

2014-15

29th ANNUAL REPORT



SHIVA CEMENT LTD.
ROURKELA, ODISHA

CSR Activities



Republic Day Celebration



Republic Day Celebration



Independence Day Celebration



Independence Day Celebration

BOARD OF DIRECTORS**Sri R. P. Gupta***Managing Director***Sri Akash Gupta***Executive Director***Smt. Preeti Gupta***Director***Sri B K Mangaraj***Director***Sri Mahendra Singh***Director***Sri D K Senapati***Nominee- IPICOL***Sri K P Jhunjhunwala***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, Kolkata - 1.**Contents ...**

Director's Report & Management Discussion and Analysis	...	02
--	-----	----

Corporate Governance	...	14
----------------------	-----	----

Auditors' Report	...	20
------------------	-----	----

Balance Sheet	...	24
---------------	-----	----

Profit & Loss Account	...	25
-----------------------	-----	----

Cash flow statement	...	26
---------------------	-----	----

Significant Accounting Policies & Notes on Financial Statements	...	27
---	-----	----

**REGISTERED OFFICE**P-25, Civil Township,
Rourkela - 769 004
Website : www.shivacement.com**PLANT SITE**Vill : Telighana
PO : Biringatoli, Kutra
Dist. Sundargarh (Odisha)**MINES**Vill : Khatkurbahal
Via : Kutra
Dist. Sundargarh (Odisha)

DIRECTORS REPORT

(Management Discussion and Analysis)



R. P. Gupta, M.D.

Dear Members,

It gives me immense pleasure to present the **29th Annual Report**. I extend my thanks to all associates, shareholders & employees in particular. Your company could complete successful 29 years with their support and commitment. With this, I am pleased to present annual report along with audited accounts and Auditor's report thereon for the financial year ended **31st March, 2015** as under :-

Financial/Operational Performance

(Rs. in Lakhs)

Particulars	31/03/2015	31/03/2014
Turnover	7533.08	7211.46
Operating Income	964.73	962.14
Other Income	39.63	38.78
PBIDT	1004.36	1000.92
Less: Interest	337.55	339.70
Cash Profit (PBDT)	666.81	661.22
Less: Depreciation & Amortization	390.61	288.04
Profit before Taxation (PBT)	276.20	373.18

There was marginal rise in the gross turnover, but the operating income and PBIDT was almost stagnant. Profit before tax is reduced mainly due to higher provision of depreciation arising out of transfer of CWIP (capital work in progress) into fixed assets. Coal consumption has increased due to poor quality, but some savings were achieved on power consumption. The average price of coal has also gone up. There was volumetric growth in terms of cement production by 24% and dispatch of cement and clinker also grew by 18% despite sluggish demand. But it was mainly on account of low base in previous year.

Economic Scenario & Out look

As per new series of GDP, India has registered 7.3% growth in the year 2014-15. But it is not matching with the ground realities in terms of growth in consumption of cement and other core sector items. Probably, such high growth figures is reflected due to change of base year and adoption of new methods for estimating GDP. The revival of economy will depend upon aggressive spending by government on infrastructure. Simultaneously, the cost of logistic, energy and capital must be brought down so as to reduce production cost of all goods & services and to match with purchasing power of public. Incidentally, this will cut import and improve our competitiveness on export front and generate additional demand. At the same time, regulatory easement and ease of operating business must be ensured so that productivity and efficiency improves. It is also essential to infuse liquidity that will increase production of the existing productive assets in the country. Interest cost must slash down, that will give a big phillip to housing, infrastructure and real estates driving demand of cement industry. There are all indications of betterment in the second half of the year 2015-16.

Cement Industry Outlook & Opportunities

Demand growth is sluggish since last three years mainly due to slow down in economy and poor spending in infrastructure. There are great hopes that infrastructure spending will pick up in the second half of 2015-16. There are several announcements on the road sector and railway; that will directly support demand growth of cement. Rural demand has been quite healthy in past several years. But some slow down is noticed during ensuing year. Growth of housing sector was also somewhat muted. But with rising population and associated demand of houses, the situation is bound to improve. The announcement by government to provide house for all is an indicator to that. There are enough indications that, over all growth will revive from Oct.2015 and likely to gain momentum from Apr.2016 onwards.

