

2010-11

25th ANNUAL REPORT



SHIVA CEMENT LTD.

ROURKELA, ODISHA



Ceremonial Welcome at Kandeimunda Village to Director Works



Bhoomi Puja for periphery development activity at Kandeimunda village



Periphery development meeting at Kandeimunda village



Inaugurating Foot ball match for youth at Kutra High school

BOARD OF DIRECTORS

Sri R. P. Gupta
Managing Director

Sri Akash Gupta
Executive Director

Sri B K Mangaraj
Director (Works)

Sri Ramit Budhraj
Nominee-ACC Ltd.

Sri Vivek Chawla
Nominee-ACC Ltd.

Sri O P Goyal
Director

Sri D K Senapati
Nominee-IPICOL

Sri K P Jhunjhunwala
Director

Dr. N. S. Datar
Director

AUDITORS

Tibrewal Chand & Co.
1st Floor, KK - 5, Civil Township,
Rourkela - 4

REGISTRAR & TRANSFER AGENT

Niche Technologies (P) Ltd.
D/511, Bagree Market, 5th floor,
71, B.R.B.B. Road, Calcutta - 1.

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**REGISTERED OFFICE**

P-25, Civil Township,
Rourkela - 769 004

PLANT SITE

Vill : Telighana
PO : Biringatoli, Kutra
Dist. Sundargarh (Odisha)

MINES

Vill : Khatkurbahal
Via : Kutra
Dist. Sundargarh (Odisha)

NOTICE

NOTICE is hereby given that the TWENTY FIFTH Annual General Meeting of the Members of SHIVA CEMENT LIMITED will be held at its Registered office at P-25, Civil Township, Rourkela - 769004, on Monday the 27th June, 2011 at 11.00 A.M. to transact the following business :

Ordinary Business

1. To consider and adopt the Balance sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date and the reports of Board of Directors and Auditors' thereon.
2. To appoint Directors in place of Sri K P Jhunjhunwala, Sri B K Mangaraj and Sri O P Goyal who retires by rotation and being eligible, offers themselves for re-appointment.
3. To appoint M/s. Tibrewal Chand & Co. Chartered Accountants as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office :
P-25, Civil Township
Rourkela-769 004
Date : 28/05/2011

By Order of the Board
Sd/-
Akash Gupta
Director

Notes :

- ❖ A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A proxy in order to be valid must be received at least 48 hours before the meeting.
- ❖ Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- ❖ Shareholders seeking any information with regard to accounts are requested to write to the company atleast seven days before the date of the meeting so as to enable the management to keep the information ready.
- ❖ Members are requested to inform immediately changes in their addresses to the registered office of the company.
- ❖ Register of members shall remain closed from 22/06/2011 to 27/06/2011 (both the days inclusive).
- ❖ Shareholders are requested to bring their copy of Annual Report to the meeting.
- ❖ Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
- ❖ As per requirement of Clause 49 of the Listing Agreement on Corporate Governance following particulars of the retiring Directors, who are eligible to be re-appointed, are given below :-

Name of Director	Sri K P Jhunjhunwala	Sri O P Goyal	Sri B K Mangaraj
Date of Birth	30/01/1933	29/11/1942	20/10/1951
Date of Appointment	27/03/2007	24/09/2007	26/12/2002
Qualification	IIE,EEC, IICE & Mngt. Graduate from Harvard Univ	B.Com FCA	FIE, FCC
Expertise in specific functional areas	Technical & Admn.	Finance & Admn.	Mining & Admn.
List of other Companies in which Directorship held (excluding in Foreign companies)	Orind Steels Ltd Bansal Fiscal Services Ltd	J K Papers Ltd., JK Enviro-Tech Limited, LVP Foods Pvt. Ltd.	None
Chairman/Member of Committees the Board of Directors of other Companies in which he is a Director (excluding in foreign Chairman of Companies)	Nil	NIL	NIL
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company.	8000	NIL	NIL

DIRECTORS REPORT & MANAGEMENT DISCUSSION AND ANALYSIS



R. P. Gupta, M.D.

Dear Members,

It gives me immense pleasure to present the **25th Annual Report**. Your company was incorporated in the year 1985 and commenced its commercial production in the year 1986. It has completed quarter century by now. I extend my thanks to all associates, shareholders & employees in particular. Your company could complete successful 25 years because of their support and commitment. With this, I am pleased to present the annual report along with audited statement of accounts and the Auditor's report of your company for the financial year ended **31st March, 2011** as under :-

Financial/Operational Performance

(Rs. in Lakhs)

Particulars	31/03/2011	31/03/2010
Turnover	5693.28	4920.36
Operating Income	1010.96	935.84
Other Income	37.32	33.01
PBIDT	1048.28	968.85
Less: Interest	326.80	306.59
Cash Profit (PBDT)	721.48	662.26
Less: Depreciation & Amortization	383.67	366.62
Profit before Taxation (PBT)	337.81	295.65

There was production loss in 4th quarter due to break downs in mill gear boxes of Raw mill and Cement mill. Hence, mills were under loaded and output was sacrificed in the interest of production continuity. This resulted into drop in despatches in the 4th quarter, which other wise, is a peak season for cement industry. Despite these constraints, the **annual increase** of production was 9.7% and the despatches (cement & clinker) were up by 7.4% on annual basis. Turnover increased by 15.7% and EBIDTA was up by 8.2% and PBT was up by 14.3%.

On going modernisation capex facilitated the cost reduction in quantitative terms of clinker cons. power & fuel cons. Clinker cons. was reduced by 1.53%. Scope remains for further reduction of 3-4%; which will be achieved in next two years through process optimisation. Power cons. was reduced by 15 unit/MT. Scope remains for further reduction of 3-4 units which may be achieved in subsequent years through additional capex and process optimisation.

Specific fuel cons. per MT (cement & surplus clinker) was reduced from 16.7% to 13.4%, hence achieving 20% economy in quantitative terms. This was partly due to process optimization and partly due to coal quality improvement. During the year, avg. power rate has gone up by Re.0.64 per unit i.e. by 17.9%. Avg. coal price has gone up by Rs. 168/- per MT i.e. up by 6.6%. Cost of slag has gone up nearly by 50%. Freight cost has also gone up for inward & outward materials. Despite such stiff hike in input cost, company could manage the production cost almost in the same level of previous year through additional capex and process optimization.

