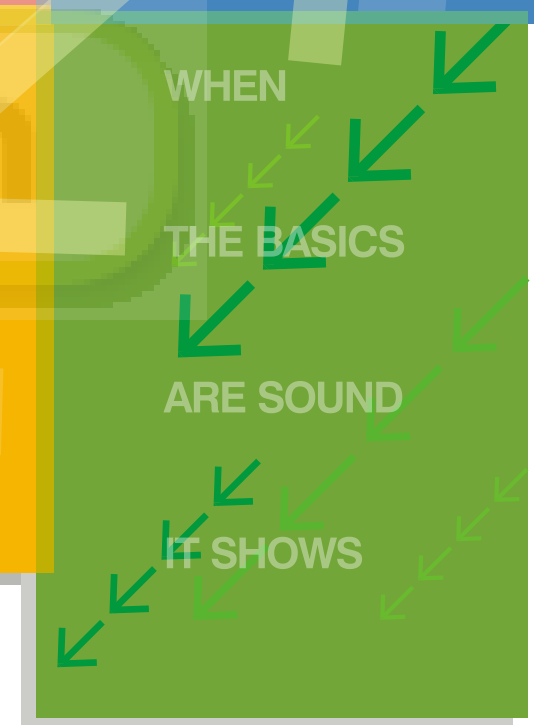
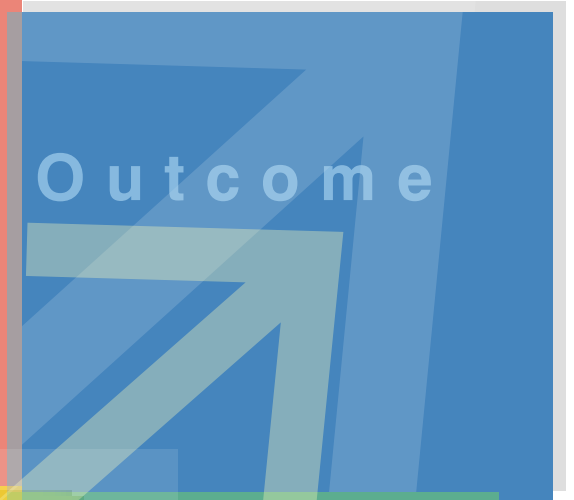
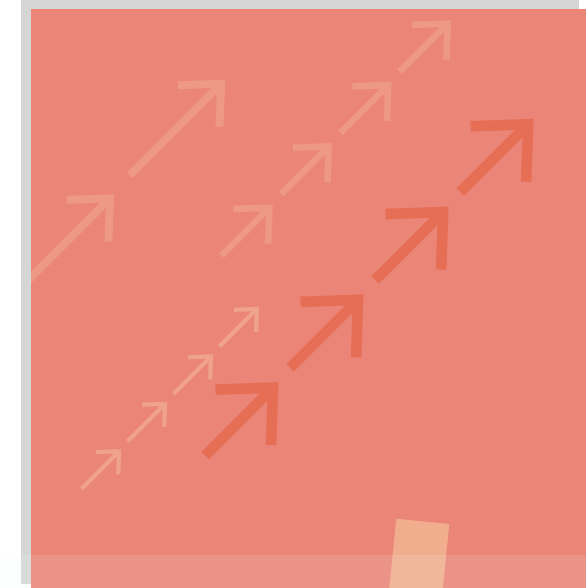


ANNUAL REPORT 2006-07



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SHREE CEMENT LIMITED ANNUAL REPORT 2006-07



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**When the
basics
are sound
it shows**

