

Ladies and Gentlemen

Good Morning!!

I have great pleasure in welcoming you to the 31st Annual General Meeting of your Company.

I look back on the report card of the Company for the year 2009-10 with a great sense of achievement as it turned out to be yet another excellent performance. The well planned expansion of capacities over the years, efficiency in operations and high commitment to change and excellence have enabled the company to turn out such impressive performances year after year.

INDIAN ECONOMY & CEMENT INDUSTRY

Driven by strong and resilient domestic consumption and investment demand, Indian economy has recorded an impressive growth of 8.26% over last five years. Cement industry has high positive co-relation with economic growth. It thus also recorded a high growth rate of 9.92% over the same period. During 2009-10, industry posted a growth of 11% with Cement consumption increasing to 198 Million tons against 178 million ton in the previous year.

CEMENT INDUSTRY– DEMAND-SUPPLY MISMATCH

India is witnessing large scale infrastructure development activity. It plans to double its investment in the infrastructure sector during 2012-17 to \$1 trillion, which is approximately the size of its current GDP. There is a large unmet demand for housing in the country. With increase in population, the housing demand is set to grow. Thus from a long term standpoint, the outlook of cement industry looks positive.

However, the industry is currently witnessing high capacity augmentation. During 2009-10, around 40 million ton new capacity was added and another 45 – 50 Million is expected to be added during 2010-11 and 2011-12. So far, the industry was able to absorb capacity addition because of strong demand growth. Over last 2-3 months, excess capacity and some slowdown in demand, has started showing their pressure on realizations. In view of this, the near term outlook for cement industry looks sluggish.

POWER SECTOR – FUTURE POWER SCENARIO

On the power business front, Peak Power demand in the country is growing at a CAGR of 6.5% and energy demand at 8%. With India's high economic growth projection in future, power demand is expected to go up even at a higher rate. However, the merchant power market where power is transacted on short term basis witness high volatility in prices because of seasonal and other factors.

COMPANY'S RESULTS & DIVIDENDS

Turnover of the company grew by 34% to ₹3632 crore during the year. Earnings before Interest, Depreciation, Amortization and Tax (EBIDTA) rose 59% to ₹1578 Crore. Operating margin continued to be the highest at 42%. This excellent performance is a result of consistent thrust on innovative practices, regular cost control, optimal resource utilization and distinctive marketing strategies. The Board of Directors, in appreciation of this performance has decided to increase the dividend to ₹13/ share for 2009-10 as against ₹10 / paid for 2008-09.

PLANTS COMMISSIONED AND IN HAND

The company commissioned grinding units of 1.2 million ton capacity at Suratgarh in Rajasthan and 1.8 million ton capacity at Laksar in Uttarakhand. This has taken Company's cement capacity to 12 million tons. Company now ranks amongst the top five cement manufacturing groups in India. It also added 96 MW power generation capacity thereby taking its total power generation capacity to 210 MW.

Company is further expanding its capacity both in cement and power and has undertaken following new projects:

- 1.0 Million Ton Per Annum (MTPA) clinkerisation unit at Ras
- 1.0 MTPA Grinding unit near Jaipur
- 50 MW thermal Power plant at Ras
- 300 MW thermal power plant at Beawar

While first 3 projects are scheduled to be completed in 2010-11, the 300 MW power project is expected to be completed in first half of 2011-12. Company is also actively engaged in completing pre-project activities for new cement plants in Karnataka and Chhattisgarh.

AWARDS & ACCOLADES

It gives me pride to share with you that during the year Company achieved the unique distinction of being the first Company in Process & Cement manufacturing in the world to be awarded BS-EN 16001- 2009 certification, an Energy Management System instituted by British Standard Institute - UK. Company also won number of awards in the field of Quality, Productivity, HR, Water Conservation, Environment Corporate Governance, Cost Management and Sustainability.

CORPORATE SOCIAL RESPONSIBILITY

In order to maintain ecological balance and make a meaningful contribution to the local community, Company is engaged in various environment management and social development initiatives. Some of the initiatives undertaken during 2009-10 to reduce carbon footprint and contribute to resource conservation were:

- Implementation of Waste heat recovery power projects of 46 MW which generate green power by utilizing waste gases from cement plants. This is the highest such capacity in the world cement industry excluding China.
- Production of Synthetic Gypsum which will help reduce usage of natural gypsum - a limited natural resource. Company is the first in India to accomplish such project.
- Installation of Air Cooled Condensers at Beawar Power plants to reduce water consumption.
- Construction of India's biggest Air Cooled Condenser for 300 MW power plant at Beawar, which is under implementation.
- Construction of water storage ponds, recharge of ground water levels & rain water harvesting for water conservation.

Company has undertaken various community engagement initiatives. Annual Polio vaccination and eye camps, weekly health check-up camps, awareness programs for our truckers regarding HIV/ AIDS and Family welfare programs are regular healthcare activities undertaken by us. Various literacy projects for non-school going girls, computer education for rural youth and development scheme for students wanting to pursue ITI are undertaken to promote education amongst local community. Company's plants are operating in water scarce areas. As local habitants face acute water shortage during summers, Company provided water tanks in the nearby areas. Assistance in cash and kind for various social purposes are given from time to time.

WAY FORWARD

Our way forward is marked with lot of challenges on various fronts. Input costs are rising both in cement and power sector. Over capacity in cement has started adversely impacting realizations. Power prices have also shown immense volatility. All these are likely to put pressure on margins. I would, however, like to assure you that we are geared up for these challenges and doing everything required to continue our success march in the future. With our innovative & dynamic work practices, we are confident of navigating through this challenging period smoothly.

ACKNOWLEDGEMENTS

I take this opportunity to thank you the shareholders for your continued and valuable support. I thank my colleagues on the Board for their enlightened counsel and support. I also express my sincere gratitude to our customers for their continued patronage and faith. I also take this opportunity to thank the Government and Regulatory Agencies, our Lenders, Suppliers and people from the local community for their cooperation.

I place on record my appreciation for the commitment and excellent team work put in by the employees of the Company at all levels. I expect unstinted support of all concerned and thank you for your continued confidence in the company.

Thank you.

August 14, 2010

(B G Bangur)
Executive Chairman