.

6. CAPTIVE THERMAL POWER PLANT (CPP)

The second Captive Thermal Power Plant of 17.5 MW capacity was commissioned in February, 2011. Now the combined capacity of both the CPPs is 35 MW. As the Company has now surplus power, it will try to sell the surplus power when profitable rate is available.

7. NEW PROJECTS AND CAPACITY EXPANSION

The Board on re-examination of the project for expansion of plant capacity by 1.5 million MT p.a. at the existing site, considered it prudent to defer the project for the time being. Instead, the company has decided to move forward to set up a clinker grinding unit in the District of Aligarh, U.P. with an installed capacity of upto 1.25 million M.T. p.a. and barring any unforeseen circumstances, the unit is likely to be commissioned by the last Quarter of the financial year 2012-13.

The Company is also taking steps for upgradation of its existing plants for increasing clinker production by 5 Lac MT p.a.

The total capital expenditure estimated for both the plants is Rs.300 Cr appx which will be met partly by internal cash accruals and partly by loan from the Banks.

8. FINANCES

The Company continued to be debt free as on 31st March, 2011, as there was no secured loan outstanding.

9. CREDIT RATINGS

Your Directors are pleased to inform that Credit Analysis & Research Ltd (CARE) has renewed and assigned to the Company 'CARE AA-' rating for long term and medium term facilities. 'CARE AA' rating is considered to offer high safety for timely servicing of debit 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.

10. INSURANCE

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

11. DIRECTORS

Shri T.S.Vishwanath has resigned from the Directorship of the Company effective from 21st day of April, 2011.

The Board expressed its sincere appreciation and thanks for the efficient and matured advices of Shri T.S.Vishwanath given to the Board during the tenure of his office as Director of the Company.

Subject to necessary approval of the shareholders, the Board appointed Shri A.V.Jalan and Smt.Vidula Jalan as Whole-time Directors (designated as Executive Directors) of the Company w.e.f. 1st April, 2011. Extra-ordinary General Meeting (EOGM) of the shareholders has been convened on 29th April, 2011 at the Registered Office of the Company.

The current tenure of appointment of Shri K.C.Jain, Managing



Director, expires on 30th April, 2011 and your Directors have considered his re-appointment for further period of 3 years w.e.f. 1st May, 2011 on the terms and conditions set out in the Notice of the Shareholders at their ensuing Annual General Meeting.

In accordance with Article 99 of the Articles of Association of the Company Shri O.P.Gupta and Shri K.K.Mudgil, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting of the members of Company and being eligible, offer themselves for re-appointment.

12. MERGER OF MANGALAM TIMBER PRODUCTS LTD (MTPL)

The merger of Mangalam Timber Products Ltd (MTPL) with the Company through the judicial process is in progress. The Hon'ble High Court of Rajasthan, Jaipur has directed convening of the meeting of unsecured creditors and shareholders of the Company which is scheduled to be held on Saturday, the 21st May, 2011 at the Registered office of the Company. The merger on approval by the Hon'ble High Court of Rajasthan, Jaipur and Hon'ble High Court of Orissa, Cuttack, will be effective from 1st April, 2010.

13. AUDITORS' REPORT

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

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, 2011.

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, 2011 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

There is no employee during the year under review in respect of whom the particulars as required to be disclosed with reference to the Companies (Particulars of Employees) Rules, 1975 as amended.

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, 2011 is annexed hereto.

22. AWARDS

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

(a) During the First Mines Safety Week, 2010 of Hadoti Division, Gwalior Region celebrated under the aegis of Directorate General of Mines Safety, Govt of India, Dhanbad.

1. For Overall performance
1st prize.
2. Opencast working, places, plans and supervision
1st prize
3. Explosives (Storage, Transport and Use)
1st prize.
4. Transport roads and dust suppression
1st prize.
5. Welfare Amenities and Protective Equipment,
1st prize.
6. Publicity propaganda and House Keeping.
1st prize.
7. Electrical installation and Mines Lighting.
1st prize.
8. Heavy earth moving machinery and maintenance
2nd prize.
9. Vocational training
2nd prize.

10. In different trade tests
1st prize 29 and 2nd prize 3.

(b) During 21st Mines Environment and Mineral Conservation Week 2010-11 celebrated under the aegis of Indian Bureau of Mines, Ajmer.

1. For overall performance
1st and 2nd prize in cement Industry of Rajasthan.
2. Reclamation and Rehabilitation of land
1st prize.
3. For Environmental Protection and Mineral-Conservation
1st prize.
4. Afforestation and plantation
2nd prize.
5. Water pollution control
3rd prize.
6. Poster competition
3rd prize.

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*

New Delhi

The 27th day of April, 2011



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, 2011.

1. Conservation of Energy:

A) Energy Conservation Measures Taken

(i) Projects implemented:

We have commissioned 6 wind mills of 7.5 MW capacity at Jaisalmer in June, 2010.

ii) Other energy conservation measures taken:

- a. Optimisation of Unit-II cement mill output rate.
- b. Optimisation of Unit-II VRM output rate.
- c. Optimisation of Fly ash consumption in Unit-I and II.
- d. Optimisation of Unit-I Pyro section for reduction of thermal energy consumption.

iii) Utilisation of renewable electrical energy for captive use:

We have utilised 114.25 lakhs Kwh of electricity for captive use from 13 wind mills with a total capacity of 13.65 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. Upgradation of Unit-I Pyro section by installation of new 6 stage Pre Heater with pre-calciner and installation of new high efficiency Clinker Cooler with TA Duct.
- b. Installation of Medium Voltage VVVF Drives in Unit-II PH Fan and ESP Fan.

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)(ii) we have reduced the Sp. Electrical Energy Consumption by 2.14 Kwh per Ton of cement in Unit-II and reduced the Sp. Thermal Energy consumption by 1 K.cal per Kg of Clinker in Unit-I.

On implementation of Project mentioned in (B)(i)(a), the expected saving in Sp. Thermal Energy consumption is 143 K.cal per Kg of clinker and the expected saving in Sp. Electrical Energy consumption is 2 units per Ton of clinker in Unit-I.

On implementation of project mentioned in (B)(i)(b), the expected saving in Sp. Electrical Energy consumption is 0.5 Units per Ton of Clinker in Unit-II.

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

	2010-11	2009-10
1. Electricity		
a. Purchased(Net)		
Unit (in lacs)	187.99	365.84
Total amount (Rs.in lacs)	1070.02	1765.29
Rate/Unit (Rs.)	5.69	4.83
b. Own Generation(Net)		
i. Through Diesel Generators		
Units (in lacs)	0.08	8.00
Unit per Ltr. of Diesel Oil	2.90	3.40
Cost/unit (Rs.)	40.48	9.71
ii.Through Steam Turbine/Generator		
a. Unit (Kwh in lacs)	1217.22	1223.13
b. Unit per Kg of coal	0.979	1.037
c. Cost/Unit (Rs.)	3.27	2.90
iii. Through Wind Mills		
Gross Units (Kwh in Lacs)	120.11	100.29
Net Units (Kwh in Lacs)	114.25	95.77
2. Coal		
a. Used for Calcining of Raw Meal		
Quantity. (M.T)	249285	277363
Total cost (Rs. in lacs)	10047.59	10030.56
Average Rate (Rs. /MT)	4030.56	3616.35
b. Used in steam turbine/generator.		
Quantity (M.T)	124377	117940
Total cost (Rs. in Lacs)	3554.24	3143.01
Average rate (Rs./MT)	2857.64	2664.92
3. Furnace oil	N.A.	N.A.



A. Consumption per unit of Production

Products Unit	Industry Avg	Cement M.T.	Cement M.T.
Electricity			
i) Unit I	100-120 Kwh	98 Kwh	95 Kwh
ii) Unit II	70-90 Kwh	79 Kwh	81 Kwh
Furnace Oil		N.A.	N.A.
Coal per ton on Cement			
i) Unit I		163 Kg	155 Kg
ii) Unit II		144 Kg	138 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	Rs.2.66 Lacs
(ii) Recurring	Rs.131.53 Lacs
(iii) Total	Rs.134.19 Lacs
(iv) Total R&D Expenditure as a percentage of total turnover	0.24

2. Technology absorption, adoption and innovation

(a) Efforts in brief made Towards technology absorption	<ol style="list-style-type: none"> 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 optimisation, efficient use of energy etc. 2. Plant personnel were trained by experts, in-house and outside through Seminars and visits.
(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.1253.86 Lacs



Report on Corporate Governance



Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organisation 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 six Directors out of which three 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
1. Shri O.P.Gupta	Non-Executive & Independent (Chairman)	1	1	-
2. Shri K.K.Mudgil	Non-Executive & Independent	-	-	-
3. Shri T.S. Vishwanath *	Non-Executive & Independent	3	4	2
4. Shri N.G. Khaitan	Non-Executive & Independent	9	1	7
5. Shri A.V.Jalan**	Executive Director	2	-	1
6. Smt Vidula Jalan**	Executive Director	2	-	1
7. Shri. K.C. Jain	Executive (Managing Director)	1	-	-

* Ceased to be Director of the Company on his resignation w.e.f. 21.4.2011.