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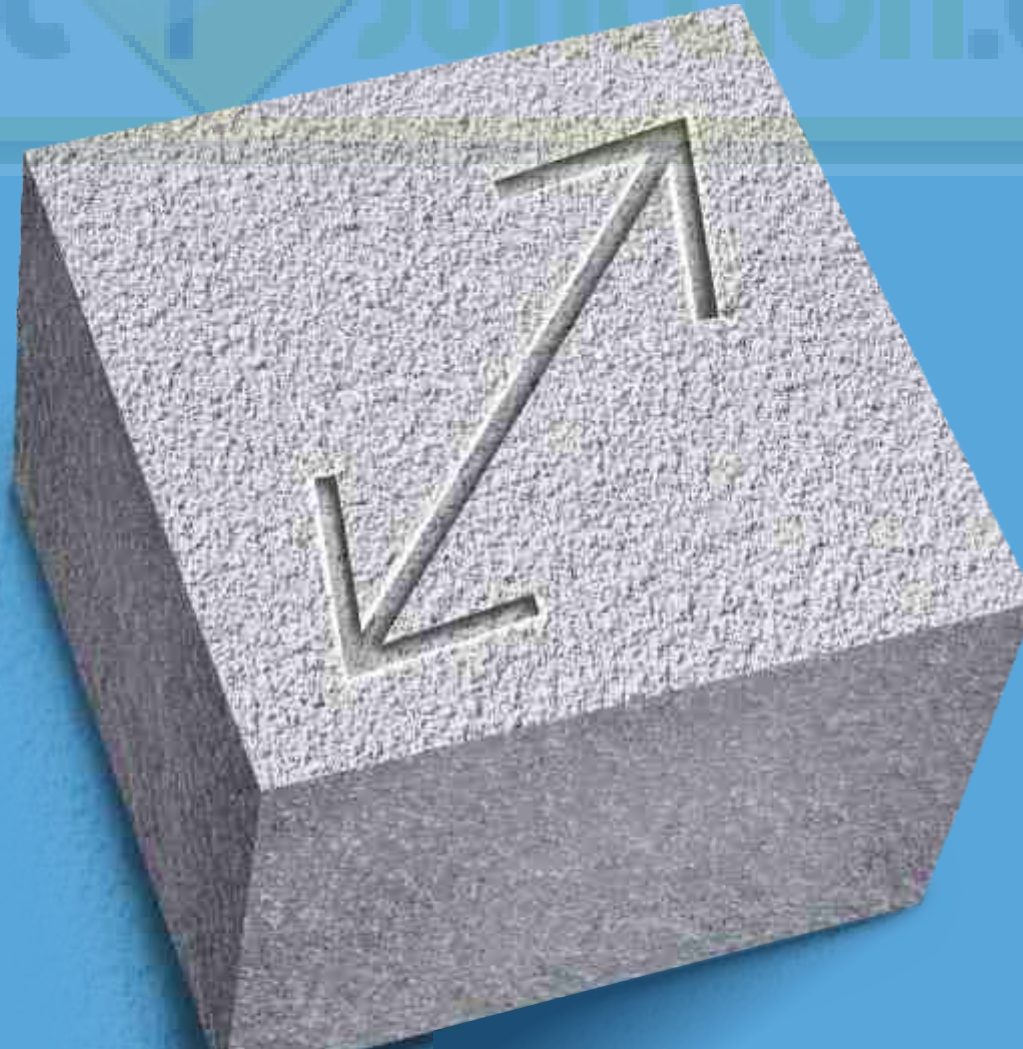
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When the basics are sound it shows



