



The courage to dream

The resilience to pursue the challenge of growth

### **Our Vision**

To be India's most  
admired company



### **Our Mission**

Delighted customers

Inspired employees

Empowered partners

Energized society

# I CAN.

GIVE A MAN ORDERS and he will do the task reasonably well. But let him set his own targets, give him freedom and authority and his task becomes a personal mission: **I CAN.**

*Resilience is all about bouncing back. It's about recovering original verve, form and shape after a brief moment of 'stretch' and 'squeeze'.*

*This year's 'I CAN' section captures the missionary zeal with which we lived up to our motto, achieving hard driven team success through empowered individual initiative.*

**Ambuja  
Cement**

Annual Report 2009

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## CHAIRMAN EMERITUS

Mr. Suresh Neotia

## BOARD OF DIRECTORS

Mr. N. S. Sekhsaria, Chairman  
Mr. Paul Hugentobler, Vice Chairman  
Mr. Markus Akermann  
Mr. M. L. Bhakta  
Mr. Nasser Munjee  
Mr. Rajendra P. Chitale  
Mr. Shailesh Haribhakti  
Dr. Omkar Goswami  
Mr. Naresh Chandra  
Mr. Onne van der Weijde, C.E.O. - Designate (w.e.f. 17.02.2010)  
Mr. A. L. Kapur, Managing Director

## CHIEF FINANCIAL OFFICER

Mr. David Atkinson

## BUSINESS HEADS

Mr. J. C. Toshniwal (North)  
Mr. Ajay Kapur (West & South)  
Mr. S. N. Toshniwal (East)

## COMPANY SECRETARY & HEAD - CORPORATE SERVICES

Mr. B. L. Taparia

## CORPORATE OFFICE

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Nariman Point, Mumbai - 400 021

Elegant Business Park,  
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Andheri (East), Mumbai - 400 059

## AUDITORS

M/s. S. R. Batliboi & Associates

P. M. Nanabhoy & Co.,  
(Cost Auditors)

## REGISTERED OFFICE

P. O. Ambujanagar, Tal. Kodinar,  
Dist. Junagadh, Gujarat 362 715.

## CHAIRMAN'S LETTER

Dear Shareholders,

It is my pleasure to share with you the Company's performance for the year 2009.

The year began with uncertainty created by the world-wide financial crisis. The Indian economy initially echoed the global shock. But timely and exigent steps taken by governments across the world, helped restore growth and rebuild investor confidence. Successive stimulus packages from the Indian Government not only gave our economy the required support, it also created an atmosphere conducive to investment and growth. India's GDP growth of 6.7% in 2008-09, though slightly slower than the previous year, was creditable.

The general elections, held in May 2009, gave a renewed mandate to the incumbent government to drive its growth agenda more effectively. We have already seen significant measures to promote infrastructure development, continue disinvestment and spur industrial growth. These augur well for the growth of the cement industry.

New cement capacities totalled 40 million tonnes in 2009, giving rise to fears of excess supply. However, this did not have a negative impact on the bottom line of the industry thanks to an increased growth in demand and the staggered stabilisation of these additional capacities.

I am happy to report that Ambuja's expansion plans are doing well. The new plant at Bhatapara, Chhattisgarh commenced production trials in December 2009 and is likely to stabilise shortly. Another plant at Rauri in Himachal Pradesh, with associated grinding facilities in HP and UP, has also started trial production in January 2010 and is expected to get fully stabilised by March 2010. These new plants are expected to dispatch about 4.5 million tonnes of cement to the market this year, helping us to maintain our position in the industry.

In 2009 the Company sold 18.79 million tonnes of cement, recording a growth of 6.5% over the previous year. Net sales were up by 14 per cent at Rs.7,077 crores. The EBITDA for 2009 was up by 8% at Rs.1,972 crores. The profit after tax (PAT) of Rs.1,218 crores was lower than Rs.1,402 crores in the previous year. However the PAT of 2008 included exceptional income of Rs. 308 crores.

I would like to share with you my thoughts on the year ahead. The GDP growth will improve further given the focus of our Government and the monetary policies of RBI. The demand scenario looks upbeat as well. This will provide us an opportunity to further exploit our untapped potential to reap good returns. However, there are some caveats. Input prices, including that of coal, are increasing. The demand-supply mismatch in certain pockets of India may accentuate pressure on prices. In addition, logistical constraints, food price inflation and poor monsoon rains in major parts of the country are causes for concern. The management has taken cognisance of these challenges and is geared up to face them.

The Company initiated a world class 'Occupational Health and Safety Initiative', backed in good measure by Holcim's worldwide expertise and techniques. The programme aims to instil safe working practices in the workforce and partners associated with Company operations. The Company stands committed to providing a safe working environment for everyone in the organisation and has set itself a "Zero Harm" goal.

The Company continued its focus on environmentally friendly work practices. In fact, our original plant at Ambujanagar received the 'National Award for Environmental Excellence in the Indian Cement Industry' for 2008-09 from the National Council for Cement and Building Materials.

Ambuja Cement Foundation (ACF), the CSR arm of the Company, continued to support communities with zeal. Its development initiatives and achievements in the areas of protecting community resources, agricultural and skill training, providing healthcare services to the community and ensuring the overall prosperity of communities, are exemplary. Farmers have been rewarded with substantially higher productivity from their land, thus multiplying their earnings. Skill training programmes have helped the local villagers to gain employment opportunities or to start their own small businesses.

Training and empowering the people continues to be a top priority of the Company. We believe that the zeal and enthusiasm of our people can convert any challenge into an opportunity. I am proud of the talented and dedicated teams in the Company.

The Board of Directors and the Management continue to practice the highest principles of corporate governance to provide strong leadership. The management team, led by Mr. A. L. Kapur, has shown true commitment to act in the best interests of all our stakeholders.

Mr. Kapur will superannuate at the end of April 2010 and I, on behalf of all the shareholders, thank him for his unrelenting effort and exemplary leadership. The Board has appointed Mr. Onne van der Weijde to succeed Mr. Kapur. Mr. Onne is an MBA with more than 10 years of experience in the global cement industry and 5 years of experience in the Indian cement industry. I am sure that under the leadership of Mr. Onne, the Company will continue to excel in the coming years.

It gives me great pleasure to announce that the Board has elected Mr. Suresh Neotia to the post of Chairman Emeritus. Since we started on the Ambuja journey together over 28 years ago, he has been my friend, mentor and unerring guide. His visionary leadership helped steer the Company to great heights. But even more important is the legacy of his belief in human values, business ethics and his deep concern for the environment and the community. Not only have these principles touched each of us personally, they have given the Company a strong foundation in CSR and enabled us to build a successful and sustainable business model.

I am indebted to the shareholders who have resolutely stood by the management throughout 2009. Your support for the Company is invaluable and I am sure it will continue for years to come.

With best regards,



N. S. Sekhsaria

February 4, 2010

## FIVE YEAR PERFORMANCE

Rs. in Crores

	<b>2004-05</b>	<b>2005-06</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<b>(18 Months)</b>				
Sales	2606	6268	5705	6235	<b>7077</b>
Operating Profit	799	2247	2239	1954	<b>2122</b>
Cash Profit	714	2168	2163	1922	<b>2100</b>
Profit before Tax	519	1842 **	2712 **	1970 **	<b>1803</b>
Profit after Tax	468	1503	1769	1402	<b>1218</b>
Gross Block	3827	5177	5928	7654	<b>8939</b>
Net Worth	2172	3484	4655	5669	<b>6468</b>
Debt	1127	865	330	289	<b>166</b>
Cash EPS (Rs.)	5.28	14.29	14.26	12.62	<b>13.78</b>
EPS (Rs.)	3.46	10.09	11.61	9.21	<b>7.99</b>
Dividend (%)	90 *	165	175	110	<b>120</b>
Capacity - Million Tonnes	13.30	16.30	18.50	22	<b>22</b>
Production - Million Tonnes	12.80	22.63	16.86	17.75	<b>18.83</b>

### Note:

\* Includes 30% on enlarged capital after issue of Bonus shares in the ratio of 1:2

\*\* Includes exceptional items of :

Rs. 308.33 crores for the year 2008

Rs. 785.89 crores for the year 2007

Rs. 47.52 crores for the period 2005-06 (18 months)



It's impossible to get  
incremental market share  
without increasing production capacity. Right?  
*Wrong*\_\_\_\_\_

Our Bhatapara Clinker station faced the seemingly impossible challenge of substantially stepping up cement supplies to fully tap into emerging potential and thus strengthen our market presence. However, available clinker output would have to be increased and this could mean substantial and long gestation investment. The task was made even more difficult when cement prices firmed up in the domestic market and local sourcing for clinker supply ran dry.

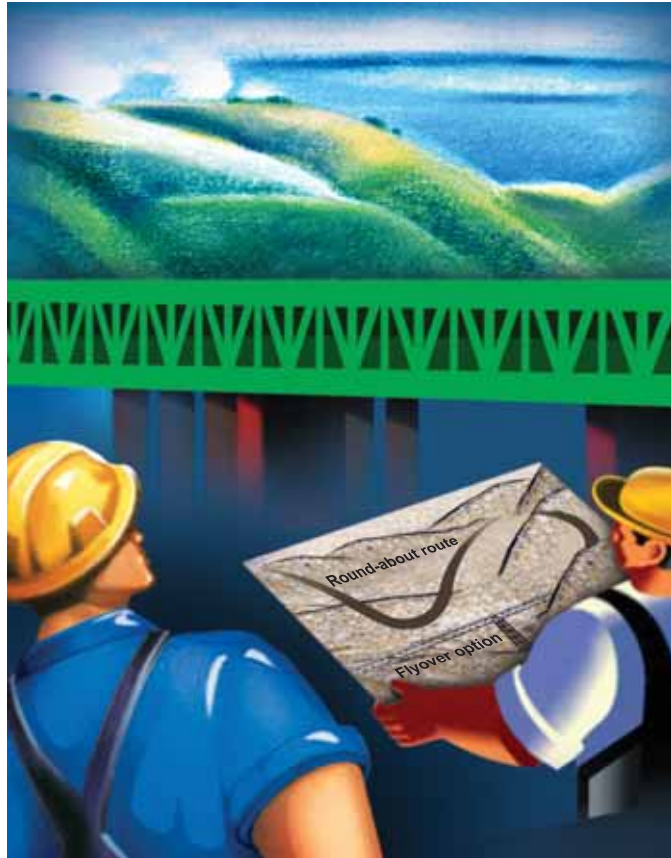
Our team decided that there had to be a way. So they went into a stint of comparison shopping and swiftly tied up supply sources in neighbouring Indonesia. The next problem was to find a convenient, customer friendly port.

Paradip was the obvious choice. But it was literally in the eye of the storm and hence vulnerable to disruption. Undaunted, the team took up the Herculean task. They re-configured the logistics with port and railway authorities; ensured priority berthing and unloading and most importantly, put in a flurry of initiatives to protect the clinker from flooding and damage during handling.

Everyone sat up and took note as we rode the monsoon winds and ended the year with handling of 11 lac Metric Tonnes (MT) of clinker — a record for the region! The results showed both in terms of operational excellence and market share:

- YOY cement production increased by 23 per cent without any fresh capex infusion
- Market share in the Eastern region increased from 9 to 11 per cent — a significant endorsement of the I CAN philosophy

**I CAN.**





The idea seemed far fetched.  
But it eventually became a  
*turning point*

---

At Rauri in the daunting hilly terrain of the Himalayan foothills, the team which was striving hard to complete the clinkerization project, unearthed a new management truism: they discovered that the Critical Path in a CPM chart is all about taking the road less travelled.

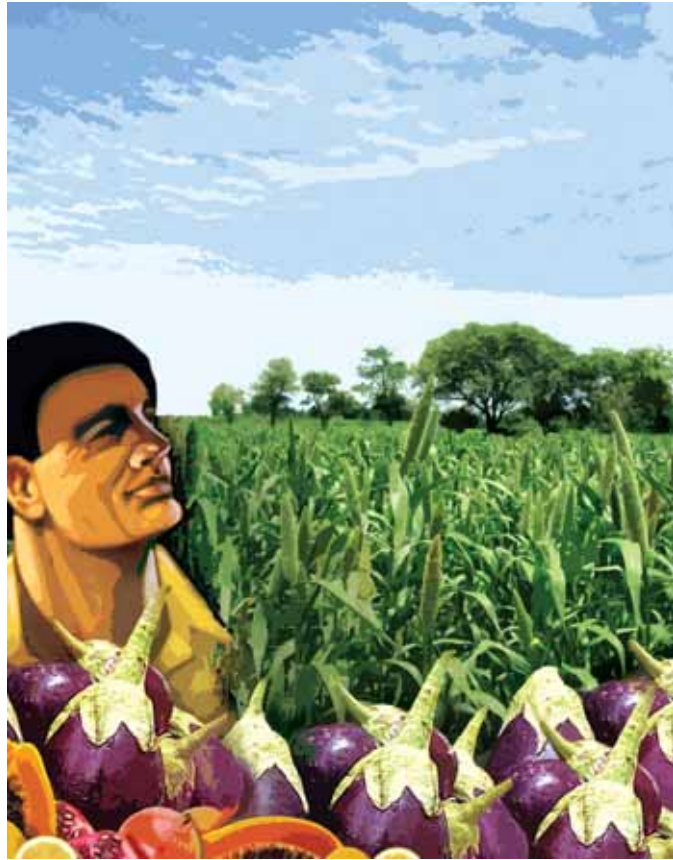
The dilemma was simple. Civil and mechanical work had to be completed prior to laying the cable and pipe route. But the flip side was that this would delay completion of the project and make it impossible to fire the kiln by the December 09 deadline. It was a chicken and egg situation. The engineers debated and brainstormed. They had to find a way to turn sequential work flow into swift and simultaneous executions. Thus came the break-through idea of building an overbridge for the cable and pipe route, allowing it to 'fly over' simultaneous constructions of the limestone and coal sheds. It was a fine piece of lateral thinking and it led to the critical path being redefined to enable faster completion of the cable and pipe route.

The team worked with renewed vigour, and at the end of the day it was time for an exultant 'eureka'.

The new 'fly over' obviated the need for a circuitous, costly and time consuming route. It reduced labour and material costs because the new route shortened bridge length by almost a third. Most importantly, the time span was collapsed from 9 months to 2½ months, enabling the team to keep the targeted commissioning deadline.

A substantial saving was just the proverbial icing on the 'I CAN' cake.

**I CAN.**



# From subsistence farmer to 'lakhpati' No, he didn't rob a bank. He banked on *ACF*

Prem Sukh from Kharda village in Rajasthan grew traditional crops such as Bajra on his 28 bigha land with practices in use since the time of his forefathers. The returns he received were pathetic and were not even enough to take care of the family's needs.

Determined to rewrite his destiny, Prem Sukh attended an agriculture training and awareness session organized in his village by the Ambuja Cement Foundation (ACF). At these sessions he learnt about vegetable cultivation and drip irrigation and realized that it was a great way to diversify and increase his income.

Taking a life-changing first step, he undertook a small survey of the market on his own. After the survey he concluded that growing brinjals would be a good bet for him. Prem Sukh grew the vegetable in a part of his land and used another part for horticulture plantation (like pomegranate, lemon and papaya). He installed a drip irrigation system and continued to grow traditional crops on the rest of his land.

Prem was wonderstruck by the results. Brinjal cultivation gave him 20 times higher profit than traditional crops! In 7 months' time Prem's net earning had exceeded his wildest expectations.

It has been a life-changing transformation for an ordinary farmer who was till recently trying hard to make ends meet. Prem's prosperity also has an unusual spin-off. He is contributing towards saving water — a precious commodity in his desert state.

**I CAN.**



She rushed in where other women  
fear to tread.

She's now a poster girl for  
*women's empowerment*

Vali is a 19 year old tribal girl from Limdabara village in Dahod, Gujarat.

She was determined to do better in life, but there was no place for her in the local work force. So she finally found work at a construction site in a neighbouring town. It was back breaking work with meager wages, since she possessed no skills.

When Vali returned to her village for a short break, she heard about the mason training being conducted by ACF. An eager beaver, she took the initiative and enrolled for the programme.

She was a quick learner and she picked up skills that could help her find better employment opportunities in the traditionally male dominated construction job market. The ACF exposure also helped her to improve her communication skills and reshaped her personality.

Came the day when Vali got her first independent assignment. This was just the break she had been looking for. She earned between Rs. 150/- to 200/- and word soon got around. Gradually she established a reputation for herself.

Today Vali works independently on construction jobs. Flushed with enthusiasm, she is looking forward to taking on bigger challenges.

She has now become an inspiration for scores of the other women who need just this sort of encouragement to transform their lives.

**I CAN.**

# DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Members,

We are pleased to present Annual Report of the Company for the year 2009.

## 1. 2009 - ROAD TO RECOVERY

### Indian economy shows resilience

The year 2009 began amid great uncertainty with regard to the likely impact of the global financial crisis, which had finally erupted in the second half of 2008. Governments around the world acted quickly and decisively, and in a coordinated manner, which helped prevent the situation slipping into a full scale depression. Nevertheless, recession on a global scale was inevitable and the only questions were, and still are to some extent, how deep the recession would be and how long it would last. And, in particular, to what extent would the Indian economy be affected?

The various stimulus measures which were introduced by the government and Reserve Bank of India towards the end of 2008 played an important role in maintaining liquidity in the financial system, limiting the spill over impact on the real economy, and underpinning a widespread confidence that the Indian economy was well placed to weather the storm and emerge from the downturn in a strong position.

That resilience has been demonstrated during 2009, as India was one among the handful of countries not to experience outright recession, and indeed has managed to maintain GDP growth at 6.7% for the year 2008-09. Emerging markets in general, and India in particular, are leading the way on the road to recovery, with strong growth rates based on robust economic fundamentals. Despite inflationary pressures gradually building, a steady monetary policy course has been maintained, with a focus on supporting growth recovery.

The federal parliamentary elections in India in May resulted in a renewed mandate for the incumbent government, which is now in a favourable position to carry out much needed economic reforms, and provide the impetus for a major thrust in infrastructure development. Encouraging signs already began to appear in 2009, for example the

initiative to dramatically increase road and highway construction, to 20 kms per day from the present 2.5 kms per day.

### Conditions remain favourable for cement industry

It was expected that the general economic slowdown would have a corresponding impact on construction and the cement industry. However, although some large real estate projects in metro areas were impacted by the liquidity crunch, this was generally compensated by a number of other factors:

- Increased infrastructure spending as part of the stimulus measures
- Across the board excise duty cuts to stimulate demand
- Solid demand for housing in rural and semi-urban areas
- Low cost housing initiatives
- Pre-election spending

Consequently, cement demand growth remained buoyant and in double digits throughout most of calendar year 2009, and total industry dispatches increased by 10.5%, from 177 million tonnes to 195 million tonnes.

Export markets in contrast declined sharply, as demand in the Gulf region contracted at the same time as new capacities came on stream in Saudi Arabia and the Emirates.

Despite the cancellation or postponement of some expansion projects, Indian cement capacity additions during 2009 nevertheless totalled approximately 40 million tonnes. However, the increase in effective supply was much less, owing to delays in commissioning and ramp-up of various units. The buoyant demand meant that most of the new supply could be effectively absorbed, resulting in only a minor surplus for the year as a whole, and indeed some shortages in the first half.

Capacity utilisation levels consequently remained at around 85% on an average, and pricing pressure, which had been a concern at the start of the year, did not materialise in the first 9 months. Rather, shortages in certain markets led to increased

realisations during this period, which largely corrected in the last quarter when demand growth dipped, particularly in the South region.

Against the backdrop of continuing strong demand, Ambuja has endeavoured to maintain its market position despite significant internal constraints in terms of clinker availability, by purchasing clinker from third parties as well as maximising the blending ratio without compromising product quality.

## 2. HIGHLIGHTS OF 2009

- Cement production and sales volumes increased by 6% and 6.5% respectively, to reach 18.83 million tonnes and 18.79 million tonnes.
- Average sales realisation increased by 7%, to Rs. 3,760 per tonne.

- Net sales were 14% higher, at Rs.7,077 crores.
- EBITDA was 8% higher, at Rs.1,972 crores.
- Consolidated net profit excluding exceptional items increased 12%, to Rs.1,217 crores.
- The clinkerisation expansion projects at Bhatapara and Rauri were commissioned in December 2009 and January 2010 respectively. While Bhatapara plant has come closer to the stabilisation by the date of this report, the Rauri plant is busy attaining stabilisation.

## 3. FINANCIAL RESULTS 2009

As a result of the consistently strong growth in demand for cement, the Company's operating results improved as compared to 2008, despite the fact that availability of clinker was a major limiting factor during the year.

## FINANCIAL RESULTS

	Rs. in Crores			
	Stand Alone		Consolidated	
	Current Year 31.12.2009	Previous Year 31.12.2008	Current Year 31.12.2009	Previous Year 31.12.2008
Sales (net of excise duty)	<b>7076.87</b>	6220.27	<b>7076.87</b>	6247.41
Profit before interest and Depreciation	<b>2122.72</b>	* 2261.66	<b>2121.48</b>	2250.34
Less: Interest	<b>22.43</b>	32.06	<b>22.43</b>	32.60
Gross Profit	<b>2100.29</b>	2229.60	<b>2099.05</b>	2217.74
Less: Depreciation	<b>296.99</b>	259.76	<b>297.28</b>	260.10
Profit before Tax	<b>1803.30</b>	1969.84	<b>1801.77</b>	1957.64
Provision for Tax	<b>584.93</b>	567.57	<b>584.93</b>	567.93
Profit after Tax	<b>1218.37</b>	1402.27	<b>1216.84</b>	1389.71
Add: Balance brought forward from previous year	<b>358.58</b>	348.20	<b>675.84</b>	683.74
Profit available for appropriation	<b>1576.95</b>	1750.47	<b>1892.68</b>	2073.45
<b>Appropriations:</b>				
Transfer from Exchange Fluctuation Reserve on cessation of subsidiary	—	—	—	5.72
General Reserve	<b>800.00</b>	1000.00	<b>800.00</b>	1000.00
Dividend on Equity Shares (including interim)	<b>365.59</b>	334.97	<b>365.59</b>	334.97
Corporate Dividend Tax	<b>62.13</b>	56.92	<b>62.13</b>	56.92
	<b>1227.72</b>	1391.89	<b>1227.72</b>	1397.61
Balance carried forward	<b>349.23</b>	358.58	<b>664.96</b>	675.84
	<b>1576.95</b>	1750.47	<b>1892.68</b>	2073.45

\* Including exceptional items Rs. 308.33 crores

## 4. DIVIDEND

The Company has paid an interim dividend of 60% (Rs. 1.20 per share) during the year. The directors are pleased to recommend a final dividend of 60% (Rs. 1.20 per share). Thus the aggregate dividend for the year 2009 works out to 120% (Rs. 2.40 per share) as against 110% (Rs. 2.20 per share) in 2008, and the total payout will be Rs. 428 crores, including dividend distribution tax of Rs. 62 crores. This represents a payout ratio of 35%.

## 5. MARKET DEVELOPMENTS

Despite the significant capacity additions in the industry, the Company kept pace with the double digit demand growth, and maintained its strong position of approximately 18% market share in its main markets, and around 10% on an all India basis. Sales volumes increased by 6.5%, to 18.8 million tonnes in 2009 as against 17.6 million tonnes in 2008.

The Company has built a large network of over 6,000 dealers and 20,000 retailers across 18 states in India. Its reach and penetration helps the Company to manage the last mile delivery across our relevant markets, and gives us a strong positioning in the booming rural markets.

Along with strong brand equity, Ambuja has evolved a unique model of channel management, based on values of trust and relationships. The strong bond between the dealer network and the Company has helped Ambuja to withstand severe competition for more than two decades. With the added support of Holcim's rich experience of operating in 70 countries, Ambuja has now added sophisticated IT tools and global channel management tools to its traditional Indian model, thus adding to our capabilities to face stiff competition endemic to large capacity additions.

Holcim's global experience has also helped Ambuja in fine tuning its product quality management, by introducing best practices from other countries. It has helped in enhancing the overall marketing mix, clearly targeted at the retail market in semi urban and rural sectors, and the large buyers in the metros and mega cities.

Our network of port, bulk terminals, and bulk cement ships, on the west coast has supported a sustainable strong market position in Mumbai and Surat. In 2009, another bulk terminal in Kochi has

been added to the network to establish a footprint in Kerala.

### All India

Demand analysis for all India is given below:

Fig. in mil. tonnes			
All India Demand	2008	2009	Growth (%)
Domestic	174.0	<b>192.2</b>	10.5
Export	2.9	<b>2.7</b>	-6.9
Total - India	<u>176.9</u>	<u><b>194.9</b></u>	<u>10.2</u>

Domestic cement demand grew at 10% CAGR in the last 5 years. In 2009, the domestic demand growth was 10.5%. However, exports reduced by 7% as international prices dropped substantially, due to global recession and new capacity additions in the middle-east, hitherto a large export market for Indian cement manufacturers. Pakistan also emerged as a major exporter in the region.

### Northern Region

Demand analysis for the North Region is given below:

Fig. in mil. tonnes			
North *	2008	2009	Growth (%)
Aggregate Demand	34.4	<b>38.0</b>	10.5
Ambuja's Volume	6.2	<b>6.6</b>	6.5
Ambuja's Share (%)	18.1	<b>17.5</b>	

\* (excluding Uttar Pradesh)

Cement market growth in North is showing 9% CAGR over the last 5 years. The demand in 2009 grew by 10.5%, due to increased investment in infrastructure. We continue to hold substantial market share in Punjab, Himachal Pradesh and Jammu & Kashmir. At the same time, we have increased sales in Uttaranchal and Rajasthan. However, due to clinker capacity limitations, the Company's market share was slightly reduced.

### Eastern Region

Demand analysis for the East Region is given below:

Fig. in mil. tonnes			
East *	2008	2009	Growth (%)
Aggregate Demand	21.1	<b>24.8</b>	17.5
Ambuja's Volume	2.6	<b>3.2</b>	23.1
Ambuja's Share (%)	12.4	<b>12.8</b>	

\* Above figures are exclusive of North East except Assam & Bihar.

Cement demand has grown at 10% CAGR over the last 5 years. The industry has grown by 17.5% in 2009 on YoY basis. Our people performed well, to clock 23.1% increase in sales, and we were able to marginally increase market share in spite of clinker capacity constraints. The Farakka grinding plant performed at full capacity. We could also expand our footprints in Jharkhand, Orissa and Bihar.

## West / South Region

Demand analysis for the West / South Region is given below:

		Fig. in mil. tonnes	
West / South	2008	2009	Growth (%)
Aggregate Demand	33.8	<b>36.2</b>	7.1
Ambuja's Volume	6.9	<b>7.0</b>	1.5
Ambuja's Share (%)	20.3	<b>19.4</b>	

Cement demand has grown at 8% CAGR over the last 5 years. The industry has grown by 7.1% compared to last year. These regions faced two setbacks during 2009, in the form of drop in exports, and the sharp price correction in the southern markets in the final quarter. Both these factors created tremendous pressure in the domestic market. Despite this, we sold 7 million tonnes and retained close to 20% market share. In Mumbai, India's largest and most prestigious market, the Company further increased its market share, to 26%.

## 6. PRODUCTION & COST DEVELOPMENTS

### Volumes

Total cement production increased by 6% compared to 2008, from 17.8 to 18.8 million tonnes, despite the fact that clinker production was marginally lower at 11.4 million tonnes (11.5 million tonnes in 2008). This could be achieved only by purchasing significant quantities of clinker from third parties, and in total 1.7 million tonnes were purchased, compared to 0.7 million tonnes in 2008. Plants were running flat out for most of the year, trying to keep up with the demand, and utilisation levels on average remained above 85% during the year.

### Major Costs

Although EBITDA increased in absolute terms in 2009, the EBITDA margin reduced slightly, from

29.3% to 27.9%. Two main factors had a significant impact on production costs in 2009:

- Clinker purchases were 1 million tonnes higher than the previous year, as a result of building market positions in the East and North in preparation for the new capacities, as well as to sustain production at the Maratha unit during major maintenance work on the kiln. For the year as a whole this had a negative impact on EBITDA margin of approximately 400 basis points.
- The year began with a large inventory of imported coal, which had been procured in 2008 at what turned out to be peak prices of more than Rs. 9,000 per tonne (landed cost), and this had a significant negative impact on the EBITDA margin during the first half of 2009, as those inventories were consumed.

Otherwise, global commodity prices, including oil and coal, were relatively stable during 2009 compared to the previous year, therefore once the coal inventory overhang was absorbed, the Company's variable input costs reduced significantly in the second half, compared to the first half year. However, the quality of domestic coal continued to be a challenge and the average fuel consumption rate increased from 744 kcal to 755 kcal per kg of clinker. Many initiatives are underway at all the plants, aimed at sustainably reducing thermal energy consumption rates.

Efforts to optimise the fuel mix, and reduce the dependence on coal for both kilns and captive power plants, have been intensified, and usage of alternatives such as petcoke, lignite, biomass, and co-processing of industrial waste materials, increased during 2009. Financial benefits currently remain modest, however, the development of the Alternative Fuels and Raw Materials (AFR) business represents an important investment for the future.

Power consumption in 2009 has by and large remained at the same level as that of 2008.

Total freight and forwarding costs increased by 8% in absolute terms, and freight on cement increased by 6% per tonne sold, mainly as a result of the continued shift from exports to domestic sales, and longer average lead distances. The costs of diesel and packing materials remained stable during the year and only slightly increased compared to 2008.

## 7. EXPANSION PROJECTS

During 2009 a new bulk cement terminal started operation at Kochi, providing access to new markets in the South, and two new captive power units, each with 15 MW capacity, were commissioned at Bhatapara (Chhattisgarh) and Maratha (Maharashtra).

Significant progress has been made during 2009 on the two major expansion projects which will enable the Company to secure its market position through the next business cycle.

Production trials at the 2.2 million tonnes clinker production line at Bhatapara (Chhattisgarh) began in mid December 2009, and the plant is expected to be fully stabilised during the first quarter of 2010, along with a 33 MW captive power unit.

The new clinker production line at Rauri (HP), also with 2.2 million tonnes capacity, has commenced production trials during January 2010 and is expected to get fully stabilised during the first quarter of 2010. The associated cement grinding facilities at Dadri (UP) and Nalagarh (HP), each with 1.5 million tonnes capacity, will also be commissioned during this quarter.

The total cost of these two projects will be approximately Rs. 2,700 crores.

Apart from the above two major projects, an additional 30 MW captive power unit at Ambujanagar (Gujarat) is currently undergoing production trials and will be commissioned during the first quarter 2010, taking total captive power capacity to more than 400 MW. In addition, three new ships for western coastal transportation are under construction, of which two are expected to be brought into service in 2010. Further investments to improve rail connectivity at several locations are also in progress, for increased efficiency of logistics operations.

Additional cement grinding capacity is also under construction, at the Bhatapara and Maratha units, and will be completed during 2010. By the end of the year, the Company's total installed cement capacity will be increased from 22 million tonnes to approximately 27 million tonnes.

All the expansion projects have been financed through internal accruals.

## 8. OUTLOOK

### **Economy heading for strong growth recovery**

As green shoots tentatively start to appear across the globe, the Indian economy, which in any case suffered less during the financial crisis, is well positioned to quickly get back to a sustainable high growth trajectory. The inherent advantages of strong domestic consumption, favourable demographics, relatively low export dependence, political stability, and a well regulated financial sector, mean that there is less vulnerability to any negative impact from the rolling back of emergency stimulus measures which is likely during 2010. The government nevertheless still has to deliver on reforms, in order to further stimulate free markets and facilitate private investment, particularly in infrastructure.

### **Infrastructure and housing are key drivers**

Infrastructure development and rising housing construction, as a result of recovery in the urban real estate sector as well as expansion of affordable housing provision, will be key drivers in accelerating growth. This augurs well for the cement industry, and cement consumption growth is expected to be in the range of 9% to 9.5% for the next couple of years, with further upside potential if infrastructure spending really takes off in a big way.

There will still be significant cement capacity additions during 2010, totalling 40 to 50 million tonnes (installed capacity), therefore temporary pricing pressures are almost inevitable in certain markets. However, as long as the economy maintains high growth and demand remains buoyant, it should be possible for the new capacity to be absorbed without major disruption.

Ambuja Cement, with its own new capacity in place, intends to fully participate in the anticipated industry growth and maintain its strong market position, through continuous improvement in the construction solutions offered to our customers.

## 9. RISKS AND AREAS OF CONCERN

### **Energy Costs**

Coal will continue to be one of the primary inputs for the cement production process, and securing reliable supplies of indigenous coal of consistent quality remains a key area of concern. Allotment

of coal blocks for captive mining is a step in the right direction, but it will still be some years before projects come to fruition, and on an industry wide basis they only account for a relatively small part of the requirements.

Therefore we have to work continuously on improving indigenous supplies, as the degree of volatility in international prices seen in 2008 could always return. At the same time, efforts are being intensified to develop alternative sources of fuel as well as renewable resources for power generation, in order to gradually reduce dependence on coal.

### **Logistics Infrastructure**

While road and rail infrastructure development is important for stimulating the demand for cement, it is also critical in terms of enabling ever increasing volumes of cement to be delivered to relevant markets cost effectively, as well as for bringing fuel and other material inputs to the production facilities. Shortages of rail wagons in particular have increasingly imposed logistical constraints, and increased investment is required from both, public and private sectors in order to adequately expand rail infrastructure and ensure the continuous smooth flow of goods and materials. We are actively working to improve the rail connectivity.

### **Competitive Environment**

The pace of new capacity addition by the industry has not been as fast as previously anticipated, therefore pricing pressures, although still expected to occur, are likely to have a more limited impact and be of shorter duration. However, if demand growth were to slow again, for example because of any loss of impetus in implementing infrastructure programmes, then oversupply could potentially become a more significant issue.

### **Taxation**

Taxation remains a perennial issue for the cement industry. Although some welcome relief in the form of reduced excise duties was introduced as part of the overall stimulus package at the end of 2008, it is widely predicted that these measures will be at least partially rolled back during 2010, and this would most likely have an impact on cement realisations. A complete rationalisation and simplification of the tax regime would be beneficial

for both consumers and producers, as Indian cement continues to be the most highly taxed across the globe.

## **10. HUMAN RESOURCES**

### **Performance Orientation**

Integrated HR systems, from fresh talent acquisition to performance management and individual development, are aimed at creating and building a quality talent pipeline. Adequate emphasis has been made on development of cross-functional skills early in career, and has been meticulously incorporated in the induction plan.

