

MANGALAM CEMENT LIMITED

34th ANNUAL REPORT 2009-10

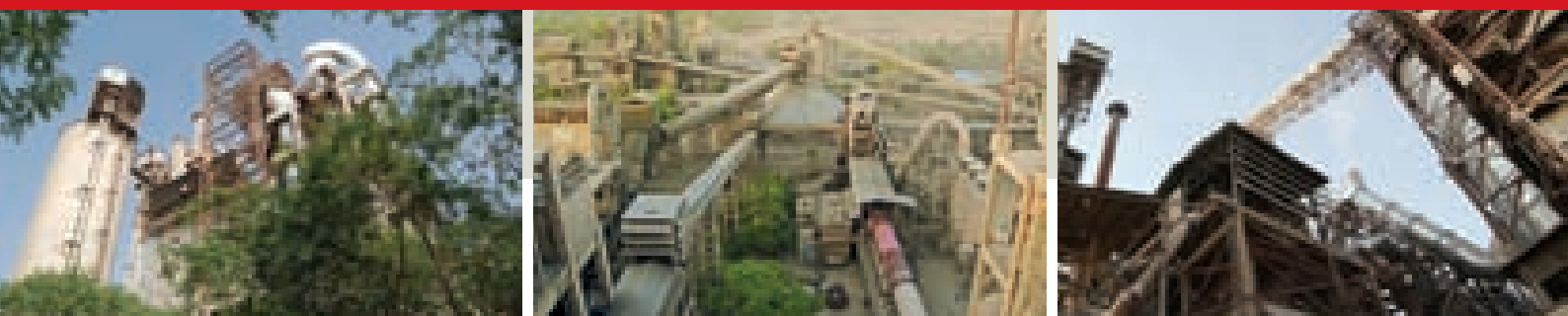
CONCRETE COMPETENCE



Forward-looking statements

This report contains forward-looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’ or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised.

The Company’s actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.



Contents

Corporate strengths	2
Corporate identity	3
Awards and accolades	4
Our brand	7
Corporate highlights	8
Message from Syt. B.K. Birla	10
Chairman’s note	11
Managing Director’s review	12
Concrete competence	14
Corporate social responsibility	22
Expansion plans	23
Finance review	24
Risk management	26
Board of Directors	28
Management Discussion & Analysis	30
Report of the Directors	36
Report on Corporate Governance	46
Financial statements	60



At Mangalam Cement, concrete competence is an operative expression, not a decorative word play.

It is the combination of product strength and business foresight. It is the ability to create market benchmarks through quality excellence, intelligent business expansions and widening market penetration.

It is the conviction of a group of committed people to build an enterprise, which will create enduring value for all stakeholders.

Our core competence is turning human aspirations into concrete realities for decades on end. And we are committed to carry forward this legacy, despite market cyclicity and economic challenges.

In this annual shareholder communication, we have tried to showcase multiple pillars of concrete competence that have sustained our brand over the last three decades.



Concrete competence is all about...



Legacy	We belong to the illustrious B.K. Birla Group and our industry experience dates back to the Seventies.
Brand	Our brand 'Birla Uttam Cement' is a preferred choice in the Northern region
Cost-effectiveness	Our superior technology, strong raw material management and captive power source help us in being cost-effective.
Dealer loyalty	Over 70% of our dealers have been associated with the Company for more than 20 years.
Locational advantage	Our manufacturing unit, located in Kota, Rajasthan, caters to the fast growing markets of western Uttar Pradesh, Rajasthan, Delhi and Madhya Pradesh. It sells its product within 500 km from its plant and enjoys a low-cost logistical advantage.
Reach	We operate through an extensive network of 633 dealers across various cities and towns.
Quality commitment	Our globally benchmarked product quality conforms to international standards.
Consistent growth	We have grown our total revenue at 9.18 % CAGR over the preceding four years, leading to 2009-10. This has generated adequate resources for future expansions.
Captive power	Our operations are run through captive power plants and wind mills.
Zero debt	Mangalam Cement does not have any debt in its books.

Concrete competence is the result of patient and painstaking effort.

Lineage

- Mangalam Cement was incorporated in 1976
- Commenced cement production in 1981

Business

- Integrated manufacturer of world-class cement of both varieties: Pozzolana Portland Cement (PPC) and Ordinary Portland Cement (OPC -- Grades 43 and 53)

Capacity

- Cement: 2 million tons
- Coal based power: 17.5 MW
- Wind power: 6.15 MW

Facilities

- Cement and coal-based power plant - Aditya Nagar, district Kota (Rajasthan)
- Wind power – 6.15 MW capacity at district Jaisalmer (Rajasthan)

Presence

- Regional offices at Kota, Jaipur and Delhi
- Primarily caters to the markets of Rajasthan, Madhya Pradesh, Haryana and western Uttar Pradesh, among others

Accreditation

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

Listings

- National Stock Exchange of India Limited (NSE)
- Bombay Stock Exchange Ltd. (BSE)