Future Strategies

Major cost saving shall be achieved only after implementation of proposed capacity expansion and modernisation. During interim period (about 1½ yrs) we have adopted following strategies to curtail production cost and to improve cost effectiveness :-

- ❖ To undertake and to continue with such modernisation capex which are part of ultimate capacity expansion.
- ❖ To reduce clinker, power & fuel consumption through further process optimisation.
- ❖ To improve capacity utilisation and to dilute fixed and semi-variable cost.
- ❖ Part replacement of imported Gypsum by domestic Gypsum.
- ❖ Bulk purchase of Raw material to economise purchase cost.

With these strategies, we hope to combat in part about rise in input cost, of course; balance has to be passed on to consumer.

Modernisation & Expansion

The commercial production of the expanded capacity (upto 0.66 MTPA) was envisaged in FY-2012. However during the year under review your company has decided to expand the capacity to 1.0 MTPA for long term viability. The modification

of the plan was in accordance with the MOU with Govt. of Odisha entered on 27/04/2011 and also on recommendation of ACC Ltd. Due to modification in the expansion plan, the commercial production of expanded capacity is now envisaged by April, 2013.

The revised plan envisages world reputed make VRM for cement grinding which will be highly economical in terms of clinker & power consumption. The expansion will also facilitate to dilute the fixed cost and utilisation of idle assets & surplus infrastructure. The Board has also formed the Project Management Committee to monitor the progress of capacity expansion project.

Alliance with ACC

During the year, ACC nominated Sri Vivek Chawla as second ACC nominee director on the Board. He joined the Board on 29/04/2010. He is presently working as Chief Executive (East Region) in ACC Ltd.

Economic Scenario & Outlook

During the year 2010-11, Indian economy has grown by about 8.5%. This is considered to be reasonably good looking into over all global scenario. Hon'ble Finance Minister has set growth target of 9% for the year 2011-12. Our country has immense potentiality to achieve double digit growth in medium term. Planning commission is also considering to fix the growth target of 9-10% in the 12th Five year plan.

However, despite such good prospect in medium term, the areas of concern are inflation, slow down in investment rate and increase in Govt. spending in non investment related activities. Short term outlook of Indian economy may be status-quo, but medium/long term outlook appears to be bright. It is expected that Govt. will take policy initiative and may bring more reforms to boost investment, so as to achieve double digit growth in future years.

Cement Industry Outlook & Opportunities

Our country has already entered into "Next Trillion Dollar" GDP era. Hence, the demand of non food items shall register high growth giving boost to manufacturing and allied service sector. Govt. is also planning to spend in infrastructure upto USD 1000 Bn in the 12th Plan between 2012-17. Govt. focus has increased in rural spending which will generate demand of rural housing. Real Estate activities are spreading in Tier II & III cities due to urbanization. Hence, cement demand growth is likely to remain 10-12% for next five years. Long term outlook of cement industry in the country shall remain bright.

Demand growth of eastern zone will remain above India average due to massive industrialisation and low base. Company's expanded capacity production is likely to come by Apr, 2013 by then, demand is likely to exceed the supply. Hence, time selected by the company for enhanced production perfectly matches with industry cycle.

Risks and Concerns

Availability of good quality coal at affordable rate is a major concern. Industry is also worried on repeated power tariff hike. Company has therefore selected latest technology of separate grinding of clinker & slag in VRM instead of conventional inter mix grinding in Ball mill. This will result substantial reduction in energy consumption in quantitative terms. Hence, the risk of rising cost of energy will be partly mitigated.

Increase in petroleum crude price resulting into high freight cost by road and inadequate supply of railway wagons is another area of concern. Since the entire product is sold under ACC Brand, combined logistic benefit already exist for saving in freight cost. Due to strategic location, average freight cost is already lower in comparison to industry average. Hence, risk of rising freight cost is already mitigated.

Cement industry is likely to face temporary over supply situation in FY 2011-12. But no significant capacity addition is envisaged in 2012-13 onwards. So as to over come this risk, company has already amended the implementation schedule of enhanced production to match with upper cycle of industry.

Awards & Recommendations

The Company received a "Certificate of Merit" awarded by 'Dalal Street Investment Journal' for ranking among India's top 400 small cap company in the year 2010.

Director General - Mines Safety, Dhanbad under Ministry of Labour & Employment Govt. of India, Chaibasa Region awarded First prize for "Best over all performance" on the occasion of 48th Mines Safety Week Celebration. Indian Bureau of Mines, Govt. of India, Bhubaneswar awarded second prize for "Sedimentation & Water Management" during 13th Mines Environment and Mineral Conservation Week.

Human Resource

Company is maintaining cordial and healthy relations with its employees. Employees at all levels are extending their full support. The Company has strong faith in potential of human resources. It believes in the creative abilities of the people who work for the Company and believes in participatory management.

Internal Control Systems

The company has an Internal Management audit team commensurate with the size of the company. It carries out desired level of audit of various spheres of activities of the company to ensure that the laid down system and procedures are adequate and being followed. The audit reports are presented to the Audit committee of the Board, which meets at periodical intervals. The audit committee has been reconstituted during the year. Continuous support and advice is available from ACC in this area.

During the year, ERP system was introduced for integration and computation of datas generated from various Deptt. It will definitely improve overall efficiency of the company in future years.

Environmental & Social Obligation

Environment clearance from Ministry of Environment & Forest (MoEF) has been already obtained for it's proposed expansion upto 1.05 MTPA capacity. Your company has been doing reasonable expenditure on periphery development. It is also committed to gear it up for future years.

Shareholders Dividend / Bonus

In view of on going expansion and requirement of funds, we do not recommend any dividend for the year. During the year under review, the company has issued bonus share to the shareholders, the amount of Rs. 3491.14 lakhs standing credit to the company's securities Premium account out of which an amount of Rs. 340.00 lakhs was capitalised and applied in paying up fully paid up 170.00 lakhs Equity Shares of Rs.2/- each in the capital of the Company, to distribute as fully paid bonus shares to the members of the company, including 126.36 lakh Equity Share Warrants to be converted into Equity Shares as on record date 11/12/2010.

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited. Total no. of shareholders has increased from 40,959 nos. to 41770 nos. during the year. We sincerely express our thanks to all shareholders for imposing their faith in the company despite delay in implementation of the expansion plan.

Finance

We are thankful to our banker IDBI Bank who had sanctioned Term loan for our expansion plan in May, 2010. However, we have already submitted the revised expansion plan upto 1.0 MTPA as against original plan of 0.66 MTPA. We hope for favourable consideration by IDBI Bank. In the meantime, promoters have mobilized funds through warrant subscription for part funding of on going expenses related to expansion project.

Fixed Deposits

The Company has accepted deposits from public including share holders and employees within the meaning of Section 58A of the Companies Act, 1956 and rules made there under and has duly complied with the provisions of the Companies (Acceptance of Deposits) Rules 1975.

