



B K BIRLA GROUP OF COMPANIES

PRODUCT



PROCESS



PERFORMANCE



PEOPLE

Sustainable Matrix

MANGALAM CEMENT LIMITED

36th Annual Report 2011-12

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.

READ INSIDE

About MANGALAM

Business Highlights	02
Corporate Identity	04
Awards and Accolades	06
Message from Syt. B.K. Birla	07
Sustainable Matrix	08
Environmental Initiatives	14
Responsibility	16
Risk Management	17
Board of Directors	18

Statutory REPORTS

Management Discussion and Analysis	20
Report of the Directors	24
Report on Corporate Governance	32

Financial SECTION

Auditors' Report	45
Balance Sheet	48
Profit & Loss Account	49
Notes	50
Cash Flow Statement	69
Corporate Information	71

AT MANGALAM CEMENT, SUSTAINABILITY IS A JOURNEY ACROSS EVOLVING BUSINESS REALITIES. IT INVOLVES THE CONVERGENCE OF SOUND STRATEGIES AND SKILLFUL EXECUTION, RESULTING IN IMPROVED PRODUCT QUALITY AND ENCOURAGING BUSINESS PERFORMANCE.

In 2011-12, we faced significant challenges at Mangalam Cement: rising input cost, moderate demand and adverse external environment.

The consequence: plummeting realisations.

The adversity presented an opportunity to strengthen our business model.

We moved ahead with alacrity...

Regulated escalating costs through optimum use of raw materials, process modernisation and proactive resource management.

Enhanced people skills through meaningful intervention and periodic training.

Increased product dispatches under higher levels of supervision.

These efforts contributed to the growth in revenues and improved profitability.

We believe we are creating a sustainable matrix for long-term value creation.





PERFORMANCE IS NOT WORD-PLAY.

NUMBERS COUNT...

16.32
lac tons



Cement production in 2011-12 (15.14 lac tons in 2010-11)

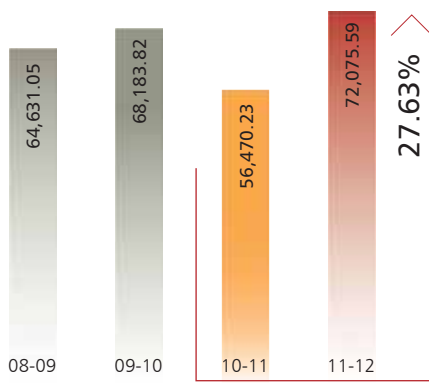
14.13
lac tons



Clinker production in 2011-12 (13.79 lac tons in 2010-11)

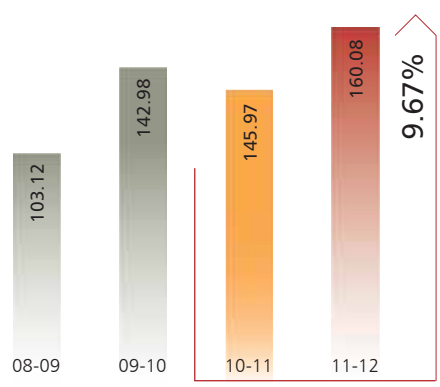
Total revenue

(Rs. in lacs)



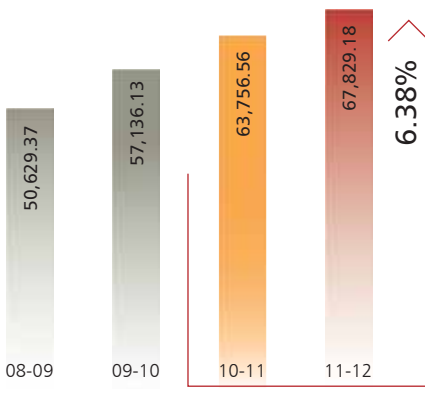
Book value per share

(Rs.)



Gross block

(Rs. in lacs)

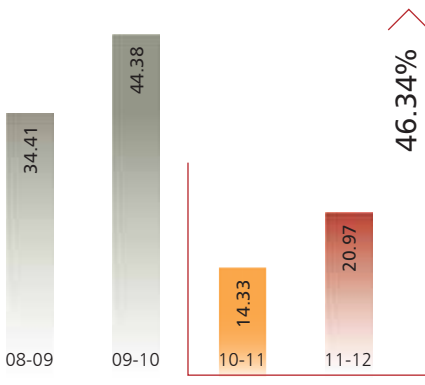


16.36
lac tons

Cement dispatch in 2011-12 (15.12 lac tons in 2010-11)

Earnings per share (basic)

(Rs.)

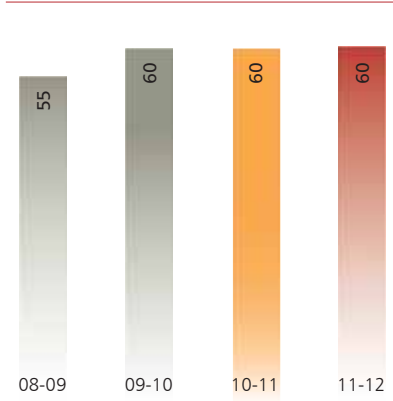


1,432.56
lac Kwh

Captive thermal energy generation in 2011-12 (1,217.22 lac Kwh in 2010-11)

Dividend payment

(%)



178.84
lac Kwh

Captive green energy generation in 2011-12 (120.11 lac Kwh in 2010-11)



OUR INTEGRATED EXPERTISE PROVIDES A STRONG ADVANTAGE IN TODAY'S RAPIDLY CHANGING AND HIGHLY COMPETITIVE BUSINESS SCENARIO.

Incorporated in 1976, and having commenced cement production in 1981, Mangalam Cement Limited, a part of the B.K. Birla Group of Companies, has emerged as a leading integrated manufacturer of world-class cement in North India.

Core offerings

- Birla Uttam Cement- 43 Grade
- Birla Uttam Cement- Portland Pozzolana Cement (PPC)

Operating locations

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

Certifications

- ISO 9001:2008 for stringent process quality control
- ISO 14001:2004, reflecting advanced environmental management system
- IS 18001:2007, indicating sophisticated occupational health and safety management system

Credit ratings

- Rated 'CARE AA- (Double A minus)' for long-term facilities and 'CARE A1 +' (A one Plus)' for short-term facilities by Credit Analysis & Research Ltd (CARE)

NSE Ticker: MANGLMCEM

BSE Ticker: 502157

Dividend: Rs. 6 per share (Face value: Rs.10)



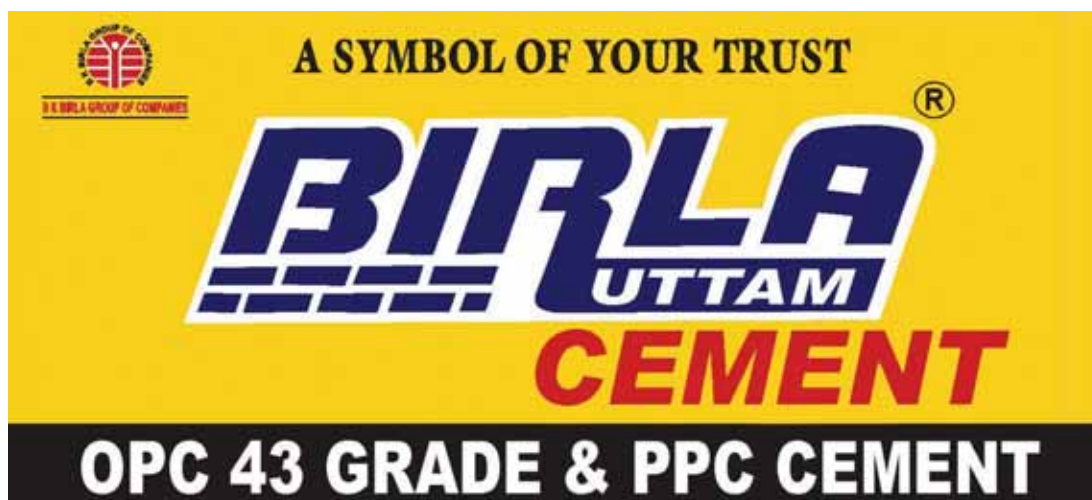
Expansion agenda

Mangalam Cement is in the process of enhancing its manufacturing capacities of both clinker and cement. Clinker capacity will increase by 5 lacs TPA by April, 2013 and cement manufacturing capacity will increase by 1.25 MTPA by the end 2013. A second thermal Captive Power Plant of 17.5 MW has already been commissioned which will cater to the expanded capacities. These expansion projects are estimated to cost Rs. 500 crore and will be financed through internal cash accrual and loan from banks.

Pillars of strength

- One of the **most cost-efficient** cement manufacturers in India on account of modern technology, excellent raw material management and captive power source
- Extensive network of **1,020+ dealers** across cities and towns
- Motivated workforce of **900+ employees** with rich industry experience, driven by group ethos
- Environment **stewardship**: green belt in the vicinity of our manufacturing plant; controlled pollution index, facilitating ecological balance
- **Debt-free** status as on 31st March 2012

Trusted brand - Birla Uttam





RECOGNITION OF OUR ENDEAVOUR

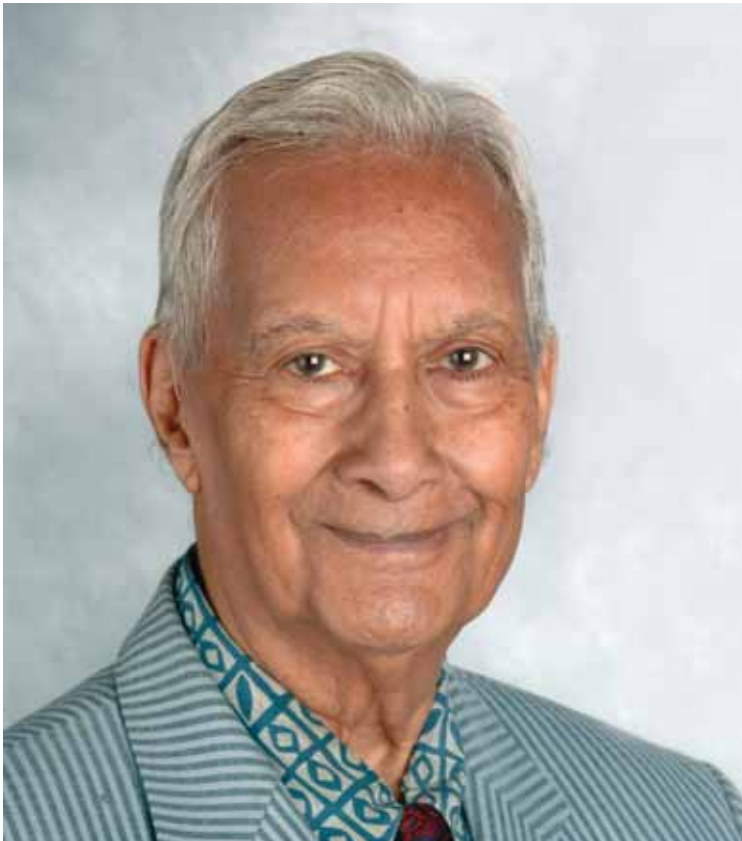


Won multiple awards at the 2nd Mines Safety Week (2011-12) of Hadoti Division, Gwalior Region, celebrated under the aegis of the Directorate General of Mines Safety, Government of India (Dhanbad)

Won multiple awards at the 22nd Mines Environment and Mineral Conservation Week 2011-12, celebrated under the aegis of the Indian Bureau of Mines, Government of India (Ajmer)



MESSAGE FROM SYT. B.K. BIRLA



●●
Notwithstanding global volatilities, the Indian economy has demonstrated resilience and reported more than 6% economic growth in 2011-12



Mangalam Cement is a story of inspiring corporate evolution despite challenges. Driven by our Group ethos, Mangalam Cement, has been able to weather multiple challenges with a firm focus on ground realities and appropriate foresight in risk management and mitigation.

Notwithstanding global volatilities, the Indian economy has demonstrated resilience and reported more than 6% economic growth in 2011-12. The economic performance will steadily improve, driving demand growth in infrastructure creation and construction. Mangalam Cement will make every effort to leverage evolving opportunities. Moreover, we will continue our social endeavours and embrace industry-best practices.

With best wishes,

Basant Kumar Birla



**EFFICIENCY IS A RESULT OF
NUMEROUS SMALL, BUT
IMMENSELY IMPORTANT, PROCESS
IMPROVEMENTS.**

**AT MANGALAM CEMENT, WE ARE
METHODICALLY IMPROVING EVERY
STEP OF OUR PROCESSES AND
MOVING FORWARD IN OUR JOURNEY
TOWARDS OPTIMAL EFFICIENCY.**



We have substituted the traditional use of coal for the clinkerisation process by using Pet coke, enabling cost rationalisation and efficient operations.

Benefits

- Reduction in coal consumption decreases our fuel cost component
- Reduction in usage of costly high-grade limestone resulting in lower material costs
- Pet coke, being more homogenous than coal, permits steadier kiln operations



Enhanced injection of fly ash as an additive with clinker in the Pozzolana cement grinding process.

Benefits

- More cement output with same quantity of clinker
- High-quality of finished products
- Lower cost per ton of cement produced
- More beneficial for environment and energy conservation



WE ARE STRENGTHENING OUR BRAND FOR BETTER REACH AND HIGHER RECALL.

