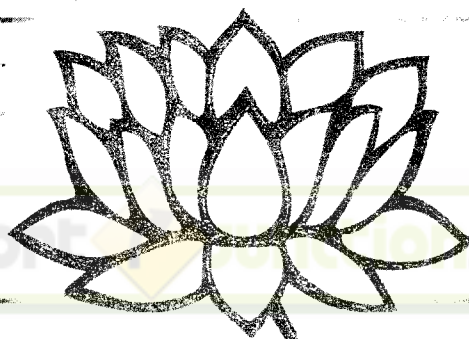


SHREE DIGVIJAY CEMENT COMPANY LIMITED



KAMAL CEMENT

59th

**Annual Report & Accounts
2003-2004**

SHREE DIGVIJAY CEMENT COMPANY LIMITED

BOARD OF DIRECTORS

SHRI K. D. AGRAWAL - Chairman
SHRI S. MISRA
SHRI O. P. PURANMALKA
SHRI S. K. MAHESHWARI

MANAGER AND COMPANY SECRETARY

SHRI S. N. MALPANI

EXECUTIVES

SHRI R. A. SOMANI Jt. Executive President
SHRI P. A. NAIR Sr. Vice President (Tech.)
SHRI K. JAISALMERIA Vice President (Comm.)
SHRI C. S. JASOL Vice President (CE, C&L)
SHRI A. K. TONDON Asst. Vice President (Mktg.)

AUDITORS

M/S LODHA & CO.
Chartered Accountants
12, Bhagat Singh Marg,
New Delhi - 110 001

BANKERS

STATE BANK OF SAURASHTRA

REGISTERED OFFICE AND WORKS

P.O. Digvijaygram – 361 140
Via. Jamnagar (Gujarat)

REGISTRAR AND TRANSFER AGENT

MCS Ltd.,
(Unit – Shree Digvijay Cement Co. Ltd.)
Sri Venkatesh Bhawan, Plot No. 27, Road No. 11,
MIDC Area, Andheri (East)
MUMBAI - 400 093

Fifty-ninth Annual Report

NOTICE

NOTICE is hereby given that the fifty-ninth Annual General Meeting of the Members of **SHREE DIGVIJAY CEMENT CO LTD** will be held at the Registered Office of the Company at DIGVIJAYGRAM - 361 140, Via Jamnagar, Gujarat on Friday, the 18th day of March 2005 at 11:00 A.M. (I.S.T.) to transact, with or without modifications as may be permissible, the following business:

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit & Loss Account for the year ended 30th September 2004.
2. To appoint a Director in place of Shri S. Misra, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri O.P. Puranmalka, who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. 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.

And Notice is hereby given under Section 190 read with Section 225 of the Companies Act, 1956 that the Company has received Special Notice from certain shareholders of the Company signifying their intention to propose the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. S. Billimoria & Co., Chartered Accountants, Mumbai, be and are hereby appointed Statutory Auditors of the Company in place of the retiring Auditors, M/s. Lodha & Co., Chartered Accountants, New Delhi, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such terms as to remuneration as may be decided by the Board of Directors of the Company plus reimbursement of travelling and out of pocket expenses as may be incurred for the performance of their duties."

5. To consider and if thought fit, to pass the following resolution, which will be proposed as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") read with Schedule XIII thereto as amended up to date and all guidelines issued by the Central Government from time to time and subject to the approval by Shareholders of the Company and such other approvals, as may be necessary, Shri S.N. Malpani, Company Secretary be and is hereby re-appointed as the Manager of the Company for a period of Two years with effect from 1st October 2004 on following payments of remuneration as approved by the Remuneration Committee vide their resolution dated 28th September 2004 and on terms and conditions as set out below:

- (i) Period: Two years w.e.f. 1st October 2004 with liberty to either party to terminate the appointment by three months notice in writing to other.
- (ii) Remuneration:
 - (a) Basic Salary - Rs. 29,950/- (Rupees Twenty nine thousand nine hundred fifty only) per month with such annual increment(s) as the Board may decide from time to time, subject however to a ceiling of Rs. 49,950/- (Rs. Forty nine thousand nine hundred fifty only) per month as basic salary.
 - (b) Allowances - Rs. 16,825/- (Rupees Sixteen thousand eight hundred twenty five only) per month with such annual increment(s) as the Board may decide from time to time subject however to a ceiling of Rs. 26,825/- (Rs. Twenty six thousand eight hundred twenty five only) per month.
 - (c) Performance linked Variable pay and/or Long Term Incentive Compensation (LTIC) and/or any other compensation as may be decided by the Board from time to time up to the end of his tenure, the same to be made on pro rata basis every month or on annual basis or partly monthly and partly on annual basis at the discretion of the Board subject to maximum of Rs. 1,00,000/- (Rs. One lac only) on this account.
- (iii) Perquisites as under:
 - (a) Residential accommodation shall be provided in a Company owned house on a deduction of fair rent from the monthly salary as may be determined by the Company.
 - (b) Actual expenses incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income-tax Rules.
 - (c) Leave Travel expenses for self and family (which shall include spouse, dependent children) in accordance with the rules of the Company.
 - (d) Reimbursement of medical expenses (including insurance premium for medical and hospitalisation policy, if any) for self and family as per the rules of the Company.
 - (e) Fee for one club in India including admission fee but excluding life time membership.
 - (f) Personal accident insurance cover as per the rules of the Company.
 - (g) Contribution to Provident Fund, Superannuation or Annuity Fund as per the rules of the Company, to the extent these, either singly or put together, are not taxable under the Income tax Act, 1961.
 - (h) Gratuity, and / or contribution to Gratuity Fund of the Company as per the rules of the Company as applicable to Senior Executives.
 - (i) Company maintained car for Company's business and telephone at residence.

- (j) Leave and encashment of leave as per the rules of the Company.
- (k) Any other allowances, benefits and perquisites as per the rules of the Company as are applicable to Senior Executives of the Company and/or which may become applicable in the future and/or any other allowances, perquisites as the Board may from time to time decide.
- (iv) Where in any financial year, the Company has no profit or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to Shri S.N. Malpani subject to the applicable provisions of Schedule XIII of the said Act.

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.
2. The instrument appointing a proxy should however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items 4 & 5 of the Notice as set out above, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 11th day of March 2005 to 18th day of March 2005 (both days inclusive).
5. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
6. Members can avail facility of nomination in respect of shares held by them and may send their Nomination form duly filled in to the Company.
7. Pursuant to the recommendation of SEBI Committee on Corporate Governance for appointment of the Directors/ reappointment of the retiring Directors, a statement containing details of concerned directors is attached hereto.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 4

As the members are aware, M/s. Lodha & Co., Chartered Accountants, New Delhi were appointed as the Statutory Auditors of the Company at the Annual General Meeting held on 26 March 2004. Certain shareholders of the Company have expressed concern at the recent developments which have taken place as a sequel to the Will of Smt. M. P. Birla pursuant to which, Shri R. S. Lodha and Shri H. V. Lodha, who are closely associated with the Firm of Lodha & Co. - Chartered Accountants, New Delhi, the Statutory Auditors of the Company, have claimed certain interest, resulting in the court proceedings at Kolkata between the said Shri R. S. Lodha and the members of the Birla family. Our Company is a subsidiary of Grasim Industries Limited in which the AV Birla Group has substantial stake.

The Company has received Special Notices from some shareholders signifying their intention to propose the resolution as in this item of the Notice under consideration, which will be considered at the meeting. The said M/s. S. Billimoria & Co. have forwarded a certificate to the Company stating that their appointment, if made, as Statutory Auditors, will be within the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956.

As required by Section 225(1) of the Companies Act, 1956, copies of the Special Notices received by the Company of the resolution as above, have been forwarded to the said M/s. Lodha & Co. - New Delhi the retiring auditors.

ITEM NO. 5

The term of Shri S. N. Malpani as Manager expired on 30th September 2004. The Board of Directors have reappointed Shri S. N. Malpani as Manager of the Company for a further period of Two years with effect from 1st October 2004 subject to the approvals of the Members and other required approvals, if any. The remuneration and other terms and conditions of his appointment are set out in the resolution.