Directors' Responsibility Statement

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

- ❖ In the preparation of the annual accounts, the applicable accounting standards have been followed along-with proper explanations relating to material departures, wherever applicable.
- ❖ The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at the end of the financial year and of the Profit of the Company for the year ended on that date.
- ❖ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.
- ❖ The Directors have prepared the annual accounts on a going concern basis.

Directors

During the year ACC Ltd. withdraw its nomination for Mr. Vivek Agnihotri as Alternate Director to Ramit Budhraj, IPICOL, Govt. of Odisha nominated Mr. D K Senapati as Nominee Director in place of Sri S B Satpathy. The Board place on record it's gratitude for the services rendered by the two director during the tenure as member of the Board.

Mr. K P Jhunjhunwala, Mr. O P Goyal & Mr. B. K. Mangaraj, Directors of your Company retire from the Board by rotation and being eligible for re-appointment.

Auditors / Cost Auditors

M/s. Tibrewal Chand & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

In pursuance of Section 233-B of the Companies Act, 1956, your directors had appointed M/s. Chatterjee & Co, Kolkata as the Cost Auditors to conduct the Cost Audit of Cement for the year 2010-11 with the approval of the Central Government.

Particulars of Employees

The Particulars of employees as required u/s 217 (2A) of the Companies Act, 1956 are not given as none of the employees were in receipt of remuneration exceeding the limits specified therein.

Foreign Exchange Earnings and Outgo

There has been no foreign Exchange earnings during the year. However, company has purchased imported Coal & Gypsum from the domestic market. Company has incurred foreign exchange expenditures for overseas travel and payment to international consultants.

Conservation of Energy, Technology Absorption

A statement containing necessary information, as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Annexure - "A".

Corporate Governance

Pursuant to Clause-49 of the listing agreement, Report on Corporate Governance and the Compliance Certificate thereon from the Auditors of the Company is attached to this report.

Acknowledgements

Your directors place on record their appreciation of the assistance and support extended by the Government Authorities, IDBI, ACC Ltd, Consultants, Shareholders, Employees, Suppliers & Contractors of the Company.

Cautionary Statement

Statements in the Directors' Report and the Management Discussion & Analysis describing the Company's objectives, expectations or predictions, may be forward-looking statement within the meaning of applicable laws and regulations. Although we believe our expectation is based on reasonable assumption, Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include: global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the country, and such other factors which are material to the business operations of the Company

For and on behalf of the Board
Sd/-

Rourkela-769 004

Dated : 28/05/2011

R. P. Gupta
Managing Director

Annexure - A To The Directors' Report

Form - A [See Rule - 2]

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel Consumption

Particulars	As at 31/03/2011	As at 31/03/2010
1. Electricity		
a) Purchased		
Units (in Thousand)	13344.99	13891.76
Total amount (in Thousand)	56139.79	49641.51
Rate/Unit (including DPS)	4.21	3.57
b) Own Generation		
i) Through Diesel Generator		
Units (in Thousand)	67.03	166.24
Cost/Unit (Rs.)	18.79	11.83
ii) Through Steam Turbines Generator		
Units	N.A	N.A
Unit per ltr. for Fuel oil Gas Cost/Unit.		
2. Coal		
Quantity (in Mt)	15196.32	17591.90
Total Cost (Rs. in Thousand)	41313.77	44875.94
Average Rate (Rs.)	2718.67	2550.94
3. Diesel Oil		
Quantity (in K.Ltr)	160.47	121.51
Total Cost (Rs. in Thousand)	5677.89	3863.10
Average Rate (Rs.)	35.38	31.79
4. Other / Internal Generation		
Quantity (in Mt)		
Total Cost (Rs. in Thousand)	N.A	N.A
Average Rate (Rs.)		

Consumption per Unit of Production

Particulars	Standards if any	Current Year	Previous Year
Cement Production (in Mt)		107993	98474
Surplus Clinker (in Mt)		5502	6759
Total Quantity		113495	105233
Power Units Per Tonne		118.2	133.6
Coal Cons. (%)		13.37%	16.72%

Reasons for variation in consumption of Power & fuel from previous year :

- ❖ The cost of self generated power is very high, but is sparingly used and hence, no substantial impact on the total cost of production.
- ❖ Power & Fuel consumption has come down due to improved efficiency & benefit of capex.

Annexure - A To The Directors' Report (Contd..)

Form - B [See Rule - 2]

Form for Disclosure of Particulars with respect to Technology Absorption Research and Development (R & D) for the year Ended 31/03/2011

A. Research & Development (R & D)	
❖ Specific areas in which R & D carried out by the Company	To reduce clinker consumption without affecting cement quality.
❖ Benefits derived as a result of the above R & D	Current year clinker consumption reduced by 1.53% in comparison to previous year.
❖ Future Plan of action	Considering some major modification in the plant in plant in future expansion to reduce clinker consumption by 10% in terms of cement.
❖ Expenditure on R & D	No specific expenditure incurred on R & D
a) Capital	
b) Recurring	
c) Total	
d) Total R & D expenditure as a percentage of total turnover Technology absorption, adaptation and innovation	
B. Foreign Exchange Earnings Outgo	Earned-NIL Used Rs. 11.89 Lakhs
C. Technology Absorption, Adoption & Innovation	
The efforts towards technology absorption / adoption / innovation and corresponding benefits are summarized as under :-	
<ul style="list-style-type: none"> ❖ Pre-blending of crushed Limestone was improved by making modifications in the Limestone stock pile feed and extraction system. This has facilitated uniformity of Kiln feed and thereby quality of clinker. Due to better quality of clinker, clinker consumption has been reduced. ❖ Proportioning system of domestic and imported coal has been improved to bring uniformity in the coal feed to the Kiln for consistent operation. This has resulted into decrease in coal consumption, besides improvement in clinker quality. ❖ A separate system was installed for handling of clay and laterite (additives). The proportioning system of these additives was also installed. This has given uniformity in the kiln feed and hence, improvement in kiln efficiency. ❖ Kiln bag filter capacity has been enhanced. ❖ Concrete yard have been constructed for raw material storage to minimize ground loss. ❖ High speed water guns with 3600 movement of water spraying have been installed at Haul road for fugitive dust suppression for achieving clean working environment. ❖ Few reciprocating compressors have been replaced with modern screw compressors for power saving. ❖ ERP system have been implemented for on line data processing. 	