**Subject to necessary approval of the Shareholders, the Board has appointed Shri A.V.Jalan and Smt.Vidula Jalan, as Executive Directors of the Company w.e.f. 1st April, 2011.

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, 2011 the Board of Directors had eight (8) meetings. They were held on:

S.No.	Date of Meeting	S.No.	Date of Meeting
1.	01.05.2010	5.	28.09.2010
2.	12.05.2010	6.	23.10.2010
3.	23.07.2010	7.	26.01.2011
4.	24.08.2010	8.	13.03.2011



- (ii) The attendance record of the Directors at the Board Meetings during the year ended 31st March, 2011 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	8 out of 8	Yes
2.	Shri K.K.Mudgil	8 out of 8	Yes
3.	Shri T.S. Vishwanath	7 out of 8	No
4.	Shri N.G. Khaitan	8 out of 8	No
5.	Shri A.V.Jalan	6 out of 8	No
6.	Smt Vidula Jalan	6 out of 8	No
7.	Shri K.C. Jain (Managing Director)	8 out of 8	Yes

c) Remuneration

- (i) Details of the sitting fee, commission and remuneration paid to the Directors during the year ended 31st March, 2011 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	-	4,60,000	8,10,000
2.	Shri K.K. Mudgil	-	3,50,000	-	4,60,000	8,10,000
3.	Shri T.S. Vishwanath	-	3,50,000	-	1,40,000	4,90,000
4.	Shri N.G. Khaitan	-	3,50,000	-	2,45,000	5,95,000
5.	Shri A.V. Jalan	-	3,50,000	-	1,50,000	5,00,000
6.	Smt. Vidula Jalan	-	3,50,000	-	1,50,000	5,00,000
7.	Shri K.C. Jain (Managing Director)	7,15,000	-	28,85,800	--	36,00,800

- (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 meetings held on 15th July, 2008 and on 29th July, 2010, 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.21 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.
- (iii) The Company does not have any stock option or any performance linked incentive that is paid to the Directors.
- (iv) The current term of Shri K.C.Jain as Managing Director is expiring on 30th April, 2011. The Board has re-appointed him as Managing Director for a period of 3 years, subject to the approval of the Shareholders in the ensuing Annual General Meeting.

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

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 31.3.2011.”

Date: 27.4.2011

K.C. Jain
Managing Director

III. Committees of the Board as on 31st March, 2011:

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, 2011, the Audit Committee held 5 meetings. They were held on 1.5.2010, 23.7.2010, 23.10.2010, 26.01.2011 and 13.3.2011.
- (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	5 out of 5
2.	Shri K.K.Mudgil	Member	5 out of 5
3.	Shri N.G. Khaitan	Member	5 out of 5

- (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 & 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 was re-constituted on 26th January, 2011 and the re-constituted committee comprises of the following three Independent Directors.

S.No.	Name of the Director
1.	Shri O.P. Gupta
2.	Shri K.K. Mudgil
3.	Shri N.G.Khaitan

During the year ended 31st March, 2011 one meeting of the Committee was held on 13.3.2011 which was attended by all the members of the committee.



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 1.5.2010, and 14.9.2010.

The position as on 31st March, 2011 of the shareholders’ complaints received and redressed during the financial year:

Nature of Complaint	Complaints received from				Total complaints Received During 2010-11	Total redressed	No.of grievances outstanding as on 31.3.2011
	Investors Directly	Stock Exchanges	SEBI	ROC			
Non-receipt of Dividend warrant(s)	12	Nil	Nil	Nil	12	12	Nil
Non-receipt of Share Certificate(s) /after transfer/ demat	2	Nil	Nil	Nil	2	2	Nil
Non-receipt of Duplicate Share certificate(s)	Nil	1	Nil	Nil	1	1	Nil
Non-receipt of Annual Report(s)	3	Nil	Nil	Nil	3	3	Nil
TOTAL	17	1	Nil	Nil	18	18	Nil

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 N.G.Khaitan	Chairman	3 out of 3
2.	Shri A.V.Jalan	Member	3 out of 3
3.	Smt. Vidula Jalan	Member	3 out of 3

The Committee meetings were held on 21.6.2010, 18.12.2010 and 24.2.2011.

IV. Shares and Convertible Instruments held by Directors:

Details of Shareholding of Directors as on 31.03.2011 in the Company are as under

S.No.	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	12819
7.	Shri K.C.Jain	6840

Company has no convertible instrument pending as on 31.3.2011.

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 Meeting 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
32nd	2007-2008	Tuesday, 15.7.2008 at 11.30 AM	At Regd Office, Adityanagar 326520 , Morak, Dist. Kota, Rajasthan.
33rd	2008-09	Friday, 17.7.2009 at 11.30 AM	-do-
34th	2009-10	Friday, 30.7.2010 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. 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 one Financial Newspaper and one local news paper.

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: 07459-232036

(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 : Saturday, the 6th August, 2011. Time: 11.30 A.M.

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

(e) Book Closure:

From Saturday, the 30th July, 2011 to Saturday, the 6th August, 2011, 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, 2011 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 2011-12 to all the Stock Exchanges where the securities are listed.

(i) Custodial Fees to Depositories:

Custodial fee for the year 2011-12 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 2010-11 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, 10	218.00	170.80	203.50	190.00
May, 10	213.00	144.80	158.90	148.00
June, 10	189.00	147.55	162.50	159.40
July, 10	172.40	153.50	166.45	159.00
Aug, 10	165.00	147.65	155.70	147.50
Sept, 10	168.00	150.00	161.50	157.40
Oct, 10	168.10	142.40	155.00	138.35
Nov, 10	157.50	115.05	133.00	128.10
Dec, 10	140.95	105.00	134.00	130.05
Jan, 11	139.40	111.00	114.95	112.50
Feb, 11	116.00	90.00	114.90	110.00
March, 11	116.50	105.10	114.75	110.50

(k) Distribution of shareholding:

The shareholding distribution of equity shares as on 31st March, 2011 is given below.

S.No.	No. of Equity Shares	No. of shareholders	No. of shares	Percentage of Shareholding
1.	1 to 500	23637	3112512	11.66
2.	501 to 1000	1599	1271863	4.47
3.	1001 to 2000	682	1038131	3.89
4.	2001 to 3000	197	505463	1.89
5.	3001 to 4000	86	308658	1.16
6.	4001 to 5000	89	422575	1.58
7.	5001 to 10,000	113	818054	3.06
8.	10001 and above	138	19216524	71.99
TOTAL		26541	26693780	100%

(i) Shareholding Pattern:

S.No.	No. of Equity Shares	No. of shares	Percentage of Shareholding
1.	Promoters' holding	6967468	26.10
2.	Individuals/others	8570334	32.11
3.	Companies	9393633	35.19
4.	Mutual Funds, Banks, Financial and Govt Institutions	1031342	3.86
5.	FII's, NRIs, OCBs	731003	2.74
TOTAL		26693780	100%

(m) Dematerialisation of Shares:

As on 31st March, 2011, 85.24% of the Company's total equity shares representing 2,27,53,264 shares were held in dematerialised form and balance 14.76% representing 3940516 shares were held in physical form.

(n) Reconciliation of Share Capital Audit

As stipulated by the Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out Reconciliation of Share Capital 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 2011-2012:

(i) Financial Year	1st April, 2011 to 31st March, 2012
(ii) First Quarterly Results for Quarter ending 30th June, 2011	By end of July 2011
(iii) Second Quarterly Results for the quarter ending 30th Sept, 2011	By end of October, 2011.
(iv) Third Quarterly Results for the Quarter ending 31st December, 2011	By end of January, 2012
(v) Annual Results for the Year ending 31st March, 2012	By end of April, 2012
(vi) Annual General Meeting for the year ending on 31st March, 2012	By August, 2012
(vii) Date of dividend payment approval by the Members in the AGM.	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 N.G.Khaitan, 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.

New Delhi

The 27th day of April, 2011

CEO and CFO Certification

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, 2011 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.

