

### CORPORATE GOVERNANCE DISCLOSURE

During the year ended 31/03/2009, in compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said Clause and practice followed by the Company.

- **Company's Philosophy on Corporate Governance**

Company's philosophy on corporate governance envisages the continuous improvement in transparency, accountability and equity, in all facets of its operations, and in all interactions with its stakeholders, including the shareholders, employees, government and lenders.

Company is committed to continuous improvement of standards of corporate governance.

Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder's value, over a sustained period of time.

- **Board of Directors**

The Board of Directors consist of two Promoter directors at present (one Managing Director & one Executive director), one executive non independent director, one non executive non independent director, three non executive independent directors and one non executive independent director representing IPICOLas lenders.

The Independent Directors on the Board are experienced .competent and highly renowned persons from their respective fields. The Independent Directors take active part at the Board and committee Meeting which add value in the decision making process of the Board of Directors.

The Composition of the Board of Directors is in conformity with the Corporate Governance Code. The composition as on 31 "March,2009 and brief resume of each Director is given below:-

**Mr Rajendra Prasad Gupta (Managing Director):** He is a graduate engineer and an Industrialist and is one of the promoter of Shiva Cement Ltd, he has graduate engineer having 36 years business experience and more than 23 years in the cement Industry. He is at present Vice Chairman of Western Zone of OASME (Odisha Assembly of Small & Medium Enterprises). He is also an adviser in OJC Chamber of Commerce, Rourkela. He is also associated with several social/religious/educational organisations in various capacities and enjoying social reputation and goodwill. His inputs and guidance in the strategies for Company's growth ever since he was taken on the Board have been of immense valuable.

**Mr Akash Gupta (Executive Director) :** He is a Commerce graduate (Gold Medallist) having business experience of over 12 years in Cement manufacturing.. He is one of promoter Director of Shiva Cement Ltd.

**Mr B. K. Mangraj :** He is a post Graduate Engineer having more than 26 years experience in the Mining of Limestone & other Minerals and more than 10 years experience in operation of Cement Plant. He is also awarded by President of India in past.

**Mr B. C. Srivastava :** He is B.Sc., Metallurgy/ M.I./F.I.E(Fellow Institution of Engineers (India) having more than 26 years working experience with various large Corporates.

**Mr Sashi Bhushan Satpathy :** He is a Cost Accountant and working as General Manager in IPICOL. The Financial Institution has nominated him as director on the Board of the Compny.

**Mr Ramit Budhraja :** He is a Graduate engineer from IIT- New Delhi and MBA from IIM - Bangalore. He is having vast experience in cement industry at India & abroad in the key management. He has been associated with HOLCIM since several years. He is at present Business Head of ACC Ltd for Eastern zone.

**Mr K.P. Jhunjhunwala** : He is a HE, EEC, IICE and management graduate from Harvard University having more than 40 years of experience in various business. He is one of the prominent industrialist in Orissa who has headed several large corporates.

**Mr O P Goyal**: He is a Chartered Accountant and has four decades of wide ranging experience in paper and cement industry, heading various functional areas as Senior/ Executive/ Director of companies, including 17 years with a cement company of Birla Group. He is on the Board of several large corporates including J K Papers Limited.

During the year the Board met 6 times (as against the minimum requirement of 4 meetings) on the following dates namely 30/04/2008,28/07/2008,31/10/2008,15/12/2008,30/01/2009, and 16/03/2009.

The maximum time gap between any two meetings was not more than three calendar months. The following table gives details of directors, attendance of directors at the Board meetings and at the last Annual General Meeting, number of memberships held by directors in the Board/Committees and in other Companies:

Name	Category	Attendance Particulars		Number of other Directorship and Committee Member/ Chairmanships (Inci. SCL)		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
R.P. Gupta	CMD	6	Yes	2	1	-
Akash Gupta	ED	6	Yes	2	1	1
B.K. Mangraj	ED	5	Yes	1	4	-
S.B. Satpathy	NED	0	No	1	-	-
Ramit Budhraj	NED	4	No	1	-	-
B C Srivastava	NED	5	No	3	5	1
K P Jhunjhunwala	NED	4	No	3	-	1
OP Goyal	NED	2	No	4	-	-

CMD: Chairman cum Managing Director, ED: Executive Director, NED: Non Executive Director.

