



B. G. Bangur, *Chairman*

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your product is,
the customer must think so too.*

*Enterprises that can bring
about this convergence*

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Management

Board of Directors

Shri B. G. Bangur
Chairman & Managing Director

Shri H. M. Bangur
Jt. Managing Director

Shri Sidharth Birla

Shri R. L. Gaggar

Shri O.P. Setia

Shri H. L. Somany

Shri Harkirat Singh

(Nominee LIC)

Ms. I. T. Vaz

(Nominee IDBI)

Management Team

Shri M. K. Singhi	-	President
Shri Ashok Bhandari	-	Group Financial Advisor
Shri S. M. Lotia	-	Sr. Vice President (Commercial)
Shri S. S. Jain	-	Sr. Vice President (Tech.)
Shri V. P. Sinha	-	Vice President (Mines)
Shri H. S. Shekhawat	-	Jt. Vice President (H.R. & A)

Secretary

Shri S. L. Bhansali

Bankers

State Bank of Bikaner and Jaipur
Punjab National Bank
State Bank of India
Union Bank of India.
ICICI Bank Ltd.
UTI Bank Ltd.

Auditors

M/s. B. R. Maheswari & Co., New Delhi

Cost Auditors

Tholiya & Associates, Mumbai

Registered Office and Works

Bangur Nagar, Beawar 305 901,
District Ajmer, Rajasthan

Corporate Office

21, Strand Road, Calcutta 700 001

Certified TRUE COPY
For Shree Sansco Ltd
Emanil
(S.L. Bhansali)
Company Secretary

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Global Cement Factory Performance Review, 1999 (Excerpts)

Executive Summary

The Whitehopeman and International Cement Review analysis of cement factory performance is now in its second year, allowing the progress of the industry around the world to be tracked.

Data has been gathered on operational aspects relating to the overall cement factory performance :

- Safety
- Manpower Productivity
- Energy Efficiency
- Product Quality

In this second year of the service, the sections on Safety and Product Quality have been significantly extended, in response to feedback from subscribers. Data was also collected relating to the performance of individual items of equipment :

- Specific Output
- Equipment Reliability
- Environmental Impact

This year the service has been extended to compare the performance of ball mills, in addition to cement kilns.

Data was collected from over 100 factories and more than 150 kilns. This data was then used to generate performance indexes across the differing aspects of operational performance.

In each category a number of indexes were generated. The format of the report is that the left hand column details the indexes calculated and their significance. The right hand column details the actual factory performance and ranking in the particular index.

Shree Cement Performance

The Shree Cement factories are among the most energy efficient and productive cement manufacturing facilities in the world. Electrical energy consumption figures for line 2 represent best practice performance. The cement grinding mills are at the top of the range of their peer groups in terms of energy efficiency.

Kiln thermal energy consumption is also among the lowest in the survey. The mild raw mix and clinker chemistry of the material used and produced on the factory contribute to this low fuel consumption. Reliability of the kilns is close to the median of the kilns in the survey, and this is an area where the company could gain major benefits by focusing improvement efforts.

The low thermal and electrical energy consumptions, coupled with substantial replacement of clinker in cement by extenders, means that the CO₂ emissions associated with the factory, per tonne of cement produced, are among the lowest in the world.

There are areas where the Shree Cement factories can improve performance, however. The emissions of dust and acid gases are substantially more than on the best performing factories. The frequency of tripping the high voltage on the kiln electrostatic precipitators is also among the worst in the survey. This suggests instability in the combustion in the kilns.

Large numbers of people are employed on the Shree Cement factories and this means that manpower productivity is well below industry standards. This might not be a priority for the company management, given the likely labour costs in India.

The safety performance of the factories and workforce is excellent, with interval between accidents, percentage time lost and safety awareness of the personnel at the top of the range in the survey.