Shri S. N. Malpani will also continue to work as full time Company Secretary in addition to his function as Manager of the Company. He is qualified as B. Com., LL. B, FCS and has a long association with the Company. He has requisite experience and qualifications and is quite competent to shoulder the responsibility of this office.

The Directors recommend the resolution for the approval of the Members.

As no Director is interested in appointment of Shri S. N. Malpani as Manager, there is no requirement to circulate any abstract or memorandum of interest as required by Section 302 of the Companies Act, 1956. However, the resolution in this item of the Notice along with the above explanatory details may be treated as such.

Although not necessary to be stated at law, Shri S. N. Malpani as such Manager is deemed to be interested in the resolution.

By Order of the Board

Place: Digvijaygram
Date : 25th January, 2005

S. N. MALPANI
Company Secretary

Shree Digvijay Cement Company Limited

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors present the 59th Annual Report together with the Audited Accounts of the Company for the year ended 30th September, 2004.

FINANCIAL RESULTS

(Rs. in lacs)

	Current year Ended 30.09.2004	Previous year Ended 30.09.2003
Gross Turnover	18092	16811
Operating Profit/(Loss)	1328	(473)
Other Income	681	1306
Profit Before Depreciation,	2009	833
Interest and Tax (PBDIT)		
Less: Interest	1693	3472
Cash Profit / (Loss)	316	(2639)
Add / Less : Depreciation	753	867
Net Operating (Loss) before extra ordinary items	(437)	(3506)
Add: Employees separation cost	(24)	(40)
Less: Impact of Financial re-structuring	3733	0
Net Profit / (Loss) before Tax	3272	(3546)
Add / Less : Income Tax refund of earlier years	21	160
Add: Provision for Taxation- for earlier years	0	24
Deferred Tax Credit (net)	(2910)	0
Profit / (Loss) after Tax	383	(3410)
Add: Balance brought forward from previous year	(19598)	(16188)
LOSS CARRIED OVER	(19215)	(19598)

REVIEW OF OPERATIONS:

The year under review presents improved performance in terms of turnover and profitability both. Cement prices improved in both domestic as well as international markets during 2nd half of the year. This coupled with various cost reduction measures initiated by the Company helped in absorbing concomitant increase in cost and wiping out negative margin.

FINANCIAL RE-STRUCTURING:

During the year under review, some of the term borrowings (secured and un-secured) were re-structured with the help of Promoters for revival of the Company. This resulted in various concessions including re-schedulement. Consequentially, interest cost during the year under review is lower in comparison to previous year.

One time relief agreed by various lenders on re-structuring aggregating Rs. 3650 lacs is included under extra ordinary items.

PLANT PERFORMANCE:

Production and sale of clinker and cement during the year has been as under :

	Current year Ended 30.09.2004	Previous year Ended 30.09.2003
(Qty. in lacs MT)		
PRODUCTION :		
Clinker	9.06	8.29
Cement	7.21	7.27
SALES :		
Clinker	2.09	1.82
Cement	7.22	7.31

Cement consumption in the State of Gujarat, the principal market of the Company registered an overall increase of 17% over previous year (Oct - Sept.). Consequential increase in cement volume could not accrue to the Company, due to new capacities that were commissioned in the State. However, exports supplimented domestic sales.

EXPORT:

As reported last year, the Company had pending Export Obligation (EO) against duty free import of coal and packing material. This was fulfilled in the year 2002-03.

During the year under review, your Company exported 2.09 lakh tonnes of Clinker (as against 1.82 lakh tonnes in the previous year) registering an increase of 14.83% over previous year. Your Company also exported 0.29 lakh tonnes of Cement (0.07 lakh tonnes in the previous year). Combined export during the year was 2.38 lakh tonnes (as against 1.89 lakh tonnes during the previous year), registering growth of 25.93%

BIFR REFERENCE:

The Company has preferred an appeal before Appellate Authority For Industrial & Financial Reconstruction (AAIFR) against the order of Board For Industrial & Financial Reconstruction (BIFR) for change of Management. The order has been stayed by AAIFR.

The Government of Gujarat has issued a new policy for grant of reliefs and concessions to the sick industries situated in the State and are registered with BIFR. The policy issued under Government Resolution (GR) dated 12th May 2004 appears reasonably supportive in the revival process. Your Company has applied for reliefs under said GR. On getting consent, the revised rehabilitation package shall be submitted to BIFR.