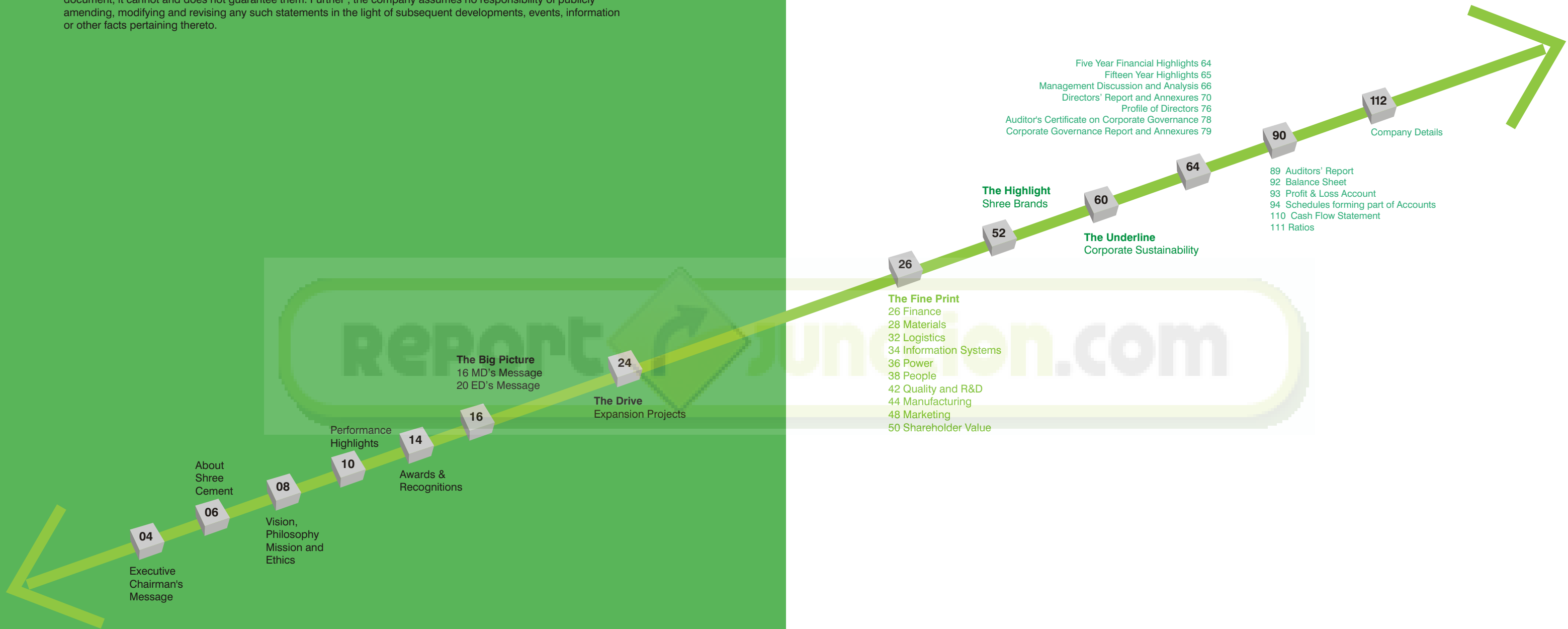
Behind extraordinary performances lie simple ground rules. At least, that is what Shree Cement believes. The following pages have some of those principles outlined, along with the results of following those.

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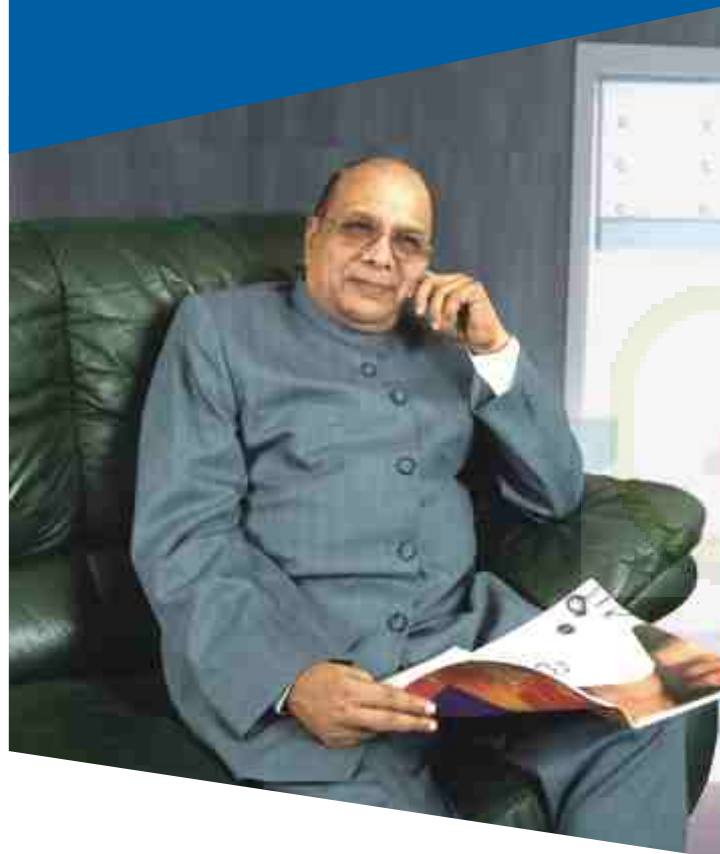
Disclaimer on forward-looking statements