THE FOCUS IS ON EXPANDING MARKETS, INCREASING PENETRATION AND FULFILLING EVOLVING CUSTOMER REQUIREMENTS.

Achievements in 2011-12

- Total dispatches increased on account of proactive forays into unexplored markets in existing geographies
- Improved products display across markets to enhance visibility
- Significantly enhanced proportion of retail sales from 54% in 2010-11 to 79% in 2011-12
- Conducted several dealer meets and 127 mason meets to reinforce brand loyalty
- Motivated dealers with foreign and domestic tours, among other incentives
- Deepened market penetration across core markets of Delhi, Rajasthan, Madhya Pradesh, Haryana, Uttar Pradesh and Punjab



RESOURCES PLAY A VITAL ROLE TO ENSURE UNINTERRUPTED OPERATIONS.

AT MANGALAM CEMENT, SECURITY OF UPSTREAM LINKAGES AND ENHANCING RESOURCE MANAGEMENT ARE ALWAYS A BUSINESS PRIORITY.

Limestone

- Improved handling by better utilisation of heavy earth moving machinery
- Increased per tonnage drilling capacity by modifying drilling parameters
- Enhanced per-person per-shift productivity by proactive training

Power

- Captive 35 MW coal-based power plant
- Wind energy capacity of 13.65 MW

Pet coke

- Forged a long-term contract for Pet coke supply

Gypsum

- Long-term contracts for supply of gypsum

Fly ash

- Ensured fly ash supply from thermal power plants



PEOPLE ARE THE ULTIMATE DRIVERS OF EXCELLENCE IN PERFORMANCE.

WE ARE ENHANCING THE POTENTIAL OF OUR PEOPLE THROUGH VARIOUS SKILL DEVELOPMENT INITIATIVES.

Developing potential in 2011-12

- Planned the horizontal and vertical growth for all employees
- Promoted multi- skilling through adequate Learning & Development intervention and job rotation
- Optimised manpower utilisation through process improvements (Integration of ICT and automation)
- Unleashed potential and enhanced employee participation through 'Suggestion Scheme'
- Acknowledged "The best performer" at safety meets for outstanding work across each department; over 170 employees received "The best performer" award during the year
- Celebrated productivity week (every year 12th – 18th February); number of competitions were held and winners were awarded for debate, quiz, essay and slogan writings

Welfare initiatives

- Organised 21 sports events (103 employees participated) and several cultural programmes
- Organised Bharat Darshan Yatra for workers to promote cultural integration
- Grant-in-aid received from the Ministry of Labour Welfare Organisation (housing scheme - Rs. 6,00,000, dispensary maintenance Rs. 1,58,072 and cultural activities, Rs. 50,000)



Training endeavours

Total programmes organised	195
Total participants	3,150
Number of technical programmes	130
Number of functional programmes	40
Number of behavioural programmes	25
Number of summer internship training	43
Number of government apprentice	18
Number of external programmes	56
Productivity week celebration (No. of participants)	75
Safety week celebration (No. of participants)	170



**ECO-FRIENDLINESS IS FUTURE
READINESS.**

**BUSINESS SUSTAINABILITY CANNOT
HAPPEN WITHOUT TAKING
MEANINGFUL INITIATIVES FOR
ENVIRONMENT PROTECTION.**

Green initiatives

Mangalam Cement operates wind turbines of an aggregate capacity of 13.65 MW at Jaisalmer, Rajasthan, reducing an equivalent of 22,700 MT of CO₂ emissions by replacing fossil fuel based grid power with renewable wind energy based green power. The project has been registered under the Clean Development Mechanism (CDM) with the United Nations Framework Conventions on Climate Change (UNFCCC). The CDM project will generate over 22,000 Certified Emission Reductions (CERs) annually valued at approximately Rs.1 crore.



Welfare initiatives

- Proactive water harvesting initiatives in mined-out area (22 lacs cubic metres of stored water) through roof-top water storage, accumulation of rain water in mined out pits and small pits in unused areas across plant
- Consistent water sprinkling (from harvested water) in the vicinity of the dust emission area to reduce dust levels
- Installed bag filters to arrest dust emission and maintain levels much below the permissible limit
- Reclamation of 69.43 hectares of mined-out area
- Planted over 95,000 saplings (mainly fruit and jatropha plant) to ensure a dense green belt around the plant and mines area
- Wet drilling system to reduce dust emission was adopted
- Avoided use of noise generating equipment
- Effluent treatment plant in place ensuring zero-effluent discharge



COMMITTED TO SERVE THE COMMUNITY AROUND US



Social endeavours

- Operating a DAV Public School; around 2,000 students are pursuing quality education in our campus
- Associated with I.T.I. Khairabad, District Kota, Rajasthan through a PPP model to promote employable skills to local youth with a special focus on women
- Operating a well-equipped in-plant dispensary (treating employees and their families) and a separate health-check up centre for patients from adjacent villages
- Provided financial assistance to the local 'Panchayat Samiti'
- Provided financial assistance to build by-pass road at Morak (Rajasthan)

- Partnered with the local administration to set up a well-equipped hospital at Ramganj Mandi and regularly contribute for its facility development
- Contributed annually to the Morak and Budhkhani Panchayats for the general development of the areas
- Regularly organise health camps, eye camps and visits to villages by doctors, as part of its programme to help improve and maintain regional healthcare facilities

Healthcare initiatives

Periodical medical check-up	478
First-aid training	50
Eye check-up	66
Talk on health	11
Out Patient Department (OPD)	23,325
Pulse Polio (number of doses)	1,951

MANAGEMENT AND MITIGATION OF RISK

Industry risk

Cement demand slowdown in downstream sectors can hamper profitability.

Mitigation measures

- India's cement industry has performed better in 2011-12, on the back of robust demand revival in the second half of the financial year. The industry grew by 6.4% in 2011-12 as against less than 5% in 2010-11

Marketing risk

A limited geographic presence might impact growth

Mitigation measures

- The manufacturing unit is well connected with road and rail for efficient dispatch of its products
- Ranks among top five cement manufacturers in its operating regions, with superior brand recall among customers and dealers ensuring business growth
- Possesses a strong network of over 1,020 dealers and 1,810 retailers, ensuring business growth

Realisations risk

A decline in realisations can impact our profitability.

Mitigation measures

- The total realisations per ton of cement produced was higher than the industry average on account of sustained demand growth and superior product quality
- We have maintained an appropriate balance between retail and institutional sales, for improving realisations

Funding risk

Mangalam Cement may not be able to source fund for the ongoing expansion plans.

Mitigation measures

- Mangalam Cement has large reserves and surplus to fund the expansion
- A low debt-equity ratio will facilitate low-cost funds mobilisation over the coming years
- Maintains enough cash for meeting the operational cash requirements
- Prudent proposed fund mix comprising of internal accruals, secured and unsecured debt
- Good credit ratings should facilitate raising funds

Input cost risk

Inability to source key inputs at the right price and time or in the right quantity and quality.

Mitigation measures

- Mangalam Cement enjoys a long-term relationship with raw material suppliers
- The Company undertook multiple initiatives to optimise raw material use and increase productivity
- Possesses sufficient limestone reserves for its existing and expanded operations; we are also planning to acquire additional leases of limestone

Experience risk

Employees of the Company may not have adequate experience to run the business

Mitigation measures

- Most of the employees of Mangalam Cement have over 15 years of experience in this sector
- The Company has engaged qualified and well experienced personnel in key positions for better process execution
- Provides continuous training to all its employees in specialised area, enhancing their skill sets
- Our attrition level (0.37%) and absenteeism (2.5%) are below industry standards



PROFILE OF THE BOARD



1. Shri O.P. Gupta

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

2. 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 46 years 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 33 years. He was the Managing Director of the Company from 1996 to 31st March 2012

3. 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.

4. 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.

5. Smt. Aruna Makhan

Smt. Aruna Makhan joined the Indian Audit & Accounts Service in 1967 and held the prestigious position of Controller General of Accounts before retirement. During the span of 37 years of service Smt. Makhan attained a rich and versatile experience in the field of public financial management and held various senior level positions in different department.

6. Shri Gaurav Goel

Shri Gaurav Goel is the Managing Director and Promoter Director of Dhampur Sugar Mills Ltd., one of the premier integrated sugarcane processing companies in India. His academic credentials include a business management graduation degree from United Kingdom. He has been associated with Dhampur Sugar Mills since 1994 and is responsible for the smooth functioning of its financial aspects. He has been the President of Entrepreneurs Organisation (EO), Delhi chapter for the year 2006-2007.

7. Smt. Vidula Jalan

Smt. Vidula Jalan is an Executive Director of the Company. She is an MBA in Strategic Marketing and Leadership and Change Management from the Indian School of Business, Hyderabad and has an Accounting and Finance degree from the University of Manchester, U.K. She is also managing the affairs of reputed schools and charitable trusts of the Group.

8. 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.



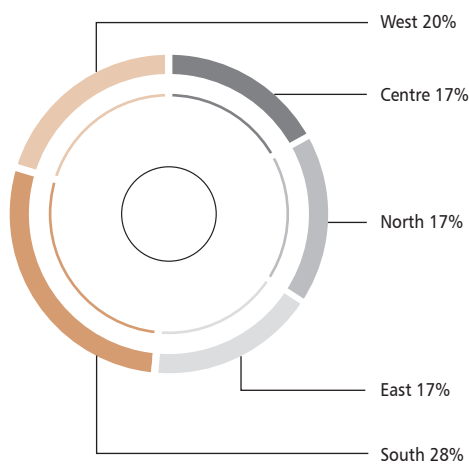
MANAGEMENT DISCUSSION AND ANALYSIS



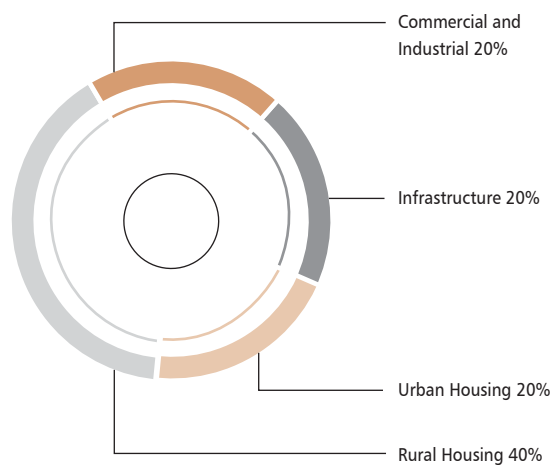
Indian cement industry

India's cement industry performed better in 2011-12, on the back of robust demand revival in the second half of the financial year. The industry demand grew by 7 per cent in 2011-12 compared with 5.2 per cent in 2010-11. Going forward, the projected growth rate is expected to be around 8 to 9 per cent.

Regional consumption



India's cement consumption (by sector)



[Source: Citi Investment Research and Analysis]

While the oversupply continues, the good news is that the narrowing of the demand-supply gap is favouring the cement producers. Utilisation rates were around 74 per cent in 2010-11. It rose to 77 per cent in 2011-12. We expect utilisation to be around 78-79 per cent in 2013 and 2014. An improved Demand-Supply scenario should attract higher prices for the producers.

COST FACTORS

Power and fuel

Power and fuel has seen a 20 per cent jump in the last year on the back of higher coal costs as Coal India looks to reset its prices more in line with International markets. While there will be some benefit to be had from shifting to more PetCoke usage, the scale of change is likely to be small across the industry. The older plants with linkage coal contracts will be the ones to suffer the most as this is where the biggest change in coal costs will occur. However, domestic coal prices will still be cheaper than imported coal.

Logistics

Logistics costs have also risen sharply on the back of higher diesel costs (which still receives a Government subsidy) and a jump in railway freight. Underlying inflation for other costs has also been ticking along at 5-6 per cent as the prices for gypsum, fly ash and slag have all moved higher.

OUTLOOK

India is the world's second largest cement producer after China. According to the latest report from the working group on the industry for the 12th Five Year Plan (2012-17), India would require overall cement capacity of around 480 million tons. An addition of 150 million tons would be required during this period.

According to the industry reports in the coming years, the demand for cement from the residential sector will be driven by increasing per capita income, nuclear families, urbanisation rate and government stimulus to various rural and affordable housing schemes.

India's infrastructure sector is expected to receive a major boost from the World Bank, promising financial support at a time when Asia's economy is looking for ways to raise funds to aid the creaking sector.

DEMAND DRIVERS

Government impetus on infrastructure

The Government has planned a spending of USD 1 trillion

on infrastructure in the 12th Five Year Plan as against USD 461 billion in 11th Five Year Plan. An increase in infrastructure spending will result in double digit growth for the demand segment.

Development of emerging tier-II and tier-III cities

The Government's focus on infrastructural development in non-metro cities is likely to drive residential and industrial development in the newly developed urban centres.

Rising urbanisation

Currently only 31 per cent of total population lives in urban areas and this is expected to increase to more than 40 per cent by 2030. With higher per capita incomes, rising urban population and growing population base, residential demand will continue to be strong. As rural India moves towards urbanisation, the condition of houses will gradually upgrade from mud to cement and brick dwellings.