New Delhi
The 27th day of April, 2011

K.C. Jain
Chief Executive Officer
Managing Director

R.C.GUPTA
Chief Financial Officer
President & Company Secretary



Certificate from Auditor on Corporate Governance

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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, 2011.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Jain Pramod Jain & Co.,**
Chartered Accountants,
(Firm Registration No. 016746N)

New Delhi
The 27th day of April, 2011

P.K.Jain
Partner
Membership No.10479

AUDITORS' REPORT To Members of Mangalam Cement Limited

We have audited the attached Balance Sheet of MANGALAM CEMENT LIMITED, as at 31st March, 2011, 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, 2011 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, 2011;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Jain Pramod Jain & Co.**

Chartered Accountants

(Firm Registration No. 016746N)

P.K. Jain

Partner

New Delhi

The 27th day of April, 2011

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, 2011 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. (a) The Company has not granted any loans, secured or unsecured to Companies, firm or other parties covered in the register maintained under section 301 of the Companies Act except interest free unsecured loan of Rs.3 crores to Mangalam Timber Products Ltd. as referred in note no. 4.
- (b) Rate of interest and other terms and conditions of the loan given by the Company are not prima facie prejudicial to the interest of the Company.
- (c) Such loan has been received back by the Company before the close of the year.
- (d) No amount of such loan is overdue for recovery.
- (e) The Company has not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act, hence our comments on para iii(e) to 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 of the Company.
- 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, 2011;
- (b) According 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	Amount in Lakhs	Period to which the amount related	Forum where matter is pending
Central Excise Act	Cenvat	8.70	Various matters, from 1995 to 1997	High Court, Jaipur
		260.72	Various matters, from 1996 to 2009	CESTAT.New Delhi
		39.13	Various matters, from 1995 to 2009	Commissioner (Appeals)
		4.27	Various matters, from 2005 to 2006	Addl. Commissioner
Income Tax Act	Income Tax	1.14	AY 1992-93	High Court, Jaipur (appeal filed by Department)
		50.80	AY 2009-10	CIT (Appeals)
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	639.22	2005-06	Asst. Commissioner
Service Tax Act	Service Tax	48.79	11/97-06/98	High Court, Jaipur
		218.33	Various matters, from 2005 to 2006	CESTAT.New Delhi
		67.63	04/09-06/09	Commissioner
		24.97	Various matters, from 2005 to 2010	Commissioner (Appeals)
		111.84	Various matters, from 2006 to 2008	Addl. Commissioner
		1.81	Various matters, from 2006 to 2009	Asst. Commissioner
		38.37	10/08 - 3/09	Commissioner
		39.96	10/6 – 9/08	Addl. Commissioner
Entry Tax (U.P.)	Entry Tax	28.34	2005-06	Assessing Authority
		59.36	2006-07	Addl. Commissioner
		1169.37	Various matters, from 2007 to 2010	High Court, Allahabad
Land Tax (Rajasthan)	Land tax	1177.05	Various matters, from 2006 to 2009	Supreme Court (appeal filed by Federation of mining association of Rajasthan)
Government of Rajasthan	Environment and Health Cess	146.53	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.

New Delhi
The 27th day of April, 2011

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

**BALANCE SHEET** as at 31st March 2011

Rs. in lacs

	Schedule	31st March, 2011	31st March, 2010
I. SOURCES OF FUNDS			
1 Shareholders' Funds			
(a) Capital	1	2669.38	2669.38
(b) Reserves & Surplus	2	36802.91	36013.32
		39472.29	38682.70
2 Loan Funds			
Unsecured Loans	3	1351.07	1016.16
3 Deferred Tax Liabilities (Net) (Note No.7)			
		5913.00	4917.00
TOTAL		46736.36	44615.86
II. APPLICATION OF FUNDS			
1 Fixed Assets			
(a) Gross Block	4	62866.11	50815.89
(b) Less: Depreciation/Amortisation		27757.91	25006.07
(c) Net Block		35108.20	25809.82
(d) Capital work in progress		890.45	6320.24
		35998.65	32130.06
2 Investments			
	5	110.25	1950.34
3 Current Assets, Loans & Advances			
(a) Interest accrued on Investment		0.15	0.15
(b) Inventories	6	6555.99	6343.47
(c) Sundry Debtors	7	1179.93	918.33
(d) Cash & Bank balances	8	2580.15	7006.70
(e) Loans & Advances	9	17616.05	15864.01
		27932.27	30132.66
Less: Current Liabilities & Provisions			
Provisions	10		
(a) Liabilities		7245.14	7062.10
(b) Provisions		10059.67	12535.10
		17304.81	19597.20
Net Current Assets		10627.46	10535.46
TOTAL		46736.36	44615.86
Accounting Policies and Notes on the Accounts	16		

The Schedules 1 to 10 and Schedule 16 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
(Firm Registration No. 016746 N)

New Delhi	P.K.Jain Partner	R.C.Gupta Company Secretary	O.P. Gupta Chairman	K. K. Mudgil Director
The 27th day of April, 2011	Membership No. 10479		K. C. Jain Managing Director	

PROFIT & LOSS ACCOUNT for the year ended 31st March 2011

Rs. in lacs

	Schedule	31st March, 2011	31st March, 2010
I. INCOME			
Sales (Gross)		56470.66	68183.82
Less: Excise Duty		7313.63	6814.74
Sales (Net)		49157.03	61369.08
Other Income	11	1223.96	2000.55
Increase in Stock	12	1331.47	1074.24
TOTAL		51712.46	64443.87
II. EXPENDITURE			
Raw Materials consumed	13	9150.60	8707.81
Manufacturing, Selling and Administrative Expenses	14	35454.07	34590.71
TOTAL		44604.67	43298.52
Profit before depreciation & interest		7107.79	21145.35
Interest & Financial Charges	15	219.46	196.16
Profit after interest		6888.33	20949.19
Depreciation / Amortisation		2760.53	2545.13
Less: Recouped from Revaluation Reserve		9.10	9.17
		2751.43	2535.96
Profit Before Tax		4136.90	18413.23
Provision for Tax			
Income Tax / MAT for current year (Note No.5)		25.00	6700.20
Income Tax for earlier years		455.76	-
Deferred Tax credit		168.00	168.00
Profit after tax		3824.14	11881.03
Provision for Dividend for 2008-09 Written back		-	73.67
Corporate Dividend Tax provided in 2008-09 Written back		-	12.52
		3824.14	11967.22
Profit brought forward from previous year		29555.00	20655.42
Profit available for appropriations		33379.14	32622.64
III APPROPRIATIONS			
General Reserve		400.00	1200.00
Proposed Dividend - On Equity Shares		1601.63	1601.63
Corporate Dividend Tax		259.82	266.01
Surplus carried to Balance Sheet		31117.69	29555.00
		33379.14	32622.64
Basic and diluted EPS (in Rupees)		14.33	44.38
Accounting Policies and Notes on the Accounts	16		

The Schedules 11 to 16 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
(Firm Registration No. 016746 N)

New Delhi	P.K.Jain Partner	R.C.Gupta Company Secretary	O.P. Gupta Chairman	K. K. Mudgil Director
The 27th day of April, 2011	Membership No. 10479		K. C. Jain Managing Director	



SCHEDULES forming part of the Balance Sheet

Rs. in lacs

		31st March, 2011	31st March, 2010
SCHEDULE 1			
Share Capital			
<i>Authorised</i>			
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
		6000.00	6000.00
Issued, Subscribed and Called up			
26693780	Equity Shares of Rs.10/- each	2669.38	2669.38
		2669.38	2669.38

Rs. in lacs

		31st March, 2010	Additions	Transfer adjustments	31st March, 2011
SCHEDULE 2					
Reserves & Surplus					
Capital Reserves		20.22	-	-	20.22
Capital Redemption Reserve		155.30	-	-	155.30
Revaluation Reserve		516.36	-	9.10 (a)	507.26
Preference Share Capital Redemption Reserve		20.00	-	-	20.00
Securities Premium Account		1533.29	-	1164.00 (b)	369.29
General Reserve		4213.15	400.00	-	4613.15
Profit and Loss Account		29555.00	3824.14	2261.45	31117.69
		36013.32	4224.14	1173.10	36802.91
Previous year		26629.87	10773.52	1390.07	36013.32

(a) Depreciation on revalued fixed assets recouped from Revaluation Reserve, transferred to Profit & Loss Account.

(b) Represents utilisation of Deferred Tax liabilities of Rs.1164 lacs for the year ended 31.3.2011.

Rs. in lacs

		31st March, 2011	31st March, 2010
SCHEDULE 3			
Unsecured Loans			
Security deposit from Stockists and others		1351.07	1016.16
		1351.07	1016.16

SCHEDULES forming part of the Balance Sheet (Contd.)

Rs. in lacs

SCHEDULE 4	COST/BOOK VALUE				DEPRECIATION				NET BLOCK	
	As at 31st March 2010	Additions	Deduction/ Adjustment	As at 31st March 2011	As at 31st March 2010	For the Year	On sales/ Adjustment	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010
Fixed Assets										
A. Tangible Assets										
Land	671.88	225.14	-	897.02	-	-	-	-	897.02	671.88
Leasehold Land	7.11	60.00	2.48	64.63	1.05	0.12	-	1.17	63.46	6.06
Buildings	2812.19	494.10	-	3306.29	792.42	67.56	-	859.98	2446.31	2019.77
Railway siding	494.72	-	-	494.72	265.95	7.10	-	273.05	221.67	228.77
Plant & Machinery	44522.86	11111.46	8.03	55626.29	23132.17	2419.37	4.17	25547.37	30078.92	21390.69
Furniture & fittings	140.70	17.09	3.42	154.37	85.41	8.84	1.55	92.70	61.67	55.29
Vehicles	111.92	62.95	8.30	166.57	42.78	12.45	3.52	51.71	114.86	69.14
TOTAL A	48761.38	11970.74	22.23	60709.89	24319.78	2515.44	9.24	26825.98	33883.91	24441.60
B. Intangible Assets										
Computer Software	51.88	48.27	-	100.15	24.36	15.91	-	40.27	59.88	27.52
Mining Right	2002.63	53.44	-	2056.07	661.93	229.73	-	891.66	1164.41	1340.70
TOTAL B	2054.51	101.71	-	2156.22	686.29	245.64	-	931.93	1224.29	1368.22
G. TOTAL(A+B)	50815.89	12072.45	22.23	62866.11	25006.07	2761.08*	9.24	27757.91	35108.20	25809.82
Previous Year	50151.86	707.32	43.29	50815.89	22498.04	2545.13	37.10	25006.07	890.45	6320.24
Capital Work in progress (including Advances)									35998.65	32130.06

* Rs0.55 Lacs included in preoperative expenses during the year



SCHEDULES forming part of the Balance Sheet (Contd.)