Future Strategies

The expansion plan upto 1.0 Mn.TPA was deferred considering the economic scenario despite incurring part capex. Term loan sanctions from PNB and IDBI Bank were not availed due to such deferment. However, for part utilization of capex already incurred, an interim expansion upto 1.98 lakh TA was taken up during the year. The same is likely to be completed in June 2016. Its benefit will be visible in the second half of the year 2015-16, that may probably match with the revival cycle of cement industry and economy in general.

Risks and Concerns

Continuous rise in logistic cost is indeed an area of concern. For this all efforts are being taken to change distribution pattern and to focus on nearby areas for nullifying the impact of logistic cost. Poor quality of domestic coal and recent increase in royalty and imposition of contribution to District Mineral Foundation (DMF) is going to add to the cost of limestone and coal. Its impact is likely to come on the cost of power as well. However, the capacity expansion upto 1.98 lakh TPA will improve the cost efficiency and dilute fixed overhead cost to some extent.

Awards & Recommendations

Your Managing Director has written several articles on Indian economy those were published in magazines and newspapers. Several compliments have been received from VIPs to this effect.

Shiva Cement Limited has been awarded with Second Prize in Management of Sub Grade Minerals for the year 2014-15 from Indian Bureau of Mines, Bhubaneswar during 17th Mines Environment & Mineral Conservation Week held between 27.01.2015 to 01.02.2015.

Human Resource

Company is maintaining cordial and healthy relations with its employees. Employees at all levels are extending their full support. Company has strong faith in potential of human resources. It believes in the creative abilities of the people, who work for company. It believes in participatory management. Considering high inflation, your company has entered into wage settlement of the workers that will be valid till the year 2017.

Internal Control Systems

Company has an internal management audit team commensurate with the size of company. It carries out desired level of audit of various activities of company. This is with an aim to ensure that the laid down system and procedures are followed. Audit reports are presented to Audit committee of the board, which meets at periodical intervals. ERP system is now fully operative. It has contributed in improving efficiency.

Business Responsibility Report

As stipulated under the Listing Agreement, the Business Responsibility report describing the initiatives taken by the Company from environmental, social and governance perspective has been described in this Annual Report.

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. MoEF clearance has been also obtained for expanding the capacity of mines.

Your company has undertaken the CSR activities in nearby villages such as construction of Toilet rooms and Water storage tank in different local schools, specially for girl students at Kandeimunda, Guleipada, Telighana, Mangapada etc. Three no. of bathing Ghats at Goleipada, Bhoktapada. In addition, Jindapada and Kandeimunda connecting roads to SH-10 was repaired.

Hockey, Football and Cricket tournaments were organized with the help of Kandeimunda Panchayat for local youths and providing them sports kits. Programme were held in local areas for awareness of energy and water conservation. We are associated with different health awareness programmes like Pulse Polio etc.

Club House was renovated for social meets, meetings and different cultural functions. Celebration of Independence and Republic Day was done at Kandeimunda, Telighana and local schools. Several other cultural & social programmes were undertaken surrounding plant area. All such activities have created a social harmony.

Dividend

Keeping in view of ongoing expansion plans and working capital requirements of the Company, your directors have not recommended any dividend for the year under review.

Listing at Stock Exchange

Equity shares of the company continue to be listed on Bombay stock exchange and Calcutta stock exchange. We sincerely express our thanks to all shareholders for imposing their faith in the company despite delay in implementation of the expansion plan. The annual listing fee for the year 2014-15 had been paid to these stock exchanges.

Finance

We are thankful to IDBI Bank for sanctioning the term loan of Rs.18 crore for part financing the capacity expansion upto 1.98 lakh TPA and Canara Bank for sanctioning a loan of Rs.5 crore.

CARE rating have also assigned "CARE BBB" for long term bank facilities & "CARE A3" for short term bank facilities amounting to Rs.48.0 crore. This includes existing and proposed loan.