In its continued efforts to revive, your Company has undertaken and implemented financial restructuring with various lenders as referred under financial re-structuring. The positive impact thereof is reflected in the working results.

DIRECTORS:

ICICI Bank Ltd have withdrawn the nomination of their nominee Shri N.P. Subramanian from the Board. The Board records, with appreciation, his advice and guidance during his association with the Company.

Shri S. Misra and Shri O.P. Puranmalka, who retires by rotation under Article 167 of the Articles of Association of the Company, being eligible, offers himself for re-appointment.

Fifty-ninth Annual Report

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS**AUDITORS' REPORT:**

The observations made in the Auditors' Report are self explanatory and, therefore, do not call for any further comments u/s 217(3) of the Companies Act, 1956.

AUDITORS:

M/s. Lodha & Co., Chartered Accountants, New Delhi, were appointed as the Statutory Auditors of the Company in the 58th Annual General Meeting held on 26th March 2004 and will cease to hold office at conclusion of the ensuing Annual General Meeting of the Company.

The Company has received Special Notices under Section 190 read with Section 225 of the Companies Act, 1956 from some shareholders signifying their intension to propose M/s. S. Billimoria & Co., Chartered Accountants, Mumbai as Statutory Auditors in place of the retiring Auditors M/s Lodha & Co., Chartered Accountants, New Delhi. The said M/s. S. Billimoria & Co., have forwarded a certificate to the Company stating that their appointment, if made, as Statutory Auditors, will be within the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956.

Copies of the Special Notices have been forwarded to the said M/s. Lodha & Co., New Delhi and included in the Agenda of the ensuing Annual General Meeting.

COST AUDITORS:

Pursuant to Section 233B of the Companies Act, 1956, your Directors have appointed M/s. Tholia & Associates, Cost Accountants, Mumbai as the Cost Auditors to conduct the Cost Audit for the year ended 30th September 2004, subject to the approval of the Central Government.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956:

(a) The information required under Section 217 (2A) of the Companies Act, 1956 and rules made thereunder, are given in the Annexure to this Report and forms part of the Report.

(b) Information relating to conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo, required under Section 217(1) (e) of the Companies Act, 1956 are annexed and forms part of this report.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussions and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of Corporate Governance are made a part of the Annual Report.

As stipulated in Section 217(2AA) of the Companies Act, 1956, Directors subscribe to the "Directors Responsibility Statement" and confirm that:

- i) in preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) they have 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;
- iii) they have taken proper and sufficient care of 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;
- iv) they have prepared the annual accounts on a going concern basis.

SECTOR OUTLOOK:

Cement demand during the year 2003-04 (Oct. - Sept.) revived as compared to last fiscal. The Industry is also expecting same trend of growth in coming years. This may be viewed as some relief to ailing Units of the State where the consumption is still below fifty percent of the installed capacity.

Of late distinct signals are discernible. Falling prices in the regional market from the beginning of the year in the wake of stiff competition has been a matter of great concern for high cost units like ours. However it appears to be temporary phenomena and Industry is hopeful to come out from the critical situation as Cement exports have shot up during the year due to construction boom in the Middle East.

INTERNAL CONTROL SYSTEM:

The Company is committed to maintain high standard of internal control system. It has proper and adequate system of internal control to ensure that all assets are safeguarded and that transactions are made as per documented policies, guidelines and procedures. All operating parameters are monitored and controlled.

HUMAN RESOURCES:

Your Company encourages and provides regular training to employees to improve skills. Your Company has performance appraisal system for senior employees and junior management staff. In-house newsletter provides forum for information sharing. Rewarding individuals for their contribution is part of motivation towards excellence.

RISKS AND CONCERN:

Unabated increase in cost of production, more particularly in fuel and power, the main ingredients, coupled with stiff competition with fiscally protected Units is a matter of great concern for the survival of the high cost Units like ours. It is essential that the reliefs sought under the restructuring proposal are favourably considered by the appropriate authorities for revival.