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 Budhraj :- 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. Jhunjunwala :- 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	-	-	-
S. B. Satpathy*	NED	1	No	-	-	-
Ramit Budhraj	NED	-	No	-	-	-
Vivek Chawala	NED	-	No	3	-	-
Vivek Agnihotri*	NED	-	No	-	-	-
D. K. Senapati	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
Total	41770	100.00	173100369	100.00

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
Total	173100369	100

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

Declaration regarding Code of Conduct

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

For Shiva Cement Limited

Rourkela - 769 004

The 28th May 2011

Sd/-

(Executive Director)

CEO/CFO Certification

To

The Board of Directors of Shiva Cement Limited

We have reviewed the financial statements, read with the cash flow statement of Shiva Cement Limited for the year ended 31st March 2011 and that to the best of our knowledge and belief, we state that;

- ❖ (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
- (ii) these statements present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- ❖ 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 in violation of the Company's code of conduct.
- ❖ We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- ❖ We have indicated to the Auditors and the Audit Committee;
 - (i) Significant changes, if any, in the internal control over financial reporting during the year.
 - (ii) Significant changes, if any, in accounting policies made 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 therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Shiva Cement Limited

Rourkela-769 004

The 28th day of May 2011

Sd/-

(Executive Director)

Compliance Certificate on Corporate Governance

To
The Board of Directors of Shiva Cement Limited

We have examined the compliance of conditions of Corporate Governance by Shiva Cement Limited for the year ended 31st March, 2011 as stipulated in Clause-49 of the Listing Agreement of the said company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of 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 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 Tibrewal Chand & Co.,

Chartered Accountants

Sd/-

R. Tibrewal

Partner

Rourkela

Dated : 28th May, 2011

AUDITORS' REPORT**The Members of
Shiva Cement Limited**

1. We have audited the attached Balance-sheet of Shiva Cement Limited as at 31st March, 2011 and also the Profit & Loss Account and cash flow statement for the year ended on that date, annexed thereto. 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.
2. We conducted our audit in accordance with 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors Report) (Amendment) Order 2004 (together the Order) issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to paragraph (3) above, we report that:
 - ❖ We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ❖ 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;
 - ❖ The Balance-sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
 - ❖ In our opinion and to the best of our information and according to the explanations given to us, the Balance sheet, Profit and Loss Account and Cash flow statement read together with the notes thereon, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956,
 - ❖ On the basis of the written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - ❖ In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes on accounts and significant accounting policies, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of :
 - ❖ The Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
 - ❖ The Profit & Loss account, of the Profit of the Company for the year ended on that date, and
 - ❖ The Cash flow statement, of the cash flows for the year ended on that date.

For Tibrewal Chand & Co.,
Chartered Accountants
Sd/-
R. Tibrewal
Partner

Rourkela - 769004
Dated : 28th day of May, 2011

Annexure to Auditors' Report referred to in Paragraph (3) of our Report of even date

1. ❖ The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - ❖ We have been informed that the physical verification of fixed assets have been carried out by the Management during the year and no material discrepancies have been noticed on such verification.
 - ❖ The Company has not disposed any part of Fixed Assets during the year.
2. ❖ The Inventory have been physically verified during the year by the Management, at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - ❖ In our opinion and according to the information and explanations given to us, the procedure of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - ❖ The Company has maintained proper records for its inventory and the discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
3. ❖ The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. 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, 1956. Accordingly the provisions of clauses 4 (iii) (b) to (g) of the Order are not applicable.
4. On the basis of test checks carried out by us and according to the information and explanations given, we are of the opinion that the internal control procedures relating to purchase of inventory and fixed assets and for sale of goods are commensurate with the size of the Company and nature of its business.
5. ❖ In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - ❖ To the best of our knowledge and as per information and explanations given to us, we are of the opinion that the prices at which these transactions have been made exceeding the value of Rs. 5.00 Lakhs are reasonable having regard to prevailing market prices of such goods at the relevant time.
6. The Company has accepted deposits within the meaning of Section 58A of the Companies Act, 1956. With regard to the deposits accepted, the company has duly complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size & nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 in respect of cement manufacturing activities of the company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate or complete.
9. ❖ According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed Statutory dues including Investor Education & Protection fund, Income tax, Wealth tax, Custom duty, Excise duty, Service tax, Cess and other material statutory dues as applicable with appropriate authorities.
 - ❖ According to the Books and records as produced and examined by us and also based on management representations, we are of the opinion that no undisputed amounts payable in respect of Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise duty, Service Tax and Cess duty were in arrears as at 31st March, 2011 for a period of more than 6 months from the date they become payable.
 - ❖ As per the information & explanations given to us and records examined by us, we are of the opinion that the company does not have any disputed dues in respect of Income tax, Custom duty, Wealth tax, Excise duty, Service Tax and Cess.

The particulars of disputed dues in respect of Sales tax and Entry Tax are as follows :-

Name of the Statute	Nature of dues	Amt. under Dispute	Period to which Amt. Relates	Forum where the Dispute is pending
Orissa Sales Tax Act	Sales Tax	140.87	1992-93 to 2004-05	Appellate Authority upto Commissioner's level
Orissa Sales Tax Act	Sales Tax	47.25	1995-96	High Court
Central Sales Tax Act	CST	3.28	1998-99 to 2003-04	Appellate Authority upto Commissioner's level.
Central Sales Tax Act	CST	8.69	1995-96	High Court
Orissa Entry Tax	Entry Tax	9.12	1999-00 to 2004-05	Appellate Authority upto Commissioner's level.
Orissa VAT Act	VAT	8.60	2004-05 to 2006-07	Appellate Authority upto Commissioner's level.
Orissa Entry Tax Act	Entry Tax	0.30	2004-05 to 30/06/08	Appellate Authority upto Commissioner's level.
		218.10		

10. The accumulated losses at the end of the Financial year are less than 50% of the net worth of the company. The company has not incurred cash losses during the current and immediately preceding financial year.
11. As per books and records maintained by the Company and as produced before us, we are of the opinion that the company has not defaulted in the repayment of dues to any financial institution or bank. The Company does not have any debentures during the year.
12. The company has not been granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is a cement manufacturing Unit, hence the provisions relating to clause 13 (a to d) are not applicable.
14. The company is not dealing or trading in shares, securities, debentures and other investments, hence the provisions relating to maintenance of records are not applicable.
15. The company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
16. According to the information and explanations given to us and records examined by us, we are of the opinion that the company has applied the term loan for the purpose for which the term loans were obtained.
17. According to the information and explanations given and on the basis of our examination, we are of the opinion that funds raised on short term basis have not been used for long term investments by the company.
18. The company has made preferential allotment of Equity shares to parties covered in the register maintained u/s 301 of the Companies Act, 1956 during the year under report. In our opinion and as per the information and explanations given to us, the price at which shares/warrants have been issued is not prima-facie prejudicial to the interest of the Company.
19. The company has not issued any debentures during the year under report.
20. The company has not raised any money by means of public issue during the year, hence the clause is not applicable.
21. According to the information and explanations given to us and records examined by us, there are no cases of any fraud on or by the company has been noticed or reported during the year.