Housing demand from rural India

During the past few years there has been a marked increase in the agriculture produce and at the same time support from major agriculture prices have also gone up, resulting in higher rural income. These shall translate into an increased housing demand from the rural demand that would further fuel the cement demand.

Rising per capita cement consumption

Rising population, growing income levels, rapid urbanisation and rural housing needs have been the key factors driving cement consumption per capita, which has doubled from 90 kgs in 2000 to 181 kgs in 2011.

Slum Rehabilitation

20 per cent of India's population lives in slums. The government is actively taking steps to rehabilitate the slums. As per estimates around 75-80 million tons of cement would be consumed for housing millions of slum dwellers.

SCOT analysis of the domestic cement industry

Strengths

- India, second largest producer of cement in the world; with installed capacity of 137 large and 365 mini cement plants, with a capacity of 330 million MT.
- Cement sector is expected to add an additional capacity of 92.3 million MT by 2013 resulting in a total installed capacity of 383.5 million MT by March 2013.



- The industry has witnessed continuous modernisation and adoption of new technologies, also embedding eco-friendly dry process technology.

Challenges

- The regional impact of cement demand adversely affects the entire domestic industry.
- Transportation of cement over longer distance makes it un-economical

Opportunities

- Enhanced government focus on infrastructure spending to drive economic growth.
- Increase in the purchasing power of middle-class with rising incomes, driving urbanisation.

- Cement industry has made tremendous strides in technological up-gradation and assimilation.

Threats

- Rising input costs like coal, gas, etc. has an impact on margins
- Demand-supply imbalance owing to over capacity can hurt margins, as well as prices.
- Government intervention in pricing can severely hamper the growth of the cement sectors.
- Delays in execution of infrastructure projects or slowdown of investments by the government can hamper cement demand.

Highlights of financial performance

Particulars	Rs. In lacs		
	2011-2012	2010-2011	Change in per cent
1. Net Sales	62,213.98	49,156.60	+26.56
2. Operating Profit before Interest, Dep. and Taxation	11,009.13	7,107.79	+54.89
3. Less: Interest and Financial charges	310.83	219.46	+41.63
4. Profit after Interest	10,698.30	6,888.33	+55.31
5. Less: Depreciation	3,204.49	2,751.43	+16.47
6. Profit before tax	7,493.81	4,136.90	+81.15
7. Provision for Taxes	1,895.02	312.76	+505.90
8. Net Profit after tax	5,598.79	3,824.14	+46.41

Net Sales increased by 27 per cent from Rs. 491.57 crore in the previous year to Rs. 622.14 crore in the current year.

Gross Profit before depreciation and tax was higher at Rs. 106.98 crore as against Rs. 68.88 crore in the previous year.

Net Profit After Tax was higher at Rs. 55.99 crore as against Rs. 38.24 crore in the previous year mainly because of higher sales realisation various measures adopted to reduce coal, power consumption.

EPS is Rs. 20.97 per share as against Rs. 14.33 per share in the previous year.

Operational performance

Clinker Production

	2011-12 MT	2010-11 MT
Mangalam Cement (Unit-I)	499188	423340
Neer Shree Cement (Unit-II)	914154	956160
Total	1413342	1379500

Cement Production

	2011-12 MT	2010-11 MT
Mangalam Cement	494113	566177
Neer Shree Cement	1137919	948099
Total	1632032	1514276

Power Consumption (Per MT on Cement)

	2011-12	2010-11
Mangalam cement	105 Kwh	98 Kwh
Neer Shree Cement	73 Kwh	79 Kwh

Coal Consumption (Per MT on Clinker)

	2011-12	2010-11
Mangalam Cement	136 Kg	193 Kg
Neer Shree Cement	120 Kg	175 Kg

Power Generation

	2011-12 (in lacs Kwh)	2010-11 (in lacs Kwh)
Captive Thermal Power Plant	1432.56	1217.22
Wind Mills	178.84	120.11

During the year, the Company produced higher clinker production of 14.13 lacs MTs and higher cement production of 16.32 lacs MTs. By various measures adopted by the Company, power consumption was lower by 6 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 which are reflected in the improved quality and efficiency.

The Company's training programmes and value based teachings enhance motivational levels among its people. The Company's industrial relations as well as public relations with all external agencies were most cordial. The Company had 902 employees as on 31st March, 2012.

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.

Yours faithfully,

N. G. Khaitan, Director

K. K. Mudgil, Director

Aruna Makhani, Director

Gaurav Goel, Director

K. C. Jain, Director

New Delhi
5th May, 2012

A. V. Jalan, Executive Director
Vidula Jalan, Executive Director



REPORT OF THE DIRECTORS

for the year ended 31st March, 2012



Dear Shareholders,

We have the pleasure in presenting the 36th Annual Report of the Company with audited statements of accounts for the year ended 31st March, 2012. The summarised Financial Results are given below:

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	Current Year ended 31st March, 2012	Previous Year ended 31st March, 2011
Net Sales/ Income from operation	63076.54	49613.00
Operating Profit before Interest and Financial Charges, Depreciation and Tax	11009.13	7107.79
Less: Interest and Financial Charges	310.83	219.46
Gross Profit before Depreciation and Tax	10698.30	6888.33
Less: Depreciation (net of transfer from Revaluation Reserve)	3204.49	2751.43
Profit before Tax	7493.81	4136.90
Less: Provision for Tax:		
(a) Income Tax /MAT for current year (Net)	1598.60	25.00
(b) Income Tax for earlier years	-	455.76
(c) Deferred Tax	296.42	(168.00)
Net Profit After Tax	5598.79	3824.14
Profit brought forward from previous year	31117.69	29555.00
Profit available for appropriation	36716.48	33379.14
APPROPRIATIONS		
(a) Transfer to General Reserve	600.00	400.00
(b) Proposed Dividend on Equity Shares	1601.63	1601.63
(c) Corporate Dividend Tax	259.82	259.82
(d) Balance carried forward to next year	34255.03	31117.69
TOTAL	36716.48	33379.14

2. DIVIDEND

We recommend a dividend of Rs. 6.00 per equity share of Rs.10/- each for the year ended 31st March, 2012. 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.28.39 lacs for the year has been adjusted from the Securities Premium Account. On reversal of deferred tax assets, Rs.296.42 lacs have been debited to the Profit & Loss Account in the Current Year.

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

Company has 13 Wind Mills with a total capacity of 13.65 MW generation capacity. Total Generation from all the wind mills together during the year was 178.84 lacs Kwh.

6. CAPTIVE THERMAL POWER PLANT (CPP)

Against the present requirement of 25.10 MW power, Company has captive power plants of 35 MW capacity. On many

occasions company has to keep one plant idle as purchase rate offered by the Government of Rajasthan and also in Energy Exchange were not profitable.

7. NEW PROJECTS AND CAPACITY EXPANSION

The Board re-examined the proposal to set up clinker grinding unit at Aligarh (U.P) and considering various factors like time required in getting environmental clearance from MOEF, it was decided to set up the clinker grinding unit at the existing site at Morak. Order for the increase in clinker manufacturing capacity by 5 lacs TPA and clinker grinding unit with a capacity of 1.25 million metric ton p.a. have been finalised.

The total capital expenditure estimated for both the plans is Rs.500 crores appx. which will be met partly by internal cash accruals and partly by loan from the Banks. Banks are being approached for sanction of the term loan.

8. FINANCES

The Company continued to be debt free as on 31st March, 2012, as there was no secured loan outstanding.

9. CREDIT RATINGS

Your Directors are pleased to inform that Credit Analysis & Research Ltd





(CARE) reaffirmed rating of 'CARE AA-' (Double A minus) assigned to for long term facilities. 'CARE AA' rating is considered to offer high safety for timely servicing of debt obligations. Such facility carries very low credit risk. CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

Further, CARE has re-affirmed 'CARE A1 +' (A one Plus) rating assigned to the short term facilities. This is the highest rating for short term facilities. CARE A1 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 K.C. Jain, Managing Director of the Company resigned as Managing Director of the Company effective from 1st April 2012.

The Board expressed its sincere appreciation and thanks for the efficient and unstinted efforts of Shri K.C. Jain for bringing the company out of BIFR and for the progress of the Company during his tenure as Managing Director of the Company.

The Board has appointed Shri K.C. Jain, Smt Aruna Makhan and Shri Gaurav Goel as Additional Directors of the Company w.e.f. 5th May 2012. They shall hold office up to the date of the ensuing Annual General Meeting (AGM). The Company has received requisite notices from the members U/s 257 of the Companies Act, 1956 proposing the names of Shri K.C. Jain, Smt. Aruna Makhan and Shri Gaurav Goel for appointment as Director.

In accordance with Article 99 of the Articles of Association of the Company Shri N.G. Khaitan Director and Shri A.V. Jalan, Executive Director 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.

The resumes of Shri K.C. Jain, Smt. Aruna Makhan, Shri Gaurav Goel, Shri N.G. Khaitan and Shri A.V. Jalan are given in the Notice of Annual General Meeting.

12. MERGER OF MANGALAM TIMBER PRODUCTS LTD (MTPL)

In view of the long delay and uncertainty, all essential and vital parameters considered in approving the scheme of amalgamation including fair basis, now resulting in unfavourable share exchange ratio, the scheme of amalgamation of MTPL with the company was withdrawn. Consequently, Rs.30 crores advanced to MTPL has been converted into Inter-Corporate deposit repayable on demand with interest @ 12.5% p.a.

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, 2012.

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, 2012 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

Information in accordance with the provisions of Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975 as amended, regarding employees is given in Annexure B

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 deposit from the public within the meaning of Section 58A of the Companies Act, 1956 during the year under review. As such no amount of principal or interest was outstanding on the date of Balance Sheet.

21. CASH FLOW ANALYSIS

In conformity with the provision of clause 32 of the Listing Agreement(s), cash flow statement for the financial year ended 31st March 2012 is annexed hereto.

22. AWARDS

Your Directors are pleased to inform that the Company has received the following awards during the year: From the Director General, Mines Safety, Gwalior Region, Govt of India

S.No.	Activities	Prize
1	Overall Performance	First prize
2	Opencast working, places, Plans and Supervision	First prize
3	Explosives (Storage, Transport and Use)	First prize
4	Transport Roads & Dust suppression	First prize
5	Welfare Amenities & Protective Equipment, Publicity propaganda and House keeping	First prize
6	Heavy Earth Moving Machinery & Maintenance	First prize
7	Electrical Installation and Mine Lighting	Second prize

During the Mines Environmental & Mineral Conservation Week 2011-12 under the aegis of Indian Bureau of Mines, Govt. of India Ajmer:

S.No.	Activities	Prize
1	Reclamation & Rehabilitation of Land	Second prize
2	Afforesting/ Plantation	Second prize
3	Water Harvesting	Second 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' appreciations of the Management's efforts expressed at the General Meetings of the Company are a great fillip to strive for better performance.

Yours faithfully,

N. G. Khaitan, Director

K. K. Mudgil, Director

Aruna Makhani, Director

Gaurav Goel, Director

K. C. Jain, Director

A. V. Jalan, Executive Director

Vidula Jalan, Executive Director

New Delhi
5th May, 2012



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 2012.

A. Conservation of Energy:

1) ENERGY CONSERVATION MEASURES TAKEN

- a) Optimisation of Unit-II Kiln, VRM & Cement mill output rate.
- b) Optimisation of Unit-I Raw Mill & Kiln output rate.
- c) Optimisation of Fly ash consumption
- d) Installation of medium voltage drive in Unit-II Pre-heater fan and removal of inlet damper.
- e) Installation of medium voltage drive in Unit-II Coal Mill fan and removal of inlet damper.
- f) Installation of GRR in Unit-II ESP Fan & removal of inlet damper
- g) Removal of damper of Unit-I Pre-heater fan, cooler ID fan, VRPM CA Fan, Cement mill Sepol fan & Cement mill ESP fan.
- h) Utilisation of renewable electrical energy for captive uses:

We have utilised (net) 170.827 lacs Kwh of wind power electricity for captive use from 13 Wind Mills of 13.65 MW capacity installed at Jaisalmer.

2) ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

Project 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. Capacity will be upgraded to 3000 TPD.
- b) Installation of VRM of 125 TPH Capacity & VCM of 30 TPH capacity in Unit-I
- c) Installation on new grinding unit of 150 TPH capacity along with most modern packing plant.

3) IMPACT OF THE MEASURES AS ABOVE FOR THE REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT OF THE COST OF PRODUCTION OF GOODS.

By the efforts mentioned in (1) we have reduced the specific Electrical Energy consumption by 6 Kwh per tone of Cement in Unit-II.

On implementation of project mentioned in (2)- (a)(b)(c), in Unit-I the expected saving in specific thermal Energy consumption will be approx. 140 kcal/kg of clinker and in electrical specific power 7 units per tone of cement.

4) 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.

