

### **Corporate Governance Disclosure**

During the year ended 31/03/2011, 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, four non executive independent directors and one non executive independent director representing IPICOL as 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 31st March, 2011 and brief resume of each Director is given below :-

**Mr. Rajendra Prasad Gupta ( Managing Director ) :-** He is an Industrialist and is key promoter of Shiva Cement Ltd, he is graduate engineer having 38 years business experience and 25 years in the cement Industry. He was present Vice Chairman of Western Zone of OASME ( Orissa Assembly of Small & Medium Enterprises). He was Vice President of All India Mini Cement Plant Association, Hyderabad. He is an Executive adviser to OJC (Odisha, Chhatisgarh, Jharkhand) Chamber of Commerce. His inputs and guidance in the strategies for Company's growth ever since he was taken on the Board have been immense valuable.

**Mr. Akash Gupta ( Executive Director ) :-** He is a Commerce graduate (Gold Medallist) having business experience of over 14 years in cement. He is one of promoter of Shiva Cement Ltd.

**Mr. B. K. Mangaraj :-** He is FIE, FCC having more than 28 years experience in the Mining of Limestone & other Minerals and more than 11 years experience in operation of Cement Plant. He was also awarded by the President of India in past. He has also worked with TISCO and BSL (SAIL subsidiary) in past.

**Mr. D. K. Senapati :-** He is a B E and working in IPICOL. The Financial Institution has nominated him as director on the Board of the Company.

**Mr. Ramit Budhreja :-** 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 is Chief Executive of ACC Ltd. for South West Region. He is nominee director of ACC Ltd.

**Mr. K. P. Jhunjhunwala :-** He is IIE, EEC, IICE and Management Graduate from Havard University having more than 41 years of experience in various business. He is one of the prominent industrialist in Odisha 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. He is on the Board of several large corporates including JK Papers Limited.

**Dr. N. S. Datar :-** He is B.Sc.(Met.), Dr Ing., AACHAN Germany, and was Managing Director of SAIL/RSP in the past. He has four decades of wide ranging experience in managing large corporates.

**Sri Vivek Chawla** is a B E (Mining), He is having vast experience in cement industry. He is at present Chief Executive of ACC Ltd. for East Zone.

During the year the Board met 7 times (as against the minimum requirement of 4 meetings) on the following dates namely 29/04/2010, 29/05/2010, 17/07/2010, 30/10/2010, 07/12/2010, 13/12/2010 and 07/02/2011.

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		
		Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
R. P. Gupta	CMD	7	Yes	1	-	-
Akash Gupta	ED	7	Yes	1	-	-
B. K. Mangaraj	ED	7	Yes	-	-	-
<b>S. B. Satpathy*</b>	NED	1	No	-	-	-
Ramit Budhraj	NED	-	No	-	-	-
Vivek Chawala	NED	-	No	3	-	-
<b>Vivek Agnihotri*</b>	NED	-	No	-	-	-
<b>D. K. Senapati</b>	NED	-	No	-	-	-
K. P. Jhunjhunwala	NED	7	No	2	-	-
O. P. Goyal	NED	1	No	3	-	-
N. S. Datar	NED	3	No	4	2	1

*CMD : Chairman cum Managing Director, ED : Executive Director, NED : Non Executive Director. \* Since resigned.*

#### **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. Mangaraj and Sri O. P. Goyal 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 27/04/2010, 15/07/2010, 25/10/2010 & 29/01/2011.

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.
- ❖ 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.
- ❖ Reviewing with the management, external auditors and the adequacy of internal control systems.
- ❖ Reviewing the adequacy of internal audit functions.
- ❖ Discussion with internal audit department any significant findings and follow up thereon.
- ❖ 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.
- ❖ 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.
- ❖ Reviewing the company's various financial and risk management policies.
- ❖ 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. Mangaraj and Dr. N. S. Datar 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.

### Remuneration to Directors

Sri R. P. Gupta	Managing Director	Rs. 100000/- pm
Sri Akash Gupta	Executive Director	Rs. 50000/- pm
Sri B. K. Mangaraj	Director (Works)	Rs. 66222/- pm

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 be paid to Nominee & Independent directors.

The Company pays sitting fees only to Independent Directors at the rate of Rs. 5000/- for each meeting attended. Sitting fee paid to them for the year ended 31st March, 2011 is as follows :-

Sri O P Goyal	Rs. 5000/-
Sri K P Jhunjhunwala	Rs. 30000/-
Sri S B Satpathy*	Rs. 5000/-
Dr. N S Datar	Rs. 15000/-

\* Since resigned.