CAUTIONARY STATEMENTS:

Forward-looking statements are based on certain assumptions and expectations of future events. Actual results may differ from those expressed or implied. Important factors that could influence the Company's operations include demand and supply conditions, availability of inputs and their prices both domestic and global, changes in government regulations, tax laws, monsoon, economic developments within the country and other factors.

CHANGE IN ACCOUNTING YEAR:

For administrative convenience and to bring in line with Holding Company - Grasim industries Ltd., the current Accounting Year 2004-05 of your Company, which otherwise would have ended on 30th September 2005 would now be ending on 31st March 2005 (from 1st October 2004 to 31st March 2005), and thereafter Accounting Year shall begin from 1st April and to end on 31st March every year. This change has been approved by BIFR.

ACKNOWLEDGEMENT:

The Directors take this opportunity to express their appreciation for the support and co-operation received from the State and Central Government, the Financial Institutions, Lenders and Promoter Company. The Directors also recognize the commitment and dedication of the Company's employees.

On behalf of the Directors

K. D. AGRAWAL
Chairman

Mumbai, 25th January 2005.

Snree Digvijay Cement Company Limited

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Information Under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 30th September, 2004.

Particulars

(A) CONSERVATION OF ENERGY:

(a) Energy conservation measures taken

1. Installed VVVF drive in Hot Gas fan of Coal Mill for speed regulation.
2. Modified common inlet path of Raw Mill six cyclones for reduction in pressure drop across cyclone.
3. Removed inlet damper of Raw Mill exhaust fan for reduction in pressure drop.
4. Installed P 20 power saving panel for plant and colony lighting.
5. Installed Fuzzy Logic software for Cement Mill operation.
6. Enlarged cross section of Kiln Inlet riser duct for reduction of Gas velocity.
7. Installed double pendulum flaps at Cooler under - grate hoppers.
8. Reduced false air entry in Raw Mill Six Cyclone circuit by optimising Air Lock Motor speeds.
9. Replaced RM ESP Fan, PH & PC fan suction cones with new modified cones.
10. Installed High Efficiency separator at Atox Coal Mill.
11. Replaced ordinary tube-lights with energy efficient tube-lights.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

1. Fuzzy Logic software for Raw Mill, Kiln & Cooler operation.
2. New generation high efficiency separator for UBE Raw Mill.
3. Replacement of RM ESP Fan with new design GRR for better speed regulation and control of process parameter.
4. Removal of Swiveldamper from Kiln string for reduction in false air entry.
5. Installation of VVVF drive for Cooler fan No. 5 along with removal of fan damper.

(c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Reduction in electrical power consumption by around 5 units / tonne of cement and thermal energy consumption upto 10 K Cal / Kg of Clinker.

(B) TECHNOLOGY ABSORPTION:

Research & Development (R & D)

(a) Specific areas in which R & D carried out by the Company

1. Company is associated with National Council for Cement & Building Materials for research and development activities.
2. In co-operation with Regional Training Centre, technical employees are being trained in various fields where latest technology is being taught and employees are trained to be utilized.

(b) Benefits derived as a result of the above R & D

1. Consistency in product quality and enhancement of product quality.
2. Manufacturing of Special Cements as import substitutes.
3. Motivation towards technical development among employees.

(c) Future plan of action

1. Further improvement in raw-meal design and quality of Clinker and Cement.
2. Incorporation of pre-heater low pressure cyclone to reduce pressure drop and improve productivity.
3. Deep bucket conveyor for clinker transport.

(d) Expenditure on R & D

- | | |
|--|--------------|
| 1. Capital | (Rs in lacs) |
| 2. Recurring | Nil |
| 3. Total R & D expenditure as a percentage of total turnover | Negligible |

Technology Absorption, Adaption & Innovation:

(a) Efforts in brief, made towards technology absorption and innovation

(b) Benefits derived as a result of the above efforts e.g product improvement, cost reduction, product development, import substitution etc.

(c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)

Technology imported

Year of import

Has Technology been fully absorbed.

If not fully absorbed areas where this has not taken place.

The reason thereof, and future plans of action.

Not applicable

(C) FOREIGN EXCHANGE EARNING AND OUTGO

(a) Activities relating to export, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Company's efforts are on to increase the level of exports. There is, however, a set-back due to crisis in south east economies.