This document contains forward-looking statements that anticipate certain actions and results of the company on the basis of current assumptions about the future. There has been an attempt to qualify such assertions with words like 'plan', 'project', 'expect', 'estimate', 'envisage', 'anticipate', 'believe', 'intend', 'will' and other phrases that convey their essence. Although, the company has every reason to believe that its assumptions about the future are likely to hold, it cannot assume responsibility for them because of the associated uncertainty. As such, although the company will do its utmost to realize, wherever applicable, the forward-looking statements made with reference to its intentions in this document, it cannot and does not guarantee them. Further, the company assumes no responsibility of publicly amending, modifying and revising any such statements in the light of subsequent developments, events, information or other facts pertaining thereto.



Contents

Executive Chairman's Message



For us, 'company fundamentals' has a connotation greater than simply the financial. They are the bedrock of sound working principles, or beliefs, on which sustained growth takes place.

It is important we trace the cause-and-effect trajectories between such basics and their outcomes. By following them, we know a good performance will be repeated - over time, across markets and between production units.

B G Bangur
Executive Chairman



About Shree Cement

Shree Cement is among the top ten cement makers in India. The company is one of the most cost-efficient cement producers in the country. In fact, Shree notched up a major landmark in 2006-07 with an operating margin of 45%, one of the best in the world cement industry.

Headquartered in Kolkata, the company presently has plants located at Beawar and Ras in Rajasthan. Shree has four units in current operation, two at Bangur Nagar Beawar and two at Bangur City Ras, with a combined capacity of 5.6 MTPA.

An aggressive capacity expansion drive currently underway will add two clinkerisation units at Bangur City Ras and two grinding units at Khushkhhera, near Gurgaon. This will take the total capacity of the company to 9.1 MTPA by the middle of 2008-09.

During 2006-07, the company has more than doubled its turnover and recorded solid growth in bottomline with high operating margin. Impressive turnover growth has followed the company's capacity build-up. Shree is India's second fastest mid-sized growing company (according to a Business Today survey).

Shree serves prime markets in North India. The company currently has the highest market share in Rajasthan and Delhi, the second highest in Haryana and distinguished positions at the top in Punjab, West Uttar Pradesh and Uttaranchal.

The company's multi-brand portfolio consists of both OPC and PPC offers like Shree Ultra Ordinary Portland Cement, Shree Ultra Jung Rodhak, Bangur Cement and the newly introduced Tuff Cemento 3556.

Shree subscribes to the sustainability principle and endeavours to deliver value to all its stakeholders.

The principal promoters of the company are from the Bangur Group, which is a respected business house of India.



Vision Philosophy Mission and Ethics

Vision

To become known as a premier cement maker offering high value realisations for customers and stakeholders alike.

Philosophy

'Let noble thoughts come to us from all over the world.' -Rigveda

Mission

- To sustain its reputation as the most efficient cement manufacturer in the world.
- To drive down costs through innovative plant practices.
- To increase the awareness of superior product quality through a realistic and convincing communication process with consumers.
- To strengthen realisations through intelligent brand building.

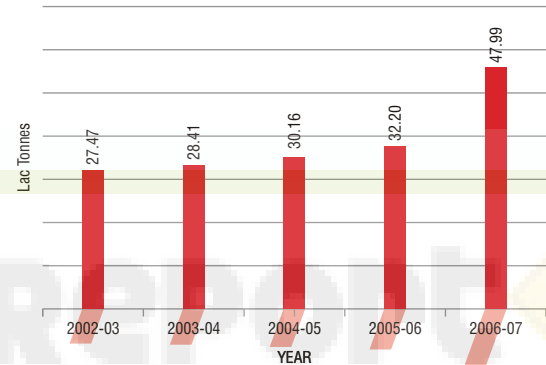
Business ethics

- Enforce good corporate governance practices.
- Inculcate integrity of conduct.
- Ensure transparency and credibility in communication.
- Remain accountable to all stakeholders.
- Encourage socially responsible behaviour.