#### **Audit Committee**

The Audit Committee constituted by the Board of Directors consist of 3 (Three) directors, namely Sri K P Jhunjhunwala, Chairman, Sri B.K. Mangraj and B.C. Srivastava as other members. The constitution of Audit committee also meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

During the year Four Audit Committee meetings were held on the following dates including before finalisation of accounts and adoption of quarterly financial results by the Board.  
25/04/2008,25/07/2008,27/10/2008, & 28/01/2009.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.

- c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgement by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. That may have potential conflict with the interest of company at large.
- d) Reviewing with the management, external auditors and the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit functions.
- f) Discussion with internal audit department any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal audit department into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h) Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's various financial and risk management policies.
- j) To look in to the reasons for substantial defaults in the payment to the depositors, Shareholders (in case of non payment of declared dividends) and creditors.

#### **Remuneration Committee**

The Remuneration Committee of the Company comprises of 3(Three) directors, namely Sri Akash Gupta as Chairman, and Sri B.K. Mangraj and Sri B C Srivastava as other members of the said committee.

The remuneration committee has been constituted to recommend/review the remuneration package of the Managing/Whole time directors.

During the year the remuneration committee has met twice.

#### **Remuneration to Directors:**

Sri R.P.Gupta	Managing Director	Rs.100000/-pm
Sri Akash Gupta	Executive Director	Rs.50000/- pm
Sri B.K.Mangraj	Director (Works) Rs.52320/- pm from Jan'09	Rs.48000/- pm upto Dec'08

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

As per terms of appointment no remuneration was paid to Nominee Directors & Independent directors.

The Company pays sitting fees only to Nominee Directors at the rate of Rs.5000/- for each meeting attended. Sitting fee paid to them for the year ended 31<sup>st</sup> March, 2009 is as follows :-

-Sri Ramit Budharaja	Rs. 20000/-
-Sri OP. Goyal	Rs. 10000/-
-Sri K.P. Jhunjhuwala	Rs. 10000/-
-Sri B.C. Srivastava	Rs 20000/-

• **Shareholders'/Investors' Grievance Committee**

The Committee comprises of Sri B C Srivastava, Chairman, Sri B.K. Mangraj and Sri Akash Gupta . The Committee inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the share transfers. The Committee also looks into redressing of shareholders'/ investors' complaints like transfer of shares, non receipt of balance sheet, non receipt of dividends, etc.

The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Board of Directors have delegated the power for approving transfer of shares to Share Transfer committee constituted of three members i.e. Sri R.P.Gupta, Managing Director, Sri B. K Mangaraj, Director, and Sri B C Srivastava. Sri R Rout is the Compliance Officer.

A statistical overview of the working of the Share department and Shareholder's queries / complaints resolved during the year is given below:

Activity	Received	Replied	Pending
Transfers, transmission etc. effected	37	37	–
Demat requests confirmed-NSDL	50	50	–
Demat requests confirmed-CDSL	18	18	–

**Queries/Complaints resolved :**

Activity	Received	Replied	Pending
Non receipt of share certificates after transfer/ Sub-division, Consolidation etc.	7	7	–
Change of Address	–	–	–

• **General Body Meeting**

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
31/03/2006	P-25, Civil Township, Rourkela-4	29.09.2006	11.00 AM
31/03/2007	P-25, Civil Township, Rourkela-4	17.07.2007	11.00 AM
31/03/2008	P-25, Civil Township, Rourkela-4	28.08.2008	11.00 AM

*Note : During the year under review, no postal ballots voting was exercised in your company.*

▪ **Disclosure**

Disclosure on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. That may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interests of the company. Details of non compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. NIL-

**Means of Communication**

The Company's financial results (Quarterly, half-yearly and annual) are communicated to shareholders through newspaper advertisements issued in Indian Express (English,Bhubaneswar) and Sambad (Oriya, Rourkela) within 24 hours of adoption thereof by the Board. The same are also circulated to Stock Exchanges where the shares of the Company are listed within 15 minutes of adoption thereof.