Expansions

- Setting up a new cement plant with a 1.75 MT capacity and captive power plant of 17.5 MW at the exiting plant site
- Commissioning a new 7.5 MW wind power generation unit at Jaisalmer

Awards and accolades







Awards

2009-10

- First Prize for Energy Conservation in Cement Sector from Rajasthan Renewable Energy Corporation
- First Prize for Rehabilitation and Reclamation of Land from the Director General Mines Safety, Ajmer Region
- First Prize for Water Harvesting from the Director General Mines Safety, Ajmer Region
- Third Prize for Waste Dump Management from the Director General Mines Safety, Ajmer Region
- Third Prize for Overall Performance in Mechanised Open cast Mines from the Director General Mines Safety, Ajmer Region

Our brand



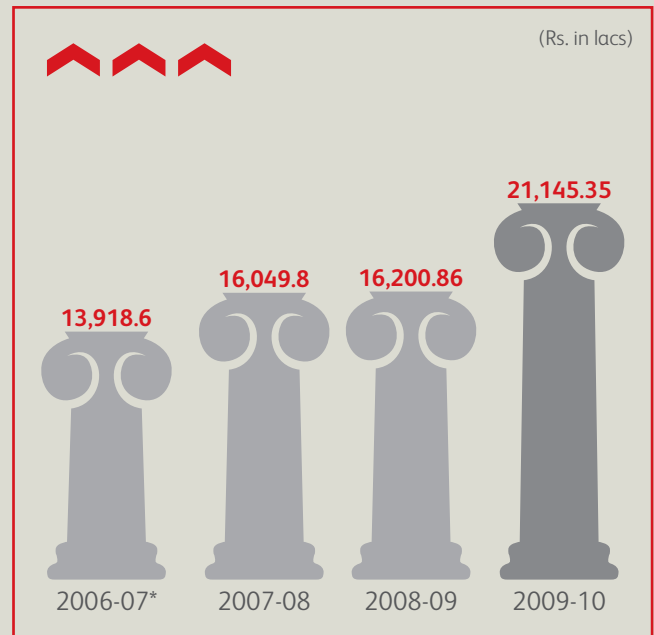


Concrete performance

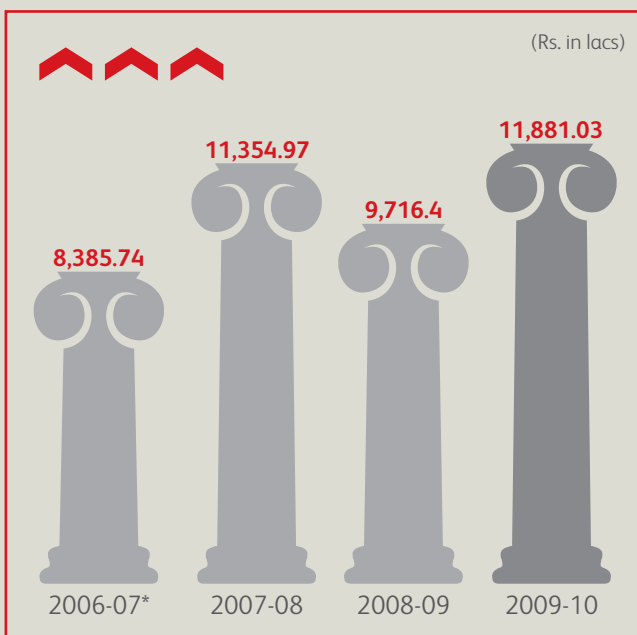
TOTAL REVENUE



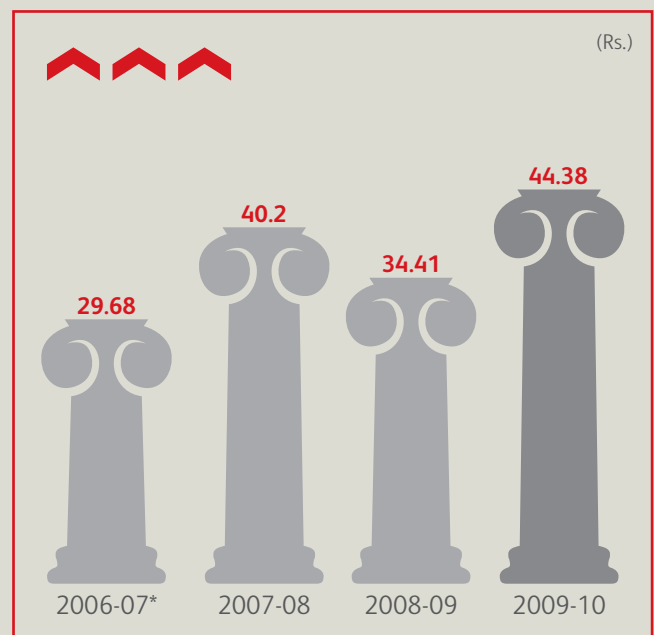
EBIDTA



POST-TAX PROFIT



EARNINGS PER SHARE (BASIC)



*annualised