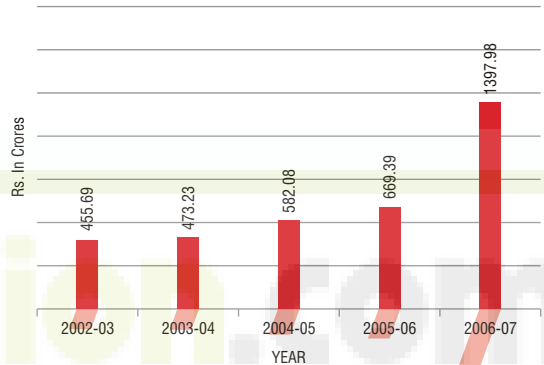


Performance Highlights

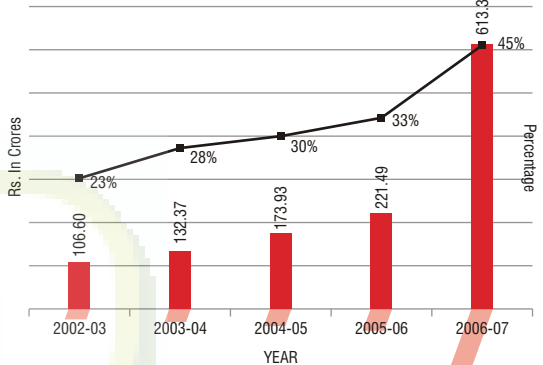
CEMENT PRODUCTION



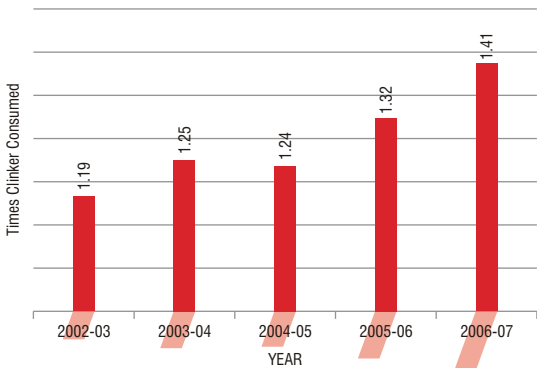
NET TURNOVER



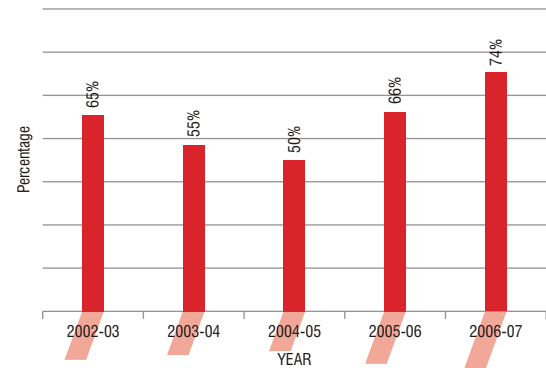
EBIDTA & OPERATING MARGIN



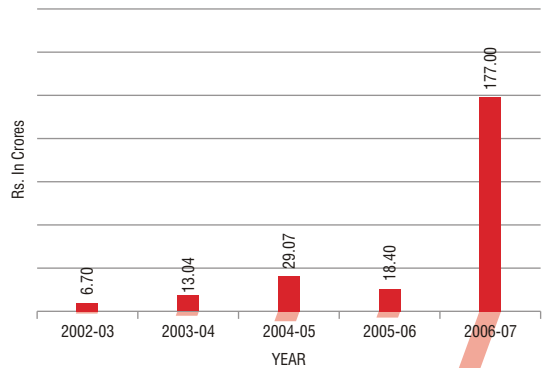
CEMENT TO CLINKER RATIO



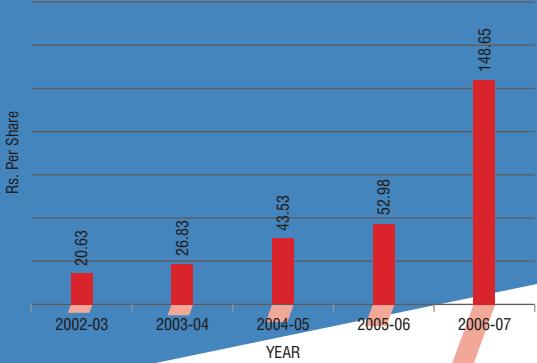
TRADE SALE TO TOTAL SALE



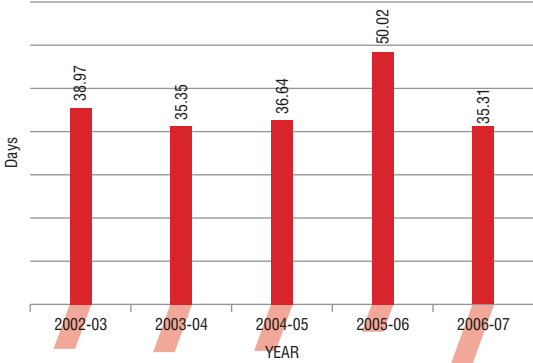
NET PROFIT



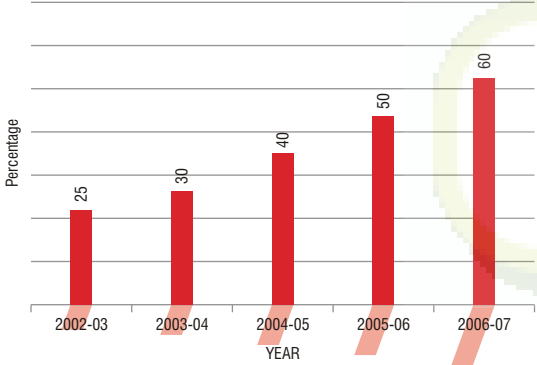
CASH EPS



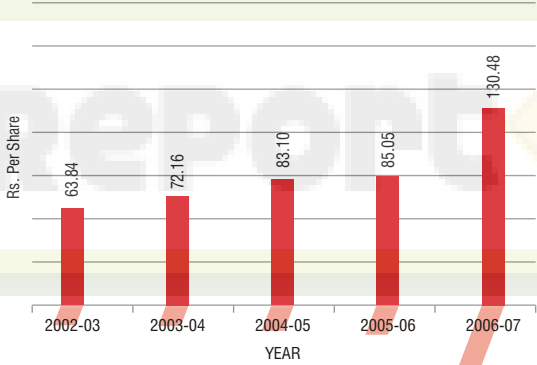
INVENTORY TURNOVER



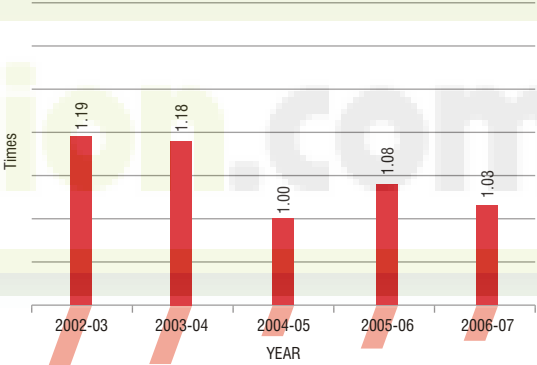
DIVIDEND



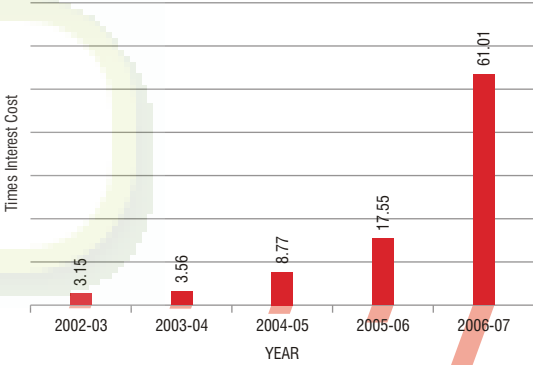
BOOK VALUE PER SHARE



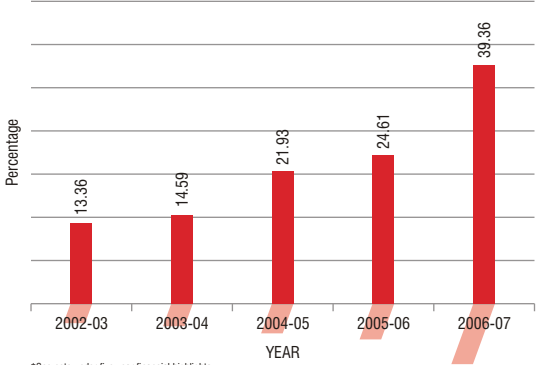
ASSET TURNOVER



INTEREST COVER

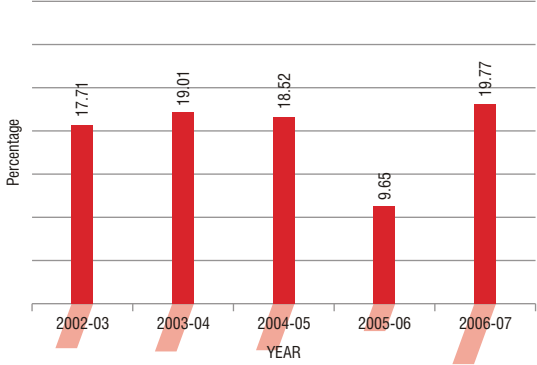


RETURN ON CAPITAL EMPLOYED*

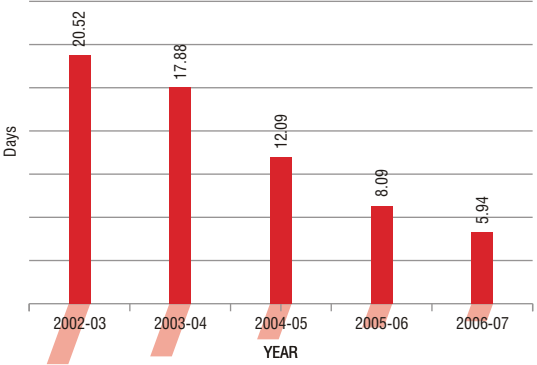


*See note under five year financial highlights.