Learning the inter-disciplinary approach to organisational issues, and learning to manage people, are the focus areas of management development. Special in-house customised development programmes, targeted at different management levels, are systematically delivered by a well balanced combination of internal and external faculty.

A structured approach to people management is being established based on an extensive jobs study. This facilitates organisation structure clarification, and establishment of a framework for individual development, career pathing, succession planning, and reward management.

One of the core strengths of the Company is the strong bonding "Ambujaites" have always had with the Company. Changes both within and outside the Company bring to the fore the changing aspirations of the people. To preserve this core strength, employee engagement levels are being monitored, and where necessary actions taken to reinforce people bonding with the Company.

### **Consolidating People Power**

The "People Power" project, launched at the Ambujanagar plant in 2008, was aimed at ensuring "healthy people and healthy plants", on a sustainable basis. The key focus areas for achieving this were organisation transformation, and institution of an Academy and a Development cell.

The Academy and the Development cell together serve as a local Centre of Expertise for ensuring healthy plants and continuous process

improvements. As a result of these efforts, the Mean Time Between Failures (MTBF) has significantly improved, in kilns by 23%, in the raw mills by 59%, and in the cement mills by 33% in the year 2009.

Under the process of organisation transformation, leadership positions have been created at lower organisation levels. People development is further enriched through the use of Performance Dialogue, which aids continuous development of technical, functional and leadership skills. The "People Power", structure is aimed at providing a holistic approach to individual development, career pathing, and succession planning activities.

## 11. SUSTAINABLE DEVELOPMENT

The Company published its second Corporate Sustainability Development Report in October 2009. We have a deep rooted philosophy of conducting operations in a manner consistent with established principles of sustainability, and the report explains many of the initiatives that have been taken in order to improve our environmental, economic and social performance, and increase engagement with all our stakeholders.

### PROACTIVE ENVIRONMENT MANAGEMENT

#### Staying at the forefront

From its inception, Ambuja Cement has always been the first to adopt environmental safeguards and improvement initiatives at all its units and facilities. Eco-efficient operations, eco-friendly mining practices, restoration of mined areas, recycling of sewage, zero discharge of waste water and emissions well below prescribed norms are just a few of these measures. Almost all our units have Environment Management System (ISO 14001) certification. This year our existing units at Sankrail and Surat, and one of our newest facilities at Roorkee (Uttarakhand), have been certified for the Integrated Management System (IMS) (i.e. ISO 9001, ISO 14001 & OHSAS 18001).

In order to keep upgrading our environment management, we are installing Continuous Emission Monitoring Systems (CEMS) and Continuous Ambient Air Quality Monitoring Systems (CAAMS) at all facilities to monitor all vital pollution parameters.

### Eliminating waste

In 2009, the Company expanded the initiative for co-processing various industrial wastes in cement kilns. These wastes include TDI tar, shredded tyres, glycerine foot, groundnut husk, agro waste, and FO sludge.

Millions of tonnes of fly ash are produced by coal based power plants in India, posing a major environmental challenge. Our Pozzolana Cement manufacturing process consumes large quantities of fly ash (4.6 million tonnes in 2009) thus helping to dispose this waste.

We have shifted to using air cooling systems at all our captive power plants for condenser cooling, thereby eliminating water consumption.

### Tackling climate change

The Company is engaged in important policy issues like climate change. With measures like waste utilisation as alternative fuel, energy conservation, non-conventional power sources, and use of fly ash in cement production, we have already been able to achieve substantial reductions in CO<sub>2</sub> emissions from our operations. In 2009 we emitted approximately 660 kg CO<sub>2</sub> per tonne of cementitious product.

Ambuja Cement is one of the few companies in India to report greenhouse gas (GHG) emissions and take voluntary reduction initiatives, by participating in the Carbon Disclosure Project (CDP) being executed by WWF and CII in India. CDP holds the largest database of primary corporate climate change information in the world.

Ambuja is also one of 200 companies in the country who have participated in the Green Rating Project (GRP) of the Centre for Science and Environment (CSE) supported by the Ministry of Environment and Forests (MoEF) and United Nations Development Programme (UNDP), to rate the energy and water efficiency of major industries, including cement.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

#### Engaging Stakeholders

Ambuja Cement has a long history as a pioneer and a leader in the field of CSR. We have always viewed the communities and villages that border

our plants as significant stakeholders in our business. Over the years we've learned that addressing their concerns goes a long way in ensuring sustainable growth.

The Ambuja Cement Foundation (ACF) was established to be our implementation arm for community development. ACF forges partnerships with development agencies and departments within the government and other organisations and leverages resources for wider outreach.

Through ACF, we scientifically assess the needs of these communities, set goals and design interventions to respond to them. ACF's integrated rural development projects address critical issues like water resources, livelihood, health and education standards. By partnering with communities, we aim to transform lives from mere survival to prosperity.

In 2009 we started assessing the social impact of future projects sites to ensure they create a positive impact on society. A reputed external consulting agency, undertook this assessment for our project site in Marwar Mundwa. In accordance with the recommendations made by their study, a well-planned programme has been put into place for rehabilitation of the project affected people. This group of people is now being viewed as an important stakeholder group for whom special programmes are being planned to ensure their future livelihood. Our Company is committed to follow this process for all future projects.

### **Protecting scarce resources**

Water is vital for the survival of neighbouring communities. In light of diminishing water sources, the Company has put into place numerous programmes to conserve, harvest and judiciously utilise water. We are harvesting rain water to supplement drinking water supplies and have renovated traditional water reservoirs like wells and ponds. In places with very poor water quality, community water purifying and de-fluoridation units have been installed. Through the construction of check dams, deepening of ponds and construction of dykes we are ensuring a supply of water for irrigation and household use. Micro-irrigation systems like drip and sprinkler irrigation systems are enabling farmers to judiciously use water. With the continued focus on harvesting as well as

conserving water, the overall quantity of water available to the people has increased and noticeable change has been seen in its quality. A direct impact of this has been the increase in agricultural produce due to better availability of water and improvement in the health status of the community.

### **Investing in Agriculture**

A majority of ACL's manufacturing units are located in rural areas. The ACF is focused on enabling people economically to prosper through agriculture. To this end several programmes are being implemented by ACF including the provision of quality seeds, access to agricultural technology, farmer training, mixed and multiple cropping, organic farming and allied activities such as animal husbandry and the construction of fisheries.

A significant development in the area of agro based livelihoods during this year was the expansion of the **Krishi Vigyan Kendra (KVK)** or Agro Science Centre in 2009 at Kodinar. KVK offers multiple services to the farming community for improving the overall state of agriculture. It has extended its reach to 77 villages of Junagadh district.

Another noteworthy intervention in agriculture has been **Systematic Rice Intensification (SRI)**. Begun on an experimental basis with a few rice cultivators in West Bengal, the project has taken off well with cultivators experiencing a marked increase in the yield of paddy. The project is currently running in our West Bengal and Chhattisgarh units. The results from SRI cultivation show over a two-fold increase in productivity over traditional rice cultivation.

The **Seed Production Programme** in Rajasthan was also expanded. ACF has partnered with the Government to produce and supply certified quality seeds to farmers through co-operatives. With the favour it has found within the government and the positive economic impact it has on farmers, there are plans to extend the programme.

### **Investing in people**

Rural families tend to rely mainly on income from agriculture. That's why ACF is focusing on **skill training** to enable them to augment their incomes by engaging in alternate livelihoods. It has established six Skill and Entrepreneurship

Development Institutes (SEDIs), one each in Chandrapur, Darlaghat, Jaitaran, Panvel, Farakka and Anandpur Sahib. These institutes offer short term training on employable skills in different areas easily adaptable by unskilled people. More than 3000 people have already undergone training and about 70% of those trained have found employment.

Another effort towards alternate livelihood opportunities by ACF along with the Company's technical support team was the mason training camps at Dahod, Gujarat. The camps were organised on the invitation of the Tribal Development Department of the Government of Gujarat. The project has been able to successfully turn unskilled tribals into skilled masons, with placement rates around 65% and significant increase in income of these tribals. The Government of Gujarat has extended this partnership for a two year period.

Ambuja Manovikas Kendra saw considerable expansion during 2009, and now has more than 70 children enrolled in the school. An Early Intervention Centre was started to provide therapy and inputs for children under five. It offers physiotherapy, speech and occupational therapies, and starting at an early age ensures appropriate support can be given according to the individual development needs.

### Meeting basic needs

ACF began its Village Health Functionary programme some years ago, which trained village women to provide preventive **healthcare** and referral services to the community. Three new locations were covered under the programme in 2009. Our work on health in Roorkee was recognised by the government, when it declared ACF the Mother NGO for the Haridwar district. The government has also handed us the responsibility of bringing down infant and material mortality rates, and strengthening the Village Health and Sanitation Committees.

With the support of the government and other NGOs, ACF constructed 129 houses to provide shelter to the Gaggar Villagers in Bhatinda. The project was co-ordinated by ACF until the handing over of the homes.

### Measuring success

Over the last two years, we have used a unique tool called the **Social Engagement Scorecard (SES)** to gauge the effectiveness of our intervention with the community. This tool is administered through an inclusive process which allows community members to review and evaluate our work and help ascertain any future course of action. This year we completed administering the SES at all our sites. In every location, we found our engagement was in line with the needs of the area and the aspirations of the people. The scores for all locations were in the range of 75% to 100%.

ACF also registered for an **accreditation** process with the Credibility Alliance, a consortium of voluntary organisations committed to enhancing accountability and transparency in the voluntary sector through good governance. ACF received the Desirable Norms Certification in March 2009. This certification recognises that ACF follows the norms of good governance, transparency and accountability set by the consortium.

### OCCUPATIONAL HEALTH & SAFETY (OH & S)

#### Visible Safety Leadership

Visible safety leadership is one of the critical aspects of an effective OH & S programme. A training programme tailored and developed by Holcim has been initiated across the Company to ensure that visible safety leadership is practised at all levels. We have also continued implementation of 3 Fatality Prevention Elements (part of the Holcim OH & S Pyramid), viz. (i) working at height, (ii) isolation and lock-out procedures, and (iii) working in hot areas. The number of critical incidents related to these areas show significant improvement. The journey of implementing the complete Holcim OH & S Pyramid in a phased manner is ongoing, with a special focus on third party contractors. These measures have helped the Company to reduce the Lost Time Injury Frequency Rate (LTIFR) to 1.75, a reduction of 45% compared to 2008, and compares favourably with Holcim global benchmarks.

Increased OH & S awareness is being achieved through development and implementation of specialised training programmes, related to Fatality

Prevention Elements and Holcim OH & S pyramid blocks, for all management levels. We are committed to continue our implementation of a world class OH & S management system, in pursuit of our vision of "zero harm".

## 12. EMPLOYEE STOCK OPTION SCHEME

With a view to remaining a preferred employer, the Company has granted Stock Options to the Managing Director, Whole-time Directors and employees, for the tenth year in succession. The particulars required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme) Guidelines, 1999, are given in subsequent paragraphs.

### a) ESOS 2009

#### Salient Features:

During the year 2009, the Company granted 74,99,600 stock options on 19th June, 2009 (each option carrying entitlement for one share of the face value of Rs. 2/- each) at an exercise price of Rs. 96.00 per share. The exercise price was determined by averaging the daily closing price of the equity shares of the Company during 7 days on the National Stock Exchange, immediately preceding the grant. The market price of the shares on the date of grant was Rs. 89.35 per share. These stock options shall vest on expiry of one year from the date of grant and can be exercised during a period of four years from the date of vesting.

#### Valuation and Accounting:

The Company has adopted intrinsic value method for the valuation and accounting of the stock options as per SEBI guidelines. Since the market price per share on the previous day of the date of grant was less than the exercise price, no employee compensation cost has been accounted for the year ended 31st December, 2009. The fair value of the options as per the "Black Scholes" model comes to Rs. 26.38 per option. Had the Company valued and accounted the options as per the "Black Scholes" model, the net profit for the year would have been lower by Rs. 15.08 crores and the diluted earning

per share (of the face value of Rs. 2 each) would have been Rs. 7.89 instead of Rs. 7.99 per share.

The "Black Scholes" model captures all the variables with their respective appropriateness which influences the fair value of stock options. The significant assumptions to estimate the fair value of options as per "Black Scholes" model are:

- (i) Risk-free interest rate - 5.98%.
- (ii) Expected life of the option - 3 years.
- (iii) Expected volatility - 44.51%.
- (iv) Expected dividend yield - 2.17%.

#### Grants beyond threshold:

No employee or Director has been granted options in excess of 1% of the issued equity share capital of the Company. None of the Directors have been granted options of more than 5% of the total options granted during the year.

#### Disclosure on grants to Senior Management Employees:

The options granted to the Managing Director, Whole-time Directors and other senior management personnel are as follows:

Mr. A. L. Kapur	275000
Mr. N. P. Ghuwalewala	120000
Mr. David Atkinson	85000
Mr. B. L. Taparia	85000
Mr. J. C. Toshniwal	60000
Mr. S. N. Toshniwal	40000
Mr. Ajay Kapur	35000
Mr. R. R. Darak	35000
Ms. Meenakshi Narain	24500
Total	<u>759500</u>

Other employees i.e. other than stated above have been granted 67,40,100 options in aggregate. Some important indicators are:

Total number of other employees	3375
Total number of options granted	6740100
Max. number of options granted	35000
Min. number of options granted	300
Avg. number of options granted	1997

## b) Cumulative disclosure

The particulars with regard to the stock options as on 31st December, 2009 as required to be disclosed under the SEBI's guidelines are as follows:

Cumulative position as on 31st December, 2009

Nature of disclosure	Particulars						
a. Options granted	27777900						
b. The pricing formula	2009, 2008 (incl. SAP), 2007 & SAP 2007	The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 (seven) days on the National Stock Exchange immediately preceding the grant.					
	2004-05 & 2005-06	The exercise price was determined by averaging the daily closing price of the Company's equity shares during 15 (fifteen) days on the National Stock Exchange immediately preceding the grant.					
	2003-2004	The exercise price was determined by averaging two weeks' High and Low price of the Company's equity shares on the National Stock Exchange immediately preceding the grant.					
	1999-2000 to 2002-2003	The exercise price was the average of the daily closing price of equity shares of the Company on the Stock Exchange, Mumbai during the period of 30 (thirty) days immediately preceding the date on which the options were granted.					
c. Options vested	18788600						
d. Options exercised	4962250						
e. The total number of shares arising as a result of exercise of options	Total number of shares arising as a result of exercise of options shall be 3,33,86,626 shares of Rs. 2 each.						
f. Options lapsed / surrendered	1607500						
g. Variation of terms of option	–						
h. Money realised by exercise of options.	Rs.120.87 crores						
i. Total number of options in force	21208150						
j. Details of options granted/ exercised by the Managing Director and Whole-time Directors	No. of options granted		No. of options exercised				
1. Mr. A. L. Kapur	1130000		280000				
2. Mr. N. P. Ghuwalewala	495000		75000				
3. Mr. B. L. Taparia	495000		160000				
Any other employee who received a grant in any one year of 5% or more of options granted during that year	Nil		Nil				
k. Employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil						
l. Diluted earning per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard AS-20.	Rs. 7.89						
	2003-04	2004-05	2005-06	2007	2008	2009	
m. Weighted average exercise price of options	310*	443*	69.60**	113**	82**	96**	
Weighted average fair value of options	67.44*	96.73*	19.23**	29.28**	16.95**	26.38**	

\* options related to equity shares of the face value of Rs. 10/-.

\*\* options related to equity shares of the face value of Rs. 2/-.

The information disclosed in respect of item No. (m) is for grants made after June 30, 2003.

### 13. CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance as stipulated under the listing agreement with the stock exchanges. A separate section on corporate governance, along with a certificate from the auditors confirming the compliance is annexed and forms part of the Annual Report.

### 14. DIRECTORS

#### Cessation

##### Suresh Neotia

Mr. Suresh Neotia stepped down on 24th September, 2009 after more than two decades as Chairman. As a founder promoter of the Company, who joined the Board in 1985, he played a key role in the phenomenal growth and success of the Company.

Apart from his extraordinary entrepreneurial acumen, Mr. Neotia is a great visionary. His affectionate care for the well-being of the employees and their families, his belief in human values and business ethics and his deep concern for the environment and the community around our plants, are some of the principles upon which the Company stands today. They have enabled the Company to build a successful and sustainable business model.

Mr. Neotia's contribution through the Ambuja Cement Foundation, the Company's CSR arm, in the fields of environment, water management, women empowerment, HIV eradication and development of communities is immeasurable.

In 2008, he was bestowed with the prestigious 'Padma Bhushan' award for his outstanding contribution to the industry and philanthropic social initiatives.

In appreciation of his farsighted vision, wisdom and guidance, which have been invaluable to the Company's growth, Mr. Neotia has been conferred the status of "Chairman Emeritus" by the Board.

##### N. P. Ghuwalewala

Mr. N. P. Ghuwalewala joined the Company in August 1999. Upon acquisition of Ambuja Cement Rajasthan Limited (ACRL) (earlier known as DLF Cement Ltd.) in the year 2000, he was made the Managing Director of that company. Subsequently, ACRL was merged with the Company in 2004 when Mr. Ghuwalewala was appointed on the Board of Directors as Whole-time Director. He ceased to be the Whole-time Director upon expiry of his term on 28th June, 2009.

Amongst many achievements during his tenure, turnaround of ACRL from a sick company to a profitable one was significant. At the time of his retirement he was heading the business operations of West and South regions and was also in charge of the Company's OH&S and Alternative Fuel and Raw materials initiatives.

The Board placed on record its appreciation for the valuable services rendered by Mr. Ghuwalewala.

##### B. L. Taparia

Mr. B. L. Taparia joined the Board as a Whole-time Director in 1999 and ceased from the Directorship upon expiry of his contract on 30th April, 2009. In order to comply with the requirements of clause 49 of the listing agreement relating to Composition of the Board of Directors, the contract of Mr. Taparia, as Whole-time Director was not renewed. However, he has continued with the Company with additional responsibilities of some of the key corporate functions and is re-designated as Company Secretary and Head – Corporate Services.

The Board placed on record its appreciation for the valuable services rendered by Mr. B. L. Taparia as Whole-time Director.

#### Appointment

Mr. Onne van der Weijde, joined the Board as Non-executive Director in January 2009. In view of Mr. A. L. Kapur's superannuation as Managing Director becoming due in April 2010, the Board appointed Mr. Onne as a Whole-time Director, designated as the "Chief Executive Officer (CEO) - Designate" for the period 17th February, 2010 till 30th April, 2010, and as the "Managing Director" from 1st May, 2010 till 16th February, 2015. As per the provisions of the Companies Act, his appointment is subject to the approval of the members and the Central Government.

Mr. Onne has more than 15 years of experience in cement industry, including 5 years in Indian cement industry, of which around 2 years as the CFO of ACC Ltd. Further details about Mr. Onne are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

#### Retirement by rotation

In accordance with the provisions of Article 147 of the Articles of Association of the Company, (i) Mr. Nasser Munjee, (ii) Mr. Rajendra Chitale,

(iii) Mr. Shailesh Haribhakti, Directors of the Company will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

Further details about Directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

## 15. DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended, the Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) Appropriate accounting policies have been selected and applied consistently, and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2009, and of the profit and cash flow of the Company for the period ended 31st December, 2009.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

## 16. INTERNAL CONTROL SYSTEM

The Company has implemented robust and comprehensive internal controls to support smooth and efficient business operations and effective statutory compliance. The Company has established the internal control system by standardising and documenting policies and procedures for all the major processes, and associated key controls, for credible reporting of the financial and operating results. Tasks and responsibilities have been assigned to the designated personnel to correctly and timely perform the controls.

The formalised systems of control ensure effective compliance of Clause 49 of the Listing Agreement, and article 728 (a) of the Swiss Code

of Obligations, applicable to the Holcim Group from 2008.

The Company's Internal Audit department independently tests the design and operating effectiveness of the internal control system across the Company. This provides an objective assurance to the Board and Audit Committee regarding the adequacy and effectiveness of the internal control system.

The scope and authority of the Internal Audit are well defined in the Internal Audit Charter, approved by the Audit Committee. Internal Audit plays a key role by providing an assurance to the Board of Directors, and value adding consultancy service to the business operations.

## 17. AUDITORS

M/s. S. R. Batliboi & Associates, auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. S. R. Batliboi & Associates have confirmed that their re-appointment, if made, shall be within the limits of Section 224 (1B) of the Companies Act, 1956.

The Board recommends their re-appointment as Auditors and to fix their remuneration.

M/s. P. M. Nanabhoy & Co., Cost Accountants, have been appointed Cost Auditors of the Company for the year 2010.

## 18. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of Rs. 0.27 crore during the financial year 2009 to the Investor Education and Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividend which has been lying with the Company for a period of 7 years from their respective due dates of payment.

## 19. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, is required to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto marked Annexure - I, and forms part of this report.

## 20. PARTICULARS OF EMPLOYEES

Information required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed hereto marked Annexure - II, and forms part of this report.

## 21. SUBSIDIARY COMPANIES

As required u/s 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of Board of Directors, relating to the Company's subsidiaries, viz. Kakinada Cements Limited, MGT Cements Private Limited and Chemical Limes Mundwa Private Limited, and respective Auditors Report thereon for the year ended 31st December, 2009, are annexed to this report.

## 22. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the Company in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

The consolidated net profit of the Company, its subsidiaries and associates amounted to Rs.1,217 crores for the corporate financial year ended on 31st December, 2009 as compared to Rs.1,218 crores for the company on a standalone basis.

## 23. EQUAL OPPORTUNITY EMPLOYER

The Company has always provided a congenial atmosphere for work to all sections of the society. It has provided equal opportunities of employment to all without regard to their caste, religion, colour, marital status and sex.

## 24. AWARDS AND RECOGNITION

- (a) Our mines continued to be adjudged among the best mines in their respective regions by the Director General of Mines on various parameters such as mine working, maintenance, innovations, health & safety, training, environmental protection etc.
- (b) Ambujanagar unit won the national award on "Best Environmental Excellence in Plant Operation" from NCBM.
- (c) Ambujanagar unit won Certificate of Appreciation from Gujarat Safety Council for "Accident Free Million Man Hour Worked".

- (d) Bhatapara unit won the 1st prize at 11th FL SMIDTH ENERGY AWARDS for Energy Conservation in cement industry.
- (e) Our Ambuja Public School at Rabriyawas won "Gobar Times Green Schools Programme Award" from Centre for Science and Environment.
- (f) The Company recently won 2009 IMC Ramkrishna Bajaj National Quality "Performance Excellence Trophy" in the Manufacturing Category.

## 25. CAUTIONARY STATEMENT

Statements in the Directors' Report and the Management Discussion & Analysis describing the Company's objectives, expectations or predictions may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global & domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and its 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.

## 26. ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their deep sense of gratitude to the banks, Central and state governments and their departments and the local authorities for their continued guidance and support.

We would also like to place on record our sincere appreciation for the total commitment, dedication and hard work put in by every member of the Ambuja family.

To them goes the credit for the Company's achievements.

And to you our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board

**N. S. Sekhsaria**  
*Chairman*

Mumbai  
17th February, 2010

## ANNEXURE - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988.

### A) CONSERVATION OF ENERGY

#### (a) Energy Conservation measures taken:

- (1) Optimisation of Process & Equipments:
  - (i) Optimisation of operation bag filters by installation of variable speed drive fans, purging air control by differential pressure, modification of ducting etc. (Ambujanagar, Maratha, Bhatinda).
  - (ii) Preheater fan inlet duct modification to reduce pressure drop (Darlaghat).
  - (iii) Installation of fuzzy control to optimise Cement Mill operation (Rabriyawas).
  - (iv) Capacity enhancement of coal tippler to reduce idle operation of auxiliaries (Rabriyawas).
  - (v) Reduction in raw mill pressure drop across cyclone by reducing dip tube height (Rabriyawas)
  - (vi) Using of positive displacement blower in place of compressor for fly ash unloading (Bhatinda).
- (2) Installation of speed control devices:
  - (i) Installation of speed control devices like VVF (Variable Frequency) drive in fans & compressors (Maratha, Bhatapara, Ambujanagar, Bhatinda, Sankrail).
  - (ii) Installation of Grid Rotor Resistance in place of Liquid Resistance control in preheater fan & raw mill fan (Rabriyawas).
- (3) Energy efficient plant & township lighting:
  - (i) Replacement of incandescent lamps with CFL lamps (Bhatapara, Sankrail).
  - (ii) Optimisation of operating voltage of lighting transformers (Maratha, Surat).
- (4) Installation of energy efficient new equipments:
  - (i) Installation of bucket elevator in place of pneumatic conveyor-aero pole (Bhatapara).
  - (ii) Replacement of mechanical conveyor (screw conveyor) with pneumatic conveyors-air slide (Surat).
  - (iii) Installation of storage & feeding system for liquid alternative fuel to conserve the traditional fuel in kiln system (Ambujanagar).
  - (iv) Installation of air cooled condenser fans in thermal power plant (Ambujanagar).
- (5) Reduction in idle running of equipments:
  - (i) Curtailing of idle time of water pumps in monsoon & winter season (Maratha).
  - (ii) Reduce idle time by interlocking of equipments with PLC (Ambujanagar).
- (6) Solar power utilization:

Installation of solar water heating system in guest house and colony etc. (Bhatapara, Bhatinda).

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

- (1) Optimisation of process & equipments:-
  - (i) Modification of preheater fan casing & ducting (Darlaghat).
  - (ii) Optimisation of operation of bag filter fans, bag filters & compressed air system (Ambujanagar, Maratha, Rabriyawas, Bathinda, Surat).
  - (iii) Using of positive displacement blower air for fly ash unloading (Farakka).
  - (iv) Upgradation of packers with 8 spout packers (Rabriyawas).

## ANNEXURE - I (Contd.)

- (2) Installation of speed control devices:
- (i) Installation of SPRS (Slip Power Recovery System) in major process fans (Bhatapara).
  - (ii) Variable frequency drives in cooler fans & bag filter fans (Rabriyawas, Bhatinda).
  - (iii) Installation of LT capacitor to improve power factor (Rabriyawas).
  - (iv) Installation of grid rotor resistance (GRR) in place of liquid resistance control in fans (Darlaghat, Rabriyawas).
- (3) Energy conservation measures for plant & township lighting:
- (i) Replacement of incandescent lamps with CFL lamps (Maratha).
  - (ii) Use of light emitting diode (LED) (Sankrail).
  - (iii) Optimisation of operating voltage lighting transformers at various locations.
- (4) Installation of energy efficient equipments:
- (i) Installation of liquid & semisolid AFR (alternative fuel & raw material) storage & feeding system (Ambujanagar).
  - (ii) Installation of load manager (Farakka).
  - (iii) Installation of energy monitoring system (Farakka).
- (5) Solar Power Utilization:
- Installation of solar water heating system in guest house, colony at various locations (Bhatapara, Sankrail).

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

Measures referred to in (a) will result in saving of Rs.12.28 crores per annum. Measures referred to in (b) is expected to result in saving of Rs.13.71 crores per annum.

**(d) Total energy consumption and energy consumption per unit of production:**

Information given in the prescribed Form-A annexed.

## B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form-B annexed.

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

In view of good growth in domestic demand and fall in international demand and prices, the Company has reduced its exports to 7.46 lacs tonnes of cement as against 8.32 lacs tonnes in the previous year. In terms of value, the exports during this year amounted to Rs.170.72 crores (FOB) as against Rs. 232.09 crores (FOB) in the previous year.

**(b) Total foreign exchange used and earned:**

	Current Year (Rs. in crores)	Previous Year (Rs. in crores)
Used*	719.71	976.86
Earned**	220.68	229.80

\* Excluding repayment of borrowings Rs. Nil; Previous year Rs.117.09 crores

\*\* Excluding receipt on sale of investment in foreign subsidiary Rs. Nil; Previous year Rs. 0.42 crore

## FORM – A

(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

### A. POWER & FUEL CONSUMPTION

	Current Year Jan. to Dec. 2009	Previous Year Jan. to Dec. 2008
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#### 1 Electricity \*:

(a) Purchased		
Units (kwh) Crores	31.80	35.80
Total amount (Rs in Crores) **	117.36	138.14
Rate / Unit (Rs.)	3.69	3.86
(b) Own Generation		
(i) Through DG Generator		
Net Units (kwh) Crores	24.07	21.19
Net Units/Ltr. of LDO/Furnance Oil	4.18	4.06
LDO/Furnance Oil Cost/Unit Generated (Rs.)	4.91	5.83
(ii) Through Steam Generator		
Net Units (kwh) Crores #	103.57	97.35
Net Units/Tonne of Fuel	897	979
Oil/Gas-Cost / Unit	3.31	2.60

#### 2 Coal & Other Fuels:

Quantity (Million K. Cal)	8594924	8560182
Total Cost (Rs. in Crores)	754	701
Average Rate (Rs./Million K.Cal)	877.26	818.64

#### 3 Light Diesel Oil/HSD:

Quantity (K. Litres)	1623.89	1703.09
Total Cost (Rs. in Crores)	5.57	5.99
Average Rate (Rs. / K. Litres)	34284	35152

#### 4 Others / Internal Generation:

Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit	NIL	NIL

### B. CONSUMPTION PER UNIT OF PRODUCTION

	Industry Norms		
Electricity (KWH / T. of Cement) ***	100	86.4	86.3
LDO (Ltr. / T. of Clinker)	N.A.	0.14	0.15
Coal & Other Fuels (K. Cal / Kg. of Clinker)	800	755	744

\* Includes 1.51 Crores kwh consumed for Capital Work-in-progress for project work.

\*\* Minimum demand charges paid to Gujarat Urja Vikas Nigam Limited for Ambujanagar Plant of Rs. NIL have been included in above cost (previous year Rs. 0.56 Crore).

\*\*\* Does not include Electricity consumed in residential colony which is 0.58 kwh / tonne of cement (previous year 0.57 kwh / Tonne of cement). Previous years data does not include miscellaneous power consumption of 2.07 kwh/Tonne of cement, if included figure would have been 88.4 kwh/Tonne of cement.

# Includes 750.62 lacs units of TG-power sold (previous year 400.86 lacs units)

The above data excludes power generated from power plant under trial run at Bhatapara, with details as below:

Net Units Generated (kwh) Lacs 13.82, Net Units / T. of Fuel 268, Oil / Gas Cost Rs. / Unit 6.78.

## FORM – B

(See Rule 2)

Form for disclosure of particulars with respect to Absorption

### A. RESEARCH AND DEVELOPMENT (R & D)

#### 1. Specific areas in which R & D carried out by the Company:

- (a) Utilization of alternative fuel & raw materials in clinker & cement manufacturing (Ambujanagar).
- (b) Established full fledged AFR laboratory to ascertain suitability of the waste and monitoring the quality of waste material received in the plant (Ambujanagar).
- (c) Utilization of grinding aid in cement manufacturing to improve quality and productivity (Bathinda).
- (d) Particle size distribution study to improve quality of cement (Sankarail).

#### 2. Benefits derived as a result of above R & D:

- (a) Conservation of resources, pollution reduction and cost reduction.
- (b) Promote usage of alternative fuels like industrial wastes to reduce manufacturing cost and use of traditional fuels.
- (c) Productivity enhancement, & improved product quality.

#### 3. Future plan of action:

- (a) Evaluation of fly ash from different sources with respect to their mineralogical composition and reactivity to enhance its usage in PPC (Ambujanagar).
- (b) Setting up Microscopy laboratory to study clinker granulometry to optimize kiln operation (Darlaghat).

#### 4. Expenditure on R & D:

	Current Year 31.12.2009 (Rs. in crores)	Previous Year 31.12.2008 (Rs. in crores)
A. Capital Expenditure	1.95	0.54
B. Recurring Expenditure	1.29	0.25
C. Total Expenditure	3.24	0.78
D. Total R & D expenditure as a percentage of total turnover	0.04%	0.01%

### B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

#### 1. Efforts, in brief, made towards Technology Absorption, Adaption and Innovation:

- a) Installation of refractory bricks at kiln outlet to achieve better life (Darlaghat).
- b) Installation of online kiln shell scanner for improvement in monitoring of kiln, refractory management and tyre slip (Darlaghat, Ambujanagar, Rabriyawas).
- c) Conversion of electro static precipitator into hybrid ESP to reduce cement mill stack emission (Bhatapara).
- d) Installation of wireless remote control system (range-50 km) to monitor/access the fly ash loading unit from Maratha plant.
- e) Installation of improved fine coal feeding system (Coriolis make) for very accurate control of kiln operation (Rabriyawas, Ambujanagar).
- f) Installation of DALOG System for raw mill & coal mill gear box to improve gear box health monitoring (Ambujanagar, Rabriyawas).
- g) Installation of continuous emission monitoring system (CEMS) for online monitoring of kiln stack emission (Ambujanagar).
- h) Installation of upgraded X-ray analyzer to determine all elements (Ambujanagar).
- i) Installation of mechanical kiln monitoring (MKM) system for online monitoring kiln tyre stress (Rabriyawas).
- j) Installation of fuzzy control for cement mills to improve operation & grinding efficiency (Rabriyawas).
- k) Enhancement in powder factor (T/Kg of explosive) by using new techniques (Rabriyawas).
- l) In-house development of fuzzy logic for optimisation of cement mill no. 4 (Maratha).
- m) Coal fired hot air box made to improve production rate by removal of excessive moisture from clinker (Farakka).

#### 2. Benefits derived as a result of the above efforts in the year 2009:

- a) Improved operational efficiencies, equipment reliability, productivity and quality.
- b) Reduction in manufacturing cost and protection of environment.

#### 3. Information regarding Technology Imported during last 5 years:

- a) Installation of high momentum Duoflex burner for kiln.
- b) Replacement of conventional glass bags with membrane bags for process optimization & energy conservation.
- c) Installation of DALOG system for raw mill & coal mill gear box health monitoring.
- d) Installation of online balancer for preheater fan.
- e) Kiln feed actuator of Beck Make (Germany) in Ambuja plant for stable kiln operation.