For Tibrewal Chand & Co.,
Chartered Accountants

Rourkela
Dated : 28th day of May , 2011

Sd/-
R. Tibrewal
Partner

BALANCE SHEET
(As at 31st March 2011)

[Rs. in Lakhs]

Particulars	Schedule Reference	31/03/2011	31/03/2010
SOURCES OF FUNDS			
Shareholder's Fund			
Capital	[1]	4,048.07	3,542.85
Reserves & surplus	[2]	3,934.45	3,351.73
Loan Funds			
Secured Loans	[3]	1,631.39	1,673.70
Unsecured Loans	[4]	845.86	799.47
Deffered Tax Liability		363.67	257.31
Total		10,823.45	9,625.07
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	[5]	9,993.92	9,981.77
Less Depreciation		2,561.37	2,219.03
Net Block		7,432.55	7,762.74
Capital Work in Progress		879.00	66.34
Investments	[6]	0.07	0.08
Current Assets & Loans & Advances			
Inventories		775.26	517.13
Sundry Debtors		931.05	549.46
Cash & Bank Balances		150.64	128.58
Other Current Assets		141.79	149.97
Loans & Advances		967.33	730.85
		2966.08	2076.00
Less : Current Liabilities & Provisions	[8]	656.42	497.81
Net Current Assets		2,309.66	1,578.18
Misc Expenditure	[9]	202.17	217.73
Total		10,823.45	9,625.07
Notes on Accounts	[16]		

As per our report of even date

For **Tibrewal Chand & Co.**

Chartered Accountants

Sd/-

R. Tibrewal

Partner**Rourkela - 769 004**

The 28th day of May, 2011

On behalf of Board

Sd/-

R P Gupta, MD

Akash Gupta, ED

B K Mangaraj, Director

Sd/-
R K Das
Company Secretary

PROFIT & LOSS ACCOUNT
(For the year ended 31st March, 2011)

[Rs. in Lakhs]

Particulars	Schedule Reference	31/03/2011	31/03/2010
INCOME			
Turnover	[10]	5,693.28	4,920.36
Other Income	[11]	37.32	33.01
Increase/(Decrease) in Inventory	[12]	12.37	(1.69)
Total		5,742.97	4,951.68
EXPENDITURE			
Raw Materials Consumed		1,273.39	1,171.26
Purchases		1,139.45	783.42
Duties & Taxes		1,040.95	901.17
Power & Fuel		573.99	516.08
Manufacturing Expenses	[13]	179.14	189.47
Salary & Other Benefits		239.53	225.72
Administrative & Selling Expenses	[14]	236.46	172.19
Interest	[15]	326.80	306.59
Bad Debts		11.77	23.54
Depreciation & Amortization		383.67	366.61
Total		5,405.16	4,656.03
Profit Before Taxation		337.81	295.65
Taxation under MAT		67.33	45.68
MAT Credit Entitlement		(67.33)	(45.68)
MAT Credit Entl. For earlier years		0.00	(33.85)
Deferred tax		106.36	100.49
Profit After Taxation		231.44	229.01
Balance Brought from last year		(737.22)	(966.23)
Balance Carried To Balance Sheet		(505.77)	(737.22)
Notes on Accounts	[16]		

As per our report of even date

For **Tibrewal Chand & Co.**

Chartered Accountants

Sd/-

R. Tibrewal

Partner**Rourkela - 769 004**

The 28th day of May, 2011

On behalf of Board

Sd/-

R P Gupta, MD

Akash Gupta, ED

B K Mangaraj, Director

Sd/-
R K Das
Company Secretary

Schedules Annexed and forming part of Accounts		
[Rs. in Lakhs]		
	31/03/2011	31/03/2010
Schedule - 1 [Share Capital]		
Authorised		
228750000 Equity Shares of Rs 2/- each	4,575.00	4,575.00
(Prev year 228750000 Equity Shares)		
1250000 Preference Shares of Rs 2/- each	25.00	25.00
(Prev year 1250000 Preference shares)		
Issued, Subscribed & Paid Up		
173100369 Equity Shares of Rs 2/- each fully paid up.	3,462.01	2,999.28
(Prev Year 149963972 Equity Shares)		
1203665 Preference Shares of Rs 2/- each fully paid up.	24.07	24.07
Share/ESW Forfeiture Account	214.50	214.50
Equity Share warrants (Pending Conversion)	347.49	305.00
Total	4,048.07	3,542.85
Schedule - 2 [Reserves & Surplus]		
Securities Premium Account		
Opening Balance	3,491.14	3,491.14
Additions During The year	666.00	-
Less: Utilised for Issue of Bonus Shares	314.73	-
Closing Balance	3,842.41	3,491.14
Capital Reserves		
Opening Balance	597.81	597.81
Closing Balance	597.81	597.81
Profit & Loss Account		
	(505.77)	(737.22)
Total	3934.45	3351.73
Schedule - 3 [Secured Loans]		
Term Loans		
IDBI Bank (Against hypothecation of fixed assets)	521.00	809.65
IPICOL (Against hypothecation of fixed assets)	34.65	54.86
Bank of Baroda (Against hypothecation of Vehicle)	9.48	13.76
HDFC BANK LTD (Against hypothecation of Excavator & Tipper)	22.79	47.71
Working Capital Loans		
IDBI Bank Ltd (Cash Credit A/c)	1,043.47	747.72
(Against Hypothecation of Stock, Bills & second charge on fixed assets)		
Total	1,631.39	1,673.70