Board Meeting

During the year under report, the Board of Directors have met 4 (Four) times. The Details of board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

Fixed Deposits

Company has accepted deposits from public including share holders and employees within the meaning of section 73 of the Companies Act, 2013 and rules made there under and have made compliance with the provisions of the Companies (Acceptance of Deposits) Rules 2014 as per expert opinion obtained by the Company regarding eligibility to accept deposits.

Directors & Key Managerial Personnel

Pursuant to the provisions of Section 161 of the Company, Smt. Preeti Gupta who has been appointed as (additional director) non executive Woman Director, w.e.f. 31st March, 2015 can only hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice under section 160(1) of the Companies Act, 2013, from a member proposing her appointment as non-executive woman director of the Company. The Board of directors recommends her appointment.

Pursuant to the provisions of Section 161 of the Company, Sh. Mahendra Singh who has been appointed as (additional director) non executive Independent Director, w.e.f. 31st March, 2015 can only hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice under section 160(1) of the Companies Act, 2013, from a member proposing his appointment as non-executive Independent director of the Company. The Board of directors recommends his her appointment.

During the year under report, Shri Vivek Chawla & Shri O. P. Goyal have resigned from the Directorship of the Company from 09th July, 2014 & 31st March, 2015 respectively.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company, Sri R. P. Gupta, Managing Director and Akash Gupta, Executive Director of your company retire from the board by rotation and being eligible for re-appointment.

Further, Sh. Debananda Nayak has been appointed as Company Secretary & Compliance officer of the Company w.e.f 01/05/ 2015.

Audit Committee

Pursuant to the provisions of Section 177 of the Companies Act, 2013, the Audit Committee was formed by the Board of Directors to look after the internal control system of the Company and to review the financial statements. The said Committee is consisting of the following directors of the Company.

Sri K. P. Jhunjhunwala	-	Chairman
Sri B.K. Mangaraj	-	Member
Sri Mahendra Singh	-	Member

The details of the Audit Committee meeting have been mentioned in the Corporate Governance report.

Statutory Auditors

M/s. Tibrewal Chand & Co., Chartered Accountants, Rourkela (FRN 311047E) the Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limit prescribed under Section 139 of the Companies Act, 2013 and that they are not disqualified within the meaning of Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit & Auditors) Rules, 2014.

The Notes to Accounts forming part of financial statements are self-explanatory and need no further explanation.

The explanations/clarifications to the qualified opinion of the statutory Auditors are as under :-

As mentioned in the Auditors Report regarding eligibility to accept public deposits, your Company has obtained expert opinion and continued to accept, hold & renew the deposits.

As mentioned in the Auditors Report regarding irregularity in deposits of statutory dues amounting to Rs.102.53 Lacs, your directors submit that the said payments could not be made due to mismatch of cash flow during the financial year 2014-15. The said payments shall be made during the financial year 2015-16.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s S P Roy & Associates, Company Secretary, Bhubaneswar to undertake the Secretarial Audit of the Company for the FY 2014-15. The report of Secretarial Audit forms part of this Board's Report in "Annexure -A".

There are no qualifications or adverse remarks in the Secretarial Auditors' Report which require any clarification or explanation.

Vigil Mechanism

Pursuant to the provisions of Section 177 (9) of the Companies Act, 2013, the Board of Directors has established a committee to provide adequate safeguard against the victimization & to protect the interest of the directors and employees to report their genuine concerns. The Company has uploaded in its website (www.shivacement.com) the code of conduct in relation to the employees & directors. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website.

Foreign Exchange Earnings and Outgo

There have been no foreign Exchange earnings during the year. However, company has purchased imported coal & gypsum from the domestic market.

Conservation of Energy, Technology Absorption

A statement containing necessary information, as required under the Companies Act, 2013 is annexed hereto in Annexure-"B".

Corporate Social Responsibility and Governance Committee

During the year under report, your directors have constituted the Corporate Social Responsibility (CSR Committee) comprising Shri R P Gupta as the Chairman and Shri B.K. Mangaraj and Shri Mahendra Singh as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

Nomination and Remuneration Committee & Stakeholder Relationship Committee

During the year under report, pursuant to the provisions of Section 178 of Companies Act, 2013, the nomination and Remuneration Committee & Stakeholder Relationship Committee has been functioning in order to protect the interest of the shareholder of the Company.