## ANNEXURE - II

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE CORPORATE FINANCIAL YEAR ENDED 31st DECEMBER, 2009

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment Last Designation
<b>A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 24,00,000/- OR MORE PER ANNUM</b>						
1. Agarwal M. (40)	Vice President (Treasury & Investor Relations)	3,461,020	B Com., C.A., I.C.W.A.	15	19/02/1996	Parag Parikh Financial Services Ltd., Assistant Manager
2. Akbar S. (56)	Assistant Vice President (Technical)	3,014,263	L.M.E.	35	01/11/1985	Kesoram Industries Ltd., Sr. Plant Engineer
3. Anjaria R.P. (48)	General Manager (Accounts)	3,173,900	B.Com., F.C.A., A.C.S.	26	11/09/2000	De-Nocil Crop Protection Ltd., Controller of Accounts
4. Atkinson D.* (52)	Chief Financial Officer	20,249,757	BA (Hons.), F.C.M.A.	29	01/09/2007	Holcim Ltd., Regional Controller
5. Banerjee S. (58)	Senior Vice President	2,844,438	B.Sc., D.M.I.T.	34	23/07/1985	D.C.P.L., Kolkata, Sr. Design Engineer
6. Bhar B. A.S. (58)	Master	6,122,510	Master (F.G.)	37	07/10/1994	Indian Ocean Ship Management, Chief Officer
7. Darak R.R. (53)	President (Accounts & Information Tech)	7,744,604	B.Com., F.C.A., A.C.S., CMA (Aus.), DISA (ICAI)	30	16/10/1985	W. H. Brady & Co. Ltd., Chief Accountant-cum-Asst. Secretary
8. Desai A.R. (48)	Joint President (Marketing)	6,834,544	B.E. (Chem.), M.B.A. (Marketing)	27	18/06/1987	Torrent Lab Pvt. Ltd., Marketing Officer
9. Deshmukh V. (51)	Senior Vice President	4,051,679	B.E. (Mech.), M.B.A.	27	23/06/2008	K. Raheja Corporate Services Pvt. Ltd., General Manager
10. Deshpande A. (54)	General Manager (Training)	2,638,831	B.E. (Mech.)	28	16/06/2008	Anglo Eastern Maritime Training Centre, Superintendent (Training)
11. Deshpande A.V. (44)	Assistant Vice President	3,549,634	B. Com., A.C.A.	22	18/07/2006	Indokem Ltd., Vice President (Finance)
12. Deshpande V.V. (52)	Joint President (Brands & Marketing Stg)	4,488,704	B. Com., DA & PR, Dip. in Journalism	32	21/09/1987	Raymond Wollen Mills Ltd., Assistant
13. Dordi C.M.* (62)	Corporate Head (PQM & CS)	2,656,000	B. Tech., M.Tech.	33	23/05/2007	Tata Electric Co. Ltd., Manager (Civil)
14. Duggal S. (47)	Joint President (Darlaghat)	4,610,404	B. E. (Electrical)	25	07/09/1992	Modi Cement Ltd., Deputy Manager (Electrical)
15. Engineer N. J. (60)	Master	3,310,153	Master (F.G.)	39	03/03/1996	Damania Shipping, Chief Officer
16. Gangal G.G. (44)	Senior Vice President (Taxation)	5,451,680	B. Com., F.C.A., LL.B.	22	03/07/2000	Real Value Appliances Ltd., Dy. GM (Taxation)
17. Ghosh A. (56)	Assistant Vice President (Marketing)	3,290,558	B. Com. (Hons.)	32	22/10/1999	Tata Iron & Steel Co. Ltd. (Cement Division), Asst Manager (Marketing)
18. Gupta A.K. (59)	Senior Vice President (Power Projects)	3,761,117	B.Sc.(Engg.), Mech.	37	16/11/2000	Vasavadatta Cement, Sr. GM (PP)
19. Gupta S.K. (49)	Joint President (Ports & Shipping)	7,209,319	Master Mariner (F.G.)	31	08/02/1993	Century Shipping, Century Textile & Industries Ltd., Superintendent
20. Hariharan G. (56)	Joint President (Legal)	4,519,649	B. Com., LL.M., F.C.S.	37	15/01/2001	Amforge Group, Vice President & Co. Secretary
21. Hirpara M.M. (58)	Senior Vice President (Projects)	3,539,342	B. E. (Prod.)	34	04/12/1993	Gujarat Ambuja Cement Ltd., General Manager (Tech.)
22. Jagetiya B. (56)	Vice President (Technical)	5,103,267	M. Sc. (Chem.)	36	01/12/1988	Birla Cement Works, Chief Chemist
23. Jain J. (43)	Vice President (Commercial)	4,081,564	M. Com., A.C.A.	21	15/10/1988	–
24. Jajoo K.N. (52)	General Manager (Commercial)	2,768,115	B.Com. (Hons.)	31	03/06/2000	Shree Cement Ltd., Sr. Manager (Logistics)
25. Jalpota S. R. (57)	Senior Vice President	4,381,410	M. Sc., M. B. A.	36	09/09/2003	Vam Organic Chemicals Ltd., Vice President (Commercial)

## ANNEXURE - II (Contd.)

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment Last Designation
26. Jhawar K.K. (50)	Assistant Vice President	2,732,889	B.E.	25	26/06/2008	Visa Comtrade Ltd., Vice President (Logistics)
27. Jain H. N. (54)	Master	4,252,690	Master (F.G.)	36	10/09/2003	Gesco Ltd., Master
28. Joshi S. (48)	Head (Corporate Controlling)	5,393,577	B.Com., A.C.A.	25	01/06/2004	Ambuja Cement Eastern Ltd., Vice President (Finance)
29. Kampani R. J.* (69)	Advisor - Commercial	8,100,000	B. Com., F.C.A.	48	01/07/2006	Hindustan Lever Ltd., Marketing & Dist. Manager
30. Kapur A.A. (44)	Business Head (West/South)	6,313,117	B. A., M.M.S.	20	01/02/1993	Citibank, Asst. Manager
31. Kapur A.L.* (75)	Managing Director	31,330,686	B.A., F.C.A., F.I.C.W.A.	51	20/02/1999	Birla Corporation Ltd., Executive Director & CEO
32. Karanawat M. (46)	Vice President	3,400,037	B. Com., F.C.A.	21	28/06/2008	Calchem Industries, General Manager
33. Kaul A. (59)	Marketing Head (North)	5,401,690	M. A.	37	01/09/1994	Floatglass India Ltd., Deputy Director (Sales & Marketing)
34. Khajanchi S.K. (39)	Regional Finance Controller, West Region	3,685,134	B. Com., I.C.W.A., C.A., C.S., C.F.A.	16	01/05/2006	Ambuja Cement Eastern Ltd., Sr. GM (Finance)
35. Khandelwal M.K. (52)	Deputy General Manager (Accounts)	2,571,916	B. Com., C.A. (Intermediate Group I)	28	01/10/1985	Shah & Taparia, Chartered Accountants
36. Khosya S. (55)	Assistant Vice President (Commercial)	2,609,052	B. A.	30	01/05/1991	Radha Builders, Site Incharge
37. Kolagada P. (52)	General Manager (Energy)	2,509,599	B. Tech., M.E. (Chem. Engg.)	25	02/12/2002	Business
38. Kothari R. (53)	Senior Vice President (Technical)	2,501,556	B. E. (Mech.)	31	25/05/2000	Saurashtra Chemicals Ltd., General Manager (Production & Maintenance - Dry Sect.)
39. Kumar A. (45)	Assistant Vice President (Shipping)	3,343,250	Master (F.G.)	12	24/10/2000	Ocean Research Education Centre, Faculty Member
40. Kumar C. (56)	Joint President (Rabriyawas)	5,374,336	Diploma in Electronics, M.B.A.	33	04/03/1985	Larsen & Toubro Ltd., Engineer
41. Lalaji B. (56)	Vice President (Special Projects)	5,034,079	B. Tech. (Chem.), M. Tech. (Indl. Engg.)	32	01/06/1996	Merind (I) Ltd., Manager (Information Technology)
42. Madon R. A. J. (59)	Master	2,581,784	Master (F.G.)	37	12/09/1996	South India Corp. (Agencies) Ltd., Master
43. Malgonde B.P. (49)	Assistant Vice President (Shipping)	4,212,218	B. E. (Mech.), D.M.E.T., Class I (MOT)	22	16/07/1996	Normadic Ship Managem, Chief Engineer
44. Mantri S.K. (48)	Regional Finance Controller, North Region	4,187,041	B.Com. (Hons.), C.A.	23	04/10/2000	Xpro India Limited, General Manager
45. Mehra D. (44)	Assistant Vice President (Marketing)	2,536,492	B.A.	26	10/10/1985	Hindustan Instruments, Liaison Officer
46. Menon P.J. (53)	Deputy General Manager (Accounts)	2,472,500	B. Sc., F.C.A.	28	08/07/1987	Shah & Taparia, Chartered Accountants, Sr. Asst.
47. Mittal A.K. (59)	General Manager (Electrical and Automation & Control)	2,453,543	B.Sc. (Engg.)	35	07/05/1994	Cement Corporation of India, Manager (Electrical)
48. Mohta V.K. (57)	General Manager	2,508,555	B.Com.	36	17/10/1985	Bharat Commerce & Ind. Ltd., Assistant Accountant
49. Murthy A. S. N. (54)	General Manager (Power Projects)	3,032,351	B. Tech.	24	04/04/1996	Lloyds Steel India Ltd., Sr. Manager
50. Narain M. Mrs. (48)	Joint President (Human Resource Management)	3,670,196	B. Sc., M.M.S.	25	01/08/2006	VVF Ltd., GM (HR)
51. Narayanan R.S. (56)	Chief Engineer	3,772,060	Class I (MOT)	34	25/02/1997	Great Eastern Shipping, Chief Engineer
52. Narayanan U. (47)	Chief Engineer	2,437,350	Class I (MOT)	25	09/11/2003	Searland Shipping, 2nd Engineer
53. Nety R.M. (51)	Vice President (Shipping)	5,057,940	First Class Engineer (Motor)	28	22/01/1996	ABS Marine Services, Staff Ch. Engr.
54. Nuwal N.K. (50)	Assistant Vice President (Mines)	2,587,664	B.E. (Mining)	28	24/10/2007	Gujarat Heavy Chem Ltd, GM (Mines)

## ANNEXURE - II (Contd.)

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment Last Designation
55. Pal S.C. (56)	General Manager (TSS)	2,885,759	B. Tech., M. Tech.	30	25/01/2005	Gupta Coalfields, Director (Process)
56. Pandey M.K. (45)	General Manager (Shipping)	3,621,246	Marine Engineering	21	07/01/1997	Great Circle, Chief Engineer
57. Pandya A.J. (56)	Chief Internal Auditor	5,779,428	B. Com., F.C.A., DISA (ICAI), C.I.A.	32	12/05/1986	Deepak Nitrite Ltd., Head (Internal Audit)
58. Paneri S.K. (46)	Assistant Vice President (Projects)	2,547,266	Dip. in Mining, AMIE, FCC Mines	22	15/02/2006	Sanghi Industries Ltd., General Manager (Mines)
59. Patel H. (60)	President (Ambujanagar)	6,726,090	M. Tech. (Chemical Engineering)	34	01/08/2001	Larsen & Toubro Ltd., Cement Division, Chief Executive (Works)
60. Pradhan S. L. (50)	Master	3,830,978	Master (F.G.)	29	03/04/1997	P & O Bulk Carrier, Chief Officer
61. Rajadhyaksha R. B. (49)	Master	2,731,566	Master (F.G.)	28	20/09/2002	Sical Ships, Master
62. Rajgaria M.L. (52)	General Manager (Procurement)	2,723,882	B.Com.-2nd Year	33	29/03/1985	Bhagalkot Udhog Ltd., Stores Assistant
63. Rao A. V.* (78)	Chief (Projects)	9,970,000	B. E. (Civil)	56	01/09/2004	Straw Product Ltd., Chief Engineer (Construction)
64. Rao P. R. R. (55)	Vice President (Process)	3,364,816	B. Tech. (Chem. Engg.)	32	31/12/2001	Cemmanage, Principal Consultant
65. Sadhu S.K. (62)	Senior Vice President	4,592,897	B. Sc. (Engg.), P.G.D.B.M.	40	23/03/1996	Hindustan Copper Ltd., Dy. G.M. (Engg. Services)
66. Sahi K. B. (53)	Master	3,780,998	Master (F.G.)	32	07/09/2002	Hamour Shipping, Chief Officer
67. Sanglikar N.Y. (54)	Head (Corporate Communications)	3,797,251	B.A., M.M.M.	22	13/08/2008	Dow Chemical International Pvt. Ltd., Director (Public Affairs)
68. Sarkar A.K. (54)	Assistant Vice President (Accounts)	3,378,490	B. Sc. (Hons.), F.I.C.W.A.	35	06/04/1993	Tata Chemicals Ltd., Cost Accountant
69. Sekhsaria K.R. (59)	Head Commodity Group	3,248,497	B. Sc. (Hons.), D.M.S.	39	12/12/1985	Indian Tools Mfg., Purchase Manager
70. Sharan S. (46)	Chief Engineer	5,246,899	Class I (MOT)	25	04/07/1994	Dolphine Offshore, Chief Engineer
71. Sharma K. (59)	Senior Vice President (Corporate Affairs)	3,847,146	B. A., Dip. Mktg. & Rsrch.	39	30/09/1994	ACC Ltd., Resident Executive
72. Sharma N.L.* (65)	Assistant Vice President (Commercial)	2,761,799	B.A.	48	08/06/2002	Ashok Textile, Stores Purchase Manager & PM
73. Sharma R. (47)	Senior Vice President	3,066,051	B.Sc., LL.B., D.P.M. & I.A.	24	17/01/1986	Pushpinder Sharma, Medical Representative
74. Sharma R.K. (48)	Assistant Vice President (Magdalla)	2,818,277	B. E. (Mines)	23	24/01/2000	Gujarat Sidhee Cement Ltd., General Manager (Mines)
75. Sharma R.P. (51)	Vice President (Roorkee)	3,007,005	B. Tech. (Chem.)	28	01/09/1988	Satna Cement Works, Sr. Chemical Engr.
76. Sharma S. (52)	Senior Vice President (Projects)	4,496,148	B. E. (Mech.)	31	18/04/1983	Lakshmi Cement, JK Cement Ltd., Mechanical Engr.
77. Sharma V.K. (56)	Vice President (Civil)	2,992,020	B. E. (Civil)	33	29/08/2006	Binani Cement Ltd., Asst. Vice President (Civil)
78. Singal A.K. (51)	Vice President (Procurement)	3,209,513	B.E. (Mech.), G.D.M.M., D.F.M., Dip. Central Excise	31	16/05/1983	Straw Product Ltd., Mechanical Engr.
79. Singh D. (46)	Assistant Vice President (Construction)	2,509,735	B. E. (Civil)	25	12/07/2006	Vasavadatta Cement, GM (Civil)
80. Soni R. (46)	Asstistant Vice President (Projects)	2,627,090	B. E. (Mech.)	26	26/06/2008	Dalamia Cement, General Manager (Project)
81. Srivastava K.S. (56)	Senior Vice President (Electrical)	3,920,833	B. E. (Elec.)	32	03/01/1985	The UP State Cement Co., Electrical Engr.
82. Srivastava R.K. (56)	Senior Vice President (Automation & Control)	4,540,551	B. E. (Elect.), M. Tech. (Elect.)	32	07/10/1985	Orient Cement, Sr. Instrumentation Engr.
83. Tank V. (52)	Senior Vice President (Works)	4,021,918	B. E. (Mech.), P.G.D.B.A., M.I.E., C.E.	29	15/11/1988	Saurashtra Cement & Chemical Industries Ltd., Sr. Engineer

## ANNEXURE - II (Contd.)

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Last Employment Last Designation
84. Taparia B.L. \$ (59)	Company Secretary & Head Corporate Services	17,275,938	B. Com., LL.B., F.C.S.	39	28/11/1983	Jain Spinners Ltd., Secretary & Finance Manager
85. Thakur S.K. (55)	Joint President (Chandrapur)	3,607,465	B. Sc. Engg. (Chem.)	30	26/03/1987	Cement Corporation of India, Sr. Engr. (Chemical)
86. Tiwari P.S. (46)	Vice President (Corporate Social Resp)	2,759,736	M. A. (Social Work)	21	11/09/2000	Meljol, Director
87. Toshniwal J.C. (56)	Business Head (North)	12,005,378	B. E. (Hons.) Mech.	34	03/09/2007	Heidelberg Cement (India) Pvt. Ltd., Director (Technical)
88. Toshniwal S.N. (56)	Business Head (East)	10,399,110	B. Com., C.A., I.C.W.A., C.S.	31	29/06/2001	Usha Beltron Ltd., Sr. Vice President (Materials)
89. Vaishnav L.P. (59)	Vice President (Alternate Fuel Resource)	2,649,545	B. E. (Chem.)	37	01/07/1997	Mardia Chemical Ltd., VP (New Projects)
90. Viswanathan K.K. (50)	General Manager (Human Resources)	2,702,958	B. Sc. (Phy.), Cert. in Comp. Prg., M.C.A.	24	03/08/1989	Seahorse Systems Pvt. Ltd., Systems Executive
91. Wadiwala I. (56)	General Manager (Process Support & Coordination)	2,442,032	B.Sc., M.Sc.	33	01/03/1999	Rajashree Polyfil, Century Enka Ltd., Sr. Manager (IT)

### B) EMPLOYED FOR A PART OF THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 2,00,000/- OR MORE PER MONTH

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Date of end of the Term	Last Employment Last Designation
1. Adam M. A. # (60)	Chief Officer	2,793,290	Mate (NCV)	35	09/01/2009	03/12/2009	
2. Ariwala V. M. # (58)	Chief Officer	2,142,599	Mate (NCV)	30	09/01/2009 26/07/2009	11/05/2009 12/12/2009	
3. Attri S. K. # (51)	2nd Engineer	1,653,636	Class III (NCV)-2/E	30	19/09/2008 17/04/2009 01/12/2009	17/01/2009 12/10/2009 31/12/2009	
4. Bains G. S. # (52)	Chief Engineer	2,519,139	Class I (MOT)	26	08/01/2009 08/05/2009 06/09/2009	18/03/2009 04/07/2009 15/11/2009	
5. Bakshi T.P.S. # (65)	Master	1,676,067	Master (F.G.)	41	14/05/2009 13/10/2009	17/07/2009 10/12/2009	
6. Bali A. # (60)	Chief Officer	1,538,182	Master (FG)	35	28/03/2009	04/10/2009	Indian Navy, Master
7. Bisht M. K. D. S. # (51)	Chief Engineer	736,000	Class II (MOT)	20	26/09/2009	04/12/2009	Reliance Industries Ltd., Chief Engineer
8. Bohra B.K. (60)	Assistant Vice President (Commercial)	2,641,301	B.Com., I.C.W.A.(I), C.A.	33	27/02/1999		Polar Latex Ltd., Financial Controller
9. Chawla A. L. # (63)	Chief Engineer	3,340,558	Class I (MOT)	39	05/11/2008 23/02/2009 01/06/2009 01/10/2009	22/01/2009 20/04/2009 07/09/2009 12/12/2009	
10. Choudhary F. K. # (43)	Chief Engineer	2,138,081	Class III (NCV)-C/E	14	03/10/2008 24/01/2009 09/03/2009 03/07/2009 18/08/2009	06/01/2009 26/01/2009 29/05/2009 10/07/2009 18/11/2009	
11. D'costa I. # (32)	2nd Engineer	407,000	Class II (NCV)-2/E	10	01/11/2009	31/12/2009	Chinar Shipping, 2nd Engineer
12. Desai V. G. # (54)	Chief Engineer	569,750	Class I (MOT)	32	18/11/2009	31/12/2009	M.M.S.I., Chief Engineer
13. George F. X. K. # (34)	Chief Officer	1,503,094	Mate (NCV)	10	06/01/2009 24/08/2009	08/04/2009 21/12/2009	
14. George J. # (40)	Chief Engineer	2,214,565	Class II (NCV)-C/E	23	07/01/2009 19/06/2009 04/12/2009	05/05/2009 30/09/2009 31/12/2009	
15. Ghuwalewala N. P. \$ (65)	Whole-time Director & Business Head (SW)	13,122,224	B.Chem., M.Phil.	40	16/08/1999		Birla Corporation Ltd., Whole-time Director

## ANNEXURE - II (Contd.)

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Expe- rience (years)	Date of Commence- ment of Employment	Date of end of the Term	Last Employment Last Designation
16. Iyengar G.R. # (63)	Master	2,056,887	Master (F.G.)	39	04/12/2008 06/05/2009 29/08/2009	03/02/2009 29/06/2009 04/11/2009	
17. Jana M. C. # (54)	2nd Engineer	2,639,467	Class IV (MOT)	32	01/01/2009 12/06/2009 13/11/2009	28/04/2009 24/09/2009 31/12/2009	
18. Jangid K.R. (50)	General Manager (Mechanical)	1,636,975	B. E. (Mechanical)	26	11/12/2000		J. K. Cement Works, Sr. Manager (Mech.)
19. Jhanb A. # (54)	Master	670,100	Master (F.G.)	33	29/01/2009	24/03/2009	
20. Johnson A. J. # (51)	Chief Officer	604,834	Mate (NCV)	30	28/07/2009	15/10/2009	
21. Joshi R. (45)	General Manager (Mines)	923,400	Dip. Mines, A.M.I.E.	22	15/04/2006		Ultra Tech Cement Ltd., Dy. Manager
22. Josy V. V. # (39)	Chief Engineer	1,116,528	Class II (NCV)-C/E	17	06/03/2009 20/11/2009	12/06/2009 31/12/2009	
23. Krishnan V.P.G. # (64)	Chief Engineer	3,116,631	Class I (MOT)	43	17/11/2008 02/04/2009 17/05/2009 15/11/2009	07/03/2009 08/05/2009 18/08/2009 31/12/2009	
24. Kulkarni P. B.* (67)	Whole-time Director	9,727,635	B.E. (Mech.)	43	08/02/1983	31/01/2009	Lakshmi Cement, J.K. Cement Ltd., Chief Engineer
25. Kundargi A B # (62)	Master	2,355,806	Master (F.G.)	41	13/11/2008 22/03/2009 10/09/2009 30/12/2009	13/01/2009 24/06/2009 02/11/2009 31/12/2009	
26. Kuttappan D. C. # (29)	2nd Engineer	1,126,284	Class IV (NCV)	10	12/06/2009 11/10/2009	02/09/2009 31/12/2009	Beacon Marine, 2nd Engineer
27. Machado T. M. # (58)	Chief Engineer	2,835,693	Class II (MOT)	38	01/02/2009 10/07/2009 30/09/2009	01/06/2009 08/09/2009 19/11/2009	
28. Malik S. S. # (50)	2nd Engineer	1,283,450	Class IV (MOT)	17	01/02/2009	06/08/2009	
29. Menon G. (43)	Deputy General Manager (Accounts)	1,730,122	C. A.	14	15/03/1995		Pujani & Co.
30. Menon S. # (55)	Master	2,017,043	Master (F.G.)	22	24/03/2009 05/08/2009 11/12/2009	03/06/2009 06/10/2009 31/12/2009	
31. Mohanan C.P. # (59)	Chief Officer	724,574	Mate (HT)	36	06/10/2008 14/10/2009	09/01/2009 31/12/2009	
32. Mondkar P. D. # (51)	Master	802,368	Master (F.G.)	20	09/09/2009	10/11/2009	ASP Crew Mgmt., Master
33. Moolathil S. K. # (38)	Chief Officer	1,122,356	Mate (NCV)	10	15/01/2009 15/07/2009 21/12/2009	02/03/2009 27/10/2009 31/12/2009	ABS Marine Services, Chief Officer
34. Naidu R. K. # (55)	2nd Engineer	1,539,127	Class IV (MOT)	30	02/10/2008 05/05/2009 25/11/2009	08/02/2009 19/09/2009 31/12/2009	
35. Pai D. V. # (46)	Chief Engineer	711,898	Class II (MOT)	10	21/03/2009	25/05/2009	Anglo Eastern, 2nd Engineer
36. Pandey M. C. # (40)	Chief Officer	1,694,985	Master (NCV)	15	02/10/2008 04/09/2009	08/04/2009 31/12/2009	
37. Pandey A. K. R. # (37)	Master	2,477,073	Master (F.G.)	11	26/01/2009 06/05/2009 24/06/2009 02/11/2009	22/03/2009 25/05/2009 29/08/2009 31/12/2009	
38. Pandit V. Y. # (53)	Chief Engineer	279,767	Class I (MOT)	25	10/12/2009	31/12/2009	Eurasia, Chief Engineer
39. Parab V. M. # (34)	2nd Engineer	1,383,545	Class III (NCV)-2/E	12	27/10/2008 12/08/2009	07/03/2009 31/12/2009	
40. Raghuvanshi M. K. B. S. # (35)	2nd Engineer	1,252,257	Class IV (NCV)-2/E	9	18/10/2008 06/08/2009	10/03/2009 01/12/2009	
41. Ranjan T. P. # (39)	Chief Officer	1,131,195	Master (NCV)	15	08/04/2009	30/08/2009	
42. Rao P. V. # (58)	Chief Engineer	1,422,547	Class I (MOT)	36	03/01/2009 15/06/2009	23/02/2009 16/08/2009	

## ANNEXURE - II (Contd.)

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Experi- ence (years)	Date of Commence- ment of Employment	Date of end of the Term	Last Employment Last Designation
43. Rao S. L. # (56)	Master	292,483	Master (F.G.)	32	09/12/2009	31/12/2009	M.M.T.I., Master
44. Rivankar A. A. # (35)	Chief Engineer	369,450	Class I (MOT)	9	16/04/2009	18/05/2009	Anglo Eastern, 2nd Engineer
45. Raut G. P. # (60)	Chief Engineer	1,965,953	Class I (MOT)	37	08/11/2008 20/04/2009 16/08/2009	15/01/2009 19/06/2009 05/11/2009	
46. Sahoo P. # (43)	Chief Officer	1,759,447	Mate (NCV)	15	02/03/2009 24/10/2009	30/07/2009 31/12/2009	
47. Saran P. (49)	Senior Vice President (Corporate Relations)	3,061,600	B. Com.	19	01/06/2007		Ambuja Realty Development Ltd., Sr. Vice President (Busi. Development)
48. Sen A. K. # (42)	2nd Engineer	600,095	Class IV (MOT)	18	17/10/2008 23/09/2009	17/02/2009 31/10/2009	
49. Sethi V. K. # (55)	Master	1,933,954	Master (F.G.)	31	05/11/2008 06/03/2009 26/06/2009	26/01/2009 07/05/2009 29/08/2009	
50. Setty C.N.J. (67)	President	4,245,179	B.E. (Mech.), M.I.E.	34	24/05/2007		Ambuja Cements Ltd., Sr. Vice President (Operations)
51. Shaikh M. I. # (54)	Chief Officer	1,014,753	Master (NCV)	15	08/04/2009 13/10/2009 06/12/2009	15/07/2009 24/10/2009 31/12/2009	
52. Singh A. K. # (47)	Chief Officer	516,130	Mate (NCV)	15	03/12/2008	18/03/2009	Safe & Sure, Chief Officer
53. Singh K. # (64)	Chief Engineer	1,762,797	Class I (MOT)	42	15/01/2009 29/05/2009	11/03/2009 13/08/2009	
54. Singh O. # (45)	Chief Officer	1,944,605	Master (NCV)	25	18/03/2009 27/10/2009	05/09/2009 25/12/2009	
55. Singh R. # (55)	2nd Engineer	1,460,467	Class III (NCV)-2/E	30	28/04/2009	14/11/2009	
56. Sivakumar S. # (52)	Master	2,504,534	Master (F.G.)	32	28/12/2008 03/06/2009 04/11/2009	07/04/2009 20/07/2009 31/12/2009	West Asia, Master
57. Surve A. P. # (33)	Chief Engineer	1,985,100	Class III (NCV)-C/E	10	15/10/2008 18/03/2009 28/07/2009 08/09/2009 05/11/2009	03/01/2009 15/06/2009 08/08/2009 01/10/2009 31/12/2009	
58. Taleyarkhan E. P # (55)	Master	1,804,816	Master (F.G.)	36	06/01/2009 06/07/2009	03/03/2009 10/09/2009	
59. Tanwar D. # (37)	Chief Officer	618,584	Mate (FG)	16	11/05/2009	26/07/2009	
60. Tripathi R.P. (50)	Senior Vice President (Projects)	3,483,419	B. Tech. (Chem.), D.B.M.	29	17/01/2009		The India Cements Ltd., Sr. Vice President
61. Varijakshan K. # (50)	2nd Engineer	1,091,926	Class IV (NCV)-2/E	20	10/03/2009	12/08/2009	
62. Verma H # (39)	Master	2,325,484	Master (F.G.)	9	03/10/2008 03/03/2009 25/05/2009 20/06/2009 20/07/2009 10/12/2009	06/01/2009 06/05/2009 31/05/2009 27/06/2009 25/09/2009 31/12/2009	
63. Yadava D. (46)	Assistant Vice President (Projects)	2,085,438	B.E. (Electrical)	23	25/09/2006		Ibeto Group, Nigeria, Sr. General Manager

- 1) Remuneration includes Salary, Commission, contribution to Provident and other Funds and Perquisites (including medical, leave travel and leave encashment on payment basis and monetary value of taxable Perquisites), etc.
- 2) All the abovesaid appointments are non-contractual except marked \* and are terminable by notice on either side.
- 3) None of the employee is related to any Director of the Company except Mr. Kapur A. A. and Mr. Kapur A.L. who are related to each other.
- 4) The persons (marked #) work on contractual basis with Shipping Department of the Company. They render services as and when required by the Company and such instances are more than one during the year. Therefore in their case there are multiple dates of commencement of employment and end of the term.
- 5) a) \$ Remuneration to Mr. Tappar B.L. includes payment to him as Whole-time Director & Co. Secretary upto 30.04.2009 on contractual basis. He ceased to be Whole-time Director w.e.f. 01.05.2009.
- b) \$ Remuneration to Mr. Ghuwalewala N.P. includes payment to him as Whole-time Director upto 27.06.2009 on contractual basis. He ceased to be Whole-time Director w.e.f. 28.06.2009.

# CORPORATE GOVERNANCE

The Directors' Report on the compliance of the Corporate Governance Code is given below.

## 1. CORPORATE GOVERNANCE

### 1.1 Company's Philosophy on Corporate Governance:

At Ambuja Cements, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the law coupled with total adherence to highest norms of business ethics. These two main drivers, together with the Company's ongoing contributions to the local communities through meaningful and relevant Corporate Social Responsibility initiatives add to enhance the stakeholders value.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plant and facilities, transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices are being followed since the inception and have contributed to the Company's sustained growth. The Company also believes that its operations should ensure that the precious natural resources are utilized in a manner that contributes to the "Triple Bottom Line".

### 1.2 The Governance Structure:

Ambuja's governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:

- (i) The Board of Directors - which conducts overall strategic supervision and control by setting the goals and targets, policies, reporting mechanism and decision making process to be followed.
- (ii) Committees of Directors - such as Audit Committee, Compliance Committee, Management Committee etc. are focused on financial reporting, audit & internal controls and compliance issues.
- (iii) Executive Committee (EXCO) - this is comprised of the Managing Director and some key senior executives of the Company.

## 2. BOARD OF DIRECTORS

### 2.1 Composition:

The Company has a very balanced structure of the Board of Directors. At the beginning of the year 2009, the Board consisted of 15 members. During the year 3 Whole-time Directors viz. Mr. P. B. Kulkarni, Mr. N. P. Ghuwalewala and Mr. B. L. Taparia ceased to be Director upon expiry of their respective tenure. On 24th September, 2009, Mr. Suresh Neotia stepped down from the Board after serving as the Chairman for more than two decades. In appreciation of the outstanding and invaluable contribution made by Mr. Neotia towards the growth of the Company, he has been conferred the status of "Chairman Emeritus".

As at the end of corporate financial year 2009, the Board consisted of 11 members, which includes 4 promoter directors (non-executive), 6 independent directors and a Managing Director. Non-executive directors consist of 3 Foreign Promoter Directors and 1 Indian Promoter Director.

Consequent to stepping down by Mr. Suresh Neotia, Mr. Narotam Sekhsaria was appointed as the Non-Executive Chairman and Mr. Paul Hugentobler as the Non-Executive Vice Chairman.

Mr. Onne van der Weijde was appointed as CEO - Designate w.e.f. 17th February, 2010 and shall assume charge as the Managing Director w.e.f. 1st May, 2010 upon superannuation of the present Managing Director Mr. A. L. Kapur on 30th April, 2010.

None of the directors is a director in more than 15 public companies and member of more than 10 committees or act as Chairman of more than five committees across all companies in which they are directors. The non-executive directors are appointed or re-appointed with the approval of the shareholders. The Managing Director and all the non-executive directors are liable to retire by rotation unless otherwise specifically approved by the shareholders.

The Non-Executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from their respective fields. They take active part at the Board and Committee Meetings which add value in the decision making process of the Board of Directors.

The brief profile of each Director is given below:

**Mr. N. S. Sekhsaria (Non-Executive Chairman - Promoter Director, Non-Independent)**

Mr. Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India. In a career spanning over 30 years, he has introduced new standards in management, marketing, efficiency and corporate social responsibility to an industry he has helped transform.

A first generation industrialist, Mr. Sekhsaria, holds a Bachelor's Degree with honours and distinction (2nd rank) in Chemical Engineering, from the University of Bombay. He was the founder promoter and the Chief Executive & Managing Director of the Company since its inception in April 1983 till January 2006. Mr. Sekhsaria relinquished the post of Managing Director when the management control was transferred to Holcim. In September 2009, he was appointed as Non-executive Chairman after Mr. Suresh Neotia relinquished the post of Chairman.

Mr. Sekhsaria built Ambuja Cement into the most efficient and profitable cement Company in India. He has been instrumental in creating and developing a result-oriented management team. His extraordinary business model for the Company was centered around continually fine-tuning efficiencies and upgrading facilities to meet increased competition and the ever growing challenges in the cement industry.

Mr. Sekhsaria also re-defined the industry practices by turning cement from a commodity into a brand, bringing cement plants closer to cement markets and linking plants to lucrative coastal markets by setting up ports and a fleet of bulk cement ships for the first time in India. During his tenure as a founder promoter, the Company grew from 0.7 million tonne capacity to 15 million tonnes, from one location foot print to almost a pan-India Company and a Company which became a bench mark Company in Cement Industry for almost all significant business parameters. The market capitalisation of the Company also increased from the original Rs.18 crores in the year 1985 to about Rs.14,000 crores. These achievements from a first generation industrialist in such a short span speaks volume of vision, business acumen and leadership qualities in Mr. Sekhsaria.