(b) Total foreign exchange used and earned

- | | |
|-----------|------------------|
| 1. Used | Rs. 493.64 lacs |
| 2. Earned | Rs. 2980.97 lacs |

Fifty-ninth Annual Report

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS**FORM "A"****Form for disclosure of particulars with respect to Conservation of Energy**

		Current Year 2003-2004	Previous Year 2002-2003
A) POWER & FUEL CONSUMPTION:			
1) Electricity:			
(a) Purchased:			
Units KWH	lacs	NIL	NIL
Total Amount	Rs. Lacs	NIL	NIL
Rate per Unit	Rs.	NIL	NIL
(b) Own Generation:			
Through Diesel / Furnace Oil Genset			
Units KWH	lacs	940	917
Units per Ltrs. of Diesel / Furnace Oil	Kwh	4.30	4.28
Cost per Unit	Rs.	3.16	3.45
2) Coal for Kilns (various grades)			
Quantity	In thousand Tonnes	124	113
Total Cost	Rs. in Lacs	3534	2591
Average Rate	Rs. Per tonne	2833.58	2293.28
3) HSD/Furnace Oil/LDO			
Quantity	K. Ltrs.	21871.39	21398.34
Total Cost	Rs. in Lacs	2186.61	2277.29
Average Rate	Rs./K Ltr.	10.00	10.64
B) CONSUMPTION PER UNIT OF PRODUCTION:			
	Standard (If any)	Current Year 2003-04	Previous Year 2002-03
a) Electricity/Kwh/Tonne of Cement			
Wet Process	120	NIL	116
Dry Process	120	102	102
b) Coal			
Cement (K.cal/kg. Clinker)			
Wet Process	1350-1450	NIL	1415
Dry Process	800	815	791

INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 30TH SEPTEMBER., 2004

(A) Employed throughout the Financial Year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs.24.00 lacs p.a

Name of employee	Age	Designation	Qualification	Date of commencement of employment	Experience (Years)	Remuneration (Rs.)	Particulars of last Employer, Last Post, No.of years
----- NIL -----							

(B) Employed for the part of the Financial Year under review and were in receipt of remuneration at the rate not less than Rs.2 lacs per month.

Name of employee	Age	Designation	Qualification	Date of commencement of employment	Experience (Years)	Remuneration (Rs.)	Particulars of last Employer, Last Post, No.of years
Shri T. C. Jain	47 yrs.	V. P. Mktg.	B.Com., FCA	06.07.98	24	10,31,666/-	ABG Cement Ltd. Bhuj. General Manager (Comm.) (19)

Notes:

1. REMUNERATION RECEIVED INCLUDES SALARY, BONUS, GRATUITY PAID, CONTRIBUTION TO PROVIDENT FUND, HOUSE RENT ALLOWANCE, MEDICAL, LEAVE TRAVEL EXPENSES AND VALUE OF AMENITIES PROVIDED AS PER INCOME TAX RULES.
2. EMPLOYMENT IS NON-CONTRACTUAL IN ALL THE ABOVE CASES SUBJECT TO ONE MONTH/THREE MONTHS' NOTICE FROM EITHER SIDE DEPEND-ING UPON THE OFFICE HELD BY THE EMPLOYEE.
3. NONE OF THE ABOVE EMPLOYEES IS A RELATIVE OF ANY DIRECTOR OF THE COMPANY.
4. THE NAMES OF THOSE EMPLOYEES WHO WERE IN THE COMPANY'S EMPLOYMENT FOR PART OF THE YEAR AND WHOSE REMUNERATION IN-CLUDES GRATUITY PAID AS PER THE RULES WAS Rs. 200,00,000/-OR ABOVE PER MONTH HAVE ONLY BEEN INCLUDED.

Shree Digvijay Cement Company Limited

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company believes in adopting the best Corporate Governance practices. The Company further believes that the shareholders have the right to know complete information on the Board of Directors and the Management, their interest in the Organization as well as governance practices followed by them.