[Rs. in Lakhs]								
			31/03/2011			31/03/2010		
Schedule - 4 [Unsecured Loans]								
Public Deposit Scheme			205.78			135.11		
From Others			129.54			154.99		
ACC Limited			510.54			509.37		
Total			845.86			799.47		
Schedule - 5 [Fixed Assets]								
Particulars	Gross Block			Depreciation			Net Block	
	As on 01/04/10	Additions	As on 31/03/11	Upto 31/03/10	For the Year	Upto 31/03/11	As on 31/03/11	As on 31/03/10
Lease hold land & Mines	759.38	2.45	761.84	-	-	-	761.84	759.38
Internal roads	3.62	-	3.62	0.76	-	0.76	2.87	2.87
Buildings & Civil Works	1,592.52	-	1,592.52	249.16	35.44	284.60	1,307.92	1,343.36
Plant & Machinery	6,494.57	-	6,494.57	1,687.76	252.43	1,940.19	4,554.39	4,806.82
Elect.Instln./DG Set	699.62	-	699.62	100.37	24.62	124.99	574.62	599.25
Pollution Control Equipment	191.62	-	191.62	62.52	7.44	69.96	121.65	129.10
Truck/Loader/ Tipper	111.39	-	111.39	54.49	12.60	67.09	44.29	56.89
Misc Fixed Assets	26.18	-	26.18	15.55	1.10	16.64	9.54	10.64
Vehicles	30.30	-	30.30	10.49	2.23	12.72	17.59	19.81
Computers	27.94	3.33	31.27	16.17	4.19	20.36	10.91	11.77
Furniture & Fixture & office Equipments	44.63	6.36	50.99	21.76	2.30	24.07	26.92	22.86
Total	9,981.77	12.15	9,993.92	2,219.03	342.34	2,561.37	7,432.55	7,762.74
Prev. Year	9,010.76	971.02	9,981.77	1,894.58	324.45	2,219.03	7,762.74	7,116.18

	[Rs. in Lakhs]	
	31/03/2011	31/03/2010
Schedule - 6 [Investments of costs]		
Long Term At Cost Quoted (Fully Paid)		
Equity Shares (Quoted)	-	0.01
UTI Master Gain (500 Units)	0.07	0.07
(Market value -Rs 0.28 Lakh (P/Year Rs 1.91 Lakh)		
Total	0.07	0.08
Schedule - 7 [Current Assets Loans and Advances]		
Inventories		
Raw Materials	442.02	204.45
Stores, Spare parts & Fuel	257.71	249.51
Finished Goods	35.49	20.17
Stock-in-Process	40.04	42.99
Total	775.26	517.13
Sundry Debtors		
(Unsecured Considered good)		
More than Six Months	70.04	79.98
Others	861.01	469.48
Total	931.05	549.46
Cash & Bank Balances		
With Scheduled Banks in Current A/c	2.31	31.08
In Fixed Deposit Account	137.37	95.35
Cash in Hand (Certified by Management)	10.96	2.15
Total	150.64	128.58
Other Current Assets		
(Unsecured Considered Good)		
Security Deposits	141.79	149.97
Total	141.79	149.97
Loans & Advances		
(Unsecured Considered Good)		
(Recoverable in cash or in kind or for value to be received)		
Loans		
To Staff	0.58	0.67
Advances		
Prepaid Taxes & Duties	227.43	175.20
Prepaid Expenses	5.22	5.11
Capital Items	432.48	330.36
Others	301.62	219.51
Total	967.33	730.85

	[Rs. in Lakhs]	
	31/03/2011	31/03/2010
Schedule - 8 [Current Liabilities & Provisions]		
SUNDRY CREDITORS		
Due to Small Scale Indl. Undertaking	38.74	19.65
Others	436.40	310.18
Advance Against Sales	1.48	11.25
Statutory Liabilities	112.47	111.06
Provision for Taxation	67.33	45.68
Total	656.42	497.81
Schedule - 9 [Miscellaneous Expenditure]		
(To the extent not written off or adjusted)		
Deferred Revenue Expenses		
Opening Balance	217.73	219.83
Addition During the year	25.76	40.06
Written Off during the Year	41.32	42.15
Closing Balance	202.17	217.73
Total	202.17	217.73
Schedule - 10 [Turnover]		
Cement Sales	4,030.03	3,638.62
Clinker & Other Sales	1,615.50	1,233.57
Self Consumption	47.75	48.18
Total	5,693.28	4,920.36
Schedule - 11 [Other Income]		
Interest	14.89	11.84
Miscellaneous Receipt	22.41	21.16
Dividend	0.02	0.01
Total	37.32	33.01
Schedule - 12 [Increase/Decrease In Inventory]		
Opening Stock		
Finished Goods	20.17	22.28
Stock in Process	42.99	42.58
Total	63.16	64.86
Closing Stock		
Finished Goods	35.49	20.17
Stock in Process	40.04	42.99
Total	75.53	63.16
Total	12.37	(1.69)

	[Rs. in Lakhs]	
	31/03/2011	31/03/2010
Schedule - 13 [Manufacturing Expenses]		
Stores & Spares Consumed	85.16	81.66
Labour Charges	62.45	61.87
Repairs & Maintenance	10.92	21.90
Truck, Tipper & Loader Maintenance	20.62	24.03
Total	179.14	189.47
Schedule - 14 [Administrative & Selling Expenses]		
Travelling & Conveyance	11.37	13.56
Rent	3.02	6.44
Audit Fees & Expenses	2.01	1.41
Vehicle Running & Maintenance	18.27	14.42
Other Administrative Expenses	64.31	61.35
Insurance Charges	4.17	4.16
ISI Marking Charges	2.09	1.81
Consultancy Charges	12.84	19.41
Publicity Expenses	6.17	5.61
Discount	28.85	17.50
Freight & Distribution Expenses	77.80	23.53
Sales Commission & Promotion Expenses	5.16	1.45
Cost Audit Fees & Expenses	0.41	1.55
Total	236.46	172.19
Schedule - 15 [Interest]		
To Financial Institutions & Banks	236.64	234.66
To Others	90.16	71.93
Total	326.80	306.59

Schedule - 16
[Notes Forming Part of Accounts for the year Ended 31/03/2011]

1. Accounting Convention :-

The accounts are prepared under historical cost convention and in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956.

2. Significant Accounting Policies followed by the Company are :-

- ❖ The Company follows Mercantile system of accounting.
 - ❖ The Company prepares its accounts on historical cost basis of accounting.
 - ❖ Depreciation is provided on all depreciable assets on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 as amended from time to time on prorata basis.
 - ❖ Deferred Revenue Expenses has been written off 1/10th during the year on prorata basis.
 - ❖ Stock of finished goods and Stock in process are valued at cost or net realisable value whichever is lower. Consumable stores & spares are valued at weighted average cost. Other inventories are valued at cost or net realisable value whichever is lower.
 - ❖ Fixed Assets are stated at cost of acquisition. The cost of Installations & development upto the date of commencement are capitalised. Pre-operative expenses have been apportioned to fixed assets on prorata basis.
 - ❖ Investments are long term and are stated at cost.
 - ❖ Employer's contribution to Employees State Insurance and Provident Fund are charged to profit & loss account on accrual basis. However earned leave is accounted for on cash basis.
 - ❖ Sales are recognised at the time of despatch to consumers. Sales are shown at net of returns including Excise duty, Cess and Sales tax on sales.
 - ❖ Borrowing cost that are attributable to the acquisition/construction of concerned assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.
 - ❖ An asset is treated as Impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
3. The Company is Cement manufacturing Company dealing in Cement and allied products. All activities of the company revolve around main business. As such there are no reportable segments as defined by Accounting Standard(AS)- 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India.
4. The Company has made preferential Issue of 110.36 lakh Equity Share Warrants of Rs.2/- each at a premium of Rs.9/- per warrant to Promoter's Group and has received Rs.303.49 Lakhs towards application money.