### ❖ Shareholders'/Investors' Grievance Committee

The Committee comprises of Sri R. P. Gupta, Chairman, Sri B. K. Mangaraj 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 Akash Gupta, Executive Director. Sri R. K. Das is the Company Secretary and 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 effected	28	28	---
Transmission effected	15	15	---
Demat requests confirmed-NSDL	97	97	---
Demat requests confirmed-CDSL	40	40	---

### Queries/Complaints resolved :

Activity	Received	Replied	Pending
Non receipt of share certificates after transfer/sub-division, consolidation etc.	19	19	---
Change of Address	20	20	---

### ❖ General Body Meeting

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

Year	Location	Date	Time
31/03/2008	P-25, Civil Township, Rourkela-4	28.08.2008	11.00 AM
31/03/2009	P-25, Civil Township, Rourkela-4	24.08.2009	11.00 AM
31/03/2010	P-25, Civil Township, Rourkela-4	31.05.2010	11.00 A M

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/Business Standard (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	27th June, 2011 at 11 AM
Venue	P-25, Civil Township, Rourkela - 4, Odisha
Book closure	22nd June, 2011 to 27th June, 2011
Equity shares listed at	Bombay Stock Exchange Ltd. & Calcutta Stock Exchange

b) **Financial Calendar 2011-12 (tentative)**

**Annual General Meeting :  
Board Meetings**

**May, 2012**

Results for the quarter ending June 30, 2011	Third Week of July'11
Results for the quarter ending Sep 30, 2011	Third Week of Oct'11
Results for the quarter ending Dec 31, 2011	Third week of Jan'12
Results for the quarter ending Mar 31, 2012	Third week of Apr'12

c) i) **Scrip Code :**

Calcutta Stock Exchange 10029983  
Bombay Stock Exchange 532323

ii) **Demat ISIN Numbers  
in NSDL & CDSL**

Equity Shares INE555C01029

(Note: Annual listing fees for the year 2010-11 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 & Bombay Stock Exchange Limited :

Month	B S E				
	High	Low	Cl. price	No. of Shares Traded	Total Turnover (Rs. Lacs)
Apr'10	9.53	7.98	8.75	23142423	2049.52
May'10	9.55	8.05	9.08	16817372	1469.38
Jun'10	10.53	8.32	8.59	10629622	921.82
Jul'10	11.07	8.26	9.25	22092099	2048.89
Aug'10	10.59	8.70	9.65	26545403	2592.38
Sep'10	10.29	9.01	9.13	16399240	1589.27
Oct'10	11.49	8.82	10.00	54409609	5672.99
Nov'10	11.49	7.09	8.63	39462972	3543.47
Dec'10	9.54	7.50	8.11	35570638	3000.59
Jan'11	8.18	7.10	7.25	9831655	753.65
Feb'11	7.69	5.50	6.57	7455665	513.10
Mar'11	7.00	6.01	6.42	7101491	455.83

e) **Registrar and Transfer Agents** : **Niche Technologies (P) Ltd.**  
D/511, Bagree Market  
71, BRBB Road, 5th 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 31st March, 2011, 169476527 equity shares representing 97.91% 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	%
1-500	23768	56.90	3054640	1.77
501-1000	6771	16.21	4142159	2.39
1001-5000	9509	22.77	16581144	9.58
5001-10000	950	2.27	6071642	3.51
10001-50000	644	1.54	11657589	6.73
50001-100000	61	0.15	3861694	2.23
100001 & above	67	0.16	127731501	73.79
<b>Total</b>	<b>41770</b>	<b>100.00</b>	<b>173100369</b>	<b>100.00</b>

**Shareholding Pattern**

Category	No. of Shares	% of holdings
Promoters & Promoters Group	55568161	32.10
Financial Institutions & Banks	206083	0.12
Foreign Institutional Investors	22000	0.01
NRI/OCB's	1318572	0.76
Bodies Corporate	68547277	39.60
Public	44316468	25.60
Others(Clearing Member/Trusts)	3121808	1.81
<b>Total</b>	<b>173100369</b>	<b>100</b>

*Note : ACC Ltd is holding 236.50 lakh no. of shares which is being included in the Bodies Corporate category.*

**i) Plant Location**

Village: Telighana, Post : Biringatoli, Via - Kutra  
Dist. Sundargarh (Odisha)

**ii) Address for Investor Correspondence**

1. The Share Department  
Shiva Cement Limited, P - 25, Civil Township, Rourkela - 769004
2. M/s. Niche Technologies (P) Ltd. Unit - SCL  
D/511, Bagree Market, 5th floor, 71,  
BRBB Road, Calcutta - 1.

**iii) Any query on Annual Report**

The Share Department  
Shiva Cement Limited, P-25, Civil Township, Rourkela - 769004.