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 5		
Investments (other than trade)		
<i>Long Term Investments</i>		
<i>Quoted</i>		
6,50,000 Fully paid up Equity shares of Rs.10/- each of Mangalam Timber Products Ltd.	110.02	110.02
<i>Unquoted</i>		
Government Securities (Deposited with Government Departments)	0.23	0.23
<i>Current Investments</i>		
<i>Quoted</i>		
<i>Units of Mutual Fund</i>		
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 Blockrock World Energy Fund	-	200.00
Birla Sun Life Midcap Fund Plan	-	235.67
Reliance Regular Savings Fund	-	100.00
	-	1840.09
	110.25	1950.34
Aggregate Book value of Quoted Investments	110.02	1950.11
Aggregate Book value of Unquoted Investments	0.23	0.23
Aggregate Market Value of Quoted Investments	99.12	2021.37

Rs.

Rs. in lacs

INVESTMENTS PURCHASED AND SOLD DURING THE YEAR

Mutual Fund units	Face Value	Units	Cost
BSL Medium Term Fund	10	44669	4.44
Birla Sun Life Saving Fund - Retail - Daily Dividend Reinvestment	10	2474292	247.60
HDFC High Interest Short Term Plan	10	1343999	250.00
HDFC Short Term Opportunity Fund-Dividend Reinvestment	10	2546017	254.60
HDFC CMF-Treasury Advantage Plan-Wholesale Daily-Dividend	10	5233072	524.96
HDFC FMP35 August 2010(3) Dividend Series XIV Option	10	2000000	200.00
ICICI Prudential Flexible Income Plan Premium Daily Dividend	10	175099	19.69
ICICI Prudential Ultra Short Term Plan Colln A/C	10	18215	1.83
Reliance Money Manager Fund Institutional Option Daily Dividend	1000	11197	112.17
Reliance Short Term Fund Subscription A/C	10	1344292	236.00

SCHEDULES forming part of the Balance Sheet (Contd.)

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 6		
Inventories		
(As taken, valued and certified by the Management - including in transit)		
At Cost or Net Realisable Value whichever is Lower		
Stores and Spare Parts	2402.69	3088.63
Raw Materials	446.99	880.00
Materials-in-Process	2590.99	1733.87
Finished Goods	1056.32	599.31
Scrap & Waste (at net realisable value)	59.00	41.66
	6555.99	6343.47

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 7		
Sundry Debtors		
(More than six months) Considered Good		
Secured	-	8.79
(Less than Six Months) Considered Good		
Secured	360.62*	211.32*
Unsecured	819.31	698.22
	1179.93	918.33

* 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, 2011	31st March, 2010
SCHEDULE 8		
Cash and Bank balances		
Cash on hand (includes Rs.219.68 lacs (Previous year Rs.150.87 lacs) Cheques / drafts in hand)	228.62	155.58
On Current Accounts	586.42	234.08
On Short Term Deposit	375.00	5088.00
On Unpaid Dividend Account	46.49	32.79
With Margin Money Accounts	1343.62	1496.25
	2580.15	7006.70

**SCHEDULES** forming part of the Balance Sheet (Contd.)

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 9		
Loans and Advances (Unsecured-Considered Good)		
Advances recoverable in cash or in kind or for value to be received	2537.75	1532.11
Intercompany Deposit	4750.00	2450.00
Advance Income Tax (Including tax deducted/collected at source)	8928.61	11493.11
Advance payment of fringe benefit tax	0.10	33.85
MAT Credit Entitlement (Note No. 5)	805.00	-
Deposits with Government Departments & others	594.59	354.94
	17616.05	15864.01

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 10		
Current Liabilities and Provisions		
Current Liabilities:		
Sundry Creditors :		
a) Micro and Small Enterprises (To the extent identified with available information Note No.11)	0.49	1.53
b) Others	5429.30	5180.20
	5429.79	5181.73
Unclaimed Dividends	46.49	32.79
Advance from Customers	529.28	1145.12
Other Liabilities	1239.58	702.46
	7245.14	7062.10
Provisions :		
Income Tax /MAT	7543.23	10165.57
Fringe Benefit Tax	35.08	35.08
Wealth Tax	8.88	7.52
Employee Benefits	611.03	459.29
Proposed Equity Dividend	1601.63	1601.63
Corporate Dividend Tax	259.82	266.01
	10059.67	12535.10

SCHEDULES forming part of the Profit and Loss Account

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 11		
Other Income		
Interest on Fixed Deposits and Others (Gross) including Rs.Nil (Previous year Rs.128.52 lacs) on Income Tax Refund . Tax deducted at source Rs.70.96 lacs (Previous year Rs.92.59 lacs)	686.43	912.36
Rent	31.41	21.46
Rebate on CST	-	383.40
Balances written back (Net)	30.67	92.40
Diminution in the Value of Current Investment written back	-	12.28
Dividend Received		
On Long Term Investments	-	3.90
On Current Investments	21.56	90.27
	21.56	94.17
Profit On Sale of Current Investment (net)	59.90	116.02
Miscellaneous	393.99	368.46
	1223.96	2000.55

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 12		
Increase in Stocks		
Opening Stock		
Material-in-Process	1733.87	979.58
Finished Goods	599.31	222.79
Scrap & waste	41.66	98.23
	2374.84	1300.60
Less: Closing Stock		
Material-in-Process	2590.99	1733.87
Finished Goods	1056.32	599.31
Scrap & waste	59.00	41.66
	3706.31	2374.84
	1331.47	1074.24

	31st March, 2011		31st March, 2010	
	Quantity MT	Amount Rs. in lacs	Quantity MT	Amount Rs. in lacs
SCHEDULE 13				
Raw Materials Consumed				
Limestone	2139587	6316.09	2476692	6301.85
Gypsum	104577	1364.16	102572	1224.21
Blue Dust	41129	972.59	48907	726.67
Fly Ash	152802	439.37	147858	450.88
Others	7005	58.39	270	4.20
		9150.60		8707.81



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

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 14		
Manufacturing, Selling and Administrative Expenses		
Salaries, Wages, Bonus and Allowances	2498.36	2000.33
Contribution to Provident, Gratuity and other funds	431.56	265.18
Workmen and staff welfare	111.64	92.41
Power and Fuel	15265.50	15524.97
Stores and Spares consumed	2279.29	1851.06
Insurance	72.76	57.23
Testing & Lab Expenses	20.48	17.19
Repairs and Maintenance		
Plant and Machinery	594.39	542.30
Buildings	82.60	79.77
Others	59.35	38.83
	736.34	660.90
Rent	130.79	87.95
Rates and Taxes	80.71	770.66
Packing, Forwarding and Distribution Expenses	12154.17	11612.63
Commission & Brokerage to Selling Agents	900.29	857.35
Wealth Tax	8.75	7.40
Prior period adjustments (net)	9.66	0.67
Miscellaneous Expenses	704.81	746.45
Directors Commission	21.00	21.00
Directors fees	16.05	6.65
Payments to Auditors:		
(a) Statutory Auditors		
Audit fees	6.00	5.00
Tax Audit Fees	1.25	1.10
Certification & other work	1.30	1.03
Reimbursement of Travelling Expenses	0.09	0.39
	8.64	7.52
(b) Cost Auditors		
Audit fees	0.60	0.55
Loss on sale of Fixed Assets(net)	2.67	2.61
	35454.07	34590.71

Rs. in lacs

	31st March, 2011	31st March, 2010
SCHEDULE 15		
Interest and Financial Charges		
On Fixed Loan	- *	7.76*
On Others	219.46	188.40
	219.46	196.16

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

SCHEDULES forming part of the Balance Sheet and Profit and Loss Account

SCHEDULE 16

Accounting Policies And Notes On Accounts For The Year Ended 31st March 2011.

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. Scrap and Waste have been valued at net realisable value.

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.

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. Leasehold land is amortised over the lease period.

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.



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

(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 recorded 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 reasonably 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 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. 5.