Notice

NOTICE is hereby given that the Twenty-first Annual General Meeting of the Members of SHREE CEMENT LIMITED will be held at the Registered Office of the Company at Bangur Nagar, Beawar - 305 901, District Ajmer (Rajasthan) on Tuesday, the 26th day of December, 2000 at 4.00 P.M. to transact the following business: -

Ordinary Business

1. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2000 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R.L. Gaggar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Special Business

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-
 "RESOLVED THAT Shri S. K. Somany, who was appointed as an Additional Director of the Company by the Board of Directors and holds office up to the date of this meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-
 "RESOLVED THAT the following new Articles be and are hereby inserted after Article 66 of the Articles of Association of the Company:

66A: Right of Nomination

- a) Every Share holder or Debenture holder of the Company, may at any time, nominate, a person to whom his shares or debentures, shall vest in the event of his death, in such manner, as may be prescribed under the Act.
- b) Where the shares or debentures of the Company, are held by more than one person jointly, the joint holders may together nominate, a person to whom all the rights in the shares or debentures, shall vest in the event of death of all the joint holders, in such manner, as may be prescribed under the Act.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares or debentures, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the share holder or debenture holder, as the case may be, or, on the death of the joint holders, becomes entitled to all the rights in such shares or debentures, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- d) Where the nominee is a minor, it shall be lawful for the holder(s) of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his/her death, during the minority.

66B: Transmission of Shares in case of Nomination

- a) Any person who becomes a nominee, by virtue of the provisions of above Article 66A, in the event of death of share holder or debenture holder or the death of joint holders, as the case may be, upon production of such evidences, as may be required by the Board and subject as hereinafter provided elect, either :
 - 1) To register himself as holder of the shares or debentures, as the case may be; or
 - 2) To make such transfer of the shares or debentures, as the deceased share holder or debenture holder, as the case may be, could have made.

Notice

- b) If the person being a nominee, so becoming entitled, elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder(s) or Debenture holder(s), as the case may be.
- c) All the limitation, restrictions and provisions of these Articles relating to the right to transfer and the registration of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member(s) had not occurred and the notice or transfer were a transfer signed by that Share holder or Debenture holder, as the case may be.
- d) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder(s) shall be entitled to the same dividends, interests and other advantages to which he would be entitled if he was the registered holder of the shares or debentures. However, he shall not, before being registered as a member in respect his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring such person to elect either to be Registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable in respect of the shares or debentures, until the requirements of the notice have been complied with."

Notes :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- 2) The Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956, in respect of Item No 4 & 5 of the Notice convening the meeting is annexed hereto.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 16th December, 2000 to Tuesday, the 26th December, 2000 (both days inclusive).
- 4) Unclaimed Dividend for the financial year ended 31.3.1996 will be transferred to the Investor Education & Protection Fund of the Central Government by 17th October, 2003. Members, who have so far not encashed their dividend warrants for the year ended 31.03.1996 may approach the Company with their warrants for revalidation.
- 5) The Company has appointed M/s. Karvy Consultants Ltd. as Share Transfer Agent for both manual and electronic form of shareholdings. All communications relating to shares should be addressed to :-

M/s. Karvy Consultants Ltd.,
21, Road No. 4, Street No.1,
Banjara Hills,
HYDERABAD - 500 034
- 6) Members are requested to notify immediately any change of address to the Share Transfer Agent.
- 7) Members, who are holding shares in identical order of names in more than one account, are requested to intimate to the Share Transfer Agent, the Ledger Folio of such accounts and send the Share certificate(s) to enable the Company to consolidate all the holdings into one account. The Share Certificate(s) will be returned to the members, after making the necessary endorsements, in due course.
- 8) All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days except Sunday and public holiday, between 10.30 hours to 12.30 hours up to the date of meeting.
- 9) The Members desiring any information as regards to accounts are requested to write to the Company at an early date, so as to enable the Company to keep information ready.
- 10) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the meeting.