**Mr. Paul Hugentobler (Non-Executive Vice Chairman - Promoter Director representing Holcim Ltd., Non Independent)**

Mr. Hugentobler, a Swiss national, obtained a degree in civil engineering from the Swiss Federal Institute of Technology, ETH, Zurich, and a degree in economic science from the University of St. Gallen. He joined Holcim Group Support Limited in 1980 as Project Manager and in 1994 was appointed Area Manager for Holcim Limited. During 1999-2000, he served as CEO of Siam City Cement, Bangkok, Thailand. He has been a Member of the Executive Committee of Holcim since January 2002 with responsibility for South Asia and ASEAN excluding Philippines.

He joined the Board in May 2006. In September 2009 he was made Non-executive Vice Chairman.

**Mr. Markus Akermann (Non-Executive Promoter Director representing Holcim Ltd., Non Independent)**

Mr. Akermann, a Swiss national, obtained a degree in business economics from the University of St. Gallen in 1973 and studied economic and social sciences at the University of Sheffield, UK. He began his professional career in 1975 with the former Swiss Bank Corporation. In 1978, he moved to Holcim where he was active in a number of roles including Area Manager for Latin America and Holcim Trading. In 1993, he was appointed to the Executive Committee with responsibility for Latin America and international trading activities.

He was appointed CEO of Holcim Limited in 2002.

He joined the Board in May 2006.

**Mr. M. L. Bhakta (Non-Executive, Independent Director)**

Mr. Bhakta is a Senior Partner of Messrs Kanga & Company, a leading firm of Advocates and Solicitors in Mumbai. He has been in practice for over 50 years and has vast experience in the legal field and particularly on matters relating to corporate laws, banking and taxation.

Mr. Bhakta has also been associated with a large number of Euro issues made by Indian companies. He was the Chairman of the Taxation Law Standing Committee of LAW ASIA, an Association of Lawyers of Asia - Pacific.

He is recipient of Rotary Centennial Service Award for Professional Excellence from Rotary International. He is listed as one of the leading lawyers of Asia for four consecutive years 2006, 2007, 2008 & 2009 by Asialaw, Hong Kong. He is on the Board of several large corporates.

He joined the Board in September 1985.

**Mr. Nasser Munjee (Non-Executive, Independent Director)**

Mr. Munjee holds a Bachelor's and Master's degree from the London School of Economics, U.K. His journey in creating financial institutions began with HDFC, whom he has been assisting since its inception in February 1978. In March 1993, he joined the Board of HDFC as Executive Director on which he continues to be along with 14 other companies. Mr. Munjee has a deep interest for rural development, housing finance, urban issues, specially the development of modern cities and humanitarian causes. He is also associated with several public and private institutions as Chairman and Member of the Board or Trustee. He has been awarded as the "Best Non-Executive Independent Director 2009 by Asian Centre for Corporate Governance (ACCG).

He joined the Board in August 2001.

**Mr. Rajendra Chitale (Non-Executive, Independent Director)**

Mr. Chitale, an eminent Chartered Accountant, is the Managing Partner of M/s M. P. Chitale & Associates, a leading boutique international structuring, tax and legal advisory firm. He is a member of the Insurance Advisory Committee of the Insurance and Regulatory Authority of India, and has served as a member of the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served on the board of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., and SBI Capital Markets Ltd. He is on the Board of several large corporates.

He joined the Board in July 2002.

**Mr. Shailesh Haribhakti (Non-Executive, Independent Director)**

Fellow Chartered Accountant. Mr. Shailesh Haribhakti is the Executive Chairman of BDO Consulting Private Ltd. He is the Managing Partner of Haribhakti & Co - Chartered Accountants, which is the Indian Member firm of the world's fifth largest accountancy network - BDO International. He served a 3 year term on the Standards Advisory Council of the International Accounting Standards Board. He is a Committee Member of Futures & Options segment of National Stock Exchange of India and a Member of the SEBI Committee on Disclosures and Accounting Standards. He serves as member of Managing Committees of ASSOCHAM and IMC, and Corporate Governance Committees of ASSOCHAM and CII and is Chairman of the Global Warming Committee of IMC. He is on the Board of Directors of several listed and private companies. He has been awarded "The Best Non-Executive Independent Director - 2007" award by The Asian Centre for Corporate Governance. He is the Chairman of Audit Committee of ACC Ltd., which was recognized as the "Best Audit Committee of 2008" by the Asian Centre for Corporate Governance.

He joined the Board in May 2006.

**Dr. Omkar Goswami (Non-Executive, Independent Director)**

Dr. Goswami, a professional economist, did his Master's in Economics from the Delhi School of Economics and

his D. Phil (Ph.D.) from Oxford University. He taught and researched economics for 19 years at Oxford, Delhi School of Economics, Harvard, Tufts, Jawaharlal Nehru University, Rutgers University and the Indian Statistical Institute, New Delhi. In March 1997, he moved away from formal academics to become the Editor of Business India, one of India's prestigious business magazines. From August 1998 upto March 2004, Dr. Goswami served as the Chief Economist of the Confederation of Indian Industry - the premier apex industry organization of India. He is on the Board of several large corporates.

He joined the Board in July 2006.

**Mr. Naresh Chandra (Non-Executive, Independent Director)**

Mr. Naresh Chandra is a postgraduate in mathematics from Allahabad University. He was a distinguished member of the Indian Administrative Service (IAS) & former Cabinet Secretary to the Government of India and has held various important positions including that of Governor of the State of Gujarat and India's Ambassador to the United States of America. He was also the Chairman of Corporate Governance Committee instituted by the Government of India. In the year 2007, he was honoured with Padma Vibhushan by the Government of India. He is a Director on the Board ACC and several other reputed companies.

He joined the Board in July 2008.

**Mr. Onne van der Weijde (Promoter Director representing Holcim Ltd.) (Whole-time Director w.e.f. 17th February, 2010, Non Independent)**

Mr. Onne, a Dutch national, holds a Bachelors' degree in Economics & Accounting from Rotterdam, the Netherlands and a Master's degree in Business Administration from the University of Bradford, UK. In the year 1996 he joined Holcim and after holding various positions, he was appointed Director and General Manager for Holcim (India) Pvt. Ltd. in March 2005. He was the CFO of ACC for around 2 years during 2006-2008. He possess more than 15 years of experience in cement industry including 5 years in Indian cement industry.

He joined the Board in January 2009.

**Mr. A. L. Kapur (Managing Director, Non Independent)**

Mr. Kapur, BA, FCA, FICW, is a senior, experienced, mature and respected professional in cement industry. Out of over 50 years of experience in the Industrial sector, he has around 30 years of experience in the cement industry, occupying various senior positions, including that of CEOs. He has a very rich experience of all the facets of the Industry in general and the cement industry in particular. Prior to joining the Company, he was the Executive Director & Chief Executive Officer of Birla Corporation Ltd. (erstwhile Birla Jute & Industries Ltd.), Whole-time Director, ACC Ltd., Managing Director, Zenith Ltd. and Whole-time Director (Finance) of Cement Corporation of India Ltd. He was also the Vice-President and President of Cement Manufacturers Association, New Delhi and Chairman of the Board of Governors of the National Council for the Cement Industry. He is also a Director on the Board of Ambuja Cement India Pvt. Ltd., Ambuja Cement Foundation and Holcim Services (South Asia) Ltd., Mumbai.

He joined the Board in May 1999.

## **2.2 Meetings, attendance and agenda of the Board Meeting:**

The Board generally meets 5 times during the year. The yearly calendar of the meetings is finalized before the beginning of the year. Additional meetings are held when necessary. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. The Business Heads and the CFO are invited to attend all the Board Meetings. Other senior management personnel are called as and when necessary, to provide additional inputs for the items being discussed by the Board.

During the year ended on 31st December, 2009 the Board of Directors had 8 meetings. These were held on 9th January, 2009, 6th February, 2009, 17th March, 2009, 22nd April, 2009, 23rd July, 2009, 23rd September, 2009, 28th October, 2009 and 17th December, 2009.

The last Annual General Meeting (AGM) was held on 6th April, 2009. The attendance record of the Directors at the Board Meetings during the year ended on 31st December, 2009, and at the last AGM is as under:-

Sr. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM
1.	Mr. Suresh Neotia (upto 23.09.2009)	Chairman Non Independent	5/6	Yes
2.	Mr. N. S. Sekhsaria (Vice Chairman upto 23.09.2009 and Chairman w.e.f. 24.09.2009)	Chairman Non Independent	8	No
3.	Mr. Paul Hugentobler (Vice Chairman w.e.f. 24.09.2009)	Non-Executive Non Independent	8	Yes
4.	Mr. Markus Akermann	Non-Executive Non Independent	4	No
5.	Mr. M. L. Bhakta	Non-Executive Independent	8	Yes
6.	Mr. Nasser Munjee	Non-Executive Independent	6	Yes
7.	Mr. Rajendra Chitale	Non-Executive Independent	7	No
8.	Mr. Shailesh Haribhakti	Non-Executive Independent	7	Yes
9.	Dr. Omkar Goswami	Non-Executive Independent	4	No
10.	Mr. Naresh Chandra	Non-Executive Independent	7	No
11.	Mr. Onne van der Weijde (w.e.f. 09.01.2009)	Non-Executive Non Independent	5/8	Yes
12.	Mr. A. L. Kapur	Managing Director Non Independent	8	Yes
13.	Mr. P. B. Kulkarni (upto 31.01.2009)	Whole-time Director Non Independent	1/1	No
14.	Mr. N. P. Ghuwalewala (upto 27.06.2009)	Whole-time Director Non Independent	3/4	Yes
15.	Mr. B. L. Taparia (upto 30.04.2009)	Whole-time Director Non Independent	4/4	Yes

### 2.3 Other Directorships etc.:

The details of the Directorships, Chairmanships and the Committee memberships in other Companies (excluding Private Limited Companies, Foreign Companies and section 25 Companies) held by the Directors as on 31st December, 2009, are given below:-

Sr. No.	Name of the Directors	No. of other Directorships	Chairman of the Board	Committee Member		Chairman of the Committee (Mandatory)
				Mandatory	Non-Mandatory	
1.	Mr. Suresh Neotia (upto 23.09.2009)	–	–	–	–	–
2.	Mr. N. S. Sekhsaria	2	1	–	1	–
3.	Mr. Paul Hugentobler	2	–	2	1	1
4.	Mr. Markus Akermann	1	–	–	–	–
5.	Mr. M. L. Bhakta	5	–	5	3	1
6.	Mr. Nasser Munjee	14	1	8	9	4
7.	Mr. Rajendra P. Chitale	9	–	6	5	2
8.	Mr. Shailesh V. Haribhakti	13	–	9	–	5
9.	Dr. Omkar Goswami	9	–	9	9	2
10.	Mr. Naresh Chandra	11	2	10	–	1
11.	Mr. Onne van der Weijde (w.e.f. 09.01.2009)	1	1	–	–	–
12.	Mr. A. L. Kapur	–	–	–	–	–
13.	Mr. N. P. Ghuwalewala (upto 27.06.2009)	–	–	–	–	–
14.	Mr. B. L. Taparia (upto 30.04.2009)	1	–	–	–	–

### 2.4 Compensation and Remuneration:

#### (i) Compensation and Remuneration Policy:

The compensation and remuneration policy aims at attracting, retaining and motivating employees to excel in their performance and to recognize their contribution towards achieving the Company's goal. Remuneration of employees consists of salary, perquisites and performance incentives and varies for different grades based on qualification, experience, job responsibilities, their respective performance and the industry practice.

#### (ii) Remuneration to Directors:

- (a) The remuneration structure of the Managing Director and Whole-time Directors are based on the performance and defined criteria. Based on the recommendation of the Compensation and Remuneration Committee, the Board of Directors decides the remuneration (which also includes the annual increments and performance bonus) payable to the Managing Director and the Whole-time Directors within the overall limits prescribed under the Companies Act, 1956. Approval of the shareholders is obtained wherever required.
- (b) The Non-Executive Directors are paid sitting fees for attending the Board and Committee meetings. For their engagement and time spent, in addition to the sitting fees, the Company has provided for payment of commission of Rs. 9 lacs to each of the Non-Executive Directors for the financial year 2009, which is payable pro-rata to those who were in office for part of the year.

Similarly, the Company has provided additional commission of Rs. 7 lacs for each of the Non-Executive Member Directors of the Audit Committee and Compliance Committee for the financial year 2009, payable pro-rata to those who occupied the office for part of the year.

The maximum commission payable to each Non-Executive Director has been fixed at Rs.16 lacs by the Board of Directors.

(iii) Employee Stock Options:

The Employee Stock Option Scheme has proved to be a good instrument for employee motivation and talent attraction. The Company therefore, like in the previous years continued granting stock options to its employees. The Managing Director, the Whole-time Directors and the eligible employees were granted 7499600 stock options from ESOS 2009. They are entitled to subscribe for one equity share for each option at an exercise price of Rs. 96/- per share. This exercise price has been computed by averaging the daily closing price of equity shares of the Company during the 7 days immediately preceding the date on which the options were granted. Non-Executive Directors are not entitled to the Stock Options as per the scheme.

During the year 2008, the Company started implementing SAP ERP project covering all its operations. For the smooth implementation of the project, a core team of executives drawn from different functions was formed. The continuation and motivation of this core team was very critical for the successful implementation of the project. Accordingly, 113850 stock options from ESOS 2008 scheme were granted to the core team members. They are entitled to subscribe for one equity share for each option at an exercise price of Rs. 96/- per share.

These stock options would vest on 19th June, 2010 i.e. on the expiry of one year from the date of grant and can be exercised within a period of 4 years from the date of vesting.

Directors (other than the Managing Director and Whole-time Directors) are not entitled for stock options. Non-Executive Directors do not hold any convertible instruments.

The details of remuneration, sitting fees, performance bonus, commission paid and stock options granted to each of the Directors during the year ended on 31st December, 2009 are given below:-

Sr. No.	Name of the Directors	Salary (see note below)	Sitting fees	Commission	Stock Option (see note below)	Service contract	Notice period	No. of shares held
1.	Mr. Suresh Neotia (upto 23.9.2009)	Nil	1,00,000	6,55,890	Nil	N.A.	N.A.	39000
2.	Mr. N. S. Sekhsaria	Nil	2,00,000	9,00,000	Nil	N.A.	N.A.	1000
3.	Mr. Markus Akermann	Nil	80,000	9,00,000	Nil	N.A.	N.A.	Nil
4.	Mr. Paul Hugentobler	Nil	3,60,000	16,00,000	Nil	N.A.	N.A.	Nil
5.	Mr. M. L. Bhakta	Nil	4,50,000	16,00,000	Nil	N.A.	N.A.	225000
6.	Mr. Nasser Munjee	Nil	1,50,000	9,00,000	Nil	N.A.	N.A.	Nil
7.	Mr. Rajendra P. Chitale	Nil	2,90,000	16,00,000	Nil	N.A.	N.A.	Nil
8.	Mr. Shailesh Haribhakti	Nil	3,90,000	16,00,000	Nil	N.A.	N.A.	10000
9.	Dr. Omkar Goswami	Nil	1,00,000	16,00,000	Nil	N.A.	N.A.	Nil
10.	Mr. Onne van der Weijde (w.e.f. 9.1.2009)	Nil	1,20,000	15,64,932	Nil	N.A.	N.A.	Nil
11.	Mr. Naresh Chandra	Nil	1,70,000	16,00,000	Nil	N.A.	N.A.	Nil
12.	Mr. A. L. Kapur As Managing Director	31,330,686	Nil	Nil	275000	5 years	6 months	1293700

Sr. No.	Name of the Directors	Salary (see note below)	Sitting fees	Commission	Stock Option (see note below)	Service contract	Notice period	No. of shares held
13.	Mr. P. B. Kulkarni Whole-time Director (upto 31.01.2009)	97,27,635	Nil	Nil	Nil	N.A.	N.A.	149504
14.	Mr. N. P. Ghuwalewala Whole-time Director (upto 27.06.2009)	129,83,162	Nil	Nil	120000	N.A.	N.A.	305000
15.	Mr. B. L. Taparia Whole-time Director and Company Secretary (upto 30.04.2009)	55,52,836	Nil	Nil	85000	N.A.	N.A.	318750
<b>TOTAL</b>		<b>59,594,319</b>	<b>24,10,000</b>	<b>1,45,20,822</b>	<b>480000</b>			

**Note:** Salary includes basic salary, performance bonus, allowances, contribution to provident, superannuation and gratuity funds and perquisites (including monetary value of taxable perquisites) etc.

## 2.5 Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all the Board members and all the employees in the management grade of the Company. The code covers amongst other things the Company's commitment to honest & ethical personal conduct, fair competition, corporate social responsibility, sustainable environmental performance, health & safety, transparency and compliance of laws & regulations etc. The Code of Conduct is posted on the website of the Company.

All the Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

## 2.6 Prevention of Insider Trading Code:

As per SEBI (Prevention of Insider Trading) Regulation, 1992, the Company has adopted a Code of conduct for Prevention of Insider Trading. All the directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code. The Company has appointed Mr. B. L. Taparia as compliance officer who is responsible for setting forth procedures and implementation of the code of conduct for trading in Company's securities. During the year under review there has been due compliance with the said code.

## 3. AUDIT COMMITTEE

### 3.1 The Audit committee comprises of the following members:-

1. Mr. Shailesh Haribhakti – Member  
Chairman (w.e.f. 03.02.2010)
2. Mr. M. L. Bhakta – Member  
Chairman (upto 16.12.2009)
3. Mr. Paul Hugentobler – Member
4. Mr. Rajendra P. Chitale – Member

Mr. M. L. Bhakta, who was the Chairman of the Audit Committee since May 2006 stepped down from the Chairmanship in December, 2009. Consequent to this, Mr. Shailesh Haribhakti, Independent Director has been appointed as the Chairman of the Committee.

All the members of the Audit Committee are Non-Executive Directors and except Mr. Paul Hugentobler, all are Independent Directors. They possess sound knowledge of accounts, audit, finance, internal controls etc.

Mr. A. L. Kapur, the Managing Director is the permanent invitee and Mr. B. L. Taparia, Company Secretary & Head - Corporate Services acts as secretary to the committee.

- 3.2** The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the stock exchanges read with section 292A of the Companies Act. These broadly include approval of annual internal audit plan, review of financial reporting systems, internal control systems, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal & cost auditors, recommendation for appointment of statutory & cost auditors and their remuneration and the risk management framework concerning the critical operations of the Company.

In addition to the above, the audit committee also reviews the following:

- (a) Management's Discussions and Analysis of Company's operations,
- (b) Periodical Internal Audit Reports,
- (c) Letters of Statutory Auditors to management on internal control weakness, if any,
- (d) Appointment, removal and terms of remuneration of Chief Internal Auditor,
- (e) Significant related party transactions,
- (f) Quarterly and annual financial statements including investments made by the subsidiary companies.

- 3.3** In view of large number of applicable laws & regulations to the Company's business, and time required for monitoring the compliances, the task of monitoring and review of legal & regulatory compliance has been assigned to a separate committee of directors called as the "Compliance Committee" under the chairmanship of Mr. Shailesh Haribhakti, Independent Director. The details of Compliance Committee have been given under point no. 4 of this report.

- 3.4** The Company has framed the Audit Committee Charter for the purpose of effective compliance of clause 49 of the listing agreement.

- 3.5** The Audit Committee during the year ended on 31st December, 2009 had 6 meetings. The attendance of each Committee member was as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M. L. Bhakta, Chairman	Non-Executive, Independent	6
2.	Mr. Paul Hugentobler	Non-Executive	6
3.	Mr. Rajendra P. Chitale	Non-Executive, Independent	5
4.	Mr. Shailesh Haribhakti	Non-Executive, Independent	6

Head of Internal Audit department attends all the Audit Committee Meetings as far as possible and briefs the Committee on all the points covered in the Report as well as the other issues which come up during discussions.

The representatives of the Statutory Auditors have attended all the 6 Audit Committee meetings held during the year. The representatives of the Cost Auditors have attended 1 Audit Committee Meeting where the Cost Audit Report was discussed.

The Committee invites the representatives of Holcim group's internal audit department to attend the Audit Committee meetings for getting their valuable support and guidance on the international best practices in internal audit and strengthening of internal controls.

In order to get the inputs and opinions of the Statutory Auditors and the Internal Auditors, the Committee also held separate one-to-one meetings with the Statutory Auditor and Head of Internal Audit department without the presence of the Managing Director and management representatives.

The then Chairman of the Audit Committee, Mr. M. L. Bhakta was also present at the last Annual General Meeting to answer shareholders queries.

#### 4. COMPLIANCE COMMITTEE

With the liberalization of economy, the compliances under various statutes have been made more stringent and complex, where focused attention is required. With that view, the Compliance Committee of Directors is formed to:

- periodically review the compliance status of all the major and significant statutes as applicable to all the business operations;
- suggest taking necessary corrective actions for non compliance, if any;
- specifically review and confirm that all the requirements of competition law are fully met;
- review the Legal Compliance Mechanism, which has been specially developed to ensure full compliance of all the laws relating to the business operations of the Company;
- review significant legal cases filed by and against the Company;
- periodically review the Code of Business Conduct & Ethics and Code of Conduct for prevention of Insider Trading.

The Committee gives its recommendation to the Board of Directors. The Committee consists of the members as stated below. During the year 2009 the Committee held 4 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. Shailesh Haribhakti, Chairman	Independent Director	4
2.	Dr. Omkar Goswami	Independent Director	2
3.	Mr. Naresh Chandra (w.e.f. 06.02.2009)	Independent Director	3/4
4.	Mr. Paul Hugentobler	Non Independent Director	4
5.	Mr. Onne van der Weijde (w.e.f. 06.02.2009)	Non Independent Director	2/4
6.	Mr. A. L. Kapur, MD	Non Independent Director	4

#### 5. COMPENSATION AND REMUNERATION COMMITTEE

The Compensation & Remuneration Committee comprises of the members as stated below. The Committee during the year ended on 31st December, 2009 had 4 meetings. The attendance of the members was as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M. L. Bhakta, Chairman	Non-Executive, Independent	4
2.	Mr. N. S. Sekhsaria	Non-Executive, Non Independent	4
3.	Mr. Paul Hugentobler	Non-Executive, Non Independent	4
4.	Mr. Nasser Munjee	Non-Executive, Independent	3
5.	Mr. Shailesh Haribhakti	Non-Executive, Independent	4

Mr. A. L. Kapur, Managing Director is the permanent invitee for all the Committee meetings.

The Committee is empowered -

- (a) to recommend to the Board on the remuneration including payment of performance bonus to the Managing Director and the Whole-time Director(s) within the limits sanctioned by the shareholders;
- (b) to finalize the basic structure of the Employee Stock Option Scheme and recommend the same to the Board for its approval as well as for the approval of the shareholders. After these approvals, the Committee decides the eligibility of each category of employees, grant the options to them and supervise the implementation of the Scheme.

The remuneration to the Managing Director and Whole-time Director(s) and grant of stock options to them are decided on the basis of following broad criteria:-

- a) industry trend
- b) remuneration package in other comparable corporates
- c) job responsibilities
- d) Company's performance and individual's key performance areas

## 6. SHARE ALLOTMENT AND INVESTORS' GRIEVANCES COMMITTEE

The Committee looks into allotment of shares kept in abeyance, allotment of shares on exercise of the stock options by the employees and allotment of privately placed preference shares, debentures and bonds, if any. The Committee is also responsible for the redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services.

The Committee is headed by Mr. M. L. Bhakta, Independent Director and consists of the members as stated below. During the year ended on 31st December, 2009, this Committee had 10 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M. L. Bhakta, Chairman	Independent Director	9
2.	Mr. Rajendra Chitale	Independent Director	6
3.	Mr. A. L. Kapur	Managing Director	9
4.	Mr. N. P. Ghuwalewala (upto 22nd April, 2009)	Whole-time Director	2/2
5.	Mr. B. L. Taparia (upto 22nd April, 2009)	Whole-time Director	2/2

Mr. B. L. Taparia, Company Secretary & Head - Corporate Services is designated as the Compliance Officer who is overseeing the investors' grievances.

The detailed particulars of investors' complaints handled by the Company and its Registrar & Share Transfer Agent during the year are as under:

Nature of Complaints	Opening	Received During the Year	Resolved	Pending Resolution
Non Receipt of Bonus Shares	NIL	4	4	NIL
Non Receipt of Transferred Shares	NIL	NIL	NIL	NIL
Non Receipt of Dividend	NIL	8	8	NIL
Non Receipt of Revalidated Dividend Warrants	NIL	NIL	NIL	NIL
Letters from SEBI / Stock Exchanges, ROC etc.	NIL	45	45	NIL
Demat Queries	NIL	1	1	NIL
Miscellaneous Complaints	NIL	2	2	NIL
<b>TOTAL</b>	<b>NIL</b>	<b>60</b>	<b>60</b>	<b>NIL</b>

None of the complaints are pending for a period exceeding 30 days. All the requests for transfer of shares have been processed on time and there are no transfers pending for more than 30 days.

Over and above the aforesaid complaints, the Company and its Registrar & Share Transfer Agent have received more than 8,000 letters / queries / requests on various matters such as change of address, change of bank particulars, ECS mandate, nomination request etc. and we are pleased to report that except for requests received during the year end which are under process, all other queries / requests have been replied on time.

## 7. OTHER COMMITTEES OF DIRECTORS

In addition to the above referred Committees which are mandatory under the Companies Act, the Listing Agreement and under the SEBI Guidelines, the Board of Directors has constituted the following more Committees of Directors to look into various business matters :-

### (A) Management Committee

The Management Committee is formed to authorize grant of Power of Attorney to executives, to approve various facilities as and when granted by the Banks and execution of documents for these facilities. The committee comprises of the following members:

Mr. M. L. Bhakta, Chairman	– Independent Director
Mr. Shailesh Haribhakti	– Independent Director
Mr. A. L. Kapur	– Non Independent Director

### (B) Share Transfer Committee

Share Transfer Committee is formed to approve transfer & transmission of shares / debentures / bonds, issue of duplicate / re-materialized shares and consolidation & splitting of certificates etc. The committee comprises of the following members:

Mr. A. L. Kapur, Chairman	– Non Independent Director
Mr. Shailesh Haribhakti	– Independent Director
Mr. Rajendra Chitale	– Independent Director

## 8. WHISTLE BLOWER POLICY

With the rapid expansion of business in terms of volume, value and geography, the risk associated with each of them has also increased considerably. One such risk identified is the risk of fraud & misconduct. The Company takes any activity of fraud or misconduct very seriously.

In view of serious consequences of fraud and its implication on the Company's business, the Audit Committee, which is responsible for reviewing all the acts of fraud and misconduct, has laid down a Fraud Risk Management Policy. The policy contains features similar to a Whistle Blower Policy.

This policy is applicable to all the directors and employees of the Company. The main objectives of the policy are as under:

- To protect the brand, reputation and assets of the Company from loss or damage, resulting from suspected or confirmed incidents of fraud / misconduct.
- To provide guidance to directors and employees on reporting any suspicious activity and handling critical information and evidence.

For the effective implementation of the policy, the Audit Committee has constituted a Fraud Risk Management Committee (FRMC) of very senior executives comprising of:

- Mr. B. L. Taparia, Company Secretary & Head - Corporate Services - Chairman
- Mr. R. R. Darak, President (Accounts & IT) - Member
- Mr. A. J. Pandya, Chief Internal Auditor - Member

The FRMC will implement the policy and is responsible for reviewing, inspecting and taking appropriate actions on all reported cases of suspected fraud / misconduct. The FRMC functions independently and reports directly to the Audit Committee.

Through this policy, a platform has been provided to the directors and employees to report any suspected or confirmed incident of fraud/misconduct. A separate Fraud Risk Management Cell has been established at the Company's Corporate Office with the following escalation mechanism in place:

- Dedicated Email : Acl-speakup@ambujacement.com
- National Toll Free Phone Line : 1800 022 7090
- Written Communication to : The Response Manager, FRM Cell (Secretarial Dept.) Elegant Business Park, MIDC Cross Road "B", Off Andheri-Kurla Road, Andheri (East), Mumbai - 400 059.

The policy is also posted on the website of the Company.

## 9. GENERAL BODY MEETINGS

### (i) Annual General Meeting (AGM):

The Company convenes Annual General Meeting generally within four months of the close of the Corporate Financial Year. The details of Annual General Meetings held in last 3 years are as under:-

Year	Day, Date and Time	Venue	Whether Special Resolution passed
2005-2006	24th AGM held on Monday, 26th March, 2007 at 10.00 a.m.	Registered Office	Yes
2007	25th AGM held on Tuesday, 22nd April, 2008 at 10.00 a.m.	Registered Office	Yes
2008	26th AGM held on Monday, 6th April, 2009 at 10.00 a.m.	Registered Office	Yes

### (ii) Extra Ordinary General Meetings:

In addition to Annual General Meeting, the Company holds General Meetings of the shareholders as and when need arises. There was no such meeting held during the year.

### (iii) Postal Ballot:

No special resolution requiring a postal ballot was proposed last year. No special resolution requiring a Postal Ballot is being proposed for at the ensuing AGM.

## 10. DISCLOSURES

- (i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.
- (ii) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.
- (iii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- (iv) The Company has in place a mechanism to inform the Board members about the Risk assessment and minimization procedures and periodical reviews to ensure that the critical risks are controlled by the executive management.

## 11. CEO / CFO CERTIFICATION

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Clause 49 of the listing agreement certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

## 12. NON-MANDATORY REQUIREMENTS

Among non-mandatory requirements, the following has been complied with:

- (i) the Company was maintaining a separate office for its erstwhile Non-Executive Chairman, Mr. Suresh Neotia (upto 23.09.2009). No such office has been maintained thereafter.
- (ii) the Board has set up a Compensation & Remuneration Committee and
- (iii) The Audit Committee has laid down a Whistle Blower Policy in the form of Fraud Risk Management Policy, the details of which has been given in point no. 8 above. The other non-mandatory requirements not yet adopted by the Company are as under:
  - i) Fixing tenure for Independent directors viz. 9 years.
  - ii) The half yearly financial performance to be sent to each household of shareholders.
  - iii) Audit qualification - Zero qualification regime.
  - iv) Training of Board members.
  - v) Mechanism for evaluating non-executive Board members.

## 13. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in The Economic Times, The Financial Express and Jaihind and other newspapers.

These results are simultaneously posted on the website of the Company at [www.gujaratambuja.com](http://www.gujaratambuja.com) and on the Corporate Filing and Dissemination System (CFDS) viz. [www.corpfiling.co.in](http://www.corpfiling.co.in) website maintained by SEBI in association with the National Informatics Centre (NIC).

The official press releases and presentation made to Institutional Investors / Analysts are also available on the Company's website.

## 14. GENERAL SHAREHOLDERS' INFORMATION

### 14.1 Registered Office:

P. O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715

### 14.2 Address for Correspondence:

Elegant Business Park, MIDC Cross Road 'B', Off Andheri-Kurla Road, Andheri (East), Mumbai-400 059.  
Phone No: 022 - 40667000

### Exclusive e-mail id for Investor Grievances

Pursuant to Clause 47(f) of the Listing Agreement, the following e-mail ID has been designated for communicating investors' grievances:-

[shares@ambujacement.com](mailto:shares@ambujacement.com)

### 14.3 Plant Locations:

Integrated Cement Plants

1. P. O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.

2. Village Suli & Rauri, P. O. Darlaghat, District Solan, Himachal Pradesh - 171 102.
3. Maratha Cement Works, P. O. Upperwahi, Dist. Chandrapur, Maharashtra - 442 908.
4. Village Rabriyawas, Tehsil Jaitaran, Dist. Pali, Rajasthan - 306 709.
5. Village Rawan, Tehsil Baloda Bazar, Dist. Raipur, Chhattisgarh - 493 331.

#### Grinding Stations

1. Village Daburji, District Roopnagar, Punjab - 140 001.
2. P. O. & District Bathinda, Punjab - 151 002.
3. P. O. & Village Dhulagori, P. S. Sankrail, Dist. Howrah, West Bengal - 711 302.
4. Survey No. 39/40, Magdalla Port Road, Village Gavier, Taluka Choryasi, District Surat, Gujarat - 395 010.
5. Village Lakeshwari, Pargana - Bhagwanpur, Tehsil - Roorkee, Dist. Haridwar, Uttaranchal.
6. Village Kendua, P. O. Shrimantapur, P. S. Farakka, Dist. Murshidabad-742 236, West Bengal.

#### Bulk Cement Terminals

1. Muldwarka, Taluka Kodinar, District Junagadh, Gujarat - 362 715.
2. Survey No. 39/40, Magdalla Port Road, Village Gavier, Taluka Choryasi, District Surat, Gujarat - 395 010.
3. Village Moha, Near Ulwe Reti Bunder, Post Ulwe, District Raigad, Maharashtra - 410 306.
4. Q1 Berth, Mattancherry Wharf, Willingdon Island, Cochin, Kerala - 682 003.

#### 14.4 Share Transfer Agents:

Sharepro Services (India) Pvt. Ltd.,  
13AB Samhita Warehousing Complex, 2nd Floor, Near Saki Naka Telephone Exchange,  
Andheri Kurla Road, Saki Naka, Andheri (East), Mumbai - 400 072  
Tel. No.: (022) 67720300/67720400, Fax No.: (022) 28591568 / 28508927  
E-mail - [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

#### 14.5 Annual General Meeting:

Day & Date : Monday, 5th April, 2010  
Time : 10.00 a.m.  
Venue : Registered Office - P. O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.

#### 14.6 Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday the 20th February, 2010 till Friday, the 5th March, 2010 (both days inclusive) for payment of final dividend.

#### 14.7 Dividend Payment Date:

Within seven working days from the date of Annual General Meeting.

#### 14.8 Listing of Shares & Other Securities:

##### A. Equity Shares

The equity shares are at present listed at the following Stock Exchanges :

Name of the Stock Exchanges	Stock Code / Symbol
(i) Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.	500425
(ii) National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	AMBUJACEM

**B. Debentures**

There are no debentures listed at the wholesale debt segment of the National Stock Exchange of India Ltd.

**C. GDRs**

The GDRs are listed under the EURO MTF Platform of Luxembourg Stock Exchange, Societe de la Bourse de Luxembourg, Avenue de la Porte Neuve L-2011 Luxembourg, B.P.165.