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.9.10 lacs (Previous year Rs.9.17 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. The merger of Mangalam Timber Products Ltd (MTPL) with the company through the judicial process is in progress. The Hon'ble High Court of Rajasthan, Jaipur, has directed convening of the meeting of unsecured creditors and Share holders of the company which is scheduled for Saturday the 21st May, 2011 at the Registered Office of the Company. The merger, on approval by Hon'ble High Court of Rajasthan, Jaipur and Hon'ble High Court of Orissa, Cuttack, will be effective from 1st April 2010.

3. *Contingent liabilities not provided for:*

(i) Claims against the Company not acknowledged as debts: Differential of royalty on limestone Rs.180.34 lacs (previous year Rs.180.34 lacs), Disputed Cenvat and other excise claims Rs.1157.12 lacs (previous year Rs.1100.60 lacs), differential tax on raw material (Sales Tax) etc. Rs.9.72 lacs (previous year Rs.9.72 lacs), Turnover tax Rs.3.13 lacs (previous year Rs.3.13 lacs), Claims by customers and others Rs.50.51 lacs (previous year Rs.50.81 lacs), Income Tax matters Rs.542.86 lacs (previous year Rs.76.26 lacs), Differential of CST Rs.639.22 lacs (previous year Rs.592.16 lacs), Haryana VAT matters Rs.0.68 lacs (previous year Rs.0.68 lacs).

(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

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

by the Honorable Rajasthan High Court, Jodhpur. Liabilities on this account upto 30.06.1997 are presently not quantifiable.

4. In accordance with the proposed Scheme of Amalgamation, the Company has advanced interest free loan of Rs.3 crores to Mangalam Timber Products Ltd. (MTPL) on 18.01.2011, which has since been received back. However, in case the merger is not effected, interest @11.5 % p.a. will be paid by MTPL to the Company on the said loan.
5. Provision for current tax for the current year 2010-11 is net of MAT credit of Rs.805 lacs (2009-10 Rs.Nil)

as the company is confident to generate sufficient taxable income in the next few years available for set off of the aforesaid credit within the stipulated time.

6. Estimated capital commitments outstanding Rs.425.77 lacs (previous year Rs.9457.70 lacs) against which advance paid Rs.78.21 lacs (Previous year Rs.4542.51 lacs).
7. (i) Pursuant the order dated 30th November, 2007 of the Hon'ble Rajasthan High Court deferred tax liability for the year Rs.1164 lacs (previous year Rs.585 lacs) has been adjusted against Securities Premium Account.

(ii) The major components of the deferred tax assets and liabilities accounted are as below:

	Rs. in lacs	
	As at 31st March, 2011	As at 31st March, 2010
(a) Deferred Tax liability being tax impact on -		
(i) Difference between written down value of block of assets as per Income Tax laws and book written down value of the fixed assets	6655	5199.91
(ii) Others	342	633.09
TOTAL (I)	6997	5833.00
Less: Adjusted till 31.03.2010	5833	5248.00
Charged to securities premium account for this year	1164	585.00
(b) Deferred Tax Assets being tax impact on expenses charged in the books but allowance thereof deferred under income tax laws (II)	1084	916.00
(c) Net Deferred Tax Liabilities (I) – (II)	5913	4917.00

8. 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.
9. Maximum amount due at any time during the year from an officer of the Company under the head "Loans and Advances" is Rs.2.05 lacs (Previous year Rs.0.77 lac).

10. (a) Capital work-in-progress includes advance against capital orders, machinery under installation and building and other assets under erection.



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

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

Particulars	Rs. in lacs	
	31st March, 2011	31st March, 2010
Salaries & Wages, Bonus & other allowance	21.68	3.04
Contribution to provident fund & other funds	2.47	0.50
Staff Welfare	0.23	0.16
Insurance Premium	4.41	9.72
Electricity charges	16.69	-
Consumption of fuel	179.23	-
Repairs to Machinery	1.08	-
Rates & Taxes	17.30	-
Depreciation	0.55	-
Others Expenses	123.33	8.23
	366.97	21.65
Add: Brought forward from previous year	21.65	-
Less: Receipt during trial run	216.50	-
TOTAL	172.12	21.65
Allocated to Fixed Assets	172.12	-

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

S.No.	Particulars	Rs. in lacs	
		31st March, 2011	31st March, 2010
(a)	(i) Principal amount remaining unpaid at the end of the accounting year	0.49	1.53
	(i) Interest due on above	Nil	Nil
(b)	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
(c)	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
(d)	The amount of interest accrued and remaining unpaid at the end of the financial year	Nil	Nil
(e)	The amount of further interest remaining due and payable in succeeding years, until such interest is actually paid	Nil	Nil

12 Employee Defined Benefits

(a) Defined Contribution Plans: The company has recognised expenses towards the defined contribution plans as under:

	Rs. in lacs	
	31st March, 2011	31st March, 2010
Contribution to Superannuation Fund	93.84	77.30
Contribution to Provident Fund (Government)	191.83	164.36
Others	23.72	19.38
	309.39	261.04

(b) Defined Benefit Plans as per Actuarial Valuation as on 31st March, 2011 and recognised in the financial statements in respect of Employee Benefit Schemes:

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

Rs. in lacs

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
I Reconciliation of Defined Benefit Obligations (DBO) during the year ended 31st March, 2011				
1 Present Value of DBO at the Beginning of Period	956.47	843.28	361.47	318.57
2 Current Service Cost	65.08	52.45	40.12	29.75
3 Interest Cost	76.52	67.46	28.92	25.49
4 Past Service Cost	96.72	-	-	-
5 Actuarial (Gains)/Losses	31.26	28.98	101.15	38.67
6 Benefits Paid	(50.62)	(35.70)	(56.84)	(51.01)
7 Present Value of DBO at the End of Period	1175.41	956.47	474.82	361.47
II Reconciliation of Fair Value of Plan Assets during the year ended 31st March, 2011				
1 Plan Assets at the Beginning of Period	916.43	797.95		
2 Expected Return on Plan Assets	85.23	74.21		
3 Actuarial Gains/(Losses)	4.14	34.64		
4 Company Contribution	154.88	45.33		
5 Benefits Paid	(50.63)	(35.70)		
6 Plan Assets at the End of Period	1110.05	916.43		
III Reconciliation of fair value of assets and obligation as at 31st March, 2011				
1 Present value of Defined Benefit Obligation	1175.42	956.47	474.82	361.47
2 Fair value on Plan Assets	1110.06	916.43	-	-
3 Status[Surplus/(Deficit)]	(65.36)	(40.04)	-	-
4 Net Asset/(Liability) recognised in Balance Sheet	(65.36)	(40.04)	(474.82)	(361.47)
IV Expenses recognised during the year				
1 Current Service Cost	65.08	52.45	40.12	29.75
2 Past Service cost	96.72	-	-	-
2 Interest Cost	76.52	67.46	28.92	25.49
3 Expected Return on Plan Assets	(85.23)	(74.21)	-	-
4 Actuarial Losses/(Gains)	27.12	(5.66)	101.15	38.67
5 Total Expenses recognised in the Statement of Profit & Loss Account [includes Rs.0.05 lacs (Previous year Rs.0.02 lacs) for Gratuity and Rs.0.77 lacs (Previous year Rs.0.11 lacs) for Leave Encashment charged as preoperative expenses]	180.21	40.04	170.79	93.91
V Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March 2010				
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%		
VI Actuarial Assumptions				
1 Discount Rate (%)	8.00	8.00	8.00	8.00
2 Expected Return on Plan Assets (%)	9.30	9.30	-	-
3 Rate of escalation in salary (per annum)	6.0%	6.0%	6.0%	6.0%
4 Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96



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

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

14 Related Party Information	2010-11	2009-10
I. List of Related Parties		
(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	(1) Shri A.V. Jalan
	(2) Smt.Vidula Jalan	(2) Smt.Vidula Jalan
	(3) Pilani Investment & Industrial Corporation Ltd.	(3) Pilani Investment & Industrial Corporation Ltd.
	(4) Vidula Consultancy Service Ltd.	(4) Vidula Consultancy Service Ltd.
	(5) Mangalam Timber Products 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.