By Order of the Board

New Delhi
20th October, 2000

S. L. Bhansali
Secretary

Notice

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 annexed hereto and forms part of the Notice dated 20th October, 2000.

Item No. 4

Shri S. K. Somany was appointed as an Additional Director of the Company by the Board of Directors with effect from 20th October, 2000 under Section 260 of the Companies Act, 1956, and holds office up to the date of the Twenty first Annual General Meeting of the Company.

Shri S.K. Somany is a leading Industrialist.

As required under Section 257 of the Companies Act, 1956, Notice has been received from a member proposing the name of Shri S. K. Somany for the office of Director.

None of the Directors, except Shri S. K. Somany is concerned or interested in the Resolution.

Board of Directors recommends the passing of the Resolution at Item No. 4 of the Notice.

Item No. 5

Right of Nomination & Transmission in case of Nomination

The Central Government, vide the Companies Amendment Act, 1999 has inserted New Sections 109 A and 109 B providing for Nomination facility for Registered Members of the Company. These provisions also provide for transmission of shares to the nominees. It would be beneficial to the registered member(s) if such nomination clause and transmission in case of nomination clause are included in the Articles of Association of the Company and accordingly in line with these modifications, it is proposed to amend the Articles of Association of the Company by adding these new Articles.

None of the Directors is interested in this resolution.

Board of Directors recommends the passing of the Resolution at Item No. 5 of the Notice.

By Order of the Board

New Delhi
20th October, 2000

S. L. Bhansali
Secretary

Five Year Financial Highlights

(Rs. in Lac)

Particulars	1995-96	1996-97 *	1997-98	1998-99	1999-2000
Production : (Lac MTs)					
Clinker	8.88	12.54	16.70	19.45	22.85
Cement	8.62	11.85	17.26	20.44	23.12
Sales : (Lac MTs)	9.34	12.03	17.97	22.55	24.26
Energy Consumption					
Power (KWH/PT Cement)	91	88	83	79	75
Coal (% of Clinker)	16.34	15.56	12.94	12.79	12.34
Sales	20,765.88	25,112.19	34,278.00	44,214.50	48,387.42
Other Income	1,076.56	819.16	1,471.92	456.27	274.12
Total Income	21,842.44	25,931.35	35,749.92	44,670.77	48,661.54
Operating Expenses	16,502.30	20,498.11	29,996.48	37,162.67	40,508.65
Operating Profit	5,340.14	5,433.24	5,753.44	7,508.10	8,152.89
Interest	755.85	719.78	3,733.52	4,406.65	4,144.43
Depreciation (Net)	446.31	907.38	1,114.54	2,514.11	2,467.80 **
Profit before Tax	4,137.98	3,806.08	905.38	587.34	1,540.66
Tax	805.00	252.00	51.28	4.72	6.00
Profit after Tax	3,332.98	3,554.08	854.10	582.62	1,534.66
Equity Capital	2,903.10	3,483.72	3,483.72	3,483.72	3,483.72
EPS (in Rupees)	11.48	10.20	2.45	1.67	4.41
Cash EPS (in Rupees)	13.02	12.81	5.65	8.89	11.49
Net Block	7,516.44	24,663.06	39,654.52	37,422.76	36,927.91 **
Shareholders' Fund	13,487.43	18,202.76	19,056.86	19,654.48	21,939.14 **
Total Capital Employed	19,617.01	44,128.91	45,614.14	45,270.97	50,998.65 **
Return on Net Worth (%)	24.71	19.52	4.48	2.96	7.00
Return on Capital Employed (%)	20.84	9.68	10.06	11.02	11.14

* Figures for 15 months.

** Net of Revaluation.

Directors' Report

Dear Shareholders,

The Directors take pleasure in presenting their Annual Report together with Audited Accounts for the financial year ended 30th June 2000.