**D. ISIN Code for the Company's equity share**

INE079A01024

**E. Corporate Identity Number (CIN)**

L26942GJ1981PLC004717

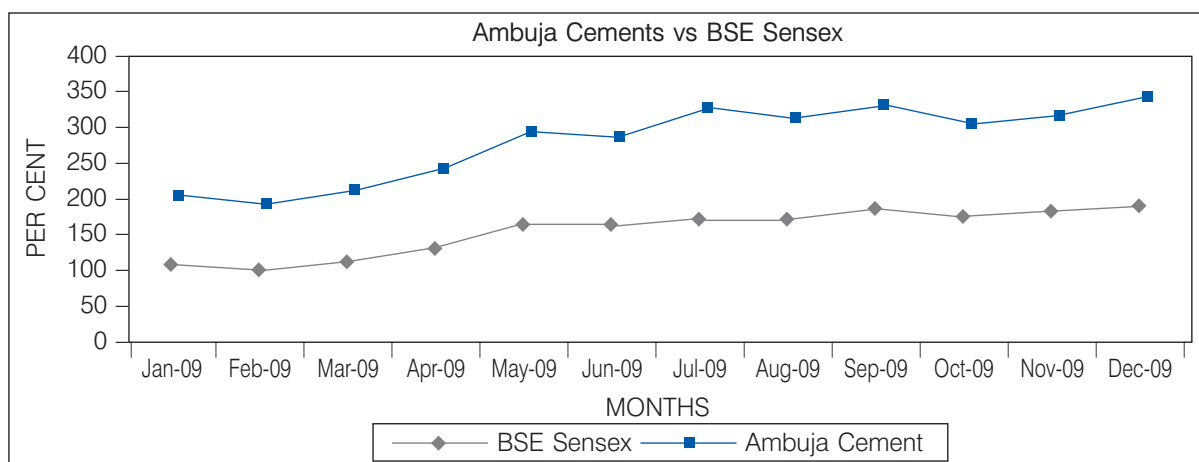
**14.9 Listing Fees:**

The Company has paid listing fees upto 31st March, 2009 to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) where Company's shares are listed.

**14.10 Market Price Data:**

The high / low market price of the shares during the year 2009 at the Stock Exchange, Mumbai and at National Stock Exchange of India Ltd. were as under:-

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
January-09	79.20	65.55	79.20	65.10
February-09	76.25	59.55	76.40	59.75
March-09	75.10	60.35	75.00	60.40
April-09	87.80	70.20	87.85	68.30
May-09	95.00	74.00	94.70	74.00
June-09	107.00	79.20	106.90	82.50
July-09	109.95	85.25	110.30	85.05
August-09	111.50	95.10	111.80	95.05
September-09	102.50	96.05	102.45	96.05
October-09	105.55	83.80	105.30	86.05
November-09	95.00	81.80	95.00	81.85
December-09	104.80	92.15	105.20	92.35

**14.11 Performance in comparison to broad based indices:**

#### 14.12 Distribution of Shareholding:

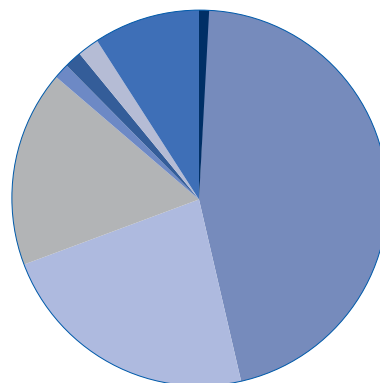
The shareholding distribution of the equity shares as on 31st December, 2009 is given below:-

No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
Less than 50	120245	3066287	0.20
51 to 100	43095	3876307	0.25
101 to 500	44915	11697348	0.77
501 to 1000	11564	9110676	0.60
1001 to 5000	20195	53451013	3.51
5001 to 10000	3946	28498276	1.87
10001 to 50000	2292	42316750	2.78
50001 to 100000	141	10024450	0.66
100001 to 500000	165	36755350	2.41
500001 & above	128	1324914923	86.95
<b>TOTAL</b>	<b>246686</b>	<b>1523711380</b>	<b>100.00</b>

#### 14.13 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31st December, 2009 is given below:-

Category	No. of Shares	Percentage %
Indian Promoters	12081909	0.79
Foreign Promoters	695393717	45.64
Foreign Investors (including FIIs)	349054069	22.91
Mutual Funds, Banks & Institution	257400509	16.89
OCB NRIs	20416097	1.34
Body Corporates	21332630	1.40
GDR Holders	28952518	1.90
Others	139079931	9.13
<b>TOTAL</b>	<b>1523711380</b>	<b>100.00</b>



#### 14.14 Foreign Promoters Group Disclosure:

Foreign Promoters shareholding in the Company is being held by Holderind Investments Ltd. and its Indian subsidiary Ambuja Cements India Private Ltd. Holderind Investments Ltd., Mauritius has informed the Company that it, Holcim Limited, Holderfin B. V., Holcim (India) Pvt. Ltd. and Ambuja Cements India Pvt. Ltd. are companies belonging to the same group (hereinafter referred as "Holcim Group") as defined under the Monopolies and Restrictive Trade Practices Act, 1969.

#### 14.15 Dematerialisation of Shares:

About 97.77% of total equity share capital is held in dematerialised form with NSDL and CDSL as on 31st December, 2009.

#### 14.16 Secretarial Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges, NSDL and CDSL and is also placed before the Board of Directors.

# 14.17 Outstanding GDRs or Warrants or any Convertible Instrument, conversion Dates and likely impact on Equity:

- (i) The Company had issued Foreign Currency Convertible Bonds (FCCB) in the year 1993 and 2001. Out of the total conversion of these bonds into GDRs, 28952518 GDRs are outstanding as on 31st December, 2009 which are listed on the Luxembourg Stock Exchange, Luxembourg. The underlying shares representing the outstanding GDRs have already been included in equity share capital. Therefore, there will be no further impact on the equity capital of the Company.
- (ii) The Company has issued warrants and has granted stock options from time to time in the past. The outstanding position of these convertible instruments as on 31st December, 2009 and their likely impact on the equity share capital is as under:-

Sr. No.	Issue Particulars	Conversion rate (as adjusted)  (Rs. per share)	Likely impact on full conversion	
			Share Capital (Rs. in crores)	Share Premium (Rs. in crores)
A.	Employee Stock Options			
(i)	17600 Outstanding options granted under ESOS 2003-2004, one stock option convertible into 7.5 equity shares upto 20th January, 2010.	41.33*	0.03	0.52
(ii)	51475 Outstanding options granted under ESOS 2004-2005, one stock option convertible into 7.5 equity shares upto 9th March, 2010.	59.06*	0.08	2.20
(iii)	139475 Outstanding options granted under ESOS 2005-2006, one stock option convertible into 5 equity shares upto 6th November, 2010.	69.60	0.14	4.71
(iv)	6861400 Outstanding options granted under ESOS 2007, one stock option convertible into 1 equity share upto 6th June, 2012	113.00	1.37	76.16
(v)	105950 Outstanding options granted under ESOS 2007 (SAP CORE TEAM) one stock option convertible into 1 equity share upto 30th June, 2013	82.00	0.02	0.85
(vi)	6650450 Outstanding options granted under ESOS 2008, one stock option convertible into 1 equity share upto 30th June, 2013	82.00	1.33	53.20
(vii)	110550 Outstanding options granted under ESOS 2008 (SAP CORE TEAM) one stock option convertible into 1 equity share upto 18.06.2014	96.00	0.02	1.04
(viii)	7271250 Outstanding options granted under ESOS 2009, one stock option convertible into 1 equity share upto 18.06.2014	96.00	1.45	68.35
	SUB-TOTAL (A)		4.44	207.03
B.	Rights entitlement kept in abeyance out of the Rights Issue of equity shares and warrants to equity shareholders made in the year 1992			
(i)	141330 Right shares	6.66*	0.03	0.07
(ii)	188190 warrants	7.50*	0.04	0.10
	SUB-TOTAL (B)		0.07	0.17
	<b>GRAND TOTAL (A+B)</b>		<b>4.51</b>	<b>207.20</b>

(\*) conversion price has been arrived after appropriate adjustment of split and bonus issues.

- (iii) The diluted equity share capital of the Company upon conversion of all the outstanding convertible instruments will become Rs. 309.25 crores.

#### 14.18 Share Transfer System:

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in about 15 to 20 days of receipt of the documents, provided the documents are found to be in order. Shares under objection are returned within two weeks. The Share Transfer Committee considers the transfer proposals generally on a weekly basis.

#### 14.19 Financial Calendar 2010:

First quarterly results	: April 2010
Second quarterly / Half yearly results	: July 2010
Third quarterly results	: October 2010
Annual results for the year ending on 31st December, 2010	: February 2011
Annual General Meeting for the year ending on 31st December, 2010	: April 2011

#### 14.20 Dividend Policy:

The first issue of shares was made by the Company in the year 1985-86 at Rs.10/- per share. Company is paying dividend from its very first full year of operation. From a modest dividend of 11% in 1987-88, Company has been increasing dividend almost every year. This year, the Board has recommended total dividend of 120% (Rs. 2.40 per share) including 60% (Rs.1.20 per share) paid as interim dividend. As a future policy for payment of dividend, Company shall endeavour to follow a pay-out ratio of about 35% in the ordinary circumstances.

#### 14.21 Dividend History for the last 5 years is as under:

Financial year	Dividend	Dividend Rate (%)	Dividend Amt. (Rs. in Crores)
2003-04	Interim	50	88.25
	Final	30	53.82
2004-05	Interim	60	108.05
	Final	30	81.11
2005-06	1st Interim	50	135.80
	2nd Interim	75	204.08
	Final	40	121.34
2007	Interim	125	380.40
	Final	50	152.24
2008	Interim	60	182.70
	Final	50	152.26

## 15. SUBSIDIARY COMPANIES

There is no material non listed Indian subsidiary Company requiring appointment of Independent Director of the Company on the Board of Directors of the subsidiary Company. The requirements of the Clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with.

## AUDITORS' CERTIFICATE

To

The Members of Ambuja Cements Limited

We have examined the compliance of conditions of Corporate Governance by Ambuja Cements Limited (the 'Company'), for the year ended on December 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No.: 41870

Mumbai, February 4, 2010

## DECLARATION REGARDING CODE OF CONDUCT

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

Mumbai, February 1, 2010

A. L. Kapur  
*Managing Director*

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## CEO / CFO CERTIFICATION

The Board of Directors  
Ambuja Cements Ltd.

We have reviewed the financial statements, read with the cash flow statement of Ambuja Cements Ltd. for the year ended 31st December, 2009 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year.
  - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

David Atkinson  
*Chief Financial Officer*

Mumbai, February 4, 2010

A. L. Kapur  
*Managing Director*

## AUDITORS' REPORT

To

The Members of Ambuja Cements Limited

1. We have audited the attached Balance Sheet of Ambuja Cements Limited ('the Company') as at December 31, 2009 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2009;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No.: 41870

Mumbai, February 4, 2010

**ANNEXURE**  
**Annexure referred to in paragraph 3 of our report of even date**  
**Re: Ambuja Cements Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme for physical verification on a rotational basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. Accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Nature of the Statute	Nature of Dues	Amount (Rs. in Crores)	Period to which the Amount relates	Due Date	Date of Payment
Chhattisgarh Vidyut Shulk Adhiniyam, 1949	Electricity Duty	0.75	February to May 2009	Last day of the relevant next month	January 13, 2010

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount** (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of Excise Duty on clearance of Cement & Others	0.13	1999-2005	CESTAT*
		1.09	2005-2007	CESTAT
		0.37	2006-2007	Commissioner (A)
	Denial of MODVAT credit on Inputs and Capital Goods	3.18	1993-2007	CESTAT*
		7.75	1993-2007	CESTAT
		0.98	1994-2004	Commissioner (A)*
		0.11	1994-2007	Commissioner (A)
		0.75	1993-2004	High Court *
		2.02	1996-2002	Supreme Court*

Name of the statute	Nature of dues	Amount** (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
	Denial of Service Tax Credit	2.59	2005-2007	CESTAT
		0.24	2005-2006	Commissioner (A)
Central Sales Tax Act, 1956 and Various State Sales Tax Act	Demand of Sales Tax / Additional Tax / Purchase Tax	4.92	1991-2009	High Court
		3.30	1999-2003	High Court *
		2.30	1999-2008	Supreme Court *
		1.13	1988-2008	Tribunal
		17.70	1991-2008	Commissioner
Custom Act, 1962	Demand of Customs Duty	0.93	1996-2007	CESTAT
		0.52	1996-2007	CESTAT *
		0.08	2007-2008	Commissioner (A)*
		0.44	2000-2008	Commissioner (A)
Rajasthan Land Tax Rules, 2006	Demand of Land Tax	21.41	2006-2009	High Court
Rajasthan Provisional Collection of Taxes Act, 1958	Environment Cess	2.53	2008-2009	High Court
Chhattisgarh Upkar (Sanshodhan Adhiniyam) 2004	Mineral Area Development Cess	4.33	2006-2009	High Court
Bombay Stamp Act, 1958	Stamp Duty	1.45	2006-2009	High Court

\* In respect of these cases the Department is in appeal

\*\* Net of amount deposited

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created security or charge in respect of debentures issued.
- (xx) The Company has not raised any money through a public issue during the year. Accordingly, the provisions of clause (xx) of the Order are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No.: 41870

Mumbai, February 4, 2010

# BALANCE SHEET

as at 31st December, 2009

			As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital .....	<b>A</b>	<b>304.74</b>		304.52
Employee Stock Option Outstanding (Refer Note 10) .....		<b>0.24</b>		0.34
Reserves and Surplus .....	<b>B</b>	<b>6,165.92</b>		5,368.01
			<b>6,470.90</b>	5,672.87
<b>Loan Funds</b>				
Secured Loans .....	<b>C</b>	<b>100.00</b>		100.00
Unsecured Loans .....	<b>D</b>	<b>65.70</b>		188.67
			<b>165.70</b>	288.67
<b>Deferred Tax Liability, net</b> (Refer Note 7) .....			<b>485.84</b>	380.75
<b>TOTAL</b> .....			<b>7,122.44</b>	6,342.29
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b> .....	<b>E</b>			
Gross Block .....		<b>6,224.13</b>		5,706.94
Less: Depreciation .....		<b>2,784.09</b>		2,514.19
Net Block .....		<b>3,440.04</b>		3,192.75
Capital Work-in-Progress (Refer Note 25) .....		<b>2,564.82</b>		1,560.75
		<b>6,004.86</b>		4,753.50
Advances against capital expenditure .....		<b>149.61</b>		386.47
			<b>6,154.47</b>	5,139.97
<b>Investments</b> .....	<b>F</b>		<b>727.01</b>	332.39
<b>Current Assets, Loans and Advances</b>				
Inventories .....	<b>G</b>	<b>683.24</b>		938.72
Sundry Debtors .....	<b>H</b>	<b>152.20</b>		224.60
Cash and Bank Balances .....	<b>I</b>	<b>880.68</b>		851.84
Other Current Assets .....	<b>J</b>	<b>10.17</b>		24.42
Loans and Advances .....	<b>K</b>	<b>253.05</b>		299.87
		<b>1,979.34</b>		2,339.45
Less: <b>Current Liabilities and Provisions</b> .....	<b>L</b>			
Current Liabilities .....		<b>1,067.05</b>		1,003.24
Provisions .....		<b>674.04</b>		470.56
		<b>1,741.09</b>		1,473.80
<b>Net Current Assets</b> .....			<b>238.25</b>	865.65
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)				
Quarry / Mines Development Expenses .....			<b>2.71</b>	4.28
<b>TOTAL</b> .....			<b>7,122.44</b>	6,342.29
Notes forming part of the Accounts .....	<b>Q</b>			

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

David Atkinson  
Chief Financial Officer

B. L. Taparia  
Company Secretary &  
Head Corporate Services

For and on behalf of the Board

N. S. Sekhsaria  
Chairman

Paul Hugentobler  
Vice Chairman

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Director

Onne van der Weijde  
Director

A. L. Kapur  
Managing Director

Shailesh Haribhakti  
Chairman – Audit Committee

Nasser Munjee  
Director

Rajendra P. Chitale  
Director

Omkar Goswami  
Director

Naresh Chandra  
Director

# PROFIT AND LOSS ACCOUNT

## for the year ended 31st December, 2009

	Schedule	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>INCOME</b>				
Sales [Refer Note 13 (e)] .....		7,721.42		7,075.51
Less : Excise duty .....		644.55		855.24
			7,076.87	6,220.27
Other Income .....	M		255.84	210.94
			7,332.71	6,431.21
<b>EXPENDITURE</b>				
Manufacturing and other expenses .....	N	5,229.32		4,499.07
Interest and Finance Charges .....	O	22.43		32.06
Depreciation and Amortisation .....		296.99		259.76
		5,548.74		4,790.89
Self consumption of clinker, cement and limestone (net of excise duty Rs. 1.94 crores; 31.12.2008 Rs. 2.88 crores) .....		(19.33)		(21.19)
			5,529.41	4,769.70
Profit before tax and exceptional items .....			1,803.30	1,661.51
Exceptional items .....	P		–	308.33
Profit before tax .....			1,803.30	1,969.84
Provision for Taxation : .....				
– Current tax .....		479.00		560.00
– Deferred tax .....		105.09		2.37
– Fringe benefit tax .....		0.84		5.20
			584.93	567.57
Net Profit .....			1,218.37	1,402.27
Balance as per last Account .....			358.58	348.20
Transferred to General Reserve .....			800.00	1,000.00
Interim Dividend on Equity Shares .....		182.74		182.71
Dividend Distribution Tax on above .....		31.06		31.05
			213.80	213.76
Proposed Final Dividend on Equity Shares .....		182.85		152.26
Dividend Distribution Tax on above .....		31.07		25.87
			213.92	178.13
Balance carried to Balance Sheet			349.23	358.58
			Rs.	Rs.
Earnings Per Equity Share of Rs. 2 each (Refer Note 5)				
Basic .....			8.00	9.21
Diluted .....			7.99	9.21
Notes forming part of the Accounts .....	Q			

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

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Nasser Munjee  
Director

Rajendra P. Chitale  
Director

Omkar Goswami  
Director

Naresh Chandra  
Director

# CASH FLOW STATEMENT

for the year ended 31st December, 2009

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
PROFIT BEFORE TAX .....		1,803.30	1,969.84
Adjustment for : .....			
Depreciation and Amortisation .....	296.99		259.76
Surplus on sale of assets (excluding exceptional items) .....	(1.25)		(0.70)
Exceptional items .....	-		(308.33)
Loss on Assets sold, scrapped or discarded and written off .....	6.40		4.26
Capital Projects written off (Refer Note 26) .....	-		8.11
Part of Deferred Revenue expenditure, written off .....	1.57		1.72
Loss / (Profit) on Sale of Current Investments (net) .....	(7.39)		(14.46)
Interest and Finance Charges .....	22.43		32.06
Interest income .....	(72.25)		(83.21)
Discounting income on sales tax loan (Refer Note 24) .....	(59.27)		(10.72)
Exchange rate difference (net) .....	(2.09)		9.46
Dividend income from investment - other than trade .....	(2.32)		(41.11)
Provisions no longer required .....	(26.52)		(11.28)
Bad Debts, Sundry Debit Balances and Claims written off .....	1.03		1.39
Provision for doubtful debts and advances (net) .....	0.50		(0.43)
Wealth Tax .....	0.21		0.22
		<b>158.04</b>	<b>(153.26)</b>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES .....		<b>1,961.34</b>	<b>1,816.58</b>
Adjustment for :			
Trade and other receivables .....	116.83		(175.57)
Inventories .....	255.48		(358.19)
Trade and other payables .....	98.90		285.38
		<b>471.21</b>	<b>(248.38)</b>
CASH GENERATED FROM OPERATIONS .....		<b>2,432.55</b>	<b>1,568.20</b>
Direct Taxes paid .....	(305.49)		(592.42)
Miscellaneous Expenditure .....	-		(0.27)
Exchange rate difference .....	2.09		(7.80)
		<b>(303.40)</b>	<b>(600.49)</b>
NET CASH GENERATED FROM OPERATING ACTIVITIES .....		<b>2,129.15</b>	<b>967.71</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets .....	(1,347.54)		(1,661.44)
Sale of Fixed Assets (net of tax of Rs. Nil; 31.12.2008 Rs. 1.67 crores) .....	11.44		19.91
Proceeds from sale of Investments .....	44.90		561.65
Investment in Subsidiary .....	-		(6.28)
Disposal of Subsidiary .....	-		0.42
Proceeds of deposits matured (net, with maturity more than three months) .....	(2.00)		26.40
Interest received .....	87.36		73.14
Profit on sale of investment in mutual fund .....	7.39		14.46
Dividend received .....	2.32		41.11
NET CASH USED IN INVESTING ACTIVITIES .....		<b>(1,196.13)</b>	<b>(930.63)</b>
Carried forward .....		<b>933.02</b>	<b>37.08</b>

## CASH FLOW STATEMENT (Contd.)

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
Brought forward .....		933.02	37.08
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Share Capital including Securities premium .....	7.38		1.24
Proceeds from borrowings .....	49.94		113.70
Repayment of borrowings .....	(113.64)		(146.39)
Interest and Finance Charges paid .....	(20.27)		(50.66)
Swap interest (net) .....	-		(0.55)
Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL .....	(0.03)		(0.07)
Unclaimed Application Money on Securities .....	-		0.14
Dividend paid (including dividend distribution tax) .....	(390.04)		(390.23)
NET CASH USED IN FINANCING ACTIVITIES .....		(466.66)	(472.82)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS .....		466.36	(435.74)
CASH AND CASH EQUIVALENTS as at the beginning of the year:			
Earmarked for specific purposes .....	15.40		13.83
Other Balances .....	933.71		1,371.02
		949.11	1,384.85
CASH AND CASH EQUIVALENTS as at the end of the year			
Earmarked for specific purposes .....	17.26		15.40
Other Balances .....	1,398.21		933.71
		1,415.47	949.11
<b>Components of cash and cash equivalents :</b>			
Cash and cheque on hand .....		0.32	19.55
With banks - on current account .....		99.06	88.78
With banks - on fixed deposit .....		764.04	728.11
With banks - earmarked for specific purposes .....		17.26	15.40
Cash and Bank Balance as per schedule "I" .....		880.68	851.84
Less : Fixed deposits not considered as cash equivalents .....		(27.66)	(25.66)
Add : Investment in Mutual Fund .....		562.45	122.93
CASH AND CASH EQUIVALENTS in Cash Flow Statement .....		1,415.47	949.11

### Notes :

- Figures in brackets represents outflow.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

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Director  
Naresh Chandra  
Director

**SCHEDULES 'A' TO 'Q'**  
annexed to and forming part of the Balance Sheet as at and  
Profit and Loss Account for the year ended 31st December, 2009

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'A' – SHARE CAPITAL</b>			
<b>Authorised :</b>			
2,50,00,00,000 (31.12.2008 - 2,50,00,00,000) Equity Shares of Rs. 2 each .....	500.00		500.00
15,00,00,00,000 (31.12.2008 - 15,00,00,00,000) Preference Shares of Rs. 10 each .....	150.00		150.00
		<b>650.00</b>	650.00
<b>Issued :</b>			
152,40,40,900 (31.12.2008 - 152,29,30,444) Equity Shares of Rs. 2 each fully paid-up .....		<b>304.81</b>	304.59
<b>Subscribed :</b>			
152,37,11,380 (31.12.2008 - 152,25,99,424) Equity Shares of Rs. 2 each fully paid-up .....		<b>304.74</b>	304.52
<b>Notes:</b>			
1) Out of above Equity Shares :			
a) 97,31,57,405 (31.12.2008 - 97,31,57,405) Equity Shares of Rs. 2 each have been issued as fully paid-up Bonus Shares by way of capitalisation of Securities Premium and Capital Redemption Reserve.			
b) 2,47,17,990 (31.12.2008 - 2,47,17,240) Equity Shares of Rs. 2 each fully paid-up have been issued against exercise of Tradable Warrants attached to 18.5% Secured Redeemable Non-Convertible Debentures.			
c) 1,33,12,370 (31.12.2008 - 1,33,12,370) Equity Shares of Rs. 2 each fully paid-up have been issued to the Shareholders of the amalgamating company Ambuja Cements Rajasthan Limited (ACRL) pursuant to the scheme of amalgamation as approved by the Board of Industrial and Financial Reconstruction (BIFR) without payment being received in cash.			
d) 15,39,61,356 (31.12.2008 - 15,39,61,356) Equity Shares of Rs. 2 each fully paid-up issued to the Shareholders of the amalgamating company Ambuja Cement Eastern Limited (ACEL) without payment being received in cash.			
2) a) Outstanding Employee stock options exercisable into 2,22,15,038 (31.12.2008 - 1,62,74,711) Equity Shares of Rs. 2 each fully paid-up (Refer Note 10).			
b) Outstanding tradable warrants and right shares kept in abeyance exercisable into 1,88,190 (31.12.2008 - 1,88,940) and 1,41,330 (31.12.2008 - 1,42,080) Equity Shares of Rs. 2 each fully paid-up respectively.			
<b>SCHEDULE 'B' - RESERVES AND SURPLUS</b>			
<b>Subsidies :</b>			
(a) Cash Subsidies from Government and other authorities .....	1.60		1.60
(b) Grant-in-aid Subsidy from DANIDA .....	0.12		0.12
		<b>1.72</b>	1.72
<b>Capital Reserve</b> .....		<b>130.71</b>	130.71
<b>Capital Redemption Reserve</b> .....		<b>9.93</b>	9.93
<b>Securities Premium :</b>			
As per last Account .....	1,187.59		1,186.35
Additions on exercise of employee stock options and others .....	7.26		1.24
		<b>1,194.85</b>	1,187.59
<b>Debenture Redemption Reserve</b> .....		<b>25.00</b>	25.00
Carried forward .....		<b>1,362.21</b>	1,354.95

## SCHEDULE 'B' – RESERVES AND SURPLUS (Contd.)

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
Brought forward .....		1,362.21	1,354.95
<b>General Reserve :</b>			
As per last Account .....	3,654.48		2,654.48
Add : Set aside this year .....	800.00		1,000.00
		4,454.48	3,654.48
<b>Surplus as per Profit and Loss Account .....</b>		349.23	358.58
<b>TOTAL .....</b>		<b>6,165.92</b>	<b>5,368.01</b>

## SCHEDULE 'C' – SECURED LOANS

### Debentures :

100 (100) 6.85% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '30' (Redeemable at par on 31.03.2010) .....	100.00	100.00
<b>TOTAL .....</b>	<b>100.00</b>	<b>100.00</b>

Above Debentures are secured by way of first *pari passu* charge by mortgage of immovable properties of the three cement plants of the Company situated at Ambujanagar, in the state of Gujarat, as covered under Trust Deed.

## SCHEDULE 'D' – UNSECURED LOANS

Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various

State Governments (Due within one year Rs. 7.33 crores;

31.12.2008-Rs. 6.23 crores) (Refer Note 24) .....	65.70	188.67
<b>TOTAL .....</b>	<b>65.70</b>	<b>188.67</b>

## SCHEDULE 'E' – FIXED ASSETS

DESCRIPTION	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.01.2009	Additions	Deductions/ Transfers	As at 31.12.2009	Upto 01.01.2009	For the year (g)	Deductions/ Transfers	Upto 31.12.2009	As at 31.12.2009	As at 01.01.2009
<b>Tangible Assets :</b>										
Freehold Land .....	239.22	69.49	–	308.71	–	–	–	–	308.71	239.22
Leasehold Land .....	53.08	23.73	–	76.81	6.10	1.54	–	7.64	69.17	46.98
Buildings, Roads and Water Works (a) .....	711.54	100.67	1.09	811.12	121.57	19.90	0.36	141.11	670.01	589.97
Marine Structures (b) .....	95.58	–	–	95.58	44.45	3.82	–	48.27	47.31	51.13
Plant and Machinery (c) .....	3,832.64	301.55	41.74	4,092.45	1,993.12	219.62	28.23	2,184.51	1,907.94	1,839.52
Electrical Installations .....	340.20	34.36	0.63	373.93	149.13	17.07	0.35	165.85	208.08	191.07
Railway Sidings and Locomotives (d) ..	61.04	9.48	–	70.52	28.15	2.49	–	30.64	39.88	32.89
Railway wagons given on lease (e) .....	6.43	–	–	6.43	3.62	0.30	–	3.92	2.51	2.81
Furniture, Fixtures and Office Equipments	110.79	14.11	2.87	122.03	49.79	10.01	1.87	57.93	64.10	61.00
Ships .....	115.65	–	–	115.65	62.71	5.78	–	68.49	47.16	52.94
Vehicles .....	44.77	10.94	4.21	51.50	25.26	6.52	3.14	28.64	22.86	19.51
Power Lines (f) .....	33.92	–	–	33.92	7.54	0.97	–	8.51	25.41	26.38
<b>Sub Total .....</b>	<b>5,644.86</b>	<b>564.33</b>	<b>50.54</b>	<b>6,158.65</b>	<b>2,491.44</b>	<b>288.02</b>	<b>33.95</b>	<b>2,745.51</b>	<b>3,413.14</b>	<b>3,153.42</b>
<b>Intangible Assets :</b>										
Water Drawing Rights .....	6.16	–	–	6.16	4.03	0.51	–	4.54	1.62	2.13
Computer Software .....	55.92	3.40	–	59.32	18.72	15.32	–	34.04	25.28	37.20
<b>Sub Total .....</b>	<b>62.08</b>	<b>3.40</b>	<b>–</b>	<b>65.48</b>	<b>22.75</b>	<b>15.83</b>	<b>–</b>	<b>38.58</b>	<b>26.90</b>	<b>39.33</b>
<b>TOTAL .....</b>	<b>5,706.94</b>	<b>567.73</b>	<b>50.54</b>	<b>6,224.13</b>	<b>2,514.19</b>	<b>303.85</b>	<b>33.95</b>	<b>2,784.09</b>	<b>3,440.04</b>	<b>3,192.75</b>
Previous year's Total .....	5,231.05	507.61	31.72	5,706.94	2,271.19	260.57	17.57	2,514.19	3,192.75	

### Notes:

(a) Includes :

i) Premises on ownership basis of Rs. 95.30 crores (31.12.2008 - Rs. 72.97 crores) and cost of shares in Co-operative Societies Rs. 13,130/- (31.12.2008 - Rs. 13,130/-).

ii) Rs. 10.47 crores (31.12.2008 - Rs. 6.85 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 0.94 crore (31.12.2008 - Rs. 0.82 crore) being the depreciation thereon upto 31st December, 2009.

(b) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.

(c) Includes Rs. 17.42 crores (31.12.2008 - Rs. 21.58 crores) being cost of bulkers used as Material Handling Equipment, which are being depreciated under the "Written Down Value Method" at the rate applicable to vehicles.

## SCHEDULE 'E' – FIXED ASSETS (Contd.)

- (d) Includes Rs. 6.84 crores (31.12.2008 - Rs. 1.77 crores) being cost of Railway siding constructed by the Company, ownership of which vests with the Government / Railway Authorities and Rs. 0.71 crore (31.12.2008 - Rs. 0.54 crore) being the depreciation thereon upto 31st December, 2009.
- (e) Railway wagons given on lease to the Railway under "Own Your Wagon Scheme".
- (f) Cost incurred by the Company, ownership of which vests with the State Electricity Boards.
- (g) Includes Rs. 6.86 crores (31.12.2008 - Rs. 0.81 crore) capitalised as pre-operative expenses.

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'F' – INVESTMENTS</b>			
<b>Long-Term Investments (at cost) :</b>			
<b>In Fully Paid Shares, Debentures and Bonds, other than Trade</b>			
<b>Unquoted :</b>			
In Fully Paid Equity Shares :			
11,74,87,181 (11,74,87,181) Equity Shares of Rs. 10 each in ING Vysya Life Insurance Company Limited .....	120.39		120.39
10,00,000 (10,00,000) Equity Shares of Rs. 10 each in Gujarat Goldcoin Ceramics Limited .....	1.00		1.00
Less: Provision for diminution in value of Investment .....	1.00		1.00
	<u>–</u>		<u>–</u>
		120.39	120.39
<b>In Subsidiary Companies :</b>			
In Fully Paid Equity Shares :			
<b>Unquoted:</b>			
50,000 (50,000) Equity Shares of Rs. 10 each in Kakinada Cements Limited .....	0.05		0.05
7,49,990 (7,49,990) Equity Shares of Rs. 10 each in M.G.T. Cements Private Limited .....	3.05		3.05
1,39,990 (1,39,990) Equity Shares of Rs. 10 each in Chemical Limes Mundwa Private Limited .....	1.47		1.47
	<u>–</u>	4.57	4.57
<b>In Public Sector Bonds :</b>			
<b>Unquoted:</b>			
296 (296) 5.13% taxable redeemable bonds of Rs. 10,00,000 each of Himachal Pradesh Infrastructure Development Bonds (Refer Note 2(b)) .....		29.60	29.60
<b>Current Investments other than trade (at cost or fair value, whichever is lower) :</b>			
In Fully Paid Debentures :			
<b>Quoted*:</b>			
– (300) 5.85% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Housing Development Finance Corporation Limited .....	–		29.95
100 (100) 7.20% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Housing Development Finance Corporation Limited .....	10.00		10.00
– (50) 6.5% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Hindalco Limited .....	–		4.98
– (50) 6% Unsecured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Industrial Development Bank of India .....	–		5.00
– (50) 5.78% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000 each of Ultratech Cemco Limited .....	–		4.97
	<u>–</u>	10.00	54.90
Carried forward .....		164.56	209.46

		As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'F' – INVESTMENTS (Contd.)</b>			
	Brought forward .....	164.56	209.46
In Units of Mutual Funds - Fully paid-up :			
<b>Unquoted:</b>			
5,57,38,659.552	(-) units of Birla Sunlife Savings Fund Institutional Plan Growth Option of Rs. 10 each of Birla Mutual Fund .....	95.83	—
36,42,825.045	(-) units of Canara Robeco Treasury Advantage Fund Super Institutional Plan Growth Option of Rs. 10 each of Canara Robeco Mutual Fund .....	5.00	—
94,16,507.288	(-) units in DWS Ultra Short Term Fund Institutional Plan Growth Option of Rs. 10 each of Deutsche Mutual Fund .....	10.00	—
—	(2,11,19,609.850) units of Fidelity Cash Fund- IP-Growth of Rs.10 each of Fidelity International Mutual Fund .....	—	25.00
1,40,80,201.858	(-) units in Fortis Money Plus Institutional Plan Growth Option of Rs. 10 each of Fortis Mutual Fund .....	19.00	—
2,94,96,026.948	(-) units in HDFC Cash Management Fund Treasury Advantage Plan Wholesale Growth Option of Rs. 10 each of HDFC Mutual Fund .....	58.30	—
1,59,27,803.072	(-) units of IDFC Money Manager Fund Treasury Plan Super Institutional Plan C Growth Option of Rs. 10 each of IDFC Mutual Fund .....	17.00	—
62,98,597.097	(-) units ICICI Prudential Flexible Income Plan Premium Growth Option of Rs. 100 each of ICICI Prudential Mutual Fund ...	106.21	—
51,18,920.799	(-) units JP Morgan India Treasury Fund Super Institutional Plan Growth Option of Rs. 10 each of J P Morgan Mutual Fund .....	6.00	—
39,27,747.765	(-) units JM Money Manager Fund Super Plus Plan Growth Option of Rs. 10 each of J M Financial Mutual Fund .....	5.00	—
2,38,52,053.791	(-) units Kotak Floater Long Term Plan Growth Option of Rs. 10 each of Kotak Mutual Fund .....	34.01	—
3,20,06,538.788	(-) units LIC MF Savings Plus Fund Growth Plan of Rs. 10 each of LIC Mutual Fund .....	46.01	—
13,88,881.502	(-) units Principal Floating Rate Fund FMP Institutional Option Growth Plan of Rs. 10 each of Principal Mutual Fund .....	2.00	—
6,88,262.622	(-) units Reliance Money Manager Fund Institutional Option Growth Plan of Rs. 1000 each of Reliance Mutual Fund .....	84.91	—
2,05,82,651.135	(-) units SBI SHF Ultra Short Term Fund Institutional Plan Growth Option of Rs. 10 each of SBI Mutual Fund .....	24.15	—
74,91,873.694	(-) units Tata Floater Fund Growth Option of Rs. 10 each of Tata Mutual Fund .....	10.01	—
3,23,262.090	(-) units UTI Treasury Advantage Fund Institutional Plan Growth Option of Rs. 1000 each of UTI Mutual Fund .....	39.02	—
—	(70,05,486.402) units of DWS Insta Cash Plus Fund-IP Growth of Rs. 10 each of Deutsche Mutual Fund .....	—	9.50
—	(92,76,158.300) units of HDFC Liquid Fund Premium Plan Growth Option of Rs. 10 each of HDFC Mutual Fund .....	—	16.00
—	(1,34,58,346.418) units of HSBC Cash Fund Institutional Plus Growth Option of Rs. 10 each of HSBC Mutual Fund .....	—	18.00
—	(2,69,32,127.706) units of Prudential ICICI Interval Fund-I Qly. Interval Plan Institutional Dividend - Reinvest Div. of Rs.10 each of ICICI Prudential Mutual Fund .....	—	26.93
—	(2,74,91,378.445) units of UTI Fixed maturity Plan-Dividend of Rs.10 each of UTI Mutual Fund .....	—	27.50
		<b>562.45</b>	<b>122.93</b>
		<b>727.01</b>	<b>332.39</b>

**SCHEDULE 'F' – INVESTMENTS (Contd.)**

	Book Value as on		Market Value as on *	
	31.12.2009 Rs. in Crores	31.12.2008 Rs. in Crores	31.12.2009 Rs. in Crores	31.12.2008 Rs. in Crores
Aggregate amount of Quoted Investments .....	10.00	54.90	10.00	55.00
Aggregate amount of Unquoted Investments .....	717.01	277.49		
	<b>727.01</b>	<b>332.39</b>		

\* As the market value of the debentures is not available, face value is considered as market value.