II. Transactions with related parties:

Particulars	Related Parties		
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
			Rs. in lacs
Purchase:			
Goods and material	-		-
Kesoram Industries Limited		Nil (0.61)	
Sales:			
Goods and material	-		-
Kesoram Industries Limited		90.97 (393.00)	
Expenses:			
Consultancy	-	-	
Vidula Consultancy Service Limited			2.33 (1.77)
Income:			
Dividend Received	-	-	
Mangalam Timber Products Limited			Nil (3.90)
Loan Given	-	-	
Mangalam Timber Products Limited			300 (Nil)

SCHEDULES forming part of the Balance Sheet and Profit and Loss Account (Contd.)**II. Transactions with related parties: (Contd.)**

Particulars	Related Parties			Rs. in lacs
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	
Realisation of Loan Given	-	-		
Mangalam Timber Products Limited			300	(Nil)
Dividend paid	-			
Kesoram Industries Limited		171.72 (157.41)		
Pilani Investment & Industrial Corporation Ltd.			67.20	(61.60)
Remuneration	Refer note No.17 of Notes to the Accounts	-	-	-
Director Fees	-	-		
Shri A.V. Jalan			1.5	(0.35)
Smt. Vidula Jalan			1.5	(0.35)
Director Commission	-	-		
Shri A.V. Jalan			3.5	(3.5)
Smt. Vidula Jalan			3.5	(3.5)
Outstanding:				
Purchase:				
(a) For goods and material	-	-		
Kesoram Industries Limited		0.16 (0.16)		
Sales:				
(b) For goods and material	-			
Kesoram Industries Limited		4.20 (3.38)		
Expenses:				
(c) Consultancy	-	-		
Vidula Consultancy Service Limited			0.44	(0.25)
(d) Director Commission	-	-		
Shri A.V. Jalan			3.50	(3.50)
Smt. Vidula Jalan			3.50	(3.50)

*Previous year figures are given in bracket



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

15. Earning Per Share (EPS)

	Rs. in lacs	
	31st March, 2011	31st March, 2010
Net profit attributable to equity share holders	3824.14	11881.03
Weighted average of Equity Shares (Nos.)	26693780	26771818
Nominal value of Equity Shares	10	10
Basic/Diluted EPS (in rupees)	14.33	44.38

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

	Rs. in lacs			
	No. of shares	Days	Proportionate Number of shares outstanding	
Weighted average of Equity Shares (Nos.)	Bought Back	Outstanding		
Nominal value of Equity Shares		28033198	21	1612869
Less: Bought Back on: 22.04.2009	1161393	26871805	2	147243
24.04.2009	178025	26693780	342	25011706
Total Weighted Average Share			365	26771818

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

	Rs. in lacs	
	31st March, 2011	31st March, 2010
Salaries, Wages, Bonus and Allowances	208.32	166.36
Contribution to provident and other fund	38.74	13.36
Workmen and staff welfare	1.90	1.70
Power and Fuel	222.37	216.25
Stores and Spare consumed	198.70	191.11
Insurance	2.13	2.70
Transportation of Raw Materials	631.92	648.02
Repairs to Machinery	37.02	47.83
Repairs to Building	3.63	0.59
Royalty	1050.94	1109.22
Rates and Taxes	458.18	477.30
Other Expenses	7.12	7.53

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

	Rs. in lacs	
	31st March, 2011	31st March, 2010
Salaries, Wages, Bonus and Allowances	144.47	121.82
Contribution to Provident Fund	20.78	17.07
Electricity / Diesel	7.20	9.82
Stores & Spares consumed	139.22	244.95
D G Running	3.04	-
Insurance	6.62	4.83
Repairs to Plant & Machinery	160.51	126.34
Rates & Taxes	1.74	1.39
Misc. Expenses	20.32	10.25

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

		Rs. in lacs	
		31st March, 2011	31st March, 2010
17	(a) <i>Remuneration to Managing Director</i>		
	Salary	7.15	6.55
	Contribution to Provident Fund	0.86	0.79
	Superannuation Fund	1.00	0.98
	Allowances	27.00	25.75

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

		Rs. in lacs	
		31st March, 2011	31st March, 2010
(b)	<i>Commission to Non-Executive Directors</i>	21.00	21.00
Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for the purpose of Director Commission:			
	Profit before Taxation	4136.90	18413.23
Add	Depreciation as per accounts	2751.43	2535.96
	Loss on sale of Fixed Assets (Net)	2.67	-
	Managerial Remuneration	73.06	61.72
	Wealth Tax	8.75	7.40
	TOTAL-A	6972.81	21018.31
Deduct	Depreciation as per section 350	2667.85	2458.52
	Profit on sale of Investment (net)	59.90	116.02
	Diminution in the value of Investment written back	-	12.28
	TOTAL-B	2727.75	2586.82
	Net profit for the year (A-B)	4245.06	18431.49
	1 % of Net Profit	42.45	184.32
	Directors commission restricted to	21.00	21.00



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

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

	Rs. in lacs				
	31st March, 2011		31st March, 2010		
	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	1514276		1636818		
Opening stock	24299	599.31	8777	222.80	
Sales (Gross)(including Self consumption 1993 MT Value Rs.41.48 lacs (2009-2010, 2925 MT value Rs.57.07 lacs) and shortage in transit/samples/claim 244.24 MT (2009-10 337.10 MT)					
	Cement	1503233	54024.92	1621296	63016.76
	Clinker	100571	2445.30	193471	5167.06
	Others	-	0.44	-	-
Closing Stock	35342	1056.32	24299	599.31	

- (b) All Raw Materials consumed are indigenous.
- (c) Stores and spare parts consumed.

	31st March, 2011	Percent-age	31st March, 2010	Percent-age
	Rs. in lacs		Rs. in lacs	
Indigenous	2366.28	90	2042.98	92
Imported	253.97	10	168.83	8
(d) C.I.F. Value of imports in respect of				
i. Stores and spares	146.51		243.10	
ii. Capital Goods	1063.36		4.76	
(e) Expenditure in foreign currency (on cash basis)				
i. Traveling Expenses	24.71		2.74	
ii. Sales promotion exp.	19.28		0.48	

* 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.

19. 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
(Firm Registration No. 016746N)

New Delhi The 27th day of April, 2011	P.K.Jain Partner Membership No. 10479	R.C.Gupta Company Secretary	O.P. Gupta K. K. Mudgil K. C. Jain	Chairman Director Managing Director
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CASH FLOW STATEMENT for the year ended 31st March, 2011

Rs. in lacs

	31st March, 2011	31st March, 2010
A. Cash Flows From Operating Activities:		
Net Profit before taxation and extraordinary items	4136.90	18413.23
Adjustments for:		
1. Depreciation / Amortisation	2751.43	2535.96
2. Interest Expense	219.46	196.16
3. Dividend received	(21.56)	(94.17)
4. Interest income	(686.43)	(912.36)
5. Loss on sale of fixed Assets (Net)	2.67	2.61
6. Wealth Tax	8.75	7.40
7. Diminution in the value of investment	0.00	(12.28)
8. Profit/Loss on sale of investments (Net)	(59.90)	(116.02)
Operating profit before working capital Changes	6351.32	20020.53
Adjustments for:		
1. Trade & Other receivables	(3945.66)	(883.15)
2. Inventories	(212.52)	(1718.34)
3. Trade payables	321.07	2034.27
Cash generated from operations	2514.21	19453.31
Direct taxes paid	(1317.24)	(6629.28)
Net Cash from Operating Activities	1196.97	12824.03
B. Cash Flows From Investing Activities:		
Purchase of Fixed assets	(6642.11)	(6550.06)
Sale of fixed assets	10.33	3.57
Dividend Received	21.55	94.17
Interest received	825.20	689.53
Purchase/Disposal of Current investments (net)	1900.00	(1013.94)
Net Cash used in Investing Activities	(3885.03)	(6776.73)
C. Cash Flows From Financing Activities:		
Buy back of equity share	0.00	(1003.90)
Interest and financial charges	(219.46)	(204.73)
Dividend Paid (including corporate dividend tax)	(1853.94)	(1704.53)
Proceeds from long term borrowings	334.91	119.42
Re-payment of long term borrowings	0.00	(654.65)
Net cash used in financing activities	(1738.49)	(3448.39)
Net increase/decrease in cash and cash equivalents	(4426.55)	2598.91
Cash and cash equivalents as at 31.03.2010 (Opening balance)	7006.70	4407.79
Cash and cash equivalents as at 31st March 2011 (Closing balance)	2580.15	7006.70

**CASH FLOW STATEMENT** for the year ended 31st March, 2011

Rs. in lacs

		31st March, 2011	31st March, 2010
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	Current period	Previous period
	Cash in hand	8.94	4.71
	Bank Balances		
	Current accounts	586.42	234.08
	Margin money	1343.62	1496.25
	Cheques/Drafts in hand	219.68	150.87
	Short term deposit	375.00	5088.00
	Unpaid Dividend	46.49	32.79
		2580.15	7006.70

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

Chartered Accountants
(Firm Registration No. 016746N)

New Delhi
The 27th day of April, 2011

P.K.Jain
Partner
Membership No. 10479

R.C.Gupta
Company Secretary

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

Chairman
Director
Managing Director

BALANCE SHEET ABSTRACT and Company's General Business Profile

I. Registration Details

Registration No. L 2 6 9 4 3 R J 1 9 7 6 P L C 0 0 1 7 0 5 State Code 1 7
 Balance Sheet Date 3 1 0 3 2 0 1 1

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

Public Issue N I L Rights Issue N I L
 Bonus issue N I L Private Placement N I L

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

Total Liabilities 4 6 7 3 6 3 5 Total Assets 4 6 7 3 6 3 5
 Sources of Funds
 Paid up Capital 2 6 6 9 3 8 Reserves & Surplus 3 6 8 0 2 9 0
 Secured Loans - Unsecured Loans 1 3 5 1 0 7
 Deferred Tax Liabilities (Net) 5 9 1 3 0 0
 Application of Funds
 Net Fixed Assets 3 5 9 9 8 6 5 Investments 1 1 0 2 5
 Net Current Assets 1 0 6 2 7 4 5