	2011-12	2010-11
I. POWER AND FUEL CONSUMPTION		
1 Electricity		
a) Purchased (Net) (units in lacs)	41.27	187.99
Total amount (Rs.in lacs)	483.71	1070.02
Rate/Unit (Rs.)	11.72	5.69
b) Own Generation (net)		
i Through Diesel Generators		
Units (in lacs)	0.09	0.08
Unit per Ltr. Of Diesel oil	3.04	2.90
Cost/unit (Rs.)	27.05	40.48
ii. Through Steam Turbine/Generator		
a. Unit (Kwh in lacs)	1432.56	1217.22
b. Unit per Kg of coal	1.184	0.979
c. Cost/Unit (Rs.)	3.83	3.27
iii. Through Wind Mills		
Gross units(Kwh in lacs)	178.84	120.11
Net Units (Kwh in lacs)	170.83	114.25
2 Coal		
a. Used for Calcining of Raw Meal		
Quantity (MT)	177343	249285
Total cost (Rs.in lacs)	11159.52	10047.59
Average Rate (Rs./MT)	6292.62	4030.56
b. Used in Steam Turbine/Generator		
Quantity (MT)	121000	124377
Total cost (Rs.in lacs)	4153.66	3554.24
Average Rate (Rs./MT)	3432.78	2857.64
3 Furnace Oil	N.A.	N.A.

II. CONSUMPTION PER UNIT OF PRODUCTION

Products Unit	Industry Avg.	Cement MT	Cement MT
Electricity			
i) Unit-I	100-120 Kwh	105 Kwh	98 Kwh
ii) Unit-II	70-90 Kwh	73 Kwh	79 Kwh
Furnace oil		N.A.	N.A.
Coal per ton on Cement			
i) Unit-I		124 Kg	163 Kg
ii) Unit-II		90 Kg	144 Kg

B. Technology Absorption

Efforts made in Technology absorption- as per Form 'B' given below

1. RESEARCH & DEVELOPMENT (R&D)**(a) Specific areas in which R& D Carried out**

Research & Development projects have been taken up for development of new and better quality cement of International standard, improve the quality of blended cement through constant raw material improvisation, develop new method of analysis, development of new methods to increase efficiency and pollution control. Some initiatives carried out are as below:

- i) Indigenous Coal replaced with Pet coke having ash content less than 1.5 %.
- ii) Change in Raw Mix by replacing Blue Dust with Red Ocher.
- iii) Improvement in quality of cement by increasing C₃S & C₃A.
- iv) Implementation of EDTA method in analytical work.
- v) Implementation of Dean and stark method for fuel oil testing.
- vi) Installed online continuous ambient air quality monitoring system.
- vii) Metrology station installed to receive online data analysis.
- viii) Installed ambient air quality monitoring air sampler for PM₁₀ & PM₅ dust monitoring.

**(b) Benefit derived as a result of above R & D.**

- i) Overall Improvement of Cement and Clinker through replacing alternative raw material.
- ii) Facility for fuel oil testing and fast analytical work by EDTA method.
- iii) Enhanced efficiency and Pollution control through installation of new systems.
- iv) Increase in energy efficiency.

(c) Future Plan of action.

- i) Development of drying and feeding systems for improved utilisation of fly ash having high moisture content.
- ii) Rerouting of recirculation duct in VRM to reduce gas quantity to ESP.

(d) Expenditure on R&D

	2011-12
i) Capital	Rs. 76.64 lacs
ii) Recurring Expenses	Rs. 191.76 lacs
iii) Total (i+ii)	Rs. 268.40 lacs
iv) Total R&D Expenditure as a percentage of Total Turnover	0.37 %

2. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:**Efforts made in brief**

- | | |
|---|--|
| a) Towards technology absorption | <ul style="list-style-type: none"> 1. Continuous interaction with the main plant supplier and other 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 above efforts e.g. products improvement, cost reduction, product development, import substitution etc. | Improved quality and productivity 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 |

C Foreign Exchange Earning and Outgo:

(a) Total foreign exchange earned	Rs.178.50 lacs
(b) Total foreign exchange used	Rs. 28.30 lacs

Yours faithfully,

N. G. Khaitan, Director

K. K. Mudgil, Director

Aruna Makhan, Director

Gaurav Goel, Director

K. C. Jain, Director

A. V. Jalan, Executive Director

Vidula Jalan, Executive Director

New Delhi

5th May, 2012

Statement Of Pursuant To Section 217 (2A) Of The Companies Act 1956, Read With Companies (Particulars Of Employees) Rules , 1975 And Forming Part Of The Director's Report For The Year Ended 31st March 2012

Employed Through The Period Under Review And Were In Receipt Of Remuneration For The Year ,In Aggregate Not Less Than Rs 6000000 /-And Employed For Part Of The Year And Were In Receipt Of Remuneration Not Less Than Rs 500000/- Per Month

S n	Name	Designation	Qualification	Date of birth	Age (in years)	Date of commencement of employment	Expereince in years	Remuneration	Previous employment & designation
1	Shri Anshuman Vikram Jalan	Executive Director	Management Course in Marketing & Corporate Finance B.Com (Hons.)	01.12.1976	36	01.04.2011	12	9071156	Shri Guru Carbide & Chemicals Pvt. Ltd. Managing Director
2	Smt. Vidula Jalan	Executive Director	MBA (Mktg) B.A.(Hons.)	27.08.1979	33	01.04.2011	7	9206518	Manav Investment & Trading Co Ltd.

NOTE

- 1 Above mentioned employees are contractual.
- 2 Above mentioned employees are related to each other being spouse .
- 3 Remuneration here includes salary,allowances, commission ,value of perquisites and company 's contribution towards provident and superannuation funds.
- 4 In addition to above remuneration ,employee s are entitled to gratuity in term of there appointment .



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 31.03.2012 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:-

Sl. No.	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)	-	-	-
2.	Shri K.K.Mudgil	Non-Executive & Independent	-	-	-
3.	Shri N.G. Khaitan	Non-Executive & Independent	9	2	9
4.	Shri A.V.Jalan	Executive Director	2	-	1
5.	Smt Vidula Jalan	Executive Director	2	-	1
6.	Shri. K.C. Jain*	Executive (Managing Director)	1	-	-

*Resigned from the position of Managing Director w.e.f. 1st April, 2012 and appointed as Additional Director on 5th May, 2012. Smt. Aruna Makhan and Shri Gaurav Goel have been appointed as additional Directors w.e.f. 5th May 2012.

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 31st March, 2012 the Board of Directors had four (4) meetings. They were held on:

S.No.	Date of Meeting
1.	27.04.2011
2.	24.07.2011
3.	04.11.2011
4.	07.02.2012



- (ii) The attendance record of the Directors at the Board Meetings during the year ended 31st March, 2012 and the last Annual General Meeting (AGM) is as under:

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

c) **Remuneration**

- (i) Details of the sitting fee, commission and remuneration paid to the Directors during the year ended 31st March, 2012 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	-	4,00,000	7,50,000
2.	Shri K.K.Mudgil	-	3,50,000	-	4,20,000	7,70,000
3.	Shri N.G.Khaitan	-	3,50,000	-	2,00,000	5,50,000
4.	Shri A.V.Jalan	24,00,000	60,00,000	6,71,156	-	90,71,156
5.	Smt. Vidula Jalan	24,00,000	60,00,000	8,06,518	-	92,06,518
6.	Shri K.C.Jain (As Managing Director)	7,20,000	-	30,59,650	-	37,79,650

- (i) Besides the sitting fee and traveling expenses to attend any meeting of the Board or any Committee thereof, Non Executive Director (NED) are paid commission @1% of net profit of the Company subject to maximum of Rs.3.5 lacs to each NED.
- (ii) Commission payable to the Executive Directors at the rate of not exceeding 1% of the net profits of the Company for a period of 3 years w.e.f. 1st April, 2011 as approved by the shareholders in their meeting held on 29.04.2011 .
- (iii) The Company does not have any stock option or any performance linked incentive that is paid to the Directors.

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 Executive 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 31.3.2012."

Date: 5th May, 2012

A.V. Jalan
Executive Director

III. Committees of the Board as on 31st March, 2012:

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, 2012, the Audit Committee held 6 meetings. They were held on 27.04.2011, 24.07.2011, 04.11.2011, 10.12.2011 and 07.02.2012.
- (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	6 out of 6
2.	Shri K.K.Mudgil	Member	6 out of 6
3.	Shri N.G. Khaitan	Member	6 out of 6

- (iv) Shri K.C.Jain, Managing Director/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, 2012 one meeting of the Committee was held on 27.04.2011 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/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	3 out of 3
2.	Shri O.P.Gupta	Member	3 out of 3
3.	Shri K.C.Jain	Member	3 out of 3

Shareholders'/Investors' Grievance Committee meetings were held on 27.04.2011, 24.07.2011 and 07.02.2012.



The position as on 31st March, 2012 of the shareholders' complaints received and redressed during the financial year:

Nature of Complaint	Complaints received from				Total complaints Received During 2011-12	Total redressed	No. of grievances outstanding as on 31.3.2012
	Investors Directly	Stock Exchanges	SEBI	ROC			
Non-receipt of Dividend warrant(s)	10	Nil	1	Nil	11	11	Nil
Non-receipt of Share Certificate(s) /after transfer/demat	5	Nil	1	Nil	6	6	Nil
Non-receipt of Duplicate Share certificate(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-receipt of Annual Report(s)	3	Nil	Nil	Nil	3	3	Nil
TOTAL	18	Nil	2	Nil	20	20	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 / 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 the Director	Position	Meetings attended
1.	Shri N.G.Khaitan	Chairman	5 out of 5
2.	Shri A.V.Jalan	Member	5 out of 5
3.	Smt. Vidula Jalan	Member	5 out of 5

The Committee meetings were held on 16.11.2011, 17.01.2012, 14.02.2012, 22.02.2012 and 05.03.2012.

IV Shares and Convertible Instruments held by Directors

Details of Shareholding of Directors as on 31.03.2012 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 K.K. Mudgil	1000
4.	Shri A.V.Jalan	5000
5.	Smt. Vidula Jalan	17819
6.	Shri K.C.Jain	6840

Company has no convertible instrument pending as on 31.3.2012.

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 5 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	Meetings attended
33rd	2008-09	Friday, 17.7.2009 at 11.30 AM	At Regd Office, Adityanagar 326520, Morak, Dist. Kota, Rajasthan.
34th	2009-10	Friday, 30.7.2010 at 11.30 AM	-do-
35th	2010-11	Saturday, 6.08.2011 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.

- d) Besides the above, two General Meetings were held at registered office of the Company at Aditya Nagar Morak Dist Kota (Rajasthan) on:
- 29th April 2011, in which special Resolutions for appointment of Shri A V Jalan and Smt. Vidula Jalan as Whole-time Director and remuneration payable to them were passed.
 - 21st May 2011, which meeting was called by the Hon'ble High Court of Rajasthan for seeking the approval of the members for scheme of amalgamation of the Mangalam Timber Products Ltd with the Company.

**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: Monday, the 6th August, 2012. Time: 11.30 A.M.

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

(e) Book Closure:

From Monday, the 30th July, 2012 to Monday, the 6th August, 2012, 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, 2012 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 2012-13 to all the Stock Exchanges where the securities are listed.

(i) Custodial Fees to Depositories

Custodial fee for the year 2012-13 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 2011-12 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, 11	126.00	112.95	126.05	111.85
May, 11	126.35	109.20	126.00	112.95
June, 11	121.70	104.20	120.85	104.10
July, 11	120.00	106.30	123.00	106.60
Aug, 11	108.45	93.10	110.60	93.00
Sept, 11	107.80	99.20	107.70	99.50
Oct, 11	105.50	97.65	105.50	97.80
Nov, 11	104.70	90.10	105.05	90.00
Dec, 11	96.80	76.00	97.00	76.20
Jan, 12	104.45	80.00	104.75	80.00
Feb, 12	156.45	101.10	156.50	100.70
March, 12	156.05	125.00	155.60	124.50

(k) Distribution of Shareholding

The shareholding distribution of equity shares as on 31st March, 2012 is given below.

S.No.	No. of Equity Shares	No. of shareholders	No. of shares	Percentage of
1.	1 to 500	21754	2791296	10.46
2.	501 to 1000	1335	1069741	4.01
3.	1001 to 2000	546	840222	3.15
4.	2001 to 3000	167	432195	1.62
5.	3001 to 4000	78	283186	1.06
6.	4001 to 5000	62	293770	1.10
7.	5001 to 10,000	113	826015	3.09
8.	10001 and above	128	20157355	75.51
	TOTAL	24183	26693780	100%

(l) Shareholding Pattern

S.No	Category	No. of Equity shares	Percentage
1.	Promoters' holding	7303422	27.36
2.	Individuals/others	9631895	36.08
3.	Companies	8841217	33.12
4.	Mutual Funds, Banks, Financial and Govt Institutions	423250	1.58
5.	FII's, NRIs, OCBs	493996	1.86
	TOTAL	26693780	100%

(m) Dematerialisation of Shares

As on 31st March, 2012, 97.87% of the Company's total equity shares representing 2, 61, 24,800 shares were held in dematerialised form and balance 2.13% representing 5,68,980 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 2012-2013

(i)	Financial Year	1st April, 2012 to 31st March, 2013
(ii)	First Quarterly Results for Quarter ending 30th June, 2012	By end of July 2012
(iii)	Second Quarterly Results for the quarter ending 30th September, 2012	By end of October, 2012.
(iv)	Second Quarterly Results for the Quarter ending 31st December, 2012	By end of January, 2013
(v)	Annual Results for the Year ending 31st March, 2013	By end of April, 2013
(vi)	Annual General Meeting for the year ending on 31st March, 2013	By August, 2013
(vii)	Date of dividend payment	Within the statutory time limit after approval by the Members in the AGM.