**General Shareholder information**

a) **AGM programme:**

AGM date and time	24 <sup>th</sup> August, 2009 at 11 AM
Venue	P-25, Civil Township, Rourkela-4, Orissa
Book closure	18 <sup>th</sup> August, 2009 to 24 <sup>th</sup> August, 2009
Equity shares listed at	Bombay Stock Exchange Ltd & Calcutta Stock Exchange

**b) Financial Calendar 2008-09** (tentative)

**Annual General Meeting :**

**June, 2010**

**Board Meetings**

Results for the quarter ending June 30, 2009	Last week of Jul/09
Results for the quarter ending Sep 30, 2009	Last week of Oct '09
Results for the quarter ending Dec 31, 2009	Last week of Jan'10
Results for the quarter ending Mar 31, 2010	Last week of Apr'10

c) i) **Scrip Code:** Calcutta Stock Exchange 10029983  
Bombay Stock Exchange 532323

ii) **Demat (SIN Numbers**

**in NSDL & CDSL**

Equity Shares

INE555C01029

*(Note: Annual listing fees for the year 2008-09 have been duly paid to all the above Stock Exchanges)*

**d) Stock Market Data :**

Monthly high and low prices of the Company scrip during the year on the Calcutta Stock Exchange & The Stock Exchange Mumbai:

Month	C.S.E.		B.S.E.	
	High	Low	High	Low
Apr'2008	-	-	13.82	10.17
May'2008	-	-	12.85	10.21
Jun'2008	-	-	10.99	7.60
Jul'2008	-	-	10.99	6.81
Aug'2008	-	-	12.18	9.42
Sep'2008	-	-	12.09	8.08
Oct'2008	-	-	8.88	6.33
Nov'2008	-	-	6.64	3.55
Dec'2008	-	-	5.88	3.42
Jan'2009	-	-	6.30	4.71
Feb'2009	-	-	5.20	4.32
Mar'2009	-	-	5.35	3.73

e) **Registrar and Transfer Agents:**

**Niche Technologies (P) Ltd**

D/511, Bagree Market 71,

BRBB Road, 5<sup>th</sup> floor,

**Calcutta-700 001.**

**1. Share Transfer system :**

The Company has, as per SEBI guidelines offered the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Registrar along with the option letter issued by the Company. On receipt of the same, the Registrar dematerialise the shares. In case the transferee does not wish to dematerialise the

shares, he need not exercise the option and the Company will despatch the share certificates after 15 days from the date of such option letter.

## 2. Dematerialisation of shares:

The Company's equity shares are admitted as eligible securities on National Securities Depository Ltd. and Central Depository Services (I) Ltd. under ISIN No. INE555C01029. As on 31<sup>st</sup> March, 2009, 121241251 equity shares representing 80.85% of the total paid up share capital of the Company are held by shareholders in electronic form.

### Distribution of Shareholding:

Category (Nominal Value)	No. of Folios	%	No. of Shares	%
0-5000	38195	93.61	17232863	11.49
5001-10000	1497	3.67	5894275	3.93
10001-20000	571	1.40	4472072	2.98
20001-30000	183	0.45	2346200	1.56
30001-40000	94	0.23	1707333	1.14
40001-50000	57	0.14	1343087	0.90
50001-100000	102	0.25	3808167	2.54
100001 & above	105	0.25	113159975	75.46
<b>Total</b>	<b>40804</b>	<b>100.00</b>	<b>149963972</b>	<b>100.00</b>

### Shareholding Pattern

Category	No. of Shares	% of Holdings
Promoters & Promoters Group	43116513	28.75
Financial Institutions & Banks	1187349	0.79
Foreign Institutional Investors	20000	0.01
NRI/OCB's	1351117	0.90
Bodies Corporate	64202687	42.81
Public	38156489	25.44
Others(Clearing Member/Trusts)	1929817	1.30
<b>Total</b>	<b>149963972</b>	<b>100.00</b>

Note : ACC Ltd is holding 215 lakh no. of shares which is being included in the Bodies Corporate category.

#### i) Plant Location

**Unit-I :** Kalunga Industrial Estate  
Kalunga, Dist. Sundargarh (Orissa)

**Unit-II:** Village: Telighana,  
Post: Biringatoli, Via-Kutra Dist.  
Sundargarh (Orissa)

#### ii) Address for Investor Correspondence

- The Share Department  
Shiva Cement Limited  
P-25, Civil Township, **Rourkela-4**
- M/s. Niche Technologies (P) Ltd. Unit-SCL  
D/511, Bagree Market 5<sup>th</sup> floor,  
71, BRBB Road, **Calcutta-1**

#### iii) Any query on Annual Report

The Share Department  
Shiva Cement Limited  
P-25, Civil Township, **Rourkela-4**