Note: The following investments were purchased and sold during the year :

Name	Face Value Rs.	Nos.	Purchase Cost Rs. in Crores
<b>Units of Mutual Fund :</b>			
AIG India Liquid Fund Super IP Growth	1,000	76,121.439	8.50
AIG India Treasury Fund Super Institutional Weekly Div	10	8,520,959.049	8.54
Birla Sunlife Cash Plus - Institutional Premium Plan Growth	10	263,036,594.873	377.50
Birla Sun Life Saving Fund IP Growth	10	70,576,000.916	119.25
Birla Sunlife Savings Fund Institutional Plan Option - Weekly Dividend Reinvest	10	25,171,261.984	25.21
Canara Robeco Liquid Fund Super IP Growth	10	4,519,733.155	5.00
DWS Insta Cash Plus Fund Institutional Plan Growth	10	15,036,658.366	21.00
Fidelity Cash Fund- Super Institutional Growth	10	15,181,289.904	18.00
Fortis Overnight-Institutional Plus Growth	10	27,249,591.038	30.00
HDFC Liquid Fund -Premium Plan Growth	10	130,800,334.785	233.00
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Div. - Reinvest	10	9,973,924.584	10.01
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Growth	10	15,131,722.575	29.72
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Weekly Div. - Reinvest	10	61,260,991.141	61.39
HSBC Cash Fund Institutional Plus Growth	10	40,418,322.762	55.00
HSBC Ultra Short Term Bond Fund Institutional Plus - Weekly Dividend	10	43,192,268.792	43.40
IDFC Cash Fund Plan C - Super IP Growth	10	15,494,251.540	17.00
ICICI Prudential Liquid Plan Super Institutional Plan Growth	10	267,128,444.841	350.49
ICICI Prudential Liquid Plan Super Institutional Plan Growth	100	15,107,959.569	203.00
ICICI Prudential Interval Fund - 1 Quarterly Interval Plan Institutional Dividend Reinvest	10	560,996.220	0.56
ICICI Prudential Flexible Income Plan Premium Growth	10	99,990,314.411	167.03
ICICI Prudential Flexible Income Plan Premium Growth	100	5,334,119.170	89.64
ICICI Prudential Flexible Income Plan Weekly Dividend Reinv.	10	42,898,888.977	45.24
JP Morgan India Liquid Fund Super IP Growth	10	14,045,308.857	16.00
JP Morgan India Treasury Fund Super Institutional Daily Dividend Plan- Reinvest	10	9,997,102.153	10.01
JP Morgan India Treasury Fund Super Institutional Weekly Div. - Plan - Reinvest	10	10,001,099.656	10.03
JM High Liquidity Fund Super Institutional Growth	10	3,530,250.718	5.00
Kotak Liquid Fund Institutional Premium Growth	10	18,622,048.119	34.00
LIC MF Liquid Fund Growth	10	27,706,830.562	46.00
Principal Cash Management Fund - Liquid Option - Institutional Premium Growth	10	1,410,556.606	2.00
Religare Liquid Fund - IP Growth	10	17,747,261.618	22.00
Religare Ultra Short Term Fund Institutional Growth	10	13,695,088.351	17.02
Reliance Liquidity Fund Growth Option	10	917,212,687.579	1,230.55
Reliance Money Manager Fund Institutional Option Weekly Dividend Plan	1,000	750,211.563	75.22
Reliance Money Manager Fund Institutional Option Growth Plan	1,000	525,564.231	64.10
SBI Magnum Insta Cash Fund - Cash Option	10	94,576,817.467	189.00
SBI SHF - Ultra Short Term Fund Institutional Plan Growth	10	12,739,069.878	14.89
Tata Liquid Super High Inv. Fund - Appreciation	1,000	328,406.283	53.00
Tata Floater Fund - Weekly Dividend Reinvest	10	24,973,508.425	25.19
Templeton India Treasury Management Account Super Institutional Plan Growth	1,000	38,715.536	5.00
Templeton India Ultra Short Bond Fund Super Institutional Plan Weekly Dividend Reinvestment	10	4,962,925.514	5.02
UTI Short Term Fixed Maturity Plan Series II-II - Institutional Dividend Plan Re-investment	10	520,646.295	0.52
UTI Liquid Cash Plan Institutional Growth Option	1,000	263,535.289	39.00

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'G' - INVENTORIES</b>			
(At cost or net realisable value whichever is lower)			
Coal, Fuel, Packing Materials, Stores and Spare parts (including in transit - Rs. 22.95 crores; 31.12.2008 - Rs. 23.37 crores) .....		<b>458.38</b>	656.60
Stock-in-trade :			
Raw materials (including in transit - Rs. 6.89 crores; 31.12.2008 - Rs. 1.49 crores) .....	<b>48.56</b>		56.38
Materials-in-process .....	<b>123.27</b>		147.73
Finished goods .....	<b>53.03</b>		78.01
		<b>224.86</b>	282.12
<b>TOTAL</b> .....		<b>683.24</b>	938.72

#### SCHEDULE 'H' - SUNDRY DEBTORS

Over six months : .....			
Considered good (Secured by way of security deposit Rs. 0.41 crore; 31.12.2008 - Rs. 0.06 crore) .....		<b>2.18</b>	1.84
Considered doubtful .....	<b>8.41</b>		8.72
Less : Provision .....	<b>8.41</b>		8.72
		<b>-</b>	-
		<b>2.18</b>	1.84
Others considered good (Secured by way of security deposit Rs. 54.47 crores; 31.12.2008 - Rs. 53.58 crores) (Refer Note below) .....		<b>150.02</b>	222.76
<b>TOTAL</b> .....		<b>152.20</b>	224.60

#### Note :

Others Includes :

Due from ACC Limited Rs. 0.11 crore (31.12.2008 - Rs. 0.01 crore), [maximum outstanding due during the year from ACC Limited Rs. 0.20 crore (31.12.2008 - Rs. 0.56 crore)], and ACC Concrete Limited Rs. 2.43 crores (31.12.2008 - Rs. 2.58 crores), [maximum outstanding due during the year Rs. 3.04 crores (31.12.2008 - Rs. 2.39 crores)], companies under same management.

#### SCHEDULE 'I' - CASH AND BANK BALANCES

Cash on hand .....		<b>0.32</b>	0.36
Cheques on hand with Banks as Collecting Agency in terms of an arrangement, Rs. 21,150/- .....			19.19
Bank Balances :			
With Scheduled Banks :			
In Current Account .....	<b>116.32</b>		104.18
In Fixed Deposits (Deposit Receipts of Rs. 2.06 crores (31.12.2008 - Rs. 2.12 crores) deposited with Government Departments as Security Deposit and Rs. 25.61 crores (31.12.2008 - Rs. 25.63 crores) deposited with banks as security deposit for guarantees .....	<b>764.04</b>		728.11
		<b>880.36</b>	832.29
<b>TOTAL</b> .....		<b>880.68</b>	851.84

#### SCHEDULE 'J' - OTHER CURRENT ASSETS

Interest accrued on Investments .....		<b>1.43</b>	3.49
Other Interest receivable (including due from a subsidiary company Rs. 0.02 crore; 31.12.2008 - Rs. 0.02 crore) .....		<b>5.61</b>	18.66
Scrapped assets awaiting disposal, at estimated realisable value .....		<b>1.31</b>	1.03
Sundry receivables .....		<b>1.82</b>	1.24
<b>TOTAL</b> .....		<b>10.17</b>	24.42

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'K' - LOANS AND ADVANCES</b>			
(Unsecured Good, unless otherwise stated)			
Loan to a subsidiary company (Refer Note 20) .....		<b>0.25</b>	0.25
Advances recoverable in cash or in kind or for value to be received			
Good (Due from ACC Limited a Company under same Management Rs. Nil (31.12.2008 - Rs. 2.98 crores)). Maximum outstanding due during the year Rs. Nil (31.12.2008 - Rs. 2.98 crores). ....	<b>183.98</b>		231.79
Doubtful .....	<b>9.92</b>		9.41
Less : Provision .....	<b>9.92</b>		9.41
	<b>-</b>		-
		<b>183.98</b>	231.79
Deposits Including National Savings Certificates Rs. 31,500/-, deposited with Government Departments as Security (31.12.2008 - Rs. 34,500/- ) .....		<b>65.17</b>	55.83
Balance with Central Excise, Customs, Port Trusts, etc. ....		<b>3.65</b>	12.00
<b>TOTAL</b> .....		<b>253.05</b>	299.87
<b>SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS</b>			
<b>LIABILITIES</b>			
Sundry Creditors :			
Dues of Micro, Medium and Small Enterprises (Refer Note 22) .....	<b>2.31</b>		0.40
Others .....	<b>919.97</b>		881.31
		<b>922.28</b>	881.71
Investor Education and Protection Fund shall be credited by the following (See Note below) * :			
Unclaimed Dividends .....	<b>14.29</b>		12.40
Unclaimed Application Money on Securities .....	<b>0.15</b>		0.15
Unclaimed Interest Rs. 9,439/- (31.12.2008-Rs. 9,439/-) .....			
Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACRL and ACEL .....	<b>2.96</b>		2.99
		<b>17.40</b>	15.54
Security Deposits .....		<b>122.21</b>	100.83
Interest accrued but not due on loans .....		<b>5.16</b>	5.16
		<b>1,067.05</b>	1,003.24
<b>PROVISIONS :</b>			
Provision for wealth tax, net of advances .....	<b>0.38</b>		0.31
Provision for fringe benefit tax, net of advances (31.12.2008 - Rs. 3,689/-) .....	<b>0.27</b>		
Proposed Dividend .....	<b>182.85</b>		152.26
Provision for Dividend Distribution Tax .....	<b>31.07</b>		25.87
Provision for gratuity and staff benefit schemes .....	<b>4.66</b>		16.53
Provision for Compensated absences .....	<b>46.60</b>		41.79
Provision for mines reclamation expenses (Refer Note 11) .....	<b>10.15</b>		9.96
Provision for Income tax, net of advances .....	<b>398.06</b>		223.84
		<b>674.04</b>	470.56
<b>TOTAL</b> .....		<b>1,741.09</b>	1,473.80

\* Note : Amounts to be transferred to said fund shall be determined on the respective due dates.

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>SCHEDULE 'M' - OTHER INCOME</b>			
<b>Operating Income :</b>			
Insurance Claims .....		0.54	0.25
Sale of Power .....		42.51	14.38
Surplus on Sale of Assets .....		1.25	0.70
Exchange Rate Difference (net) .....		2.09	11.71
Miscellaneous Income (Gross; Tax deducted Rs. 0.87 crore; 31.12.2008 - Rs. 0.32 crore) .....		31.70	23.12
Provisions no longer required .....		26.52	11.28
		<b>104.61</b>	61.44
<b>Other Income :</b>			
Dividend income from investment - other than trade .....		2.32	41.11
Profit / (Loss) on Sale of Current Investments (net) .....		7.39	14.46
Interest Income (Gross; Tax deducted Rs. 4.68 crores; 31.12.2008 - Rs. 14.77 crores) .....			
On Debentures and Bonds .....	2.86		4.91
On Fixed deposits with banks .....	43.74		74.38
Others .....	25.65		3.92
		<b>72.25</b>	83.21
Miscellaneous income .....		10.00	–
Discounting income on sales tax loan (Refer Note 24) .....		59.27	10.72
		<b>151.23</b>	149.50
<b>TOTAL .....</b>		<b>255.84</b>	210.94

#### SCHEDULE 'N' - MANUFACTURING AND OTHER EXPENSES

1. Raw Materials Consumed :			
Clinker Purchased .....	570.74		231.72
Others .....	393.69		350.16
		<b>964.43</b>	581.88
2. Freight and Handling Charges on internal material transfer .....		225.75	230.11
3. Royalty and Cess .....		87.26	75.81
4. Stores and Spares Consumed .....		255.54	250.61
5. Packing Materials Consumed .....		196.37	210.53
6. Power and Fuel .....		1,422.75	1,325.69
7. Mines reclamation expenses .....		0.40	1.82
8. Repairs and Maintenance :			
Buildings .....	8.91		14.14
Machinery .....	74.00		38.37
Others .....	15.66		16.41
		<b>98.57</b>	68.92
9. Excise duty :			
Excise duty on captive consumption of clinker .....	39.44		50.32
Excise duty variation on opening / closing stock .....	(3.27)		2.24
		<b>36.17</b>	52.56
10. Employees' Remuneration and Benefits :			
Salaries, Wages, Bonus, Allowances, etc. ....	246.44		215.83
Contribution to Provident and other Funds (Refer Note 9(h)) .....	10.50		38.27
Welfare Expenses .....	15.90		11.97
		<b>272.84</b>	266.07
11. Administrative, Selling and Other Expenses :			
Rent .....	21.73		18.14
Rates and Taxes .....	4.41		6.19
Insurance .....	19.67		14.20
C/f .....	45.81		38.53
Carried forward .....		<b>3,560.08</b>	3,064.00

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>SCHEDULE 'N' - MANUFACTURING AND OTHER EXPENSES (Contd.)</b>			
Brought forward .....		<b>3,560.08</b>	3,064.00
B/f .....	<b>45.81</b>		38.53
Advertisement and Publicity .....	<b>59.65</b>		53.94
Freight and Forwarding charges [including Rs. 3.94 crores on Exports (31.12.2008-Rs. 5.85 crores)] .....	<b>1,121.69</b>		1,019.79
Commission on sales .....	<b>14.99</b>		12.80
Discount on sales .....	<b>80.92</b>		75.04
Selling and Distribution Expenses .....	<b>31.87</b>		25.42
Turnover Tax, Additional Tax and Purchase Tax .....	<b>7.34</b>		7.92
Miscellaneous Expenses .....	<b>203.66</b>		204.84
Directors' Fees and Expenses .....	<b>0.26</b>		0.19
Commission to Non-executive Directors (Refer Note 8) .....	<b>1.45</b>		0.87
Loss on Assets sold, scrapped or discarded and written off .....	<b>6.40</b>		4.26
Capital Projects written off (Refer Note 26) .....	<b>-</b>		8.11
Exchange rate difference on loans .....	<b>-</b>		21.17
Donations (Refer Note 23) .....	<b>42.45</b>		21.48
Bad Debts, Sundry Debit Balances and Claims written off .....	<b>1.03</b>		1.39
Provision for doubtful debts and advances (net) .....	<b>0.50</b>		-
Part of Deferred Revenue expenditure, written off .....	<b>1.57</b>		1.72
Wealth Tax .....	<b>0.21</b>		0.22
		<b>1,619.80</b>	1,497.69
12. Variation in Stocks :			
CLOSING STOCKS :			
Materials-in-process .....	<b>123.27</b>		147.73
Finished goods .....	<b>53.03</b>		78.01
	<b>176.30</b>		225.74
OPENING STOCKS :			
Materials-in-process .....	<b>147.73</b>		109.68
Finished goods .....	<b>78.01</b>		53.44
	<b>225.74</b>		163.12
(Increase) / Decrease in Stocks .....		<b>49.44</b>	(62.62)
TOTAL .....		<b>5,229.32</b>	4,499.07

#### SCHEDULE 'O' - INTEREST AND FINANCE CHARGES

Interest :			
On Debentures and Bonds .....	<b>6.85</b>		6.87
On Fixed Loans (including interest on Swap Rs. Nil; 31.12.2008 - Rs. 1.90 crores) .....	<b>-</b>		3.48
Others .....	<b>15.54</b>		21.26
		<b>22.39</b>	31.61
Unexpired premium on prepayment of term loans amortised .....	<b>-</b>		0.38
Finance Charges .....	<b>0.04</b>		0.14
		<b>22.43</b>	32.13
Less : Capitalised during the year .....	<b>-</b>		(0.07)
TOTAL .....		<b>22.43</b>	32.06

#### SCHEDULE 'P' - EXCEPTIONAL ITEMS

Profit on sale of investment (Refer Note 27 (a)) .....	<b>-</b>		303.20
Profit on sale of property .....	<b>-</b>		10.99
Loss on sale of Investment in subsidiary (Refer Note 27(b)) .....	<b>-</b>		(35.40)
Less : Provision for diminution in value of Investment .....	<b>-</b>		29.54
		<b>-</b>	(5.86)
TOTAL .....		<b>-</b>	308.33

## SCHEDULE 'Q' - NOTES FORMING PART OF THE ACCOUNTS

### 1. (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

- (i) The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- (ii) Financial statements are based on historical cost and are prepared on accrual basis.
- (iii) Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- (iv) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

### 1. (B) SIGNIFICANT ACCOUNTING POLICIES :

#### (a) Fixed Assets:

- (i) Fixed Assets are stated at their original cost of acquisition/installation (net of Modvat / Cenvat credit availed), net of accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost.
- (ii) Capital work-in-progress is stated at the amount expended up to the date of Balance Sheet.
- (iii) Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Modvat / Cenvat.
- (iv) Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital Work-in-Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

#### (b) Depreciation and Amortization :

##### I. Tangible Assets :

- (i) Premium on leasehold land is amortized over the period of lease.
- (ii) Depreciation on all assets, other than Vehicles, is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants, are identified based on technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- (iii) Machinery spares which are capitalised are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the Profit and Loss Account, on issue for consumption.
- (iv) The cost of fixed assets, constructed by the Company, but ownership of which belongs to Government/Local Authorities, is amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.
- (v) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortized over the period as permitted in the Electricity Supply Act, 1948.
- (vi) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortized over the period of agreement.

##### II. Intangible Assets :

- (i) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortized on straight line method over the period of rights to use the facilities ranging from ten to thirty years.
- (ii) Expenditure on computer software is amortised on straight line method over the period of expected benefit not exceeding five years.

#### (c) Impairment of assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is increased or reversed depending on changes in circumstances.

#### (d) Investments :

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

#### (e) Inventories :

- (i) Coal, Fuel, Packing Materials and Stores & Spare Parts are valued at cost determined on weighted average basis or net realisable value, whichever is lower.
- (ii) Raw Materials are valued at cost or net realisable value whichever is lower. Cost is determined on weighted average basis.
- (iii) Materials-in-process are valued at cost or net realisable value, whichever is lower. (\*)
- (iv) Finished Goods are valued at cost or net realisable value, whichever is lower, including excise duty. (\*)
- (v) Trial Run Inventories are valued at cost or net realisable value, whichever is lower. (\*)

(\*) Cost is arrived at on full absorption basis as per Accounting Standard AS 2 - "Valuation of Inventories".

## SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(f) Provisions / Contingencies :

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

(g) Foreign Currency Conversion :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(h) Revenue recognition :

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

(i) Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of dates of Bill of Lading. Sales are disclosed net of sales tax / VAT, discounts and returns, as applicable. Sales exclude self consumption of cement.

(ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is recognised in the year of export.

(iii) Sales include the amount of Sales Tax / VAT remission entitlement due in accordance with the respective incentive schemes.

(iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date.

(i) Mines Reclamation Expenditure :

The Company provides for the expenditure to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

(j) Employee Benefits :

(i) Defined Contribution Plan

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of Gratuity, Shipping staff gratuity, Post retirement medical benefit and Death & disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Employee Benefit in form of contribution to Provident Fund managed by a Trust set up by the Company is charged to Profit and Loss Account as and when the contribution is due. The deficit, if any, in the accumulated corpus of the Trust at the period end for which the Company is liable, is recognised as a provision in the Profit and Loss Account.

(iii) Other long-term benefits

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains / losses, if any, are immediately recognised in the Profit and Loss Account

(k) Miscellaneous Expenditure :

Expenses included under the head 'Miscellaneous Expenditure' are amortized over the period of estimated future benefits not exceeding ten years.

(l) Employee Stock Compensation cost :

The Company measures compensation cost relating to employee stock option using the intrinsic value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is amortized in accordance with Securities and Exchange Board of India (SEBI) Guidelines.

(m) Borrowing Costs and Share Issue Expenses :

(i) Share issue expenses for specific projects and borrowing cost attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use.

(ii) Expenses on other issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

(iii) Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings excluding debenture and bonds, are amortised over the period of borrowings.

(iv) Other borrowing costs are charged as expense in the year in which these are incurred.

(n) Taxation :

Tax expense comprises of current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

## SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred Tax Assets and Deferred Tax Liabilities are reviewed at each Balance Sheet date.

(o) Leases :

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

Where the Company is the lessor

(i) Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the Internal rate of return (IRR) method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct cost such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

(ii) Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

(p) Segment Reporting Policies :

(i) Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

(ii) Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(q) Cash and Bank balances in the Balance Sheet comprise cash at bank including fixed deposits, cheques in hand and cash in hand.

(r) Government grants and subsidies :

(i) Grants and subsidies from the government are recognised when there is reasonable certainty that the grant/subsidy will be received and all attaching conditions will be complied with.

(ii) When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(iii) Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

(iv) Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

(s) Earnings Per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
2. a) Contingent liabilities not provided for in respect of :		
(i) Bank Guarantee given to Mines & Geology Dept. Government of Rajasthan for setting up of Cement plant. ....	2.00	2.00
(ii) Claims against the Company not acknowledged as debts		
(a) Disputed liability relating to labour matters .....	44.09	26.55
(b) For acquisition of land .....	51.39	32.87
(c) For Non Agriculture Assessment Tax .....	2.65	2.65
(d) Others .....	24.51	25.33
(iii) Tax matters		
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal .....	60.78	63.68
(b) Disputed Sales-tax demands (including interest and penalty) .....	25.96	10.49
(c) Disputed Excise demands - matters under appeal (Deposit with Excise Department Rs. 0.21 crore; Previous year Rs. 0.40 crore) ..	26.66	16.55
(d) Disputed Customs demands - matters under appeal .....	1.43	2.22
(e) Disputed liability of RTO Tax on Mining Machinery .....	0.62	0.62

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

	<b>As at 31.12.2009 Rs. in Crores</b>	<b>As at 31.12.2008 Rs. in Crores</b>
(iv) Disputed liabilities relating to Railway Freight on Cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to an Special Leave Petition filed by the railways. ....	<b>5.51</b>	5.51
(v) Disputed liabilities relating to Coal claims - matter pending in the Honourable High Court :		
(a) Railway freight on Coal .....	<b>1.49</b>	1.49
(b) Penal freight on Excess Weight of Coal .....	<b>0.24</b>	0.24
(c) Interest on Premium on Coal .....	<b>3.29</b>	3.29
In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
b) The Honourable High Court of Himachal Pradesh has passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004 has issued 296 5.13% H P Infrastructure Development Bonds of face value of Rs. 10 lacs each, having a value of Rs. 29.60 crores redeemable after 10 years and balance of Rs. 0.08 crore is refunded to the Company.		
The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund Rs. 29.68 crores paid by the State Government together with interest thereon up to the date of final judgment in time bound manner, in the event that the matter is decided against the Company. ....	<b>29.68</b>	29.68
c) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales Tax, in case the Supreme Court's decision goes against in the matter referred above. ....	<b>82.16</b>	82.16
d) Writ petition filed against the order of Madhya Pradesh State Mining Department demanding Rs. 4.76 crores towards payment of additional royalty on limestone based on the ratio of 1.6 tonnes of limestone to 1 tonne of cement produced at its factory in Chhattisgarh. The matter is now pending before Honourable High Court at Bilaspur. ....	<b>56.54</b>	44.94
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) .....	<b>398.50</b>	911.68
4. Related Party Disclosures :		
a) List of Related Parties and relationships		

<b>Party</b>	<b>Relation</b>
A. Names of related parties where control exists	
Cement Ambuja International Ltd. ....	Subsidiary (wound up on 20.02.2009)
Ceylon Ambuja Cements (P) Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd. Mauritius (Subsidiary till 02.06.2008)
Kakinada Cements Ltd. ....	Subsidiary
M.G.T. Cements Private Ltd. ....	Subsidiary
Chemical Limes Mundwa Private Ltd. ....	Subsidiary
Midigama Cements (P) Ltd. ....	- (Sub-subsidiary till 02.06.2008)
B. Key Management Personnel	
Mr. A. L. Kapur .....	Managing Director
Mr. P. B. Kulkarni .....	Whole-time Director (upto 31.01.2009)
Mr. N. P. Ghuwalewala .....	Whole-time Director (upto 27.06.2009)
Mr. B. L. Taparia .....	Whole-time Director (upto 30.04.2009)
C. Relatives of Key Management Personnel	
Mr. Ajay Kapur .....	Son of Mr. A. L. Kapur

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

<b>Party</b>	<b>Relation</b>
D. Enterprises over which significant influence exercised by	
(a) Directors	
GACL Finance Ltd. ....	Mr. N. S. Sekhsaria
Radha Krishna Bimalkumar Pvt. Ltd. ....	Mr. Suresh Neotia (upto 23.09.2009)
(b) Major Shareholders	
Holderind Investments Ltd. Mauritius ....	Major shareholder having significant influence
Holcim Ltd. ....	Holding Company of Holderind Investments Ltd., Mauritius
Holcim Trading Pte Ltd., Singapore ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Group Supports Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Trading FZCO, Dubai ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
PT Holcim Indonesia ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (Asia) Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (South Asia) Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Lanka Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Siam City Cement, Thailand ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
St. Lawrence Cement Inc., Canada ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim (US) Inc. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
ACC Ltd. ....	Associate of Holderind Investments Ltd., Mauritius
ACC Concrete Ltd. ....	Subsidiary of ACC Ltd.
ACC Machinery Company Ltd. ....	- (Subsidiary of ACC Ltd. (upto 10.03.2008))

b) Disclosures required for related parties transactions :

Rs. in Crores				
Transactions	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which significant influence exercised by Directors, Key Management Personnel and Major Shareholders
<b>I. Transactions during the period</b>				
Purchase of Goods	–	–	–	258.68
	(–)	(–)	(–)	(192.56)
Sale of Goods	–	–	–	197.27
	(–)	(–)	(–)	(238.84)
Purchase of Fixed Assets	–	–	–	–
	(–)	(–)	(–)	(0.11)
Sale of Fixed Assets	–	–	–	0.11
	(–)	(–)	(–)	(–)
Sale of Investments	–	–	–	–
	(–)	(–)	(–)	(589.33)
Receiving of Services	–	–	–	39.11
	(–)	(–)	(–)	(61.68)
Interest Received	0.03	–	–	–
	(0.03)	(–)	(–)	(–)
Remuneration	–	5.96	0.63	–
	(–)	(9.22)	(0.53)	(–)
Other Recoveries	–	–	–	0.10
	(–)	(–)	(–)	(0.40)
Others Payments	–	–	–	0.06
	(–)	(–)	(–)	(4.29)
<b>II. Amounts Outstanding as at Balance Sheet date</b>				
Loans given Outstanding	0.25	–	–	–
	(0.25)	(–)	(–)	(–)
Amounts receivable	–	–	–	14.44
	(–)	(–)	(–)	(53.23)
Amounts payable	–	–	–	22.21
	(–)	(–)	(–)	(19.83)

**III. Notes :**

1. Related Party relationship is as identified by the Company on the basis of available information.
2. Figures for the previous year have been given in brackets.

**SCHEDULE 'Q' - NOTES FORMING PART OF THE ACCOUNTS** (Contd.)

Details of material related party transactions [included in b ]

Description	Subsidiary	Key Management Personnel					Enterprises Over which significant influence is exercised by Directors / Key Management Personnel, Major shareholders										Rs. in Crores	
		Mr. A. L. Kapur	Mr. P. B. Kulkarni	Mr. N. P. Ghuwalewala	Mr. B. L. Taparia	PT Holcim Indonesia	St. Lawrence Cement Inc. Canada	ACC Ltd.	GACL Finance Ltd.	ACC Concrete Ltd.	Holcim Services (South Asia) Ltd.	Holcim Lanka Ltd.	Holcim Services (Asia) Ltd.	Holcim Trading FZCO, Dubai	Holcim Trading Pte. Singapore	Holcim Group Supports Ltd.	Holcim (US) Inc.	Holderind Investments Ltd.
Purchase of Goods .....	-	-	-	-	-	-	-	24.81	-	-	-	-	-	233.87	-	-	-	-
Purchase of Fixed Assets .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(82.55)	(-)	(-)	(-)	(-)	(-)	(109.84)	(-)	(-)	(-)	(-)
Sale of Goods .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.11)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of Investments .....	-	-	-	-	-	-	-	0.32	-	49.08	-	-	-	147.87	-	-	-	-
Sale of Fixed Assets .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3.83)	(-)	(18.24)	(-)	(-)	(-)	(216.78)	(-)	(-)	(-)	(-)
Remuneration .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receiving of Services .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.42)	(-)	(-)	(-)	(-)	(-)	(388.91)
Interest Received .....	0.03	-	-	-	-	-	-	0.11	-	-	-	-	-	-	-	-	-	-
Other Payments .....	(0.03)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other Recoveries .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-
Loan Given Outstanding .....	0.25	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1.15)	(-)	(-)	(-)	(2.97)	(-)	(-)	(-)	(-)	(-)
Amount receivable .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Amount payable .....	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

		<b>2009</b>	<b>2008</b>
		<b>Rs. in Crores</b>	<b>Rs. in Crores</b>
5. Earnings per Share (EPS) :			
(i) Profit attributable to Equity Shareholders for Basic and Diluted EPS .....		<b>1,218.37</b>	1,402.27
		<b>Nos.</b>	<b>Nos.</b>
(ii) Weighted average number of Equity Shares for Basic EPS .....		<b>1,522,873,556</b>	1,522,509,108
Add : Potential equity shares on exercise of option of ESOS .....		<b>1,396,388</b>	462,811
Add : Potential equity shares on exercise of Rights and Warrants kept in abeyance out of the Rights issue in 1992 .....		<b>231,386</b>	200,513
Weighted average number of shares for Diluted EPS .....		<b>1,524,501,330</b>	1,523,172,432
		<b>Rs.</b>	<b>Rs.</b>
(iii) Nominal Value of Shares .....		<b>2.00</b>	2.00
(iv) Earning per Share :			
Basic .....		<b>8.00</b>	9.21
Diluted .....		<b>7.99</b>	9.21
		<b>2009</b>	<b>2008</b>
		<b>Rs. in Crores</b>	<b>Rs. in Crores</b>
6. Segment reporting :			
The Company has only one business segment 'Cement' as primary segment.			
The secondary segment is geographical, which is given as under:			
a) Revenue			
i) Sale (Net of Excise Duty)			
Within India .....		<b>6,904.63</b>	5,993.51
Outside India .....		<b>172.24</b>	226.76
		<b>7,076.87</b>	6,220.27
ii) Other Income .....			
Within India .....		<b>114.56</b>	61.44
Outside India .....		<b>0.05</b>	-
		<b>114.61</b>	61.44
b) All the Assets of the Company, except the debtors and loans and advances amounting to Rs. 18.30 crores (31.12.2008 - Rs. 47.63 crores), are within India.			
7. Deferred Tax Liability :			
Break-up of Deferred Tax Assets and Liabilities are as under :			
a) Deferred Tax Liabilities, on account of :			
Depreciation .....		<b>515.27</b>	409.31
Total .....		<b>515.27</b>	409.31
b) Deferred Tax Assets, on account of :			
Employee Benefits .....		<b>21.65</b>	20.98
Others .....		<b>7.78</b>	7.58
Total .....		<b>29.43</b>	28.56
Net Deferred Tax Liabilities .....		<b>485.84</b>	380.75
		<b>2009</b>	<b>2008</b>
	<b>Rs. in Crores</b>	<b>Rs. in Crores</b>	<b>Rs. in Crores</b>
8. A) Managerial Remuneration :			
i) Computation of Managing Directors', Whole-time Directors' and Directors' Commission :			
Profit as per Profit and Loss Account .....		<b>1,218.37</b>	1,402.27
Add : Managing Directors' Remuneration (including perquisite) .....	<b>3.13</b>		3.10
Whole-time Director's Remuneration (including perquisite) .....	<b>2.83</b>		6.12
Commission to Non-executive Directors .....	<b>1.45</b>		0.87
Depreciation and Amortisation .....	<b>296.99</b>		259.76
Provision for doubtful debts and advances (net) .....	<b>0.50</b>		-
Provision for Wealth Tax .....	<b>0.21</b>		0.22
Provision for Fringe Benefit Tax .....	<b>0.84</b>		5.20
Provision for Current Tax .....	<b>479.00</b>		560.00
Provision for Deferred Tax .....	<b>105.09</b>		2.37
		<b>890.04</b>	837.64
Less : Depreciation under Section 350 of the Companies Act, 1956 .....	<b>296.99</b>		259.76
Excess of Sale price over the cost of assets sold .....	-		10.99
Profit on sale of Subsidiary / Joint Venture / Associates .....	-		297.34
C/f .....	<b>296.99</b>		568.09
Carried forward .....		<b>2,108.41</b>	2,239.91

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
Brought forward .....		<b>2,108.41</b>	2,239.91
B/f .....	<b>296.99</b>		568.09
Other income .....	<b>10.00</b>		–
Profit on sale of Investment, net .....	<b>7.39</b>		14.46
		<b>314.38</b>	582.55
Profit on which Commission is payable		<b>1,794.03</b>	1,657.36
Eligible Remuneration to the Managing and Whole-time Directors in terms of section 309 of the Companies Act, 1956, 10% of profit on which commission is payable as computed above .....		<b>179.40</b>	165.74
Managerial Remuneration Paid .....		<b>5.97</b>	9.22
ii) Commission			
Commission to Non-executive and Independent Directors : Eligible Commission in terms of Section 309 of the Companies Act, 1956, Rs. 17.94 crores (1% of Rs. 1794.04 crores) [previous year 16.57 crores (1% of Rs. 1657.36 crores)]			
Commission to be paid as determined by the Board of Directors .....		<b>1.45</b>	0.87
		<b>1.45</b>	0.87
B) The Profit & Loss Account includes payments to and provisions for Managerial remuneration as under :			
Salaries, Allowances and Performance Bonus .....		<b>5.17</b>	7.61
Contribution to Provident & Other Funds .....		<b>0.57</b>	1.29
Perquisites .....		<b>0.22</b>	0.32
		<b>5.96</b>	9.22

**Notes :**

- Remuneration includes gratuity to the extent of contribution and leave encashment on payment basis.
- Mr. P. B. Kulkarni, Whole-time Director and Mr. N. P. Ghuwalewala, Whole-time Director retired on 31.01.2009 and 27.06.2009 respectively. Mr. B.L. Taparia, Whole-time Director ceased to be Whole-time Director w.e.f. from 01.05.2009.