1. Financial Results

The salient features for the year are as under :

	Year ended 30.06.2000 (Rs. in Lac)	Year ended 30.06.1999 (Rs. in Lac)
Sales & Income	48661.54	44670.77
Operating Profit before Interest, Depreciation & Tax	8152.89	7508.10
Less : Interest	4144.43	4406.65
Gross Profit for the year	4008.46	3101.45
Less : Depreciation (net)	2467.80	2514.11
Profit Before Tax	1540.66	587.34
Less: Provision for taxation	6.00	4.72
Profit After Tax	1534.66	582.62
Add: Balance brought forward from previous year	479.80	472.18
Profit available for appropriation	2014.46	1054.80
Appropriations :		
Debenture Redemption Reserve	1956.80	575.00
Balance carried forward	57.66	479.80

2. The Year in Perspective

Since 1996, the economy growth of the country has been less vibrant and adversely affected the core sector industries like Steel, Cement, Engg. and Construction. 1999-2000 gave a glimmer of hope for the economic upturn. Understandably, better economic scenario, the return of feel good factors due to financial reforms being actively pursued in the Union Budget for 1999 and particularly good fiscal incentives offered to Housing and Infrastructure sector resulted in a remarkable upswing of demand for cement in the year.

The year on year demand of cement grew at unprecedented 15.35 % in the year over 1998-99. Such growth gave hopes of firming up of cement prices. However, uptrend in cement prices could not hold the momentum due to higher production in the industry tilting the demand supply equilibrium towards supply. Severe drought like conditions in various states since April, 2000 and particularly in Rajasthan and Gujarat has also dampened off-take of cement.

Your Company's production and sales improved despite continuing competitive pressures. Production of clinker was 22.85 lac M.T. in 1999-2000 as against 19.45 lac M.T. during the corresponding period registered growth of 17.48%. Similarly, cement production and sale was also at an all time record high of 23.12 lac M.T. and 24.26 lac M.T. as against 20.44 lac M.T. and 22.55 lac M.T. in 1998-99.

The continuing focus of your Company on the canons of productivity and cost consciousness kept it in good stead in the phase of prevalent difficult conditions in the industry. The operating margins improved by 130 basis point at 8.23 % as compared to 6.94 % in the previous year. Gradual reduction of high cost debt has also kept the interest incidence low as compared to last year. The combined effect of this resulted into an impressive 263 % growth in net profit figures from Rs. 583 lacs in 1998-99 to Rs. 1535 lacs in the current year.

Your Company fully realizes the Social, Economic and Environmental benefits of Energy Conservation. The power consumption figures for the current year stands at 75 units per tonne of cement as against 79 and 83 units achieved in the preceding years of 1998-99 & 1997-98. The heat consumption also came down from 731 to 708 Kcal./Kg. clinker. The Coal consumption figures, which is a direct indicator of thermal efficiency has also gradually reduced to 12.34% per tonne of clinker as against 12.79% and 12.94 % for the immediately preceding two years. Indeed on the productivity front, your Company has maintained an impeccable record of operating at over 100% capacity.

The Whitehopleman and International Cement Review in their Cement Factory Performance Review Reports for 1998 & 1999 in " Worldwide Benchmarking" survey have reported your Company's plants among the most energy efficient and productive Cement Manufacturing facilities in the world. The Unit-II leads the world in electrical energy efficiency representing best practice performance and is also one of the most thermally efficient kilns in the world. Unit I also ranks highly in terms of electrical energy efficiency. Both kilns operate under high specific loadings and kiln 2 is the most productive kiln in the survey with reference to tons per day per cubic metre of internal volume.

The GDP growth rate forecasted at 6 to 6.5% in the current fiscal year by Reserve Bank of India should induce much higher growth rates for cement demand. The demand growth for the quarter July-September 2000 is rather low in comparison to corresponding quarter of 1999 because of unprecedented growth rate experienced in the year 1999-2000, which led to abnormal demand growth during the said quarter. It is felt that for the year 2000-01 the cement demand should grow in excess of 6%.