The statement of proceeds from the above and utilisation thereof is as under :-

Particulars	Nos. (Lacs)	Rs. in Lacs
Net Proceeds received till 31st March 2011	110.36	303.49
Allotment of Shares upon conversion	74.00	590.50
Total Proceeds		893.99

Deployment upto 31st March 2011 :-

Used for Capital Expenditure	812.66
Used for long term Working Capital	81.33

5. The Company has made provision for Gratuity during the year. However Actuarial valuation Certificate for the same has not been obtained. Gratuity Provision of Rs. 86.05 Lacs is shown under Unsecured Loans being Long term Liability.
6. The present value of obligation is determined based on valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measurement each unit separately to build up the final obligation.

	Gratuity (Rs. in Lacs) (Unfunded)
a. Reconciliation of opening and closing balances of Defined Benefit obligation :	
Defined Benefit Obligation at beginning of the year	81.31
Current Service Cost	4.74
Interest Cost	--
Actuarial (gain)/Loss	--
Benefits (paid)	--
Defined Benefit obligation at year end	86.05
b. Expenses recognized during the year	
Current Service Cost	4.74
Interest Cost	--
Actuarial (gain)/loss	NIL
Net Cost	4.74

7. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 387.00 Lacs (Previous year - Rs. 375.00 Lacs).
8. MAT Credit Entitlement of Rs. 146.85 Lacs (including earlier years Rs. 79.53 Lacs) is treated as an asset which shall be adjusted against future income tax liability in coming years.
9. Balances in personal accounts are subject to confirmation from parties concerned.
10. The land at Kalunga on which Factory has been built is taken on 99 years lease from Industrial Developments Corporation of Odisha. The land at Teleghana on which factory has been built is taken on 90 years lease from Orissa Industrial Infrastructure Development Corporation.
11. The Kalunga plant of the company was closed since 27th September, 2002.
12. Previous year's figure have been re-arranged, re-grouped, re-worked & re-classified wherever considered necessary.
13. Earning per Share

Particulars	31/03/2011	31/03/2010
Profit Before Deferred Tax (Rs. in lakhs)	337.81	329.50
Profit after Tax (PAT) (Rs. in lakhs)	231.44	229.01
Cash Profit before Deferred Tax (Rs. in lakhs)	721.47	696.11
Weighted average number of Equity Shares (Nos)	156994841	149963972
Basic & Diluted EPS per share before Deferred Tax (Rs.)	0.22	0.22
Basic & Diluted EPS per share (PAT) (Rs.)	0.15	0.15
Cash EPS before Deferred Tax (Rs.)	0.46	0.46
Nominal value per Equity share (Rs.)	2/-	2/-

14. Related party disclosure as required by Accounting Standard (AS)-18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India are given below :-

(a) Particulars of Associated Companies Shivom Minerals Limited

(b) Key Management Personnel

Sri R. P. Gupta

Managing Director

Sri Akash Gupta

Executive Director

Sri B. K. Mangaraj

Director (Works)

(c) Relatives of Key Management Personnel

Name of related Party

Nature of relationship

Anubha Bhoir

Daughter of Managing Director

Raghav Gupta

Son of Executive Director

Shilpi Agarwal

Daughter of Managing Director

The following transactions were carried out with the related parties:-

(d) Related Party Transactions

Item	Associated Company	Key Mngt. Personnel	Relatives of Key Mngt. Personnel	Total
Purchases	365.45	--	--	365.45
Remuneration paid	--	30.27	--	30.27
Rent paid	16.56	0.24	--	16.80
Intt. Paid on Deposits	--	--	0.76	0.76

15. Contingent Liabilities for :

Particulars	Period	Demand	Paid under Protest
Orissa Sales Tax	1995-96 *	47.25	8.00
	1992-93 to 1995-96 9B (3)	9.98	4.35
	1998-99	1.89	1.00
	2003-04	57.84	27.50
	2004-05	69.71	8.00
	June'03 to Sept'03	1.44	--
Central Sales Tax	1995-96*	8.69	--
	1998-99	0.27	0.08
	2003-04	3.01	1.30
Entry Tax	1999-2000	0.57	0.20
	2001-02	4.20	2.60
	2002-03	1.48	0.40
	2003-04	1.60	1.20
	2004-05	1.27	0.35
	Apr'05 to June'08	0.30	0.12
Orissa VAT Tax	Apr'05 to Mar'07	8.60	2.07
Total		218.10	57.17

* Total Demand has been stayed by Hon'ble Orissa High Court. As per legal opinion obtained by the Company, the liability of the Company shall be NIL.

16. Own consumption of cement by the unit for its expansion and testing work has been provided at estimated cost as determined by the management.

17. Sundry Creditors for the year ended 31/03/2011 includes amount aggregating to Rs. 38.74 Lacs due to Small Scale Industrial undertaking. Out of the above amount due exceeding Rs. 1.00 Lacs and outstanding for more than 30 days is Rs.14.84 Lacs as listed below :-

Names : Proton Steels Ltd., Mittal Polypacks Pvt. Ltd.

Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company/firm regarding the status of suppliers as defined under the Micro, Small & Medium Enterprises Development Act, 2006. Amount overdue as on 31st March 2011 to Micro and Small Enterprises on account of Principal Amount Rs. NIL (Previous year Rs.NIL) and Interest Rs.NIL (Previous year Rs.NIL).