**9. Employee Defined Benefits:**

**(a) Defined Contribution Plans -**

The Company has recognised an expense of Rs. 15.94 crores (31.12.2008 - Rs. 12.50 crores) towards the defined contribution plans.

**(b) Defined Benefit Plans - As per Actuarial Valuation as on 31st December, 2009.**

Rs. in crores

Particulars	2009				2008			
	Gratuity		Death and Disability Scheme (Shipping Staff) Non Funded	Post Retirement Medical Benefits (PRMB) Non Funded	Gratuity		Death and Disability Scheme (Shipping Staff) Non Funded	Post Retirement Medical Benefits (PRMB) Non Funded
	Funded	Non Funded			Funded	Non Funded		
I. Expense recognised in the Statement of Profit and Loss Account for the year ended 31st December, 2009								
1. Current Service Cost .....	5.77	0.07	0.04	0.19	3.72	0.08	0.09	0.10
2. Interest Cost .....	3.88	0.05	0.02	0.15	3.49	0.05	0.03	0.12
3. Employee Contributions .....	–	–	–	–	–	–	–	–
4. Expected Return on Plan Assets .....	(4.00)	–	–	–	(2.89)	–	–	–
5. Actuarial (Gains) / Losses .....	(13.29)	(0.22)	(0.13)	1.73	16.48	0.07	(0.15)	0.73
6. Past Service Cost .....	–	–	–	–	–	–	–	–
7. Settlement Cost .....	–	–	–	–	–	–	–	–
8. Losses / (gains) on acquisition / divestiture .....	–	–	–	–	–	–	–	–
9. Total Expense .....	(7.64)	(0.10)	(0.07)	2.07	20.80	0.20	(0.03)	0.95
II. Net Asset / (Liability) recognised in the Balance Sheet as at 31st December, 2009								
1. Present Value of Defined Benefit Obligation .....	57.28	0.56	0.26	4.35	63.21	0.74	0.33	2.29
2. Fair Value of Plan Assets .....	59.85	–	–	–	50.04	–	–	–
3. Funded Status [Surplus / (Deficit)] .....	2.57	(0.56)	(0.26)	(4.35)	(13.17)	(0.74)	(0.33)	(2.29)
4. Net Asset / (Liability) as at 31st December, 2009 .....	2.57	(0.56)	(0.26)	(4.35)	(13.17)	(0.74)	(0.33)	(2.29)

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

Rs. in crores

Particulars	2009				2008			
	Gratuity		Death and Disability Scheme (Shipping Staff) Non Funded	Post Retirement Medical Benefits (PRMB) Non Funded	Gratuity		Death and Disability Scheme (Shipping Staff) Non Funded	Post Retirement Medical Benefits (PRMB) Non Funded
	Funded	Non Funded			Funded	Non Funded		
III. Change in Obligation during the year ended 31st December, 2009								
1. Present value of Defined Benefit Obligation at the beginning of the year .....	63.21	0.74	0.33	2.29	42.39	0.68	0.36	1.34
2. Current Service Cost .....	5.77	0.07	0.04	0.19	3.72	0.08	0.09	0.10
3. Interest Cost .....	3.88	0.05	0.02	0.15	3.49	0.05	0.03	0.12
4. Settlement Cost .....	-	-	-	-	-	-	-	-
5. Past Service Cost .....	-	-	-	-	-	-	-	-
6. Employee Contributions .....	-	-	-	-	-	-	-	-
7. Liabilities assumed on acquisition/(settled on divesture) .....	-	-	-	-	-	-	-	-
8. Actuarial (Gains) / Losses .....	(12.55)	(0.22)	(0.13)	1.72	16.67	0.07	(0.15)	0.73
9. Benefits Payments .....	(3.03)	(0.08)	-	-	(3.06)	(0.14)	-	-
10. Present Value of Defined Benefit Obligation at the end of the year .....	57.28	0.56	0.26	4.35	63.21	0.74	0.33	2.29
IV. Change in Assets during the Year ended 31st December 2009								
1. Plan Assets at the beginning of the year .....	50.04	-	-	-	40.17	-	-	-
2. Assets acquired on amalgamation in previous year .....	-	-	-	-	-	-	-	-
3. Settlements .....	-	-	-	-	-	-	-	-
4. Expected return on plan assets .....	4.00	-	-	-	2.89	-	-	-
5. Contributions by employer .....	8.17	0.08	-	-	9.85	0.14	-	-
6. Actual Benefit Paid .....	(3.10)	(0.08)	-	-	(3.06)	(0.14)	-	-
7. Actuarial Gains / (Losses) .....	0.74	-	-	-	0.19	-	-	-
8. Plan Assets at the end of the year .....	59.85	-	-	-	50.04	-	-	-
9. Actual Return on plan assets .....	4.74	-	-	-	3.08	-	-	-
V. The major categories of plan assets as a percentage of total plan								
Qualifying Insurance policy .....			2009				2008	
			100%				100%	
VI. Effect of One percentage point change in the assumed Medical Inflation rate :								
			1% increase	1% decrease			1% increase	1% decrease
Increase/ (Decrease) on aggregate service and interest cost .....			0.07	(0.06)			0.08	(0.06)
Increase/ (Decrease) on Present value of Defined Benefit obligation as at 31st December, 2009 .....			0.96	(0.76)			0.50	(0.40)
VII. Actuarial Assumptions:								
1. Discount Rate .....			8.25% p.a.				5.90% p.a.	
2. Expected rate of return on plan assets .....			7.50% p.a.				7.50% p.a.	
3. Mortality .....			LIC (1994-96) mortality tables				LIC (1994-96) mortality tables	
4. Turnover rate .....			Age 21-44 -2%, Age 45 -57 - 1%				Age 21-44 -2%, Age 45 -57 - 1%	
5. Medical premium inflation .....			12% p.a. in the first 5 years and 8.5% thereafter				5% p.a.	
6. Salary Escalation .....			7% p.a.				7% p.a.	
VIII. Provident Fund managed by a Trust set up by the Company								
Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. The Company has recognised an expense of Rs. 0.17 crore (31.12.2008 Rs.- Nil) towards the deficit in the fund as as 31st December, 2009.								
IX. Amounts recognized as an expense in respect of defined benefit plans as under :								
						2009		2008
						Rs. in Crores		Rs. in Crores
a) Gratuity * .....						(8.70)		20.12
b) Shipping Staff Gratuity .....						(0.10)		0.20
c) Post Retirement Medical Benefits** .....						1.83		0.95
d) Death & Disability .....						(0.07)		(0.03)
						(7.04)		21.24

\* Net of Rs. 1.06 crores (31.12.2008 – Rs. 0.68 crore) capitalised as pre-operative Expenses.

\*\* Net of Rs. 0.24 crore (31.12.2008 – Rs. Nil) capitalised as pre-operative Expenses.

## SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(c) Amount recognised as an expense in respect of Compensated Leave Absences is Rs. 8.95 crores (31.12.2008 - Rs. 12.85 crores)

(d) Basis used to determine expected rate of return on assets:

To develop the expected long-term return on assets assumption, the company considered the current level of returns declared on its insurance policy. The fund manager is weighing the expected return for each asset class to determine the actual return on assets for the portfolio. This resulted in the selection of the 7.50% assumption.

(e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(f) The Company expects to contribute Rs. 8.22 crores (31.12.2008 Rs.- 13.00 crores) to Gratuity Fund in the year 2010.

(g) Amount for the current and previous two periods are as follows :

	2009 Rs. in Crores	2008 Rs. in Crores	2007 Rs. in Crores
<b>i) Gratuity - Funded</b>			
Defined benefit obligation	57.28	63.21	42.39
Plan assets	59.85	50.04	40.17
Surplus / (deficit)	2.57	(13.17)	(2.22)
Experience adjustments on plan assets	0.74	0.19	1.79
Experience adjustments on plan liabilities	2.08	4.48	9.73
<b>ii) Gratuity - Non Funded</b>			
Defined benefit obligation	0.56	0.74	0.68
Plan assets	—	—	—
Surplus / (deficit)	(0.56)	(0.74)	(0.68)
Experience adjustments on plan assets	—	—	—
Experience adjustments on plan liabilities	(0.14)	(0.03)	(0.08)
<b>iii) Death and Disability Scheme (Shipping Staff)</b>			
Defined benefit obligation	0.26	0.33	0.35
Plan assets	—	—	—
Surplus / (deficit)	(0.26)	(0.33)	(0.35)
Experience adjustments on plan assets	—	—	—
Experience adjustments on plan liabilities	(0.11)	(0.18)	(0.16)
<b>iv) Post Retirement Medical Benefit (PRMB)</b>			
Defined benefit obligation	4.35	2.29	1.33
Plan assets	—	—	—
Surplus / (deficit)	(4.35)	(2.29)	(1.33)
Experience adjustments on plan assets	—	—	—
Experience adjustments on plan liabilities	0.62	(0.02)	0.08

(h) Contribution to provident and other funds of Rs. 10.50 crores in the current year is net of income in certain staff benefits scheme amounting to Rs. 8.87 crores primarily on account of reversal of actuarial losses.

### 10. Employee Stock Option Plans :

a) The Company has provided various share based payments to its employees. During the year ended 31st December, 2009, the following schemes were in operation :

Particulars	2003-04	2004-05	2005-06	2007 *	2008 \$	2009
a) Date of grant	21.01.2004	10.03.2005	07.11.2005	07.06.2007	01.07.2008	19.06.2009
b) Date of Board Approval	31.07.2003	23.07.2004	24.06.2005	11.01.2007	01.07.2008	06.02.2009
c) Date of Shareholders Approval	06.10.2003	18.10.2004	10.10.2005	26.03.2007	22.04.2008	06.04.2009
d) Number of options granted	864,600	812,325	873,075	7,497,900	7,498,150	7,499,600
e) Method of Settlement (Cash/Equity) ...	Equity	Equity	Equity	Equity	Equity	Equity
f) Vesting period from the date of Grant	1 year	1 year	1 year	1 year	1 year	1 year
g) Exercise Period from the date of Vesting	5 years	4 years	4 years	4 years	4 years	4 years

\* Includes 1,11,150 options in Tranche 2 granted on 1st July, 2008 @ Rs. 82/- per option.

\$ Includes 1,13,850 options in Tranche 2 granted on 19th June, 2009 @ Rs. 96/- per option.

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

- b) The details of activity under the ESOP schemes have been summarised below :

Particulars	2009		2008	
	Number of Shares	Weighted Average Exercise price (Rs.)	Number of Shares	Weighted Average Exercise price (Rs.)
a) Outstanding at the beginning of the year .....	16,274,711	91.57	9,692,038	97.90
b) Granted during the year .....	7,613,450	96.00	7,495,450	82.00
c) Forfeited during the year .....	297,150	92.91	619,400	95.45
d) Exercised during the year .....	1,110,456	66.55	219,502	56.72
e) Expired during the year .....	265,517	18.40	73,875	22.13
f) Outstanding at the end of the year .....	22,215,038	95.20	16,274,711	91.57
g) Exercisable at the end of the year .....	14,833,238	94.80	9,129,961	99.06
h) Weighted average remaining contractual life (in years) ....	3.33		3.62	

The weighted average share price at the date of exercise for stock options was Rs. 95.00 (31.12.2008 Rs. 101.18)

The weighted average share price for the period over which stock option were exercised was Rs. 92.37 (31.12.2008 Rs. 90.35)

- c) The details of exercise price for stock options outstanding at the year ended 31st December, 2009

ESOP Plans	2009			2008		
	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs. 2 each)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs. 2 each)
2000-01* .....	–	–	–	35,425	0.87	18.40
2003-04* .....	17,600	0.05	41.33	32,550	1.05	41.33
2004-05* .....	51,475	0.19	59.07	105,450	1.19	59.07
2005-06# .....	139,475	0.85	69.60	193,350	1.85	69.60
2007						
Tranche 1 .....	6,861,400	2.43	113.00	6,862,500	3.43	113.00
Tranche 2 .....	105,950	3.50	82.00	108,550	4.50	82.00
2008						
Tranche 1 .....	6,650,450	3.50	82.00	7,036,200	4.50	82.00
Tranche 2 .....	110,550	4.47	96.00			
2009 .....	7,271,250	4.47	96.00			

\* one option represents 7.5 equity shares.

# one option represents 5 equity shares.

- d) Stock Options granted:

The weighted average fair value of stock options granted for the year was Rs. 26.38 (31.12.2008 -Rs. 16.95). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Variables	2009	2008
Grant date .....	19.06.2009	01.07.2008
Market Price (Rs. per share) on the date of grant .....	89.35	73.00
Volatility .....	44.51%	35.94%
Risk free rate .....	5.98%	7.02%
Exercise price .....	96.00	82.00
Time to Maturity (years) .....	3	3
Dividend yield .....	2.17%	2.58%
Option fair value (Rs. per share) .....	26.38	16.95

- e) Effect of the employee share based payment plans on the profit and loss account and on its financial position:

Particulars	2009 Rs. in Crores	2008 Rs. in Crores
Total Employee Compensation Cost pertaining to share based payment plans .....	–	–
Compensation cost pertaining to equity settled employee share based payment plan included above .....	–	–
Liability for employee stock options outstanding as at year end .....	0.24	0.34
Deferred Compensation Cost .....	–	–

## SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

- f) Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as under :

Particulars	2009 Rs. in Crores	2008 Rs. in Crores
Profit as reported .....	1,218.37	1,402.27
Add : Employee stock compensation under intrinsic value method .....	–	–
Less: Employee stock compensation under fair value method .....	15.08	15.10
Proforma profit .....	1,203.29	1,387.17
Earning per share	Rs.	Rs.
Basic :		
– As reported .....	8.00	9.21
– Proforma .....	7.90	9.11
Diluted :		
– As reported .....	7.99	9.21
– Proforma .....	7.89	9.11

11. Movement of provisions during the period as required under Accounting Standard - 29  
Mines Reclamation Expenditure :

	2009 Rs. in Crores	2008 Rs. in Crores
Opening Provision .....	9.96	8.15
Add : Provision during the period .....	0.40	3.03
	10.36	11.18
Less : Utilisation during the period .....	0.21	–
	10.15	11.18
Less : Reversal during the period .....	–	1.22
Closing Provision .....	10.15	9.96

Mines reclamation expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

12. Payment to Auditors :

	2009 Rs. in Crores	2008 Rs. in Crores
(a) Statutory Auditors		
(i) As Auditors		
a) Statutory financial statements .....	0.89	0.84
b) IFRS reporting .....	0.25	0.30
c) Tax financial statements .....	0.12	0.12
d) Limited reviews .....	0.24	0.24
e) Out of pocket expenses .....	0.07	0.19
(ii) As Advisors .....	–	–
(iii) In Other Capacity .....	0.12	0.01
	1.69	1.70
(b) Cost Auditors		
As Auditors		
a) Cost records .....	0.03	0.03
b) Out of pocket expenses .....	0.01	0.01
	0.04	0.04

13. Licensed & Installed Capacity, Production, Stocks and Turnover:

	31.12.2009		31.12.2008	
	MT	Rs. in Crores	MT	Rs. in Crores
Cement				
(i) Licensed Capacity (see Note "a")				
(ii) Installed Capacity (see Note "b") .....	22,000,000		22,000,000	
(iii) Production .....	18,828,453		17,757,706	
(iv) Stocks :				
Opening .....	305,770	78.01	252,828	53.44
Closing .....	231,765	53.03	305,770	78.01
(v) Turnover (see Note "c" & "e")				
Cement .....	18,793,156	7,721.42	17,586,010	7,075.51

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

	31.12.2009		31.12.2008	
	MT	Rs. in Crores	MT	Rs. in Crores
<b>Notes:</b>				
(a) The Company's product is exempt from Licensing requirements under New Industrial Policy in terms of Notification no. S.O.477(E) dated 25th July, 1991.				
(b) Annual Capacity as certified by the management and, being a technical matter, accepted by the Auditors.				
(c) Excludes Self Consumption for Capital and Revenue jobs .	105,749	19.33	110,189	21.19
(d) Shortages, Samples and Handling Loss, etc. ....	3,553		8,565	
(e) Includes VAT/Sales Tax remission .....		33.22		73.76
14. Raw Materials consumed :				
(i) Purchased Clinker .....	1,701,023	570.74	703,695	231.72
(ii) Fly Ash .....	4,714,105	180.72	4,484,534	161.38
(iii) Gypsum .....	1,127,105	168.33	1,055,055	140.85
(iv) Silica .....	183,272	7.23	236,234	9.72
(v) Iron ore .....	102,916	3.04	96,147	6.98
(vi) Purchased Limestone and clay * .....	68,613	3.22	58,131	1.47
(vii) Others .....		31.15		29.76
TOTAL .....		964.43		581.88
* Excludes limestone raised by the Company 17,192,390 MT (31.12.2008 - 16,486,074 MT)				

	2009		2008	
	Rs. in Crores	Percentage	Rs in Crores	Percentage
15. (a) Raw Materials Consumed :				
(i) Imported .....	305.43	31.67	51.46	8.84
(ii) Indigenous .....	659.00	68.33	530.42	91.16
TOTAL .....	964.43	100.00	581.88	100.00
(b) Spares Consumed :				
(i) Imported .....	12.40	12.29	10.26	8.96
(ii) Indigenous .....	88.53	87.71	104.23	91.04
TOTAL .....	100.93	100.00	114.49	100.00

	2009	2008
	Rs. in Crores	Rs. in Crores
16. CIF Value of imports:		
(i) Raw Materials .....	180.54	51.14
(ii) Fuels .....	245.29	504.89
(iii) Spares .....	54.67	50.41
(iv) Capital Goods .....	241.55	142.20
17. Expenditure in Foreign currency (accrual basis) :		
(i) Technical Fees (Net of tax) (Capitalised Rs. 2.80 crores; Previous year – Rs. 3.82 crores) .....	3.61	6.71
(ii) Interest & Finance Charges (Capitalised Rs. Nil; Previous year - Rs. 0.07 crore)	–	3.51
(iii) Travelling Expenses .....	0.96	1.67
(iv) Ship Charter Hire, Port Dues, etc. ....	10.22	6.02
(v) Consultancy Charges (Capitalised Rs. 5.95 crores; Previous year - Rs. Nil) ..	10.37	0.49
(vi) Other matters (Capitalised Rs.1.24 crores; Previous year - Rs. 2.14 crores) .	10.45	20.73

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

	<b>2009</b>	2008
	<b>Rs. in Crores</b>	Rs. in Crores
18. Remittances in Foreign Currency :		
On account of dividend to non-resident shareholders		
Final Dividend		
No. of shareholders .....	<b>249</b>	274
No. of Equity Shares .....	<b>545,879,624</b>	546,019,469
Amount remitted, net of tax (Rs. in crores) .....	<b>54.59</b>	54.60
Year to which it pertains .....	<b>2008</b>	2007
Interim Dividend		
No. of shareholders .....	<b>239</b>	254
No. of Equity Shares .....	<b>545,812,394</b>	545,920,064
Amount remitted, net of tax (Rs. in crores) .....	<b>65.50</b>	65.51
Period to which it pertains .....	<b>2009</b>	2008
19. Earnings in Foreign Exchange (accrual basis):		
(i) F.O.B. Value of Exports .....	<b>171.98</b>	226.53
(ii) Other Income .....	<b>12.80</b>	2.00
20. Disclosure in respect of Loans and Advances in the nature of Loans pursuant to Clause 32 of the Listing Agreement :		
	<b>As at 31.12.2009</b>	As at 31.12.2008
	<b>Outstanding balance</b>	Outstanding balance
	<b>Maximum balance during the year</b>	Maximum balance during the year
	<b>Rs. in Crores</b>	Rs. in Crores
Loans and Advances in the nature of loans given to Subsidiaries and Associates, etc.		
Loans to Subsidiaries :		
Chemical Limes Mundwa Private Limited .....	<b>0.25</b>	0.25
21. Derivative Instrument and Unhedged Foreign Currency Exposure :		
	<b>As at 31.12.2009 Amount in million</b>	As at 31.12.2008 Amount in million
1. Outstanding creditors for purchase of Raw Material & Spares		
a) in USD .....	<b>12.10</b>	9.11
b) in EURO .....	<b>0.19</b>	–
c) in CHF .....	<b>0.33</b>	–
2. Outstanding creditors for purchase of Capital Goods		
a) in USD .....	<b>0.02</b>	–
b) in EURO .....	<b>0.06</b>	0.04
c) in CHF .....	<b>0.01</b>	–
3. Outstanding creditors for expenses		
a) in USD .....	<b>0.66</b>	1.81
b) in EURO .....	<b>0.28</b>	–
c) in CHF .....	<b>0.87</b>	1.22
d) in THB .....	–	7.48
e) in CAD .....	–	0.03
f) in AUD .....	–	0.12
4. Outstanding debtors		
a) in USD .....	<b>2.20</b>	9.83
5. Advance to Vendors		
a) in USD .....	<b>0.05</b>	–
b) in EURO .....	<b>1.09</b>	–
c) in AUD .....	<b>0.02</b>	–

**SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

	<b>As at 31.12.2009 Amount in million</b>	<b>As at 31.12.2008 Amount in million</b>
6. EEFC Account with HSBC		
a) in USD .....	–	0.89
7. EEFC Account with SCB		
a) in USD .....	–	0.18
22. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the 'Micro, Small and Medium Enterprises Development Act, 2006':		
	<b>31.12.2009 Rs. in Crores</b>	<b>31.12.2008 Rs. in Crores</b>
a) Principal Amount overdue .....	<b>2.29</b>	0.36
Interest amount payable thereon .....	<b>0.02</b>	0.04
b) The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year ...	<b>3.91</b>	3.01
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified .....	<b>0.02</b>	0.03
d) The amount of interest accrued and remaining unpaid at the end of each accounting year ...	<b>0.02</b>	0.04
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 2 .....	<b>0.02</b>	0.04
23. a) Donations include contribution to political parties as follows :		
Bhartiya Janata Party .....	<b>2.00</b>	–
All India Congress Committee .....	<b>2.00</b>	–
Nationalist Congress Party .....	<b>1.00</b>	–
Shiromani Akali Dal .....	<b>0.75</b>	–
<b>TOTAL .....</b>	<b>5.75</b>	–
b) The Company is carrying out its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF), and was during the year running the schools at plant locations through the Ambuja Educational Institute (AEI) and Ambuja Vidya Niketan Trust (AVN) charitable organisations registered under Section 25 of the Companies Act, 1956. The Company has contributed Rs. 33.50 crores (31.12.2008 - Rs. 18.21 crores) to ACF, Rs. Nil (31.12.2008 - Rs. 1.59 crores) to AEI and Rs. 3.05 crores (31.12.2008 - Rs. Nil) to AVN.		
24. During the year the Company has prepaid deferred sales tax loan at one of its unit and has recognised discounting income of Rs. 46.16 crores.		
25. Capital Work-in-Progress includes (a) machinery in transit Rs. 8.93 crores (31.12.2008 - Rs. 3.03 crores) and (b) expenditure during construction for project - Rs. 110.86 crores (31.12.2008 - Rs. 44.67 crores).		
26. During the year the Company has written off pre-operative expenses incurred on certain capital projects and temporary structures amounting to Rs. Nil (31.12.2008 - Rs. 8.11 crores).		
27. During the previous year, the Company has sold its investments in :		
a) Ambuja Cement India Private Limited for a sale consideration of Rs. 588.91 crores and has recognised a profit of Rs. 303.20 crores.		
b) Ceylon Ambuja Cements Private Limited for a sale consideration of Rs. 0.42 crore and has recognised a loss of Rs. 5.86 crores.		
28. Figures less than Rs. 50,000/- have been shown at actuals, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lac.		
29. Figures of the previous year have been regrouped wherever necessary to conform to the current year's presentation.		

**Signatures to Schedules 'A' to 'Q'**

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

David Atkinson  
Chief Financial Officer

B. L. Taparia  
Company Secretary &  
Head Corporate Services

For and on behalf of the Board

N. S. Sekhsaria  
Chairman

Paul Hugentobler  
Vice Chairman

M. L. Bhakta  
Director

Onne van der Weijde  
Director

A. L. Kapur  
Managing Director

Shailesh Haribhakti  
Chairman – Audit Committee

Nasser Munjee  
Director

Rajendra P. Chitale  
Director

Omkar Goswami  
Director

Naresh Chandra  
Director

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Registration No.	L26942GJ1981PLC004717	State Code	04
Balance Sheet Date	31.12.2009		

## II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue	–	Right Issue (Abeyance Cases)	3
Bonus Issue	–	Private Placement	–
On Amalgamation	–	ESOS	2,221

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	71,224,529	Total Assets	71,224,529
-------------------	------------	--------------	------------

### Sources of Funds

Paid-up Capital	3,047,423	Reserves & Surplus	61,659,310
Share Application Money	–	Unsecured Loans	656,990
Employee Stock Option Outstanding	2,441		
Secured Loans	1,000,000		
Deferred Tax Liabilities	4,858,366		

### Application of Funds

Net Fixed Assets	61,544,745	Investments	7,270,146
Net Current Assets	2,382,537	Misc. Expenditure	27,102
Accumulated Losses	–		

## IV. Performance of Company (Amount in Rs. Thousand)

Turnover (Net of Excise duty)	70,768,739	Total Expenditure	55,294,197
Profit before tax	18,032,988	Profit after Tax	12,183,691
Earning per Share in Rs.	8.00	Dividend Rate %	120%

## V. Generic Name of Principal Product of the Company

Item Code No.	2,523
Product Description	Portland Cement

For and on behalf of the Board

David Atkinson  
Chief Financial Officer

N. S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman – Audit Committee

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Vice Chairman

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Director

B. L. Taparia  
Company Secretary &  
Head Corporate Services

A. L. Kapur  
Managing Director

Naresh Chandra  
Director

Mumbai, 4th February, 2010

## AUDITORS' REPORT

The Board of Directors,  
Ambuja Cements Limited

We have audited the attached consolidated balance sheet of Ambuja Cements Limited and its subsidiaries, ('the Group'), as at 31st December 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Ambuja Cements Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total liabilities of Rs. 1.12 crores as at 31st December, 2009, the total expenses of Rs. 1.53 crores and cash outflows amounting to Rs. 0.07 crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Ambuja Cements Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at December, 31 2009;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No.: 41870

Mumbai  
February 4, 2010

# CONSOLIDATED BALANCE SHEET

as at 31st December, 2009

	Schedule	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital .....	A	304.74		304.52
Employee Stock Option Outstanding (Refer Note 10) .....		0.24		0.34
Reserves and Surplus .....	B	6,162.92		5,366.54
			6,467.90	5,671.40
<b>Loan Funds</b>				
Secured Loans .....	C	100.00		100.00
Unsecured Loans .....	D	65.70		188.67
			165.70	288.67
<b>Deferred Tax Liability, net</b> (Refer Note 7) .....			485.84	380.75
<b>TOTAL</b> .....			<b>7,119.44</b>	<b>6,340.82</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b> .....	E			
Gross Block .....		6,227.30		5,710.11
Less: Depreciation .....		2,783.06		2,512.87
Net Block .....		3,444.24		3,197.24
Capital Work-in-Progress (Refer Note 16) .....		2,564.83		1,560.76
		6,009.07		4,758.00
Advances against capital expenditure .....		149.61		386.47
			6,158.68	5,144.47
<b>Investments</b> .....	F		722.44	327.82
<b>Current Assets, Loans and Advances</b>				
Inventories .....	G	683.24		938.74
Sundry Debtors .....	H	152.20		224.60
Cash and Bank Balances .....	I	880.90		852.13
Other Current Assets .....	J	10.17		24.44
Loans and Advances .....	K	252.82		299.67
		1,979.33		2,339.58
Less: <b>Current Liabilities and Provisions</b> .....	L			
Current Liabilities .....		1,069.68		1,004.77
Provisions .....		674.04		470.56
		1,743.72		1,475.33
<b>Net Current Assets</b> .....			235.61	864.25
<b>Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted)				
Quarry / Mines Development Expenses .....			2.71	4.28
<b>TOTAL</b> .....			<b>7,119.44</b>	<b>6,340.82</b>
Notes forming part of the Accounts .....	Q			

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

David Atkinson  
Chief Financial Officer

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Company Secretary &  
Head Corporate Services

For and on behalf of the Board

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Director

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Director

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Director

Naresh Chandra  
Director

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

## for the year ended 31st December, 2009

	Schedule	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>INCOME</b>				
Sales .....		7,721.42		7,102.65
Less : Excise duty .....		644.55		855.24
			7,076.87	6,247.41
Other Income .....	M		255.81	211.08
			7,332.68	6,458.49
<b>EXPENDITURE</b>				
Manufacturing and other expenses .....	N	5,230.53		4,532.65
Interest and Finance Charges .....	O	22.43		32.60
Depreciation and Amortisation .....		297.28		260.10
		5,550.24		4,825.35
Self consumption of clinker, cement & limestone (net of excise duty Rs. 1.94 crores; 31.12.2008 Rs. 2.88 crores) ..		(19.33)		(21.19)
			5,530.91	4,804.16
Profit before tax and exceptional items .....			1,801.77	1,654.33
Exceptional items .....	P		–	303.31
Profit before tax .....			1,801.77	1,957.64
Provision for Taxation :				
– Current tax .....		479.00		560.36
– Deferred tax .....		105.09		2.37
– Fringe Benefit tax .....		0.84		5.20
			584.93	567.93
Net Profit .....			1,216.84	1,389.71
Balance as per last Account .....			675.84	683.74
Transferred from Exchange Fluctuation reserve on cessation of subsidiary .....			–	(5.72)
Transferred to General Reserve .....			800.00	1,000.00
Interim Dividend on Equity Shares .....		182.74		182.71
Dividend Distribution Tax on above .....		31.06		31.05
			213.80	213.76
Proposed Final Dividend on Equity Shares .....		182.85		152.26
Dividend Distribution Tax on above .....		31.07		25.87
			213.92	178.13
Balance carried to Balance Sheet .....			664.96	675.84
Earnings Per Share of Rs. 2 each (Refer Note 6)			Rs.	Rs.
Basic .....			7.99	9.13
Diluted .....			7.98	9.12
Notes forming part of the Accounts .....	Q			

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

David Atkinson  
Chief Financial Officer

B. L. Taparia  
Company Secretary &  
Head Corporate Services

For and on behalf of the Board

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Chairman

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Director

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Managing Director

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Chairman – Audit Committee

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Director

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Director

Omkar Goswami  
Director

Naresh Chandra  
Director

# CONSOLIDATED CASH FLOW STATEMENT

## for the year ended 31st December, 2009

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
PROFIT BEFORE TAX .....		1,801.77	1,957.64
Adjustment for :			
Depreciation and Amortisation .....	297.28		260.10
Surplus on sale of assets (excluding exceptional items) .....	(1.25)		(0.70)
Exceptional Items .....	–		(303.31)
Loss on Assets sold, scrapped or discarded and written off .....	6.40		4.26
Capital Projects written off (Refer Note 15) .....	–		8.11
Part of deferred revenue expenditure, written off .....	1.57		1.72
Loss / (Profit) on Sale of Current Investments (net) .....	(7.39)		(14.46)
Interest and Finance Charges .....	22.43		32.60
Interest Income .....	(72.22)		(83.21)
Discounting income on sales tax loan (Refer Note 14) .....	(59.27)		(10.72)
Exchange rate difference (net) .....	(2.09)		9.33
Dividend income from investment - other than trade .....	(2.32)		(41.11)
Provisions no longer required .....	(26.52)		(11.28)
Bad Debts, Sundry Debit Balance and Claims Written off .....	1.03		1.39
Provision for Doubtful debts and advances (net) .....	0.50		(0.43)
Wealth Tax .....	0.21		0.22
		<b>158.36</b>	<b>(147.49)</b>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES .....		<b>1,960.13</b>	<b>1,810.15</b>
Adjustment for :			
Trade and other receivables .....	116.86		(183.27)
Inventories .....	255.50		(348.40)
Trade and other Payables .....	100.02		269.52
		<b>472.38</b>	<b>(262.15)</b>
CASH GENERATED FROM OPERATIONS .....		<b>2,432.51</b>	<b>1,548.00</b>
Direct Taxes paid .....	(305.49)		(575.36)
Miscellaneous Expenditure .....	–		(0.27)
Exchange rate difference .....	2.09		2.87
		<b>(303.40)</b>	<b>(572.76)</b>
NET CASH FROM OPERATING ACTIVITIES .....		<b>2,129.11</b>	<b>975.24</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets .....	(1,347.54)		(1,648.18)
Sale of Fixed Assets (net of tax of Rs. NIL; 31.12.2008 - Rs. 1.67 crores) .....	11.44		19.91
Proceeds from sale of Investments .....	44.90		566.60
Investment in Subsidiary .....	–		(6.28)
Disposal of Subsidiary .....	–		0.42
Proceeds of deposits matured (net, with maturity more than three months) .....	(2.00)		26.40
Interest received .....	87.35		73.14
Profit on sale of investment in mutual fund .....	7.39		14.46
Dividend received .....	2.32		41.11
NET CASH USED IN INVESTING ACTIVITIES .....		<b>(1,196.14)</b>	<b>(912.42)</b>
Carried forward .....		<b>932.97</b>	<b>62.82</b>