Your company in order to fully realize the benefits of growth in cement demand have undertaken a modernization and expansion plan to enhance its installed capacity from 20 lacs to 26 lacs MT. The project is under final stage of implementation and the enhanced capacity shall be available to the Company in the last quarter of this year.

3. Dividend

In view of moderate profits and the ongoing expansion programme, the Board considered it prudent to conserve the resources. Accordingly, the Board decided not to recommend dividend both on equity and preference shares for the year 1999-2000.

4. Prospects

Indeed buoyancy in direct tax collections, Hon'ble Finance Minister continuing commitment with regard to the economic growth rates, Reserve Bank of India mid season credit policy have all asserted minimum GDP growth rate of at least 6%. Leading Chambers of Commerce have also asserted that the growth at the forecast level shall be attained. This leads us to be cautiously optimistic.

It is pertinent to note that less than normal monsoon in the state of Rajasthan and Gujarat may lead to retarding impact on the cement demand growth in our primary market. In addition, burgeoning crude oil prices, increase in royalty rate of raw materials and correction in the Indian Rupee value vis-a-vis the US Dollar shall have cascading effect on operating cost affecting the otherwise better profit expectations.

Your Company has always come out with flying colours in testing times and has developed a well thought out strategy to face challenges and is confident to post better than industry average results in the year 2000-01.

5. Finance

Your company took full advantage of the reducing interest rates scenario and successfully swap its major working capital facilities from fixed rate rupee loans to fully hedged Foreign Currency Loans from its banking consortium which resulted in saving of at least 100 basis points in its working capital borrowing costs. As part of the cost reduction programme, the company successfully negotiated revision of interest rates from 19% to 16.5% with financial institutions on the outstanding project loans.

To meet the working capital needs of expanding operations and also the ongoing capital expenditure, the company raised a sum of Rs. 55 Cr. from financial institutions at competitive rates. The net expansion in long term borrowings has been less than Rs. 1500 lacs due to repayment of over Rs. 4063 lacs of high cost long term debts.

In order to augment its permanent working capital, the Company has further raised preference share capital of Rs. 750 lacs on Right basis to existing Preference Shareholders at assured yield to maturity (YTM) of 11.5% per annum as against 1998-99 similar issue carrying a YTM of 15% per annum.

6. Revaluation of Fixed Assets

An exercise was carried out to review the original book value of Fixed Assets, and revalue such of those Fixed Assets as have appreciated in value significantly, in order to relate them more closely to current replacement values, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on consideration of age, condition and unexpired useful life of such Fixed Assets; to transfer to Revaluation Reserve the difference between the written up value of the Fixed Assets revalued and depreciation adjustment and to charge Revaluation Reserve Account with annual depreciation on that portion of the value which is written up.

7. Directors

Since the last Annual General Meeting of the Company, the Company has inducted Shri S.K. Somany, a leading Industrialist, on the Board of the Company on 20th October, 2000, as an Additional Director. Shri G.D. Bangur and Shri H.L. Somany, Directors on the Board of the Company have resigned due to personal occupation.

The Directors appreciate the able guidance of Shri G.D. Bangur and Shri H.L. Somany accorded to the Board during their tenure as Directors of the Company.

Shri R.L. Gaggar, Director of the Company retires by rotation at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association and is being eligible, offers himself for re-appointment.

The term of appointment of Shri S.K. Somany as Additional Director of the Company shall expire at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association and is being eligible, offers himself for appointment as Director liable to retire by rotation.

8. Auditors

M/s B.R. Maheswari & Co., the Auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Directors recommend their re-appointment for 2000-01. The members are requested to appoint the Auditors and authorise the Board of Directors of the Company to fix their remuneration.

The observation of the Auditors together with Notes on Accounts are self-explanatory and do not require any further explanation.

9. Cost Audit

The Cost Records of the Company in respect of Cement for the year ended 30th June 2000 are being audited by M/s Tholiya & Associates, Cost Auditors.