The Committee has been headed by Shri R. P. Gupta as Chairman, Shri B. K. Mangaraj as Member & Shri Akash Gupta, as other member.

Risk Management Policy

The Company has a Risk Management Policy in accordance with the provisions of the Act and Clause 49 of the Listing Agreement, which provides a mechanism for risk assessment and mitigation.

At present the Company has not identified any element of risk which may threaten the existence of the Company.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Directors state that during the year an Internal Complaint Committee has been formed to review the cases filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and further state that, there were no cases reported in respect to above mentioned Act.

Extracts of Annual Return

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013, an Extract of the Annual Return in Form MGT-9 forms part of this Report as Annexure-C.

Particulars of Employees

The provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable as none of the employees were in receipt of remuneration exceeding the limits specified therein.

Directors' Responsibility Statement

In terms of the provisions of section 134(3)(c) of the Companies Act, 2013, we confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had 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 had prepared the annual accounts on a going concern basis; and
- the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 government authorities, Bankers, NBFCs, consultants, shareholders, employees, suppliers & contractors of the company.

Cautionary Statement

Statements in the directors' report and the management discussion & analysis describing 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/-

R. P. Gupta

Managing Director
DIN No.: 01325989

Rourkela-769 004
Dated : 29/05/2015

Annexure - A
Form No. MR-3

Secretarial Audit Report

For the Financial Year Ended 31st March, 2015

(Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014

To,
The Members,
Shiva Cement Ltd,
P-25, Civil Township,
Rourkela,
Odisha-769004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHIVA CEMENT LTD.** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the **Shiva Cement Ltd** 's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-process and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Shiva Cement Limited** ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of ;

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable as the company has not issued any security during the financial year under review.)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines, 1999; **(Not applicable as the company has not granted any options to its employees during the financial year under review.)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the company during the financial year ended on 31st March, 2015)**
 - (f) The Securities and Exchange board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable as the company has not delisted its equity shares from any stock exchange during the financial year ended on 31st March 2015.)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the company during the financial year ended on 31st March 2015.)**

We have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence not applicable to the company during the financial year ended on 31st March, 2015)**
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange(s) and Calcutta Stock Exchange,

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations;

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act,

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meeting of Board of Directors and Committee of board as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the company has complied with all the respective provisions of the Companies act, 2013 and rules made thereunder as well as listing agreements and other respective laws applicable to the company.

for S P Roy & Associates

Company Secretaries

Sd/-

CS Satya Pradeep Roy

ACS No.: 32714

Place : Bhubaneswar

Date : 25.05.2015

Annexure - B 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	31/03/2015	31/03/2014
1. Electricity		
a) Purchased		
Units (in Thousand)	7474.95	6801.03
Total amount (in Thousand)	46783.90	44200.44
Rate/Unit (including DPS)	6.26	6.50
b) Own Generation		
i) Through Diesel Generator		
Units (in Thousand)	24.82	13.62
Cost/Unit (Rs.)	39.29	44.75
ii) Through Steam Turbines Generator		
Units	N.A	N.A
Unit per Ltr. for Fuel oil Gas		
Cost/Unit.		
2. Coal		
Quantity (in Mt)	15017.06	10873.13
Total Cost (Rs. in Thousand)	73407.36	40534.79
Average Rate (Rs. Per Mt)	4888.26	3727.98
3. Diesel Oil		
Quantity (in K. Ltr)	145.40	122.00
Total Cost (Rs. in Thousand)	8054.55	6620.53
Average Rate (Rs. Per Litre)	55.40	54.27
4. Other/Internal Generation		
Quantity (in Mt)		
Total Cost (Rs. in Thousand)	N.A	N.A
Average Rate (Rs.)		

Consumption per unit of production (Cement & Surplus clinker)

Particulars	Standards if any	Current Year	Previous Year
Power Units Per Tonne		95.68	107.0
Coal Cons. (%)		19.16%	17.08%

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

- ❖ Power consumption has come down due to improved efficiency & benefit of capex.
- ❖ Coal consumption per MT has gone up by 2.1% as compared to previous year. The cost has also gone up due to increase in cost of imported coal as reflected in value terms.