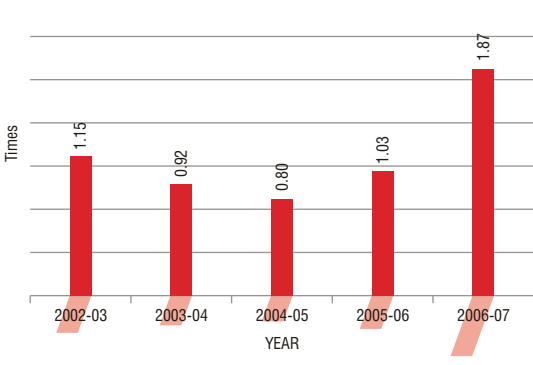
RETURN ON NET WORTH



DEBTORS TURNOVER



DEBT EQUITY RATIO



Awards and Recognitions

“GOLDEN PEACOCK AWARD-2006” for excellent environment management practices

Performance, Business and Qualitative Approach and Annual Report Presentation and Management.

“NATIONAL AWARD FOR EXCELLENCE IN ENERGY MANAGEMENT -2006” given by Confederation of Indian Industry for the second time

Inducted as member of the Cement Task Force of the Asia Pacific Partnership on Clean Development and Climate (APP-6)

APP-6 is an international forum constituted by the six governments of USA, Australia, China, Japan, Korea and India.

The Company had earlier bagged this award in 2002-03.

“AMITY CORPORATE EXCELLENCE AWARD” conferred on the company by Amity International Business School, Noida

This award is in recognition for Shree Cement being one of the best and most admired business organisations with an outstanding performance record.

BEST CORPORATE GOVERNANCE AWARD from Rajasthan Chamber of Commerce & Industry for second consecutive year

The company has been bestowed with the best corporate governance award by the Rajasthan Chamber of Commerce and Industry for its Annual Report 2005-06. The Company has won the award for distinction in all the four categories, i.e., Corporate Governance in Capital Market, Financial

Ranked the second fastest growing mid-sized company in 2006

A survey by the national mainstream magazine, Business Today (6th May, 2007 edition), found that in recent times Shree's turnover grew at a CAGR of 30% while its profit has jumped 130%. The survey story mentions that the company 'believes in chasing shareholder value, not size.'

Made leader of the Cement Sector Task Force for Energy Efficiency, by the Bureau of Energy Efficiency, Ministry of Power, Government of India

For the sixth year in a row.