18. Break up of Deferred Tax Assets/Liabilities and reconciliation of Current year deferred tax credit is as follows :-

Particulars	Deferred Tax (Assets) / Liabilities		
	As on 01/04/2010	Charged/Credited To P & L A/c	Rs in lakhs As on 31/03/2011
Deferred Tax Liabilities			
Tax effect of difference between book and Tax Deprcn.	967.68	50.15	1017.83
Total	967.68	50.15	1017.83
Tax effect of Deferred Tax Assets			
Unabsorbed Depreciation	(589.48)	13.40	(576.08)
Unabsorbed Business Losses	(93.25)	43.75	(49.50)
Others	(27.64)	(0.94)	(28.58)
Total	(710.37)	56.21	(654.16)
Net Deferred Tax Liabilities (Assets)	257.31	106.36	363.67

19. Remuneration to Directors :

(Rs. in Lakhs)

	31/03/2011	31/03/2010
Salary, Bonus & allowances	30.27	28.27
Contribution to Provident Fund	2.25	2.25

20. Auditors Remuneration

As Audit fees	1.05	1.00
As Tax Audit Fees	0.23	0.22
Certification Work	0.39	0.01
Income Tax matters	0.19	0.18
Service Tax	0.15	--
Total	2.01	1.41

21. Information Pursuant to Paragraph 3 & 4 of Part-II of schedule VI to the Companies Act, 1956.

Particulars	31/03/2011	31/03/2010
Capacity		
Licensed Capacity	N.A.	N.A.
Actual Capacity (Mt)	132000	132000
Actual Production (Mt)	107993	98474
Efficiency (%)	81.81%	74.60%
Raw Materials Consumed		
Quantity		
Lime Stone Mt	95642	80711
Clay Mt	8866	6653
Additives Mt	1428	3326
Coal Mt	15196	17592
Slag Mt	43897	42734
Gypsum Mt	5390	5572
Outside Clinker Mt	841	2287
Packing Materials Nos.	2160728	2056400
Value (Rs. in Lakhs)		
Lime Stone	270.48	167.50
Clay	7.48	4.78
Additives	1.53	4.03
Coal	413.14	448.76
Slag	266.53	172.20
Gypsum	138.26	168.81
Outside Clinker	25.32	74.13
Packing Materials	150.65	127.08
Others	--	3.97
Total Value	1273.39	1171.26
Finished Goods		
Cement Stock		
Quantity (in Mt)		
Opening Stock	789	1053
Closing Stock	1326	789
Value (Rs. in Lakhs)		
Opening Stock	20.17	22.28
Closing Stock	34.67	20.17

Sales

Item	31/03/2011		31/03/2010	
	Qty. (MT)	Value	Qty. (MT)	Value
Cement	105855	4030.03	97068	3638.62
Clinker	5682	203.60	6809	236.48

Excluding own consumption of Cement 1601.05 MT (prev. year 1670.5 MT)

Stock in Process

Opening Stock	5230	42.99	6530	42.58
Closing Stock	4690	40.04	5230	42.99

Cement Raw materials & Other Goods

Opening Stock	--	--	--	--
Purchases	18866	1139.45	13664	783.41
Sales	18751	1411.90	13664	958.73
Closing Stock	115	0.82	--	--

22. Additional information as required under Part - IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details

Registration No.	1557/85-86	State Code	15
Balance Sheet Date	31 03 2011		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	31473	Private Placement	14800

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

Total Liabilities	1147987	Total Assets	1147987
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Sources of Funds

Paid up Capital	404807	Reserve & Surplus	393445
Secured Loans	163139	Unsecured Loans	84586
Deferred Tax Liabilities	36367		

Application of Funds

Net Fixed Assets	831155	Investments	7
Net Current Assets	230966	Misc.Expenditure	20217

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

Turnover	573060	Total Expenditure	539279
Profit/(Loss) before Tax	33781	Profit/(Loss) After Tax	23144
Earnings per Share in Rs.	0.13	Dividend Rate %	NIL

V. Generic Names Principal Products Services of Co (as per monetary terms)

Item Code No. (ITC CODE)	2502.29	Product Description	P. S. CEMENT
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Signature to Schedule 1 to 16
As per our report of even date

For **Tibrewal Chand & Co.**

Chartered Accountants

Sd/-

R.Tibrewal

Partner

Rourkela - 769 004

The 28th day of May, 2011

Sd/-

R K Das

Company Secretary

On behalf of Board

Sd/-

R P Gupta, **MD**

Akash Gupta, **ED**

B K Mangaraj, **Director**

CASH FLOW STATEMENT (For the year ended 31st March, 2011)		
Particulars	[Rs. in Lakhs]	
	31/03/2011	31/03/2010
A. Cash Flow from Operating Activities		
Net Profit as per P&L A/c	337.81	295.65
Adjusted for :		
Depreciation	342.34	324.45
Amortization of expenses	41.32	42.15
Interest expenses	326.80	306.59
Interest income	(14.89)	(11.84)
Dividend	(0.02)	(0.01)
Taxes	0.00	33.85
Operating profit Before Working Capital Changes	1033.37	990.84
Adjusted for :		
Trade & other receivables	(609.89)	(255.40)
Inventories	(258.14)	56.55
Trade Payables	158.60	95.50
Bank Borrowings	295.75	(6.06)
Cash Generated from Operations	619.71	881.42
Net Cash From operating activities	619.71	881.42
B. Cash Flow From Investing Activities		
Purchase of fixed assets	(12.15)	(971.02)
Capital work in progress	(812.66)	(47.40)
Deffered financial expenses	(25.76)	(40.06)
Dividend Income	0.02	0.01
Sale of Investments	0.01	0.00
Interest Income	14.89	11.84
Net Cash From Investing activities	(835.66)	(1046.62)
C. Cash Flow From Financing Activities		
Interest	(326.80)	(306.59)
Long term Borrowings	(338.06)	(321.12)
Public deposits	70.67	69.72
Other long term Borrowings	(24.28)	41.35
Share Capital & Premium	814.00	0.00
Equity Share Warrants	42.49	305.00
Net Cash From Financing activities	238.01	(211.64)
Net Increase(Decrease)in cash & Cash Equivalents	22.06	(376.84)
Opening cash & Cash equivalents	128.58	505.42
Closing cash & Cash Equivalents	150.64	128.58
This is the cash flow statement referred to in our report of even date		
As per our report of even date		
For Tibrewal Chand & Co. Chartered Accountants Sd/- R.Tibrewal Partner	Sd/- R K Das Company Secretary	On behalf of Board Sd/- R P Gupta, MD Akash Gupta, ED B K Mangaraj, Director
Rourkela - 769 004 The 28th day of May, 2011		



Performing Bhoomi Puja For Temple construction at Kurunga Village



Periphery development meeting at Kurunga village



A view of Khatkurbahal Mines



Mines under operation

*Serving Nation
since 1986*



SHIVA CEMENT LIMITED
P-25, Civil Township, Rourkela-769 004