(r) Compliance Officer:

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

**B. STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENTS****(i) The Board**

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

Yours faithfully,

N. G. Khaitan, Director

K. K. Mudgil, Director

Aruna Makhan, Director

Gaurav Goel, Director

K. C. Jain, Director

A. V. Jalan, Executive Director

Vidula Jalan, Executive Director

New Delhi

5th May, 2012

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, 2012 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.

Place: New Delhi
Date: 5th May, 2012

A.V. JALAN
Executive 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, 2012, 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 company's 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.

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)

P.K. JAIN

Partner

Membership No.10479

Place: New Delhi

Date: 5th May, 2012.

AUDITORS' REPORT TO MEMBERS OF MANGALAM CEMENT LIMITED

We have audited the attached Balance Sheet of MANGALAM CEMENT LIMITED, as at 31st March, 2012, the annexed Statement of Profit and Loss 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, Statement of Profit and Loss 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, 2012 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, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

P.K. Jain

Partner

Membership No.10479

New Delhi
5th May, 2012



ANNEXURE TO THE AUDITORS' REPORT (Referred To In Paragraph 1 Of Our Report Of Even Date) For The Year Ended 31st March, 2012 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 unsecured loan to Mangalam Timber Products Ltd. and maximum amount involved during the year was Rs. 30 Crores.
- (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 is repayable on demand and interest aggregating to Rs. 299.76 lacs has been debited to their account.
- (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 and nature of its business;
- viii. We have broadly reviewed 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, 2012;
- (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 Lacs	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
		245.94	Various matters, from 1997 to 2010	CESTAT, New Delhi
		32.14	Various matters, from 1995 to 2009	Commissioner (Appeals)
		6.23	Various matters, from 2009 to 2011	Asst. Commissioner
	Excise Duty	7.20	Various matters, from 1997 to 2001	High Court, Jaipur
		216.16	Various matters, from 1999 to 2009	CESTAT, New Delhi
		31.90	Various matters, from 2010 to 2011	Chief Commissioner
		6.42	Various matters, from 2008 to 2010	Asst. Commissioner
Income Tax Act	Income Tax	1.14	AY 1992-93	High Court, Jaipur (appeal filed by Department)
		3.34	AY 08-09 and AY 11-12	TDS Ward
		49.80	AY 2009-2010	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	686.28	2005-2006	Asst. Commissioner
Service Tax	Service Tax	48.79	11/97-06/98	High Court, Jaipur
		364.90	Various matters, from 2005 to 2010	CESTAT, New Delhi
		57.49	06/10 - 12/10	Commissioner
		49.12	02/09 – 05/10	Commissioner (Appeals)
		113.58	Various matters, from 2010 to 2011	Addl. Commissioner
		11.94	Various matters, from 2007 to 2011	Asst. Commissioner
Entry Tax (U.P.)	Entry Tax	88.34	Various matters, from 2007 to 2010	Supreme Court
Land Tax (Rajasthan)	Land tax	1300.85	Various matters, from 2006 to 2012	Supreme Court (appeal filed by Federation of mining association of Rajasthan)
Government of Rajasthan	Environment and Health Cess	235.36	2008 - 2012	High Court, Jaipur

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

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

P.K. Jain
Partner

New Delhi
5th May, 2012

Membership No.10479

**BALANCE SHEET** as at 31st March, 2012

(Rs. in lacs)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	2669.38	2669.38
(b) Reserves and Surplus	2	40559.73	36802.91
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	2401.72	1351.07
(b) Deferred Tax Liabilities (Net)		6181.03	5913.00
(c) Other Long-term Liabilities	4	1,865.10	2632.41
(d) Long-Term Provisions	5	406.23	408.25
(3) Current Liabilities			
(a) Trade Payables	6	4411.79	2792.96
(b) Other Current Liabilities	7	2728.04	1819.77
(c) Short-Term Provisions	8	11230.95	9651.42
Total		72453.97	64041.17
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		34084.76	33883.91
(ii) Intangible Assets		1163.91	1224.29
(iii) Capital Work-in-Progress		1893.57	810.79
(iv) Intangible Assets under Development		-	1.45
(b) Non-Current Investments	10	110.02	110.25
(c) Long-Term Loans and Advances	11	2166.94	827.43
(d) Other Non-Current Assets	12	9.19	1.54
(2) Current Assets			
(a) Inventories	13	5822.75	6555.99
(b) Trade Receivables	14	2866.80	1179.93
(c) Cash and Bank balances	15	4364.73	2580.15
(d) Short-Term Loans and Advances	16	19661.66	16735.90
(e) Other Current Assets	17	309.64	129.54
Total		72453.97	64041.17
Accounting Policies and Notes to Accounts	25		

The Notes 1 to 17 and Note 25 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

(FRN 016746 N)

P.K. JAIN

Partner

M. No. 10479

N.G. Khaitan Director

K.K. Mudgil Director

Aruna Makhani Director

Gaurav Goel Director

K.C. Jain Director

A.V. Jalan Executive Director

Vidula Jalan Executive Director

New Delhi
5th May, 2012

R.C. GUPTA
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2012

		(Rs. in lacs)	
Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
I. Revenue from Operations	18	63076.54	49613.10
II. Other Income	19	663.14	767.89
III. Total Revenue (I + II)		63739.68	50380.99
IV. Expenses:			
Cost of Materials Consumed	20	8538.86	9150.60
Changes in Inventories of Finished goods and material in process	21	1910.39	(1331.47)
Employee Benefits Expense	22	3229.00	3041.56
Finance costs	23	310.83	219.46
Depreciation and Amortisation Expense		3213.40	2760.53
Less: Recouped From Revaluation Reserve		(8.91)	(9.10)
Other Expenses	24	39052.30	32412.51
Total expenses		56245.87	46244.09
V. Profit Before Exceptional and Extraordinary Items and Tax (III-IV)		7493.81	4136.90
VI. Exceptional items		-	-
VII. Profit Before Extraordinary Items and Tax (V - VI)		7493.81	4136.90
VIII. Extraordinary Items		-	-
IX Profit Before Tax (VII- VIII)		7493.81	4136.90
X Tax Expense:			
Current Tax		1598.60	480.76
Reversal of Deferred Tax Assets		296.42	(168.00)
XI Profit for the year (from Continuing operation) (IX-X)		5598.79	3824.14
XIII Earnings per Equity Share:			
Basic		20.97	14.33
Diluted		20.97	14.33
Accounting Policies and Notes to Accounts	25		

The Notes 18 to 24 and Note 25 referred to above form an integral part of the Statement of Profit & Loss.

As per our Report of even date

FOR JAIN PRAMOD JAIN & CO.

Chartered Accountants

(FRN 016746 N)

P.K. JAIN

New Delhi

5th May, 2012

Partner

M. No. 10479

R.C. GUPTA

Company Secretary

N.G. Khaitan Director

K.K. Mudgil Director

Aruna Makhan Director

Gaurav Goel Director

K.C. Jain Director

A.V. Jalan Executive Director

Vidula Jalan Executive Director



NOTES forming part of the Financial Statements

(Rs. in lacs)

		31st March, 2012	31st March, 2011
NOTE NO. 1			
Share Capital			
Authorised			
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 Paid up			
26693780	Equity Shares of Rs. 10/- each (Previous year 26693780 shares)	2669.38	2669.38
		2669.38	2669.38

(In lacs)

Note :-		31st March, 2012	31st March, 2011
1	Shares held by each shareholder holding more than 5 percent shares		
S.No.	Name of Shareholders	No. of Shares	No. of Shares
i	M/S Kesoram Industries Ltd.	38.20	37.72
ii	M/S Century Textiles & Industries Ltd.	22.21	19.43
2	Details of the aggregate number & class of shares bought back in five years immediately preceeding the date as at 31st March, 2012		
S.No.	Year	Class of shares	No. of Shares
i	2008-2009	Equity	2.14
ii	2009-2010	Equity	13.39

(Rs. in lacs)

	31st March, 2011	Additions	Transfer/ Allocation/ Appropriation	31st March, 2012
NOTE NO. 2				
Reserves & Surplus				
Capital Reserves	20.22	-	-	20.22
Capital Redemption Reserve	155.30	-	-	155.30
Preference Share Capital Redemption Reserve	20.00	-	-	20.00
Securities Premium Account	369.29	28.39 a	-	397.68
Revaluation Reserve	507.26	-	8.91 b	498.35
General Reserve	4613.15	600.00	-	5213.15
Surplus	31117.69	5598.79	2,461.45 c	34255.03
	36802.91	6227.18	2470.36	40559.73
Previous Year	36013.32	4224.14	3434.55	36802.91

NOTES forming part of the Financial Statements

Note:

- Represents reversal of Deffered Tax Liabilities of Rs. 28.39 lacs for the year ended 31st March, 2012
- Depreciation on revalued Fixed Assets recouped from Revaluation Reserve transferred to Profit & Loss Account.
- Transfer / Allocation / Appropriation

	(Rs. in lacs)	
	2011 - 2012	2010- 2011
General Reserve	600.00	400.00
Proposed Dividend on Equity Shares	1601.63	1601.63
Corporate Dividend Tax	259.82	259.82
	2461.45	2261.45

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 3		
Long-Term Borrowings		
Unsecured :		
Deposits (from Stockist and Others)	2401.72	1351.07
	2401.72	1351.07

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 4		
Other Long Term Liabilities		
Trade Payables	1640.78	2566.14
Statutory Liabilities	187.10	41.91
Other Payables :		
Retention Money	37.22	24.36
	1865.10	2632.41

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 5		
Long-Term Provisions		
Provision for Employee Benefits	406.23	408.25
	406.23	408.25

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 6		
Trade Payables		
Micro and Small Enterprises	18.91	0.49
Others	4392.88	2792.47
	4411.79	2792.96

**NOTES** forming part of the Financial Statement

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 7		
Other Current Liabilities		
Advance from Customers	1028.02	529.28
Unpaid Dividends	59.61	46.49
Other Payables :		
Security Deposit and Retention Money	551.68	607.44
Creditor for Capital Goods	49.03	70.69
Other Statutory Liabilities	1039.70	565.87
	2728.04	1819.77

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 8		
Short-Term Provisions		
Employee Benefits	215.07	202.78
Others :		
Income Tax /MAT	9143.23	7543.23
Fringe Benefit Tax	-	35.08
Wealth Tax	11.20	8.88
Proposed Equity Dividend	1601.63	1601.63
Corporate Dividend Tax	259.82	259.82
	11230.95	9651.42

NOTES forming part of the Financial Statement

NOTE NO. 9	COST/BOOK VALUE				DEPRECIATION			NET BLOCK		
	As at 31st March 2011	Additions	Deduction/ Adjustment	As at 31st March 2012	As at 31st March 2011	For the Year	On sales/ Adjustment	Upto 31st March 2012	As at 31st March 2012	As at 31st March 2011
FIXED ASSETS										
A. TANGIBLE ASSETS										
Land	897.02	200.73	-	1097.75	-	-	-	-	1097.75	897.02
Leasehold Land	64.63	1974.38	23.34	2015.67	1.17	0.11	-	1.28	2014.39	63.46
Buildings	3306.29	41.27	6.00	3341.56	859.98	82.10	0.31	941.77	2399.79	2446.31
Plant & Machinery	55584.72	883.93	356.07	56112.58	25529.29	2831.63	269.32	28091.60	28020.98	30055.43
Furniture & Fittings	154.37	29.03	6.44	176.96	92.70	12.79	2.93	102.56	74.40	61.67
Vehicles	166.57	154.00	23.55	297.02	51.71	17.61	13.11	56.21	240.81	114.86
Office Equipment	41.57	0.08	0.15	41.50	18.08	1.42	0.08	19.42	22.08	23.49
Railway Siding	494.72	-	-	494.72	273.05	7.11	-	280.16	214.56	221.67
Total A	60709.89	3283.42	415.55	63577.76	26825.98	2952.77	285.75	29493.00	34084.76	33883.91
B. INTANGIBLE ASSETS										
Computer Software	100.15	65.33	-	165.48	40.27	26.55	-	66.82	98.66	59.88
Mining Right	2056.07	136.30	-	2192.37	891.66	235.46	-	1127.12	1065.25	1164.41
Total B	2156.22	201.63	-	2357.85	931.93	262.01	-	1193.94	1163.91	1224.29
G.Total(A+B)	62866.11	3485.05	415.55	65935.61	27757.91	3214.78	* 285.75	30686.94	35248.67	35108.20
Previous Year	50815.89	12072.45	22.23	62866.11	25006.07	2761.08	9.23	27757.92	1893.57	810.79
C. CAPITAL WORK IN PROGRESS										
D. INTANGIBLE ASSETS UNDER DEVELOPMENT										
										1.45
									37142.24	35920.44

* Rs.1.38 lacs included in preoperative expenses during the year (Previous year Rs.0.55 lacs)

**NOTES** forming part of the Financial Statement

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 10		
Non-Current Investments		
Non Trade		
(a) Investments in Equity Instruments 6,50,000 Fully paid up Equity shares of Rs.10/- each of Mangalam Timber Products Ltd.	110.02	110.02
(b) Investments in Government or Trust Securities; Government Securities (Deposited with Govt. Department)	-	0.23
	110.02	110.25
Aggregate Book Value of Unquoted Investments	-	0.23
Aggregate Market Value of Quoted Investments	135.20	99.13