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

Turnover 4 9 1 5 7 0 3 Total Expenditure 4 5 0 2 0 1 3
 Profit before tax 4 1 3 6 9 0 Profit after Tax 3 8 2 4 1 4
 Earning per Share in Rs. 1 4 . 3 3 Dividend Rate % 6 0

V. Generic Name of Principal Product of the Company

Item Code No.(ITC Code) 2 5 2 3 2 9 . 0 1
 Product Description O t h e r G r e y P o r t l a n d C e m e n t

New Delhi
 27th April, 2011

R.C.Gupta **O.P. Gupta**
 Company Secretary 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 A.V. Jalan	<i>Executive Director</i>
Smt. Vidula Jalan	<i>Executive Director</i>
Shri K.C. Jain	<i>Managing Director</i>

COMPANY SECRETARY

Shri R.C. Gupta

TEAM OF EXECUTIVES

Shri R.C. Gupta	<i>President</i>
Shri S.S. Jain	<i>President (Works & Project)</i>
Shri Yaswant Mishra	<i>Sr. Joint President</i>
Shri A.K. Uppal	<i>Head – Marketing</i>
Shri S.K. Agrawal	<i>Joint President (Tech.)</i>
Shri Anil Mandot	<i>Sr. Vice President (A & T)</i>
Shri V. Raghupati	<i>Vice President (Power Plant)</i>
Shri R. Giri	<i>Vice President (Elect. & Instrumentation)</i>
Shri R.K. Sodhani	<i>Vice President (Production)</i>
Shri G.S. Chandak	<i>Vice President (Sales & Sales Accounts)</i>
Shri Anoop Walia	<i>Vice President (Marketing)</i>

REGISTERED OFFICE & WORKS

P.O. Aditya Nagar - 326520
Morak
Dist. 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
ICICI Bank 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

NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of Members of Mangalam Cement Ltd will be held on Saturday, the 6th August, 2011, at 11.30 A.M. at the Club Hall of Mangalam Cement Ltd, Basant Vihar, Adityanagar 326520, Morak, Dist. Kota (Rajasthan) to transact, with or without modification(s), the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Shri O.P.Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K.K.Mudgil who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and to fix their remuneration and in that connection to pass with or without modification(s), the following Resolution to be moved as an Ordinary Resolution.

“RESOLVED THAT M/s. Jain Pramod Jain & Co., Chartered Accountants, New Delhi, (FRN 016746N), be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company, be and is hereby authorised to fix their remuneration and terms of payment as per the recommendations of its Audit Committee.”

6. Special Business

To consider and if thought fit to pass, with or without modification(s) the following Resolution to be moved as Special Resolution.

“RESOLVED THAT pursuant to Sections 198, 269, 310, 311 and 316 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, as amended, the Company hereby accords, its consent and approval of re-appointment of Shri K.C.Jain as Managing Director of the Company for a period of three years w.e.f. 1st May, 2011, notwithstanding the fact that he shall continue to act as Sr President of Cement Sections of Kesoram Industries Ltd and also its Whole-time Director, on the terms as to the remuneration as set out under and with further liberty to the Board of Directors (herein after referred to as 'Board'), which shall be deemed to include any committee of the Board constituted, from time to time, to alter and vary such terms and conditions in such a manner as may be agreed to, between the Board and Shri K.C.Jain in the best interest of the Company within the limits as contained in Schedule XIII of the said Act or any amendment thereof or otherwise, as may be permissible by law, viz:

- A. (a) Basic Salary
Rs.60,000 (Rupees sixty thousand only) per month.
- (b) Special Allowance
Rs.2,40,750 (Rupees two lacs forty thousand seven hundred fifty only) per month and annual increase of 7% after completion of each year.
- B. Perquisites
 - a. Personal Accident Insurance, the premium of which shall not exceed Rs.5,000/- (Rupees five thousand only) per annum.
 - b. Contribution to Provident Fund and Superannuation Fund as per the Rules of the Company, to the extent that these either singly or put together, are not taxable under the Income Tax Act, 1961.
 - c. Reimbursement of entertainment and all other expenses, actually and properly incurred for the business of the Company.
 - d. Gratuity on the basis of half month's salary for each completed year of service.
 - e. Entitlement of leave with full pay and encashment of leave including accumulated leave at the end of the tenure as per the rules of the Company.

C. Minimum Remuneration

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the aforesaid remuneration including perquisites be paid to the Managing Director as minimum remuneration.”

7. To consider and if thought fit, to pass, with or without modification(s) the following Resolution to be moved as Special Resolution.

“RESOLVED THAT pursuant to provisions of Section 309 and other applicable provisions of the Companies Act, 1956, the Company, be and is hereby authorized to pay commission to the Directors (except the Managing Director and Executive Directors) @ 1% of the net profit of the Company, but not exceeding Rs.3.5 Lacs (Rupees three Lacs fifty thousand only) to each of the Non-Executive director in every financial year computed in the manner referred to Section 198(1) of the said Act, for a period of 2 years w.e.f. 1st April, 2011, provided that within the period covered by this Resolution, the total amount together shall not exceed the amount as prescribed in Schedule XIII of the Companies Act, 1956.”

By Order of the Board,

Registered Office:

P.O.Adityanagar 326520,
Morak, Dist.Kota (Rajasthan)

Dated, the 27th day of April , 2011

R.C.GUPTA
Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN THE FORM ANNEXED HERETO MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The Register of members and Share Transfer Books of the Company shall remain closed from 30th July, 2011 to 6th August, 2011, both the days inclusive on account of Annual General Meeting and dividend payment.
3. The payment of dividend, if declared at the said meeting, will be made to those shareholders whose names shall appear on the company's Register of Members on 6th August, 2011, or to their nominees. In respect of shareholding in dematerialized form, dividend will be paid to the beneficial owners as per details to be furnished by the Depositories for the purpose. Dividend Warrants will be dispatched or credit will be given under ECS as the case may be, on or after 17th August, 2011.
4. Dividend in respect of shares held in dematerialized form shall be credited to the beneficial owner's bank account directly through Electronic Clearing Services (ECS) subject to availability of bank account details and 9 digits code number. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.
Shareholders holding shares in physical form and desirous of availing ECS facility, should provide the bank details and 9 digits code number in ECS Mandate Proforma. Shareholders who have already given their Bank details to avail the ECS facility should furnish the same only if there is any change.
The ECS Mandate Proforma can be obtained from the Company's Share Transfer Agents, M/s.MAS Services Ltd at the address mentioned herein below in Note 6.
5. a. Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed/ Unpaid dividends upto the financial year ended 31st March 1995, have been transferred to the General Revenue Account of the Central Government. Those shareholders who have so far not claimed or collected their dividend for the said period may claim their dividend directly from the Registrar of Companies, Rajasthan, Jaipur, by submitting an application in the prescribed form.
b. (i) Pursuant to Section 205A of the Companies Act, 1956, read together with 205C of the Act, as amended, Dividend for the financial years ended 31st March, 1996 and 31st March 1997, which remained unpaid or unclaimed for 7 years, has been transferred to the Investor Education and Protection Fund constituted by the Central Government.
(ii) It may be noted that as per amended Companies Act, once the unclaimed dividend is transferred to the aforesaid fund of the Central Government as above, no claim shall lie in respect of such amounts.
c. Shareholders who have not claimed their dividend for the financial years 2006-07 to 2009-10 may produce their unclaimed dividend warrants alongwith necessary documents to the company. The said dividend will remain in unpaid dividend account with the company for a period of 7 years.
6. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Share Transfer Agents, M/s.MAS Services Ltd, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110020, for nomination form quoting their folio number. Shareholders holding shares in dematerialized form should write to their Depository Participant for the purpose.
7. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Transfer Agents at the address mentioned hereinabove in Note 6 to consolidate their holding in one folio.
8. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agents at the address mentioned hereinabove in Note 6 quoting their folio number. Shareholders holding shares in dematerialized form, should intimate change of their address, if any, to the Depository participant.

9. Re-appointment of Directors

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the Company is required to provide a brief resume, experience and names of the companies in which the proposed Directors hold Directorship and Membership of the Committees of the Board and accordingly, the said information is given herein below in respect Shri O.P.Gupta and Shri K.K.Mudgil, Directors, seeking re-appointment.

Shri O.P.Gupta

Shri O.P.Gupta, aged 91 years is Ex-Chairman of Punjab National Bank and is associated with the Company since 1980. He does not hold any share in the Company. He is also Director in Padumjee Pulp and Paper Mills Ltd and Chairman of its Audit Committee.

Shri K.K.Mudgil

Shri K.K.Mudgil, aged 73 years is BA. (Hon), in Economics with advanced course on 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. He is neither a Director nor Chairman/Member of the Committees of the Board in any other Company.