2. BOARD OF DIRECTORS:

(a) Composition and Category

Present strength of the Board of Directors is four, whose composition is given below:

3 Non-Executive Directors

1 Independent Non-Executive Director.

The composition of the Board of Directors and also the number of other Board of Directors or Board Committee of which he is a Member / Chairperson are as under :

Name of the Director	Category	No. of other Director-ship	No. of Membership of other Board Committees	No. of Board Committees for which Chair-person
Shri K.D.Agrawal Chairman	Independent	Nil	Nil	Nil
Shri S. Misra	Non-Executive	1	Nil	Nil
Shri O.P.Puranmalka	Non-Executive	Nil	Nil	Nil
Shri S.K.Maheshwari	Non-Executive	Nil	Nil	Nil

(b) Attendance of each Director at the Board Meeting and the last Annual General Meeting

During the year ended 30th September 2004, five Board Meetings were held on 22nd November 2003, 4th December 2003, 17th January 2004, 24th April 2004 and 27th July 2004 at Mumbai. The details of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is given hereunder. The Company does not have any Executive Director. It has not paid any commission to Directors. Details of sitting fee paid for attending Board Meeting is given here under:

Name of the Director	No. of Board Meetings		Sitting Fees paid (Rs.)	Attended last AGM on 26 th March 2004
	Held	Attended		
Shri K.D.Agrawal	5	5	25,000	No
Shri S. Misra	5	5	Nil	No
Shri O.P.Puranmalka	5	4	20,000	No
Shri S.K.Maheshwari	5	5	25,000	No
Shri N.P.Subramanian	5	2	10,000	No

3. AUDIT COMMITTEE:

The Company has an Audit Committee at the Board level. The details of its composition, meetings held and attended are as follows:

Name of the Director	No. of Audit Committee Meetings	
	Held	Attended
Shri K.D.Agrawal, Chairman	4	4
Shri S. Misra, Member	4	4
Shri O.P.Puranmalka, Member	4	3
Shri S.K.Maheshwari, Permanent Invitee	4	4
Shri N.P.Subramanian, Permanent Invitee	4	0

V. P. (Comm.) is permanent invitee to the Audit Committee.

The Company Secretary is Secretary to the Committee.

The Audit Committee met 4 times during the year.

Statutory and Internal Auditors attend the Audit Committee Meetings as per the requirement of the law.

4. REMUNERATION COMMITTEE:

The Company has a Remuneration Committee with following composition.

1. Shri K.D.Agrawal, Chairman

2. Shri O.P. Puranmalka, Member

3. Shri S.K.Maheshwari, Member

The Committee met once in the previous year to approve annual increase in salary of Manager of the Company. As stated earlier, the Company does not have any Executive Director and have no policy to pay any remuneration to Non-Executive Directors, other than sitting fees.

5. SHAREHOLDERS COMMITTEE:

The Company has Shareholder Grievance Committee consisting of senior Executives of the Company. None of the Director is the member of the Committee, Shri S. N. Malpani, Company Secretary, is the Compliance Officer.

During the year 2 Nos. complaints were received from shareholders and investors. All the complaints have generally been solved to the satisfaction of the Complainants. All valid requests for share transfer received during the year have been acted upon by the Company and no such transfer is pending.

6. GENERAL BODY MEETINGS:

Location and time, where last three AGM's held.

Financial Year	Location of the Meeting	Date & Time
56 th 2000-01	Registered Office, Digvijaygram.	22 nd March 02 11.30 A.M.
57 th 2001-02	Registered Office Digvijaygram.	28 th March 03 11.00 A.M.
58 th 2002-03	Registered Office, Digvijaygram.	26 th March 04 11.00 A.M.

7. DISCLOSURES:

(1) Disclosures on material significant related party transactions of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or Relative etc. that may have potential conflict with the interest of the Company at large.

Transactions with related parties are disclosed in Note no. 24 of Schedule 23(B) to the Accounts in the Annual Report.

(2) 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 market, during the last three years.

None

(3) Means of Communication

(a) Half-yearly report sent to each house hold of shareholders: No

(b) Quarterly results:

(i) Which news papers normally published in : Financial Express (Mumbai Edition)
Saanjh Samachar (Gujarati)

(ii) Any website, where displayed: No

(iii) Whether MD&A is part of Annual Report: Yes

(iv) Whether Shareholder Information section forms part of the Annual Report: Yes