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 11		
Long term Loans & Advances		
Unsecured, Considered Good :		
Capital Advances	1294.34	78.21
Other loans and advances :		
Due by a Firm in which Director is Partner	-	9.00
Due by others :		
Prepaid Expenses	8.71	4.53
Advance against Supply of Goods or Services	9.26	14.42
Services Tax Recoverable	2.90	1.99
Advance with Government Authorities	158.11	131.11
Deposits with Government Department and Others	693.62	588.17
	2166.94	827.43

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 12		
Other Non Current Assets		
Interest accrued on Fixed Deposits	1.15	1.54
Other Bank Balance :		
Balances with Bank on Margin Money Accounts	8.04	-
	9.19	1.54

NOTES forming part of the Financial Statement

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 13		
Inventories		
(As taken, valued and certified by the Management)		
At Cost or Net Realisable Value, whichever is lower		
Raw Materials	599.58	446.99
Material in Process	1106.12	2590.99
Finished Goods (incl. Goods in Transit Rs. 247.81 lacs Prev. year Rs. 619.95 lacs)	563.01	1056.32
Stores and Spare (incl. Goods in Transit Rs. 28 lacs Prev. year Rs 5.04 lacs)	3435.25	2402.69
Scrap & Waste (at Net Realisable Value)	118.79	59.00
	5822.75	6555.99

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 14		
Trade Receivables		
More than Six months:		
Unsecured, Considered Good	45.00	-
Less than Six Months:		
Secured, Considered Good	491.17	360.62
Unsecured, Considered Good	2330.63	819.31
	2866.80	1179.93

(Rs. in lacs)

	31st March, 2012	31st March, 2011
NOTE NO. 15		
Cash and Bank Balances		
Cash and Cash Equivalent		
Balances with Banks		
On Short-Term Deposit	2310.00	375.00
On Current Accounts	865.86	586.42
Cheques, Drafts in Hand	512.50	219.68
Cash on Hand	4.99	8.92
Stamps/ Postages in Hand	0.01	0.02
Other Bank Balances		
Balances with Banks		
On Margin Money Accounts	611.76	1343.62
On Unpaid Dividend Account	59.61	46.49
	4364.73	2580.15

**NOTES** forming part of the Financial Statement

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 16		
Short-Term Loans and Advances		
Unsecured, Considered Good		
Loans and Advances to Related Parties		
Intercorporate Deposit to Mangalam Timber Products Limited	3000.00	-
Miscellaneous Advance to Kesoram Industries Limited	-	0.01
Advance to a Firm in which Director is Partner	9.00	-
Advances recoverable in cash or in kind or for value to be received	3316.55	2245.76
Inter Corporate Deposits	2170.00	4750.00
Advance Income Tax (including Tax Deducted/Collected at Source)	10352.99	8928.71
MAT Credit Entitlement	805.00	805.00
Deposits with Government Department and Others	8.12	6.42
	19661.66	16735.90

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 17		
Other Current Assets		
(a) Interest Accrued on Investment	-	0.15
(b) Interest Accrued on Fixed Deposits & Others	39.85	129.39
(c) Interest Accrued on ICD to Related Party	269.79	-
	309.64	129.54

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 18		
Revenue from Operations		
Sale of Products :		
Cement	67587.03	54024.93
Clinker	4488.47	2445.30
Other Operating Revenues	862.56	456.50
	72938.06	56926.73
Less: Excise duty	9861.52	7313.63
	63076.54	49613.10

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 19		
Other Income		
Interest Income on Fixed Deposits and Others (TDS Rs.69.15 lacs PY Rs.70.96 lacs)	663.07	686.43
Dividend Income on Current Investments	-	21.56
Foreign Exchange Fluctuation	0.07	-
Profit on Sale of Investments (net)	-	59.90
	663.14	767.89

NOTES forming part of the Financial Statement

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 20		
Cost of Materials Consumed		
Limestone	5672.17	6316.09
Gypsum	1190.35	1364.16
Blue Dust	101.33	972.59
Fly Ash	729.98	439.37
Red Ocher	780.48	56.93
Others	64.55	1.46
	8538.86	9150.60

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 21		
Changes in Inventories of Finished Goods Work-in-Progress		
Opening Stock		
Material-in-Process		
Raw Meal	78.33	56.34
Clinker	2224.94	1493.31
Crushed Lime Stone	287.72	184.22
Finished Goods - Cement	1056.32	599.31
Scrap & Waste	59.00	41.66
	3706.31	2374.84
Add: Clinker Purchases	12.53	-
Add: Transferred from CPP- II Shop Floor Stock	5.63	-
Less: Closing Stock		
Material-in-Process		
Raw Meal	37.94	78.33
Clinker	741.38	2224.94
Crushed Lime Stone	326.80	287.72
Finished Goods - Cement	563.01	1056.32
Scrap & Waste	118.79	59.00
	1787.92	3706.31
Increase/(Decrease) in Excise Duty on Finished Goods Stock At Works	26.16	-
(Increase) / Decrease in Stocks	1910.39	(1331.47)

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 22		
Employee Benefits Expense		
Salaries, Wages, Bonus and Allowances	2717.95	2498.36
Contribution to Provident, Gratuity and Other Funds	394.88	431.56
Workmen and Staff Welfare	116.17	111.64
	3229.00	3041.56

**NOTES** forming part of the Financial Statement

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 23		
Finance Costs		
Interest Expense	208.61	107.50
Interest paid to Income Tax Department	0.03	50.47
Other Borrowing Costs	102.19	61.49
	310.83	219.46

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
NOTE NO. 24		
Other Expenses		
Stores and Spares Consumed	2238.28	2279.29
Power and Fuel	16465.88	15265.50
Rent	175.22	130.79
Repairs and Maintenance :		
Plant and Machinery	993.96	594.39
Buildings	111.64	82.60
Others	90.36	59.35
	1195.96	736.34
Insurance	118.70	72.76
Rates and Taxes	99.70	80.71
Testing & Lab Expense	-	20.48
Research & Development Expense	191.76	-
Packing, Forwarding and Distribution Expense	15396.48	12154.17
Commission & Brokerage to Selling Agents	1663.03	900.29
Wealth Tax	10.03	8.75
Prior period Adjustments (net)	3.51	9.66
Miscellaneous Expenses	1281.01	704.81
Directors Commission	130.50	21.00
Directors Fees	10.20	16.05
Payments to Auditors:		
(a) Statutory Auditors		
Audit Fees	6.50	6.00
Tax Audit Fees	1.34	1.25
Other Services	1.37	1.30
Reimbursement of Expenses	0.32	0.09
(b) Cost Auditors		
Audit Fees	0.64	0.60
Loss on Sale of Fixed Assets (net)	61.87	2.67
	39052.30	32412.51

NOTES forming part of the Financial Statement

NOTE 25

Accounting Policies and Notes on Accounts for the year ended 31st March 2012.

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, amortisation 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 amortised over the period of lease.
- (b) Computer software is amortised over a period of 5 years.

9. Employee Benefits

- (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.



NOTES forming part of the Financial Statement

- (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 nature of Project Subsidy are credited to Capital Reserve. Grants related to specific fixed assets are deducted from the gross value of the concerned assets in arriving at its book value. 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. Research & Development Expenditure

Revenue Expenditure on Research and Development is charged as expenses under the head "Research and Development" in the year in which it is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

14. 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.

15. 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. 8.

B. Notes on Accounts

1. Depreciation for the year includes Rs. 8.91 lacs (Previous year Rs. 9.10 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. In view of the long delay in obtaining approval of Hon'ble High Court of Orissa and uncertainty, all essential and vital parameters considered in approving the scheme of amalgamation including fair basis, now resulting in unfavourable share exchange ratio, the scheme of amalgamation of Mangalam Timber Products Ltd (MTPL) with the company has been withdrawn.
3. Consequent to withdrawal of scheme of amalgamation interest free loan of Rs. 30 Crores advanced to MTPL has been converted into Inter-Corporate deposit repayable on demand with interest @12.5% p.a.
4. **Contingent Liabilities and Commitments (to the extent not provided for)**
 - i. Contingent Liabilities
 - (a) Claims against the Company not acknowledged as debts - Differential of royalty on limestone Rs. 159.83 lacs

NOTES forming part of the Financial Statement

(previous year Rs.180.34 lacs), Disputed Cenvat and other excise claims Rs. 1330.56 lacs (previous year Rs. 1157.12 lacs), Disallowance of credit notes & differential tax on raw material (Sales Tax) etc. Rs. 4.08 lacs (previous year Rs. 9.72 lacs), Turnover tax Rs. Nil (previous year Rs. 3.13 lacs), Claims by customers and others Rs. 54.21 lacs (previous year Rs. 50.51 lacs), Income Tax matters Rs. 531.95 lacs (previous year Rs. 542.86 lacs), Differential of CST Rs. 686.28 lacs (previous year Rs. 639.22 lacs), Haryana VAT

matters Rs. 0.68 lacs (previous year Rs. 0.68 lacs), UP sales tax Rs. 0.43 lacs (previous year Rs. Nil).

- (b) Other money for which the company is contingently liable- The Jute Commissioner has issued a show cause notice dated 14th August, 2002 for non use of Jute Packaging Material as stipulated under the Jute Packaging Material (Compulsory use in Packing Commodities) Act 1987, which has been stayed by the Honorable Rajasthan High Court, Jodhpur. Liabilities on this account upto 30.06.1997 are presently not quantifiable.

ii. Commitments

	(Rs. in lacs)	
	As at 31.03.2012	As at 31.03.2011
a. Estimated Capital Commitments (Net of Advances)	16499.93	347.56
b. Other Commitments	125.00	400.00
- Commitment for Social Welfare (outstanding contribution for "Over Bridge" Construction)		

5. Board of director has proposed a dividend of Rs. 6 per equity shares of Rs. 10 each for the year ended 31st May 2012 and total proposed dividend will be Rs. 1601.63 lacs and corporate dividend tax will be Rs. 259.82 lacs.
6. (a) During the year Rs. 6 lacs (Previous year Rs. Nil) has been received as Government Grant in the nature of "Grants Related to Specific Fixed Assets". This amount has been reduced from the cost of concerned Fixed Assets.
- (b) Government grant received in the nature of "Grants related to Revenue" Rs. 1.58 lacs (Previous year Rs.2.49 lacs) reduced from the related expenditure.
7. Revenue Expenditure on Research and Development amounting to Rs. 191.76 lacs (Previous year Rs. 131.53 lacs) is shown under the head Research and Development Account (under relevant heads in the previous year). Capital Expenditure relating to Research and Development amounting to Rs. 76.64 lacs (Previous year Rs. 2.66 lacs) has been included in fixed assets.
8. (i) Pursuant the order dated 30th November, 2007 of the Hon'ble Rajasthan High Court reversal of deferred tax liability for the year Rs. 28.39 lacs (previous year Rs. 1164 lacs has been adjusted from securities premium account) has been credited to against Securities Premium Account.

**NOTES** forming part of the Financial Statement

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

	(Rs. in lacs)	
	As at 31st March, 2012	As at 31st March, 2011
(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	6642.62	6655.00
(ii) Others	325.99	342.00
Total (a)	6968.61	6997.00
Less: Adjusted till 31.03.2011	6997.00	5833.00
Charge to Security Premium Account	-	1164.00
Reversal of Deferred Tax Liability credited to securities premium account for this year	28.39	-
(b) Deferred Tax Assets being tax impact on expenses charged in the books but allowance thereof deferred under income tax laws (b)	787.58	1084.00
(c) Net Deferred Tax Liabilities (a) – (b)	6181.03	5913.00

9. 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.

10. (a) Capital work-in-progress includes machinery under installation and building and other assets under erection.