Shri Mudgil holds 1000 equity shares in the Company. He is on the Board of the Company since 27th December, 2000.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No.6

At the Annual General Meeting (AGM) held on 15th July, 2008, the members of the Company had approved, re-appointment and terms of remuneration of Shri K.C.Jain, Managing Director for a period of 3 years w.e.f. 1st May, 2008. His salary and special allowance was revised by the members at their Annual General Meeting held on 17th July, 2009. His term is expiring on 30th April, 2011 and the Board of Directors at its meeting held don 27th April, 2011, had re-appointed him as Managing Director of the Company for a period of 3 years effective from 1st May, 2011

As required by law, the following information is furnished regarding the Special Resolution proposed to be moved and passed in this regard.

I. General Information

1. Nature of Industry : Cement
2. Date or expected date of commencement of commercial production: Mangalam Cement, Unit-I of the Company was commissioned in the year 1981. The second plant, Neer Shree cement was commissioned in the year, 1994.
3. In case of new Companies, the expected date of commencement of activities as per project approved by the financial institution appearing in the prospectus: Not applicable.
4. Financial Performance based on given indicators.

Rs. in Crores

	Financial Year (12 months) ended			
	31.3.2008	31.3.2009	31.3.2010	31.3.2011
Gross Sales and other Income	601.70	672.07	702.05	576.95
Operating Profit (PBIDT)	160.50	162.01	211.45	71.08
Profit before depreciation	157.55	158.83	209.49	68.88
Profit after Tax (PAT)	113.55	97.16	118.81	38.24

5. Export performance and net foreign exchange collaborations: Not applicable.
6. Foreign investments or collaborators, if any : Not applicable.

II. Information about the Appointee

- (1) Shri K.C.Jain, aged about 71 years, is a qualified Chartered Accountant and is holding the position as Sr President of cement sections of Kesoram Industries Ltd and is also holding the office of its Whole-time Director and having regard to the vast experience in cement industry and the capability of Shri K.C.Jain and the efficient management of the affairs of the Company during his tenure as Managing Director, your Directors felt that it will be in the best interest of the Company to re-appoint him as Managing Director notwithstanding the fact that he continues to remain as Sr President of cement sections of Kesoram Industries Ltd and also its Whole-time Director.

Shri K.C.Jain is also a member of Share transfer Committee and Shareholders' Grievance Committee of the Directors of the Company. He is also holding office as Director in M/s.Gondakhari Coal Mining Ltd.

- (2) Past Remuneration

Details of remuneration paid to Shri K.C.Jain during the lasts 3 years are given below:

Rs. in Lacs

S.No.	Particulars	2008-09	2009-10	2010-11
1.	Salary	5.80	6.55	7.15
2.	Contribution to P.F.	0.70	0.79	0.86
3.	Superannuation fund	0.87	0.98	1.07
4.	Allowances	11.00	25.75	27.00
5.	P.L.Encashment	0.90	-	-
		19.27	34.07	36.08

- (3) Job Profile of Shri K.C.Jain

Shri K.C.Jain is incharge of the Company subject to the superintendence, control and direction of the Board of Directors. Shri K.C.Jain is a qualified Chartered Accountant and is having experience in cement industry for over 45 years and having regard to his vast experience in cement industry and his capability for efficient management of Company's affairs, his re-appointment will be in the best interest of the Company.

During the tenure of Shri K.C.Jain, the Company had a turn around. He was instrumental in settling the dues of financial institutions and banks when the Company was declared sick. The Company was able to achieve higher turn over and higher earnings during his tenure and this has been possible due to his vast experience in cement industry.

- (4) Remuneration Proposed

The Remuneration Committee and Board of Directors of the Company at their respective meetings held on 27th April, 2011, approved the following terms of remuneration to Shri K.C.Jain subject to the requisite approval of the Shareholders.

Salary : Rs.60,000/- p.m. (Rupees sixty thousand only).

Special Allowance : Rs.2,40,750/- p.m. (Rupees two lacs, forty thousand, seven hundred fifty only).

Annual increase in special allowance @7% (seven percent) after completion of each year.

Perquisites:

- a. Personal Accident Insurance, the premium of which shall not exceed Rs.5,000/- (Rupees five thousand only) per annum.
 - b. Contribution to Provident Fund and Superannuation Fund as per the Rules of the Company, to the extent that these either singly or put together, are not taxable under the Income Tax Act, 1961.
 - c. Reimbursement of entertainment and all other expenses, actually and properly incurred for the business of the Company.
 - d. Gratuity on the basis of half month's salary for each completed year of service.
 - e. Entitlement of leave with full pay and encashment of leave including accumulated leave at the end of the tenure as per the rules of the Company.
5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.
The executive remuneration in the industry has increased manifold. The remuneration committee constituted by the Board in terms of Schedule XIII to the Companies Act, 1956, has examined the remuneration of managerial personnel in the cement industry and in other companies comparable with the size of the company, financial position of the company, the trends in industry, qualification, experience, responsibilities and past performance etc of Shri K.C.Jain, before approving his proposed remuneration and the remuneration committee is of the opinion that the proposed remuneration is reasonable and justified.
6. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:
Shri K.C.Jain holds 6840 Equity Shares of the Company and except the remuneration proposed, Shri K.C.Jain does not have any other pecuniary relationship with the Company and he is not related to any managerial personnel.
7. The remuneration proposed above, shall be considered as minimum remuneration in case of loss or inadequacy of profits and the Company, pursuant to the Resolution, is authorized to abide by the provisions as contained in Schedule XIII to the Companies Act, 1956 and shall take necessary approval from the Central Government, if required.

III. Other Information:

The Company is planning to set up a split grinding unit of 1.25 million MT p.a. capacity at Aligarh in the State of U.P. The Company is also exploring the possibility of increasing the capacity at the existing site by carrying out modifications in the existing units.

The Board of Directors recommends passing of the Special Resolution at item No.6 of the Notice.

None of the Directors, other than Shri K.C.Jain for himself, may be deemed to be concerned or interested in the aforesaid Resolution.

The Notice read with the explanatory statement shall be considered as an abstract of the terms of appointment and payment of remuneration of Shri K.C.Jain and a memorandum as to the nature of concern or interest of the Managing Director as required under Section 302 of the Companies Act, 1956.

The documents mentioned in the Resolution are open for inspection at the Registered Office of the Company on any working day between 10.00 AM and 4.00 PM.

Item No.7

Section 309(4) of the Companies Act, 1956 provides that in the case of a Director who is neither Managing Director nor in the whole-time employment of the Company, may by a Special resolution, authorize payment of commission in addition to the fee for attending the meetings of the Board where such Directors are rendering useful advice to the Company. To retain such independent Directors, it is desirable that they should be paid commission @1% of the net profit of the company not exceeding Rs.3.5 Lacs to each of the Director in any financial year, except the Managing Director and Executive Directors. The Shareholders in their Annual General Meetings held on 15th July, 2008 and 29th July, 2010, had approved payment of commission @ 1% of the net profits of the Company but not exceeding Rs.21 Lacs in each financial year for a period of 3 years ended on 31st March, 2011. The proposed Resolution seeks authority for such payment to the Directors for a period of 2 years effective from 1st April, 2011.

All the Directors of the Company except Shri K.C.Jain, Managing Director, Shri A.V.Jalan and Smt.Vidula Jalan, Executive Directors, are interested in the Resolution to the extent the commission is payable to them in accordance with the proposed Resolution.

By Order of the Board,

Registered Office:

P.O.Adityanagar 326520,

Morak, Dist.Kota (Rajasthan)

Dated, the 27th day of April, 2011

R.C.GUPTA

Secretary



MANGALAM CEMENT LTD

Registered Office: Aditya Nagar Morak-326520 Dist. Kota (Rajasthan)

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the hall.

Full Name of the Shareholder in Block Letters

Full Name of the Proxy in Block Letters

No. of Shares held Folio/DPID. No.

I hereby record my presence at the Thirty Fifth Annual General Meeting of the Company at Club Hall, Aditya Nagar, Morak Dis. Kota (Rajasthan) on Saturday the 6th August 2011 at 11.30 AM.

.....
Signature of the Shareholder/Proxy

NOTE: Only Shareholders of the Company or their proxies will be allowed to attend the meeting.



MANGALAM CEMENT LTD

Registered Office: Aditya Nagar Morak-326520 Dist. Kota (Rajasthan)

PROXY FORM

Folio / DPID No.....

No. of Shares held

I/Weof being a Member/Members of Mangalam Cement Ltd, hereby appoint Mr. of or failing him Mr..... of or failing him Mr. of as my/our proxy to vote for me / us on my/ our behalf at the Thirty Fifth Annual General meeting of the Company to be held on Saturday the 6th August 2011 at 11.30 A.M. at Club Hall Aditya Nagar 326520 Morak Dist Kota (Rajasthan) and at any adjournment thereof.

As witness my/our hand(s) is / are affixed this day of 2011.

Affix Re.1/-
Revenue
Stamp

Signature

NOTE: The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.





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