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

	(Rs. in lacs)	
Particulars	31st March, 2012	31st March, 2011
Salaries & Wages, Bonus & Other Allowance	18.37	21.68
Contribution to Provident Fund & Other Funds	2.27	2.47
Staff Welfare	3.03	0.23
Insurance Premium	14.03	4.41
Electricity Charges	8.11	16.69
Consumption of Fuel	-	179.23
Repairs to Machinery	-	1.08
Rates & Taxes	3.75	17.30
Depreciation	21.50	0.55
Others Expenses	230.65	123.33
	301.71	366.97
Add: Brought forward from previous year	-	21.65
Less: Receipt during trial run	-	216.50
Total	301.71	172.12
Allocated to Fixed Assets	-	172.12

NOTES forming part of the Financial Statement

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

		(Rs. in lacs)	
S.No.	Particulars	31st March, 2012	31st March, 2011
(a)	(i) Principal amount remaining unpaid at the end of the accounting year	18.91	0.49
	(ii) 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, 2012	31st March, 2011
	Contribution to Superannuation Fund	125.39	93.84
	Contribution to Provident Fund (Government)	230.17	191.83
	Others	31.71	23.72
		387.27	309.39

- (b) Defined Benefit Plans as per Actuarial Valuation as on 31st March, 2012 and recognised in the financial statements in respect of Employee Benefit Schemes:

		(Rs. in lacs)			
		Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
I	Reconciliation of Defined Benefit Obligations (DBO) during the year ended 31st March, 2012				
1	Present Value of DBO at the Beginning of Period	1175.41	956.47	474.82	361.47
2	Current Service Cost	70.26	65.08	48.65	40.12
3	Interest Cost	94.04	76.52	37.99	28.92
4	Past Service Cost	-	96.72	-	-
5	Actuarial (Gains)/Losses	7.19	31.26	27.40	101.15
6	Benefits Paid	(132.97)	(50.62)	(140.33)	(56.84)
7	Present Value of DBO at the End of Period	1213.93	1175.43	448.53	474.82



NOTES forming part of the Financial Statement

		(Rs. in lacs)			
		Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
II	Reconciliation of Fair Value of Plan Assets during the year ended 31st March, 2012				
1	Plan Assets at the Beginning of Period	1110.05	916.43		
2	Expected Return on Plan Assets	103.24	85.23		
3	Actuarial Gains/(Losses)	(9.38)	4.14		
4	Company Contribution	65.36	154.88		
5	Benefits Paid	(132.98)	(50.63)		
6	Plan Assets at the End of Period	1136.29	1110.05		
III	Reconciliation of fair value of assets and obligation as at 31st March, 2012				
1	Present Value of Defined Benefit Obligation	1213.93	1175.43	448.53	474.82
2	Fair Value on Plan Assets	1136.29	1110.06	-	-
3	Status [Surplus/(Deficit)]	(77.64)	(65.36)	-	-
4	Net Asset/(Liability) recognised in Balance Sheet	(77.64)	(65.36)	(448.53)	(474.82)
IV	Expenses recognised during the year				
1	Current Service Cost	70.26	65.08	48.65	40.12
2	Past Service Cost	-	96.72	-	-
3	Interest Cost	94.04	76.52	37.99	28.92
4	Expected Return on Plan Assets	(103.24)	(85.23)	-	-
5	Actuarial Losses/(Gains)	16.58	27.12	27.40	101.15
6	Total Expenses recognised in the Statement of Profit & Loss Account [includes Rs. 0.12 lacs (Previous year Rs. 0.05 lacs) for Gratuity and Rs. 2.40 lacs (Previous year Rs. 0.77 lacs) for Leave Encashment charged as preoperative expenses]	77.64	180.21	114.04	170.19
V	Major Category of Plan Assets as a % of the Total Plan Assets as at 31st March, 2012				
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

NOTES forming part of the Financial Statement

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	2011-12	2010-11
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	(Rs. in lacs)		
	Related Parties		
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Sales			
Goods and material			
Kesoram Industries Limited	-	9.51 (90.97)	-
Expenses			
Consultancy			
Vidula Consultancy Service Limited	-	-	1.88 (2.33)
Income			
Interest received			
Mangalam Timber Products Limited	-	-	299.76 (Nil)
Loan Given			
Mangalam Timber Products Limited	-	-	3000 (300)
Realisation of Loan Given			
Mangalam Timber Products Limited	-	-	Nil (300)
Dividend Paid			
Kesoram Industries Limited	-	228.57 (171.72)	-
Pilani Investment & Industrial Corporation Ltd.	-	-	67.20 (67.20)
Shri KC Jain	0.41 (0.41)	-	-

**NOTES** forming part of the Financial Statement

II. Transactions with Related Parties:

Particulars	Related Parties		
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Smt. Vidula Jalan	-	-	0.77 (0.77)
Remuneration	Refer note No.17 of Notes to the Accounts	-	Refer note No.17 of Notes to the Accounts
Director Fees			
Shri A.V. Jalan	-	-	Nil (1.5)
Smt. Vidula Jalan	-	-	Nil (1.5)
Outstanding			
Purchase			
(a) For goods and material			
Kesoram Industries Limited	-	0.16	-
Sales:			
(b) For goods and material			
Kesoram Industries Limited	-	Nil	-
		(4.20)	
Expenses			
(c) Consultancy			
Vidula Consultancy Service Limited	-	-	Nil (0.44)
(d) Director Commission			
Shri A.V. Jalan	-	-	41.46 (3.15)
Smt. Vidula Jalan			41.46 (3.15)
(e) Medical expenses			
Shri A.V. Jalan	-	-	0.21 (Nil)
Smt. Vidula Jalan	-	-	1.14 (Nil)
Income			
(a) Interest	-	-	269.78 (Nil)
Mangalam Timber Products Limited			

*Previous year figures are given in bracket

15. Earning Per Share (EPS)

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
Net Profit attributable to Equity Share Holders	5598.79	3824.14
Weighted average of Equity Shares (Nos.)	26693780	26693780
Nominal value of Equity Shares	10	10
Basic/Diluted EPS (in rupees)	20.97	14.33

NOTES forming part of the Financial Statement

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

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
Salaries, Wages, Bonus and Allowances	229.96	208.32
Contribution to Provident and Other Fund	33.92	38.74
Workmen and Staff Welfare	2.67	1.90
Power and Fuel	289.67	222.37
Stores and Spare consumed	324.78	198.70
Insurance	2.75	2.13
Transportation of Raw Materials	821.88	631.92
Repairs to Machinery	55.77	37.02
Repairs to Building	3.62	3.63
Royalty	1114.98	1050.94
Rates and Taxes	399.09	458.18
Other Expenses	21.43	7.12

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

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
Salaries, Wages, Bonus and Allowances	197.78	144.47
Contribution to Provident Fund	25.12	20.78
Electricity / Diesel	39.77	7.20
Stores & Spares Consumed	130.91	139.22
D G Running	2.49	3.04
Insurance	8.70	6.62
Repairs to Plant & Machinery	155.27	160.51
Rates & Taxes	18.94	1.74
Misc. Expenses	19.99	20.32

17. (a) Remuneration to Managing Director

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
Salary	7.20	7.15
Contribution to Provident Fund	0.86	0.86
Superannuation Fund	1.00	1.00
Allowances	28.73	27.00

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

- (b) Remuneration to Shri. Anshuman Vikram Jalan (Executive Director)

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
Salary	24.00	-
Contribution to Provident Fund	2.88	-
Superannuation Fund	3.60	-
Medical	0.23	-
Commission	60.00	3.50*

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

* Paid as a Non Executive Director.

**NOTES** forming part of the Financial Statement

(c) Remuneration to Smt. Vidula Jalan (Executive Director)

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
Salary	24.00	-
Contribution to Provident Fund	2.88	-
Superannuation Fund	3.60	-
Medical	1.58	-
Commission	60.00	3.50*

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

* Paid as a Non Executive Director.

	(Rs. in lacs)	
	31st March, 2012	31st March, 2011
(d) Commission to Non-Executive Directors	10.50	21.00

18. (a) All Raw Materials consumed are indigenous.

	31st March, 2012 (Rs. in lacs)	Percentage	31st March, 2011 (Rs. in lacs)	Percentage
(b) Stores and spare parts consumed.				
Indigenous	2417.96	90	2366.28	90
Imported	278.50	10	253.97	10
(c) C.I.F. Value of imports in respect of				
i. Stores and Spares	637.41		146.51	
ii. Capital Goods	0.51		1063.36	
(d) Expenditure in foreign currency (on cash basis)				
i. Travelling Expense	14.20		24.71	
ii. Sales Promotion Expense	14.10		19.28	
(e) Earnings in foreign currency				
i. FOB value of export	178.50		Nil	

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
(FRN 016746 N)

P.K. JAIN

New Delhi
5th May, 2012

Partner
M. No. 10479

R.C. GUPTA
Company Secretary

N.G. Khaitan Director
K.K. Mudgil Director
Aruna Makhani Director
Gaurav Goel Director
K.C. Jain Director
A.V. Jalan Executive Director
Vidula Jalan Executive Director

CASH FLOW STATEMENT for the year ended 31st March, 2012

(Rs. in lacs)

	31st March 2012	31st March 2011
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit Before Taxation and Extraordinary Items	7493.81	4136.90
Adjustments for:		
1. Depreciation / Amortisation	3204.49	2751.43
2. Interest Expense	310.83	219.46
3. Dividend Received	-	(21.56)
4. Interest Income	(663.07)	(686.43)
5. Loss on Sale of Fixed Assets (Net)	61.87	2.67
6. Wealth Tax	10.03	8.75
7. Diminution in the Value of Investment	0.23	-
8. Profit/Loss on Sale of Investments (Net)	-	(59.90)
9. Foreign Exchange Fluctuation	(0.07)	-
Operating Profit Before Working Capital Changes	10418.12	6351.32
Adjustments for:		
1. Trade & Other Receivables	(3817.11)	(5413.98)
2. Inventories	733.23	(212.52)
3. Trade Payables	1756.95	321.07
Cash generated from Operations	9091.19	1045.89
Direct Taxes Paid	(1465.66)	(1317.24)
Net Cash from operating activities	7625.53	(271.35)
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(4564.98)	(6563.90)
Sale of Fixed Assets	67.92	10.33
Dividend Received	-	21.55
Interest Received	483.37	825.20
Purchase/Disposal of Current Investments (net)	-	1900.00
Net Cash used in Investing Activities	(4013.69)	(3806.82)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest and Financial Charges	(310.83)	(219.46)
Dividend Paid (including Corporate Dividend Tax)	(1848.34)	(1853.94)
Proceeds from Long Term Borrowings	1050.65	334.91
Re-payment of Long Term Borrowings	-	-
Net Cash used in Financing Activities	(1108.52)	(1738.49)
Net Increase/Decrease in Cash and Cash Equivalents	2503.32	(5816.66)
Cash and Cash Equivalents as at 31.03.2011 (Opening Balance)	1190.04	7006.70
Cash and Cash Equivalents as at 31.03.2012 (Closing Balance)	3693.36	1190.04

**CASH FLOW STATEMENT** for the year ended 31st March, 2012

		(Rs. in lacs)	
		31st March 2012	31st March 2011
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	5.00	8.94
	Bank Balances		
	Current Account	865.86	586.42
	Cheques/Drafts in Hand	512.50	219.68
	Short Term Deposit	2310.00	375.00
		3693.36	1190.04

As per our Report of even date
FOR JAIN PRAMOD JAIN & CO.
Chartered Accountants
(FRN 016746 N)

P.K. JAIN

Partner

M. No. 10479

New Delhi
5th May, 2012

R.C. GUPTA
Company Secretary

N.G. Khaitan Director

K.K. Mudgil Director

Aruna Makhan Director

Gaurav Goel Director

K.C. Jain Director

A.V. Jalan Executive Director

Vidula Jalan Executive Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri O.P. Gupta	Chairman
Shri N.G. Khaitan	
Shri K.K. Mudgil	
Smt. Aruna Makhan	(W.E.F. 5th May 2012)
Shri Gaurav Goel	(W.E.F. 5th May 2012)
Shri K.C. Jain	(W.E.F. 5th May 2012)
Shri A.V. Jalan	Executive Director
Smt. Vidula Jalan	Executive Director

COMPANY SECRETARY

Shri R.C. Gupta

TEAM OF EXECUTIVES

Shri R.C. Gupta	President
Shri S.S. Jain	President (Works & Project)
Shri Yaswant Mishra	Sr. Joint President
Shri A.K. Uppal	Head- Marketing
Shri Anil Mandot	Sr. Vice President (A&T)
Shri V. Raghupati	Vice President (Power Plant)
Shri R. Giri	Vice President (Elect. & Instrumentation)
Shri G.S. Chandak	Vice President (Sales & Sales Accounts)
Shri Anoop Walia	Vice President (Marketing)
Shri S.B. Sharma	Vice President (Mines)
Shri S.D. Mishra	Vice President (Mechanical)
Shri S.S. Oswal	Vice President (Civil)
Shri S.D. Arya	Vice President (P&QA)
Shri S.R. Sinha	Vice President (Purchase)

REGISTERED OFFICE & WORKS

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

HEAD OFFICE

Birla Building, 8th Floor
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 Ltd.
HDFC Bank Ltd.
IDBI Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENTS

M/s 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
Email- info@masserv.com
Website- www.masserv.com



NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of the Members of Mangalam Cement Ltd will be held on Monday, the 6th August, 2012, 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, 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2012.
3. To appoint a Director in place of Shri N.G.Khaitan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A.V. Jalan 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 subject to provisions of Section 224A and other applicable provisions of the Companies Act, 1956, 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 recommendation of its Audit Committee."

Special Business

6. To consider and if thought fit to pass, with or without modification(s) the following Resolution to be moved as an Ordinary Resolution.
"RESOLVED THAT Shri K.C. Jain, who was appointed as an Additional Director by the Board of Directors of the company with effect from 5th May, 2012 and who, as per provisions of Section 260 of the companies Act 1956, holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act 1956, received a Notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."
7. To consider and if thought fit to pass, with or without modification(s) the following Resolution to be moved as an Ordinary Resolution.
"RESOLVED THAT Smt.Aruna Makhan, who was appointed as an Additional Director by the Board of Directors of the Company with effect from 5th May, 2012 and who, as per provisions of Section 260 of the companies Act 1956, holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act 1956, received a Notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."
8. To consider and if thought fit to pass, with or without modification(s) the following Resolution to be moved as an Ordinary Resolution.
"RESOLVED THAT Shri. Gaurav Goel, who was appointed as an Additional Director by the Board of Directors of the Company with effect from 5th May, 2012 and who, as per provisions of Section 260 of the companies Act 1956, holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act 1956, received a Notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation."
9. To consider and if thought fit, to pass, with or without modification(s) the following Resolution to be moved as Special Resolution.
"RESOLVED THAT in supersession to the earlier Resolution passed by the Shareholders, in their meeting held on 6th August, 2011 and pursuant to provisions of Section 309,310 and other applicable provisions of the Companies Act, 1956 and Article 90 of the Articles of Association of the Company, the Company, be and is hereby authorised to pay increased commission w.e.f. 1st April, 2012 to its Non-Executive Directors @ 1% of the net profit of the Company but not exceeding 4.50 lacs (Rupees Four lacs Fifty Thousand) to each of the Non-Executive Director (NED) in every financial year computed in the manner referred to in Section 198(1) of the said Act, for the remaining period of one year w.e.f. 1st April, 2012 provided that 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, 7th May, 2012

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 Monday, the 30th July, 2012 to Monday the 6th August, 2012, 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, 2012 or to their nominees. In respect of shareholding in dematerialised 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 (NECS) as the case may be, on or after 17th August, 2012.
4. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through National Electronic Clearing Services (NECS) 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 (NECS) facility, should provide the bank details and 9 digits code number in (NECS) Mandate Proforma. Shareholders who have already given their Bank details to avail the (NECS) facility should furnish the same only if there is any change.

The (NECS) 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 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 2010-11 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 dematerialised 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 dematerialised form, should intimate change of their address, if any, to the Depository participant.

9. Reappointment of Directors

As per Clause-49 of the Listing Agreement with the Stock Exchange(s), the Company is required to provide expertise and name of the companies in which the proposed Directors hold the directorship and membership of the Committee of the Board and accordingly the said information is given hereunder in respect of Shri N.G.Khaitan.

Shri N.G. Khaitan

Shri N.G.Khaitan, aged about 63 years, is practicing as Attorney and Advocate in the Honb'le High Court of Kolkata and Honb'le Supreme Court of India. He is the director of the Company since December, 2000 and he is also the directors in the following companies:

Public Limited Companies

1. Chase Bright Steel Ltd.
2. Gobind Sugar Mills Ltd.
3. HSIL Ltd.
4. JK Lakshmi Cement Ltd.
5. Mangalam Timber Products Ltd.
6. Naga Dhunseri Group Ltd.
7. Reliance Chemotex Industries Ltd.
8. Rasoi Ltd
9. DPSC Ltd.

**Private Limited Companies**

1. Rowdon Business Pvt.Ltd.
2. Xenix Servis Pvt.Ltd.
3. CD Equifinance Pvt.Ltd.
4. Ushodaya Marketing Pvt.Ltd.
5. Srijan Vinimay Pvt.Ltd

He is also Chairman/Member in the following Committees of Directors:

S.No	Name of Company	Particulars of Committee	As Chairman/ Member
1	Mangalam Timber Products Ltd.	1. Audit Committee	Chairman
		2. Share Transfer Committee	Member
2	J.K. Lakshmi Cement Ltd.	1. Audit Committee	Member
		2. Shareholder/ Investor Grievance Committee	Member
3	HSIL Ltd.	1. Audit Committee	Member
		2. Shareholder/ Investor Grievance Committee	Member
		3. Remuneration Committee	Member
4	Gobind Sugar Mills Ltd.	1. Investor Grievance Committee	Member
5	Reliance Chemotex Industries Ltd.	1. Audit Committee	Member
6	DPSC Ltd.	1. Audit Committee	Member
		2. Remuneration Committee	Chairman

10. Shri Anshuman Vikram Jalan,

Shri Anshuman Vikram Jalan, aged about 34 years, is B. Com (Hons) from St. Xavier's College, Kolkata and has completed a management course in Marketing and Corporate Finance from London School of Economics, U.K. He has been involved in management of manufacturing companies since 1998 and has gained rich experience in business administration. He joined the Board of Mangalam Cement Ltd on 30th July, 2009. He holds Directorship and is also a member of the committee of the Directors in the following Companies.

Public Limited Companies

1. Vidula Consultancy Services Ltd.
2. Pilani Investment and Industries Corp Ltd - Member Audit Committee

Private Limited Companies.

1. Shree Guru Carbide & Chemicals Pvt.Ltd.
2. Gorakhpur Oxygen Pvt. Ltd.
3. Shree Hanuman Investments Pvt.Ltd.
4. Dhanshree Niketan Pvt.Ltd.
5. Amexco Investments Pvt.Ltd.
6. Aramco Pvt. Ltd.
7. Soorajmull Nagarmull Pvt.Ltd.
8. Axon India Pvt.Ltd.
9. Ocean Minerals & Industrial Gases Pvt.Ltd.
10. Mahamaya Properties Pvt.Ltd.

Explanatory Statement pursuant of Section 173(2) of the Companies Act, 1956**Item No.6**

Shri K.C.Jain was appointed as Director of the Company on 30th April, 1996 and was appointed as Managing Director of the Company with effect from 1st May, 1996. He resigned from the Company with effect from 1st April, 2012.

The Board of Directors of the Company appointed Shri K.C.Jain as Additional Director Under Article-104 of the Article of Association of the Company with effect from 5th May, 2012. Under provisions of Section-260 of the Companies Act, 1956 and Article 104, the Additional Director shall hold the office only upto the ensuing Annual General Meeting of the Company.

As required by Section-257 of the Companies Act, 1956, a notice in writing along with deposit of Rs.500/- from a member of the Company has been received proposing that Shri K.C.Jain be appointed as Director of the Company, hence, resolution has been proposed.

Shri K.C.Jain, aged about 72 years, is a qualified Chartered Accountant and is holding the position as Sr.President of Cement Sections of Kesoram Industries Ltd. and is also whole time director of Kesoram Industries Ltd. Shri K.C. Jain has the vast experience in Cement Industry.

Shri K.C.Jain has managed the affairs of the Company as Managing Director from 1st May, 1996 to 31st March, 2012.

Shri K.C.Jain holds 6840 shares in the Company as on the date of appointment. The directors recommended appointment of Shri K.C.Jain as director of the Company.

Except Shri K.C.Jain, no other director is interested or concerned in the proposed resolution.

Item No.7

The Board of Directors of the Company appointed Smt.Aruna Makhan as Additional Director Under Article-104 of the Article of Association of the Company with effect from 5th May,2012. Under provisions of Section-260 of the Companies Act, 1956 and Article 104, the Additional Director shall hold the office only upto the ensuing Annual General Meeting of the Company.

As required by Section-257 of the Companies Act, 1956, a notice in writing along with deposit of Rs.500/- from a member of the Company has been received proposing that Smt. Aruna Makhan be appointed as Director of the Company, hence, resolution has been proposed.

She joined the Indian Audit & Accounts Service in 1967 and held the position of Controller General of Accounts before retirement from Govt. Service.

During the span of 37 years of service in Government Smt. Makhan had a wide experience in the field of Public Financial Management and held various senior level positions in different departments of the Govt. of India.

Presently, Smt. Aruna Makhan is on the Board of M/s. Nirlon Limited and is also member of the Audit Committee, Shareholders Grievance Committee of and Remuneration Committee of M/s. Nirlon Limited apart from being a Member of the Audit Committee of and Personnel Policies Committee of MMTC Ltd.

Except Smt. Aruna Makhan, no other director is interested or concerned in the proposed resolution.

Item No.8

The Board of Directors of the Company appointed Shri.Gaurav Goel as Additional Director Under Article-104 of the Article of Association of the Company with effect from 5th May, 2012. Under provisions of Section-260 of the Companies Act, 1956 and Article 104, the Additional Director shall hold the office only upto the ensuing Annual General Meeting of the Company.

As required by Section-257 of the Companies Act, 1956, a notice in writing along with deposit of Rs.500/- from a member of the Company has been received proposing that Shri. Gaurav Goel be appointed as Director of the Company, hence, resolution has been proposed.

Shri. Gaurav Goel serves Managing Director and Director of Dhampur Sugar Mills Ltd. He is a Business Management Graduate from United Kingdom and has been associated with this Company from 1994 onwards.

He is responsible for overall management of financial aspects. He was the President of Entrepreneurs Organisation (EO), Delhi chapter , for the year 2006-07.He takes avid interest in Tennis,Bridge,and Reading.

He also served as the director of

- 1) Goel Investment Limited
- 2) KSM Holding Ltd.
- 3) Shudh Edible Products Ltd.
- 4) Star Metal Refinery Pvt. Ltd.
- 5) Decon Mercantile Pvt. Ltd.
- 6) Francis Klein &Company (Bombay)Pvt.Ltd.
- 7) Dhampur International Pte.Ltd.(Singapore)
- 8) YPO (Delhi Chapter) U/s 25

Except Shri Gaurav Goel, no other director is interested or concerned in the proposed resolution.

Item No.9

The Shareholders in their meeting held on 6th August, 2011, approved payment of commission to each of the Non-Executive Directors (NED) @ 1% of the net profit of the Company subject to maximum of Rs.3.50 lacs in every financial year for 2 years w.e.f. 1st April, 2011.

Considering the greater involvement of the NED in the affairs of the Company, the Board felt that the maximum limit of Rs. 3.50 lacs as approved earlier by the shareholders, be increased to Rs. 4.50 lacs w.e.f. 1st April, 2012. The proposed resolution, therefore, seek authority for such payment to Non-Executive Directors.

All the Directors of the Company except 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, 7th May, 2012

R.C.GUPTA
Secretary



MANGALAM CEMENT LTD

Regd Office: P.O. Aditya Nagar, Morak -326520, Dist. Kota (Raj.)

FORM OF PROXY

Regd. Folio No.....
DP ID.....
Client ID.....
No. of shares held.....
Proxy No.....

I/We.....
of
being a member/members of MANGALAM CEMENT LIMITED, hereby appoint.....
.....ofor
falling him/herofas
my/our proxy to attend and vote for me/us on my/our behalf at the Thirty Sixth Annual General Meeting of the Company to be held on
Monday, the 6th August, 2012 and at any adjournment thereof.

Signed thisday of2012.

Affix
30 Paise
Revenue
Stamp Here

(Signature)

- Notes:
1. The form should be signed across the stamp as per specimen signature recorded with the Company.
 2. The Proxy form duly completed must reach the Registered Office of the Company not less than forty eight hours before the time for holding the Meeting.
 3. A Proxy need not be a Member of the Company.



MANGALAM CEMENT LTD

Regd Office: P.O. Aditya Nagar, Morak -326520, Dist. Kota (Raj.)

ATTENDANCE SLIP

Regd. Folio No.....
DP ID.....
Client ID.....
No. of shares held.....

I hereby record my presence at the Thirty Sixth Annual General Meeting of the Company held at Club Hall, Basant Vihar, Aditya Nagar, Morak-326520, Dist. Kota (Raj.)

1. Full name of the Member
(in Block Letters)
2. Full name of the Joint-holder(s)
(in Block Letters)
3. *Full name of the Proxy
(in Block Letters)
4. Signature of the Member/Proxy
attending the Meeting

*To be filled-in if the Proxy attends instead of Member(s)

Note: Member/Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of the venue of 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 emphasising 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.

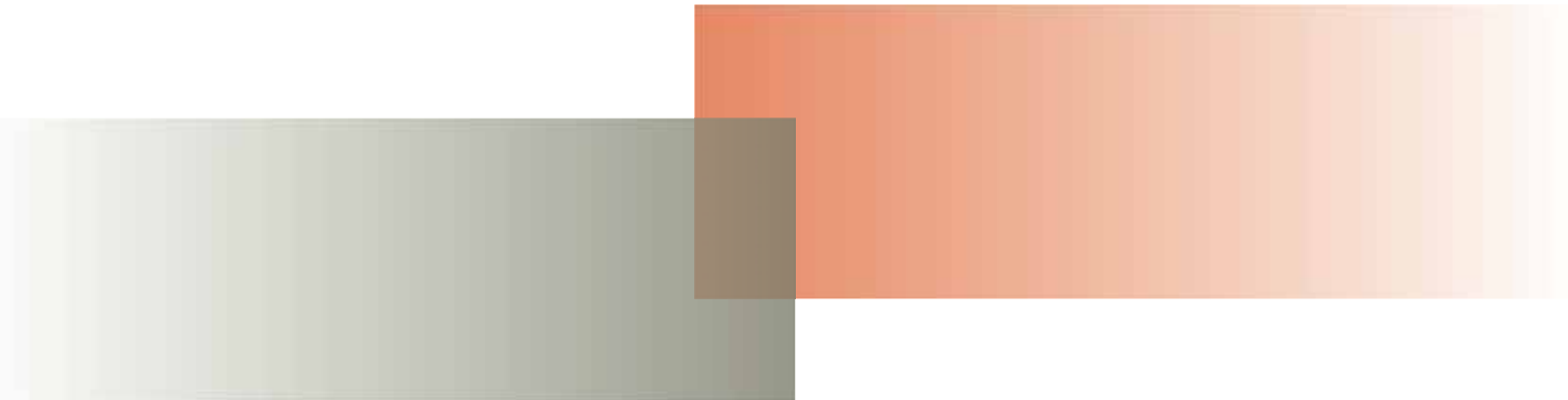
The Base - Solid Foundations

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



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