## CASH FLOW STATEMENT (Contd.)

Brought forward .....	932.97	62.82
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital including Securities premium .....	7.38	1.24
Proceeds from borrowings .....	49.94	97.14
Repayment of borrowings .....	(113.64)	(146.39)
Interest and Finance Charges paid .....	(20.29)	(60.35)
Swap interest (net) .....	–	(0.55)
Unclaimed sale proceeds of the odd lot shares of erstwhile ACEL and ACRL ..	(0.03)	(0.07)
Unclaimed Application money on Securities .....	–	0.14
Dividend paid (including dividend distribution tax) .....	(390.04)	(390.23)
NET CASH USED IN FINANCING ACTIVITIES .....	(466.68)	(499.07)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS .....	466.29	(436.25)
CASH AND CASH EQUIVALENTS as at the beginning of the year:		
Ear marked for specific purpose .....	15.40	13.83
Other Balances .....	934.00	1,371.82
	949.40	1,385.65
CASH AND CASH EQUIVALENTS as at the end of the year:		
Ear marked for specific purpose .....	17.26	15.40
Other Balances .....	1,398.43	934.00
	1,415.69	949.40
<b>Components of cash and cash equivalents :</b>		
Cash and cheque on hand .....	0.32	19.55
With banks - on current account .....	99.28	89.07
With banks - on fixed deposit .....	764.04	728.11
With banks - earmarked for specific purposes .....	17.26	15.40
Cash and Bank Balance as per schedule "I" .....	880.90	852.13
Less : Fixed deposits not considered as cash equivalents .....	(27.66)	(25.66)
Add : Investment in Mutual Fund .....	562.45	122.93
CASH AND CASH EQUIVALENTS in Cash Flow Statement .....	1,415.69	949.40

### Notes :

- Figures in brackets represents outflow.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

David Atkinson  
Chief Financial Officer

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Company Secretary &  
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For and on behalf of the Board

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Naresh Chandra  
Director

**SCHEDULES 'A' TO 'Q'**  
annexed to and forming part of the Consolidated Balance Sheet as at and  
Consolidated Profit and Loss Account for the year ended 31st December, 2009

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'A' - SHARE CAPITAL</b>			
<b>Authorised :</b>			
2,50,00,00,000 (31.12.2008 - 2,50,00,00,000) Equity Shares of Rs. 2 each .....	500.00		500.00
15,00,00,000 (31.12.2008 - 15,00,00,000) Preference Shares of Rs. 10 each .....	150.00		150.00
		<u>650.00</u>	<u>650.00</u>
<b>Issued :</b>			
1,52,40,40,900 (31.12.2008 - 1,52,29,30,444) Equity Shares of Rs. 2 each fully paid-up .....		<u>304.81</u>	<u>304.59</u>
<b>Subscribed :</b>			
1,52,37,11,380 (31.12.2008 - 1,52,25,99,424) Equity Shares of Rs. 2 each fully paid-up .....		<u>304.74</u>	<u>304.52</u>
TOTAL .....		<u>304.74</u>	<u>304.52</u>

**Notes :**

- 1) Out of above Equity Shares :
  - a) 97,31,57,405 (31.12.2008 - 97,31,57,405) Equity Shares of Rs. 2 each have been issued as fully paid-up Bonus Shares by way of capitalisation of Securities Premium and Capital Redemption Reserve.
  - b) 2,47,17,990 (31.12.2008 - 2,47,17,240) Equity Shares of Rs. 2 each fully paid-up have been issued against exercise of Tradable Warrants attached to 18.5% Secured Redeemable Non-Convertible Debentures.
  - c) 1,33,12,370 (31.12.2008 - 1,33,12,370) Equity Shares of Rs. 2 each fully paid-up have been issued to the Shareholders of the amalgamating company Ambuja Cements Rajasthan Limited (ACRL) pursuant to the scheme of amalgamation as approved by the Board of Industrial and Financial Reconstruction (BIFR) without payment being received in cash.
  - d) 15,39,61,356 (31.12.2008 - 15,39,61,356) Equity Shares of Rs. 2 each fully paid-up issued to the Shareholders of the amalgamating company Ambuja Cement Eastern Limited (ACEI) without payment being received in cash.
- 2) a) Outstanding Employee stock options exercisable into 2,22,15,038 (31.12.2008 - 1,62,74,711) Equity Shares of Rs. 2 each fully paid-up (Refer Note 10).
- b) Outstanding tradable warrants and right shares kept in abeyance exercisable into 1,88,190 (31.12.2008 - 1,88,940) and 1,41,330 (31.12.2008 - 1,42,080) Equity Shares of Rs. 2 each fully paid-up respectively.

**SCHEDULE 'B' - RESERVES AND SURPLUS**

**Subsidies :**

(a) Cash Subsidies from Government and other authorities .....	1.83		1.83
(b) Grant-in-aid Subsidy from DANIDA .....	0.12		0.12
		<u>1.95</u>	<u>1.95</u>
<b>Capital Reserve</b> .....		<u>132.35</u>	<u>132.35</u>
<b>Capital Redemption Reserve</b> .....		<u>9.93</u>	<u>9.93</u>
Carried forward .....		<u>144.23</u>	<u>144.23</u>

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'B' – RESERVES AND SURPLUS (Contd.)</b>			
Brought forward .....		144.23	144.23
<b>Security Premium :</b>			
As per last Account .....	1,184.77		1,183.53
Additions on exercise of employee stock options and others .....	7.26		1.24
		1,192.03	1,184.77
<b>Debenture Redemption Reserve .....</b>		25.00	25.00
<b>Unrealised Gain on Dilution :</b>			
Excess of Company's share of networth in Ambuja Cement India Pvt. Ltd. (ACIPL) over the carrying amount			
As per last account .....	–		186.02
Less: Transferred to profit on sale of investment pursuant to sale of 11% stake in ACIPL .....	–		186.02
		–	–
<b>General Reserve :</b>			
As per last Account .....	3,336.70		2,336.70
Set aside this year .....	800.00		1,000.00
		4,136.70	3,336.70
<b>Exchange Fluctuation Reserve on consolidation of overseas subsidiaries :</b>			
As per last Account .....	–		(4.82)
Add: Gain / (Loss) on translation of subsidiary .....	–		(0.90)
	–		(5.72)
Less: Transferred to Profit & Loss Account on disposal of subsidiary .....	–		(5.72)
		–	–
<b>Surplus as per Profit and Loss Account .....</b>		664.96	675.84
<b>TOTAL .....</b>		<b>6,162.92</b>	<b>5,366.54</b>

#### SCHEDULE 'C' - SECURED LOANS

Debentures (Refer Note Below) .....	100.00	100.00
<b>TOTAL .....</b>	<b>100.00</b>	<b>100.00</b>

Above Debentures are secured by way of first *pari passu* charge by mortgage of immovable properties of the three cement plants of the Company situated at Ambujanagar, in the state of Gujarat, as covered under Trust Deed.

#### SCHEDULE 'D' - UNSECURED LOANS

Sales Tax Deferment Loan under Sales Tax Incentive Scheme of various State Governments (Due within one year Rs. 7.33 crores; 31.12.2008 - Rs. 6.23 crores) (Refer Note 14) .....	65.70	188.67
<b>TOTAL .....</b>	<b>65.70</b>	<b>188.67</b>

## SCHEDULE 'E' - FIXED ASSETS

DESCRIPTION	Rs. in Crores											
	GROSS BLOCK (at Cost)					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 01.01.2009	Additions	Deductions/ Transfers	Deduction on Cessation of Subsidiary	As at 31.12.2009	As at 01.01.2009	For the year (f)	Deductions/ Transfers	Deduction on Cessation of Subsidiary	Upto 31.12.2009	As at 31.12.2009	As at 01.01.2009
<b>Tangible Assets:</b>												
Freehold Land .....	241.20	69.49	-	-	310.69	-	-	-	-	-	310.69	241.20
Leasehold Land ....	51.02	23.73	-	-	74.75	6.12	1.54	-	-	7.66	67.09	44.90
Buildings, Roads and Water Works (a) ....	712.07	100.67	1.09	-	811.65	122.34	20.19	0.36	-	142.17	669.48	589.73
Marine Structures ( b) .....	95.59	-	-	-	95.59	44.45	3.82	-	-	48.27	47.32	51.14
Plant and Machinery (c) .....	3,833.75	301.55	41.74	-	4,093.56	2,000.52	219.62	28.23	-	2,191.91	1,901.65	1,833.23
Electrical Installations .....	340.17	34.36	0.63	-	373.90	142.12	17.07	0.35	-	158.84	215.06	198.05
Railway Sidings and Locomotives (d) ....	61.06	9.48	-	-	70.54	28.15	2.49	-	-	30.64	39.90	32.91
Railway Wagons given on Lease (e) .....	6.43	-	-	-	6.43	3.62	0.30	-	-	3.92	2.51	2.81
Furniture, Fixtures and Office Equipments	111.23	14.11	2.87	-	122.47	49.99	10.01	1.87	-	58.13	64.34	61.24
Ships .....	112.64	-	-	-	112.64	59.81	5.78	-	-	65.59	47.05	52.83
Vehicles .....	45.03	10.94	4.21	-	51.76	25.46	6.52	3.14	-	28.84	22.92	19.57
Power Lines (b) .....	33.92	-	-	-	33.92	7.54	0.97	-	-	8.51	25.41	26.38
Sub Total .....	5,644.11	564.33	50.54	-	6,157.90	2,490.12	288.31	33.95	-	2,744.48	3,413.42	3,153.99
<b>Intangible Assets:</b>												
Goodwill on Consolidation .....	3.90	-	-	-	3.90	-	-	-	-	-	3.90	3.90
Water Drawing Rights .....	6.18	-	-	-	6.18	4.03	0.51	-	-	4.54	1.64	2.15
Computer Software	55.92	3.40	-	-	59.32	18.72	15.32	-	-	34.04	25.28	37.20
Sub Total .....	66.00	3.40	-	-	69.40	22.75	15.83	-	-	38.58	30.82	43.25
TOTAL .....	5,710.11	567.73	50.54	-	6,227.30	2,512.87	304.14	33.95	-	2,783.06	3,444.24	3,197.24
Previous year's Total ..	5,251.83	507.61	31.72	17.61	5,710.11	2,273.98	260.91	17.57	4.45	2,512.87	3,197.24	

### Notes :

(a) Includes :

- Premises on ownership basis of Rs. 95.30 crores (31.12.2008 - Rs. 72.97 crores) and cost of shares in Co-operative Societies Rs. 13,130/- (31.12.2008 - Rs. 13,130/-).
- Rs. 10.47 crores (31.12.2008 - Rs. 6.85 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 0.94 crore (31.12.2008 - Rs. 0.82 crore) being the depreciation thereof upto 31st December, 2009.

(b) Cost incurred by the Company, ownership of which vests with the Government Authorities and Board.

(c) Includes Rs. 17.42 crores (31.12.2008 - Rs. 21.58 crores) being cost of bulkers used as Material Handling Equipment, which are being depreciated under the "Written Down Value Method" at the rate applicable to vehicles.

(d) Includes Rs. 6.84 crores (31.12.2008 - Rs. 1.77 crores) being cost of Railway siding constructed by the Company, ownership of which vests with the Government / Railway Authorities and Rs. 0.71 crore (31.12.2008 - Rs. 0.54 crore) being the depreciation thereof upto 31st December, 2009.

(e) Railway wagons given on lease to the Railways under " Own Your Wagon Scheme".

(f) Includes Rs. 6.86 crores (31.12.2008 - Rs. 0.81 crore) capitalised as pre-operative expenses.

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'F' - INVESTMENTS</b>			
<b>Long Term Investments (at cost) (unquoted) :</b>			
<b>In Fully Paid Shares, Debentures and Bonds, other than Trade</b>			
Equity Shares .....	120.39		120.39
In Public Sector Bonds .....	29.60		29.60
		149.99	149.99
<b>Current Investments, other than trade (at cost or fair value, whichever is lower) :</b>			
<b>Quoted</b>			
In Debentures .....		10.00	54.90
<b>Unquoted:</b>			
In Units of Mutual Fund .....		562.45	122.93
TOTAL .....		722.44	327.82
<b>SCHEDULE 'G' - INVENTORIES</b>			
<b>(At cost or net realisable value whichever is lower)</b>			
Coal, Fuel, Packing Materials, Stores and Spare parts (including in transit - Rs. 22.95 crores; 31.12.2008 - Rs. 23.37 crores) .....		458.38	656.59
<b>Stock-in-trade :</b>			
Raw materials (including in transit - Rs. 6.89 crores; 31.12.2008 - Rs. 1.49 crores) .....	48.56		56.38
Materials-in-process .....	123.27		147.73
Finished goods .....	53.03		78.04
		224.86	282.15
TOTAL .....		683.24	938.74
<b>SCHEDULE 'H' - SUNDRY DEBTORS</b>			
<b>Over six months:</b>			
Considered Good (Secured by way of security deposit Rs. 0.41 crore; 31.12.2008 - Rs.0.06 crore) .....		2.18	1.84
Considered Doubtful .....	8.41		8.72
Less : Provision .....	8.41		8.72
		-	-
		2.18	1.84
Others, considered good (Secured by way of security deposit Rs. 54.47 crores; 31.12.2008 - Rs. 53.58 crores) (Refer Note below)) .....		150.02	222.76
TOTAL .....		152.20	224.60
<b>Note:</b>			
<b>Others Includes :</b>			
Due from ACC Limited Rs. 0.11 crore (31.12.2008 - Rs. 0.01 crore), [maximum outstanding due during the year from ACC Limited Rs. 0.20 crore (31.12.2008 Rs. 0.56 crore)], and ACC Concrete Limited Rs. 2.43 crores (31.12.2008 - Rs. 2.58 crores), [maximum outstanding due during the year Rs. 3.04 crores (31.12.2008 - Rs. 2.39 crores), companies under same management			
<b>SCHEDULE 'I' - CASH AND BANK BALANCES</b>			
Cash on hand .....		0.32	0.36
Cheques on hand with Banks as Collecting Agency in terms of an arrangement, Rs. 21,150/- .....			19.19
<b>Bank Balances:</b>			
<b>With Scheduled Banks :</b>			
In Current Account .....	116.54		104.47
In Fixed Deposits (Deposit Receipts of Rs. 2.06 crores (31.12.2008- Rs. 2.12 crores) deposited with Government Departments as Security Deposit and Rs. 25.61 crores (31.12.2008 - Rs. 25.63 crores) deposited with banks as security deposit for guarantees .....	764.04		728.11
		880.58	832.58
TOTAL .....		880.90	852.13

	Rs. in Crores	As at 31.12.2009 Rs. in Crores	As at 31.12.2008 Rs. in Crores
<b>SCHEDULE 'J' - OTHER CURRENT ASSETS</b>			
Interest accrued on Investments .....		1.43	3.49
Other Interest receivable .....		5.59	18.66
Scrapped assets awaiting disposal, at estimated realisable value .....		1.31	1.03
Sundry Receivables .....		1.84	1.26
TOTAL .....		10.17	24.44
<b>SCHEDULE 'K' - LOANS AND ADVANCES</b>			
<b>(Unsecured Good, unless otherwise stated)</b>			
Advances recoverable in cash or in kind or for value to be received			
Good (Due from ACC Limited a Company under same Management Rs. Nil (31.12.2008 - Rs. 2.98 crores)). Maximum outstanding due during the year Rs. Nil (31.12.2008 - Rs. 2.98 crores). .....	184.00		231.84
Doubtful .....	9.92		9.41
Less : Provision .....	9.92		9.41
	-		-
		184.00	231.84
Deposits Including National Savings Certificates Rs. 31,500/-, deposited with Government Departments as Security (31.12.2008 - Rs. 34,500/- ) .....		65.17	55.83
Balance with Central Excise, Customs, Port Trusts, etc. ....		3.65	12.00
TOTAL .....		252.82	299.67
<b>SCHEDULE 'L' - CURRENT LIABILITIES AND PROVISIONS</b>			
<b>LIABILITIES</b>			
Sundry Creditors :			
Dues of Micro, Medium and Small Enterprises (Refer Note 12) .....	2.31		0.40
Others .....	922.60		882.82
		924.91	883.22
Investor Education and Protection Fund shall be credited by the following (See note below ) *:			
Unclaimed Dividends .....	14.29		12.40
Unclaimed Application money on securities .....	0.15		0.15
Unclaimed Interest Rs. 9,439/- (31.12.2008 - Rs. 9,439/-)			
Unclaimed sale proceeds of the odd lot shares belonging to the Shareholders of erstwhile ACEL and ACRL .....	2.96		2.99
		17.40	15.54
Security Deposits .....		122.21	100.83
Interest accrued but not due on loans .....		5.16	5.18
		1,069.68	1,004.77
<b>PROVISIONS</b>			
Provision for wealth tax, net of advances .....		0.38	0.31
Provision for fringe benefit tax, net of advances (31.12.2008 - Rs. 3,689/-) .....		0.27	-
Proposed Dividend .....		182.85	152.26
Provision for Dividend Distribution Tax .....		31.07	25.87
Provision for gratuity and staff benefit scheme .....		4.66	16.53
Provision for Compensated absence .....		46.60	41.79
Provision for mines reclamation expenses .....		10.15	9.96
Provision for Income tax, net of advances .....		398.06	223.84
		674.04	470.56
TOTAL .....		1,743.72	1,475.33

\*Note: Amounts to be transferred to said fund shall be determined on the respective due dates.

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>SCHEDULE 'M' - OTHER INCOME</b>			
<b>Operating Income:</b>			
Insurance Claims .....		0.54	0.25
Sale of Power .....		42.51	14.38
Surplus on Sale of Assets .....		1.25	0.70
Exchange Rate Difference (net) .....		2.09	11.84
Miscellaneous Income (Gross: Tax deducted Rs. 0.87 crore; 31.12.2008 - Rs. 0.32 crore) .....		31.70	23.13
Provisions no longer required .....		26.52	11.28
		<b>104.61</b>	61.58
<b>Other Income:</b>			
Dividend income from investment - other than trade .....		2.32	41.11
Profit / (Loss) on Sale of Current Investments (net) .....		7.39	14.46
Interest Income : (Gross; Tax deducted Rs. 4.83 crores; 31.12.2008 Rs. 14.77 crores)			
On Debenture & Bonds .....	2.86		4.91
On Fixed Deposits with Banks .....	43.74		74.38
Others .....	25.62		3.92
		<b>72.22</b>	83.21
Miscellaneous income .....		10.00	-
Discounting Income on sales tax loan (Refer Note 14) .....		59.27	10.72
		<b>151.20</b>	149.50
TOTAL .....		<b>255.81</b>	211.08

#### SCHEDULE 'N' - MANUFACTURING AND OTHER EXPENSES

1. Raw Materials Consumed :			
Clinker/ Cement Purchased .....	570.74		243.25
Others .....	393.69		350.16
		<b>964.43</b>	593.41
2. Freight and Handling Charges on internal material transfer .....		225.75	230.11
3. Royalty and Cess .....		87.26	75.81
4. Stores and Spares Consumed .....		255.54	250.61
5. Packing Materials Consumed .....		196.37	211.58
6. Power and Fuel .....		1,422.75	1,325.77
7. Mines reclamation expenses .....		0.40	1.82
8. Repairs and Maintenance :			
Buildings .....	8.91		14.26
Machinery .....	74.00		38.55
Others .....	15.66		16.44
		<b>98.57</b>	69.25
9. Excise duty on captive consumption of clinker .....	39.44		50.32
Excise duty variation on opening / closing stock .....	(3.27)		2.24
		<b>36.17</b>	52.56
Carried forward .....		<b>3,287.24</b>	2,810.92

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>SCHEDULE 'N' - MANUFACTURING AND OTHER EXPENSES (Contd.)</b>			
Brought forward .....		<b>3,287.24</b>	2,810.92
10. Employees' Remuneration and Benefits :			
Salaries, Wages, Bonus, Allowances, etc. ....	<b>246.44</b>		216.47
Contribution to Provident and other Funds (Refer Note 9 (h)) .....	<b>10.50</b>		38.31
Welfare Expenses .....	<b>15.90</b>		12.04
		<b>272.84</b>	266.82
11. Administrative, Selling and Other Expenses :			
Rent .....		<b>21.78</b>	18.39
Rates and Taxes .....		<b>5.53</b>	7.49
Insurance .....		<b>19.67</b>	14.26
Advertisement and Publicity .....		<b>59.65</b>	54.03
Freight and Forwarding charges [Including Rs. 3.94 crores on Export (31.12.2008 - Rs. 5.85 crores)] .....		<b>1,121.69</b>	1,036.76
Commission on Sale .....		<b>14.99</b>	12.80
Discount on Sales .....		<b>80.92</b>	75.04
Selling and Distribution Expenses .....		<b>31.87</b>	25.42
Turnover Tax, Additional Tax and Purchase Tax .....		<b>7.34</b>	7.92
Miscellaneous Expenses .....		<b>203.67</b>	208.63
Directors' Fees and Expenses .....		<b>0.26</b>	0.19
Commission to Non-executive Directors .....		<b>1.45</b>	0.87
Loss on Assets sold, scrapped or discarded and written off .....		<b>6.40</b>	4.26
Capital Projects written off (Refer Note 15) .....		–	8.11
Exchange rate difference on Loans .....		–	21.17
Donations (Refer Note 13) .....		<b>42.45</b>	21.48
Bad Debts, Sundry Debit Balances and Claims written off .....		<b>1.03</b>	1.39
Provision for doubtful debts and advances (net) .....		<b>0.50</b>	–
Part of Deferred Revenue expenditure, written off .....		<b>1.57</b>	1.72
Wealth Tax .....		<b>0.21</b>	0.22
		<b>5,181.06</b>	4,597.89
12. Variation in Stocks :			
CLOSING STOCKS :			
Materials-in-process .....	<b>123.27</b>		147.73
Finished goods .....	<b>53.03</b>		82.06
	<b>176.30</b>		229.79
OPENING STOCKS :			
Materials-in-process .....	<b>147.73</b>		109.68
Finished goods (net of Rs. 4.02 crores (31.12.2008 - Rs. Nil) pertaining to cessation of subsidiary) .....	<b>78.04</b>		54.87
	<b>225.77</b>		164.55
(Increase) / Decrease in Stocks .....		<b>49.47</b>	(65.24)
TOTAL .....		<b>5,230.53</b>	4,532.65

	Rs. in Crores	2009 Rs. in Crores	2008 Rs. in Crores
<b>SCHEDULE 'O' - INTEREST AND FINANCE CHARGES</b>			
Interest :			
On Debentures and Bonds .....	6.85		6.87
On Fixed Loans (including interest on Swap Rs. Nil; 31.12.2008 Rs. 1.90 crores) .....	—		3.48
Others .....	15.54		21.70
		22.39	32.05
Unexpired Premium on prepayment of term loan amortised .....		—	0.38
Finance Charges .....		0.04	0.24
		22.43	32.67
Less: Capitalised during the year .....		—	(0.07)
TOTAL .....		22.43	32.60

#### SCHEDULE 'P' - EXCEPTIONAL ITEMS

Profit on sale of investment & Subsidiary (Refer Note 17) .....	—	292.32
Profit on sale of property .....	—	10.99
TOTAL .....	—	303.31

#### SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS

##### 1. (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

- (i) The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- (ii) The financial statements are based on historical cost convention and are prepared on accrual basis.
- (iii) Accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.
- (iv) The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

##### 1. (B) SIGNIFICANT ACCOUNTING POLICIES :

###### (a) Principles of Consolidation:

- (i) The consolidated financial statements of the Group have been prepared on the following basis:

- a) The consolidated financial statements of the Group are prepared in accordance with Accounting Standard - 21 "Consolidated Financial Statements" as notified by Companies (Accounting Standards) Rules, 2006.
- b) The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and unrealised profits or unrealised losses.
- c) In cases where the financial year of Subsidiary Companies is different from that of the Company, the financial statements of the said companies have been drawn up so as to be aligned with the financial year of the Company.
- d) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- e) The excess of cost of investment in the Subsidiary Companies over the company's portion of equity of the subsidiary at the date of investment made is recognised in the financial statements as goodwill. This goodwill is tested for impairment at the close of each financial year. The excess of Company's portion of equity of the Subsidiary over the cost of the investment therein is treated as Capital Reserve.
- f) The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. For non-integral foreign operation, the assets and liabilities are translated at the closing rate. Income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in a foreign currency translation reserve on consolidation until the disposal of the net investment.

## SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(ii) Companies considered in the consolidated financial statements are :

<b>Name of the Company</b>	<b>Country of Incorporation</b>	<b>Holding as on 31.12.2009</b>	<b>Financial Year ends on</b>
<b>a) Subsidiary:</b>			
Kakinada Cements Limited .....	India	100.00%	31.12.2009
M.G.T Cements Private Limited .....	India	100.00%	31.12.2009
Chemical Limes Mundwa Private Limited .....	India	100.00%	31.12.2009
Sold during Previous year:			
Ceylon Ambuja Cements (Private) Limited (CACPL) .....	Sri Lanka		
(Wholly owned subsidiary)			
<b>b) Sub subsidiary :</b>			
Sold during Previous year:			
Midigama Cements (Private) Limited .....	Sri Lanka		
(Wholly owned subsidiary of CACPL)			

(b) Other Accounting Policies :

(a) Fixed Assets:

- (i) Fixed Assets are stated at their original cost of acquisition/installation (net of Modvat/Cenvat credit availed), net of accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost.
- (ii) Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet.
- (iii) Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Modvat/Cenvat.
- (iv) Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital Work-in-Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

(b) Depreciation and Amortization :

I. Tangible Assets :

- (i) Premium on leasehold land is amortized over the period of lease.
- (ii) Depreciation on all assets, other than Vehicles, is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants, are identified based on technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- (iii) Machinery spares which are capitalised are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the Profit and Loss Account, on issue for consumption.
- (iv) The cost of fixed assets, constructed by the Company, but ownership of which belongs to Government/Local Authorities, is amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.
- (v) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortized over the period as permitted in the Electricity Supply Act, 1948.
- (vi) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortized over the period of agreement.

II. Intangible Assets :

- (i) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortized on straight line method over the period of rights to use the facilities ranging from ten to thirty years.
- (ii) Expenditure on computer software is amortised on straight line method of expected benefit not exceeding five years.

(c) Impairment of assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is increased or reversed depending on changes in circumstances.

(d) Investments :

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

(e) Inventories :

- (i) Coal, Fuel, Packing Materials and Stores & Spare Parts are valued at cost determined on weighted average basis or net realisable value, whichever is lower.
- (ii) Raw Materials are valued at cost or net realisable value whichever is lower. Cost is determined on weighted average basis.

## SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

- (iii) Materials-in-process are valued at cost or net realisable value, whichever is lower. (\*)
- (iv) Finished Goods are valued at cost or net realisable value, whichever is lower, including excise duty. (\*)
- (v) Trial Run Inventories are valued at cost or net realisable value, whichever is lower. (\*)
- (\*) Cost is arrived at on full absorption basis as per Accounting Standard AS 2 - "Valuation of Inventories".
- (f) Provisions / Contingencies :

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.
- (g) Foreign Currency Conversion :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.
- (h) Revenue recognition :

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

  - (i) Domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of dates of Bill of Lading. Sales are disclosed net of sales tax/ VAT, discounts and returns, as applicable. Sales excludes self consumption of cement.
  - (ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is accounted in the year of export.
  - (iii) Sales include the amount of Sales Tax / VAT remission entitlement due in accordance with the respective incentive schemes.
  - (iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date.
- (i) Mines Reclamation Expenditure :

The Company provides for the expenditure to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.
- (ii) Employee Benefits
  - (i) Defined Contribution Plan

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
  - (ii) Defined Benefit Plan

Retirement benefits in the form of Gratuity, Shipping staff gratuity, Post retirement medical benefit and Death & disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Employee Benefit in form of contribution to Provident Fund managed by a Trust set up by the Company is charged to Profit and Loss Account as and when the contribution is due. The deficit, if any, in the accumulated corpus of the Trust at the period end for which the Company is liable, is recognised as a provision in the Profit and Loss Account.
  - (iii) Other long term benefits

Long term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain / losses, if any, are immediately recognised in the Profit and Loss Account.
- (k) Miscellaneous Expenditure :

Expenses included under the head 'Miscellaneous Expenditure' are amortized over the period of estimated future benefits not exceeding ten years.
- (l) Employee Stock Compensation cost :

The Company measures compensation cost relating to employee stock option using the intrinsic value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is amortized in accordance with Securities and Exchange Board of India (SEBI) Guidelines.
- (m) Borrowing Costs and Share Issue Expenses :
  - (i) Share issue expenses for specific projects and borrowing cost attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use.
  - (ii) Expenses on other issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.
  - (iii) Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings excluding debenture and bonds, are amortised over the period of borrowings.
  - (iv) Other borrowing costs are charged as expense in the year in which these are incurred.
- (n) Taxation :

Tax expense comprises of current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which

## SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

these assets can be realised in future whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred Tax Assets are reviewed at each Balance Sheet date.

(o) Leases :

Where the Company is Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is Lessor

(i) Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return (IRR) method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct cost such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

(ii) Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

(p) Segment Reporting policies:

(i) Identification of Segments:

The Company's operating businesses are organised and managed separately according to the nature of products and services provided with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

(ii) Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(q) Cash and Bank balances in the Balance Sheet comprise cash at bank including fixed deposits, cheques in hand and cash in hand.

(r) Government grants and subsidies :

(i) Grants and subsidies from the government are recognized when there is reasonable certainty that the grant/subsidy will be received and all attaching conditions will be complied with.

(ii) When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(iii) Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

(iv) Government grants of the nature of promoters contribution are credited to capital reserve and treated as part of shareholders funds.

(s) Earning per share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period .

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

	31.12.2009 Rs. in Crores	31.12.2008 Rs. in Crores
2. (a) Contingent liabilities not provided for in respect of :		
(i) Bank Guarantee given to Mines & Geology Dept. Government of Rajasthan for setting up of Cement plant. ....	2.00	2.00
(ii) Claims against the Company not acknowledged as debts		
(a) Disputed liability relating to labour matters .....	44.09	26.55
(b) For acquisition of land .....	51.39	32.87
(c) For Non Agriculture Assessment Tax .....	2.65	2.65
(d) Others .....	30.86	30.17
(iii) Tax matters :		
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal .....	60.78	63.68
(b) Disputed Sales-tax demands (including interest and penalty) .....	25.96	10.49
(c) Disputed Excise demands - matters under appeal (Deposit with Excise Department Rs.0.21 crore, Previous Year Rs.0.40 crore) .....	26.66	16.55
(d) Disputed Customs demands - matters under appeal .....	1.43	2.22
(e) Disputed liabilities of RTO Tax on Mining Machinery .....	0.62	0.62
(iv) Disputed liabilities relating to Railway Freight on Cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to an Special Leave Petition filed by the railways. ....	5.51	5.51
(v) Disputed liabilities relating to Coal claims- matters pending in the Honourable High Court:		
(a) Railway Freight on Coal .....	1.49	1.49
(b) Penal Freight on Excess Weight of Coal .....	0.24	0.24
(c) Interest on Premium on Coal .....	3.29	3.29

31.12.2009  
Rs. in Crores31.12.2008  
Rs. in Crores

In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements/decisions pending at various forums/authorities.

- (b) The Honourable High Court of Himachal Pradesh has passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004 has issued 296 5.13% H P Infrastructure Development Bonds of face value of Rs. 10 lacs each, having a value of Rs.29.60 crores redeemable after 10 years and balance of Rs.0.08 crore is refunded to the Company.

The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund Rs.29.68 crores paid by the State Government together with interest thereon upto the date of final judgement in time bound manner, in the event that the matter is decided against the Company .....

29.68

29.68

- (c) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales Tax, in case the Supreme Court's decision goes against in the matter referred above. ....

82.16

82.16

- (d) Writ petition filed against the order of Madhya Pradesh State Mining Department demanding Rs. 4.76 crores towards payment of additional royalty on limestone based on the ratio of 1.6 tonnes of limestone to 1 tonne of cement produced at its factory in Chhattisgarh. The matter is now pending before Honourable High Court at Bilaspur. ....

56.54

44.94

3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) .....

398.50

911.68

4. Segment reporting :

The Company has only one business segment 'Cement' as primary segment. The secondary segment is geographical, which is given as under:

2009  
Rs. in Crores2008  
Rs. in Crores

- (a) Revenue

- (i) Sales (Net of Excise Duty)

Within India .....

6,904.63

5,993.27

Outside India .....

172.24

254.14

TOTAL .....

7,076.87

6,247.41

- (ii) Other Income

Within India .....

114.56

61.58

Outside India .....

0.05

-

TOTAL .....

114.61

61.58

- (b) All the Assets of the Company, except the debtors and loans and advances amounting to Rs.18.30 crores (31.12.2008 -Rs. 47.63 crores), are within India.

5. Related Party Disclosures :

- a) List of Related Parties and relationships

Party	Relation
<b>A. Key Management Personnel</b>	
Mr. A. L. Kapur .....	Managing Director
Mr. P. B. Kulkarni .....	Whole-time Director (upto 31.01.2009)
Mr. N. P. Ghuwalewala .....	Whole-time Director (upto 27.06.2009)
Mr. B. L. Taparia .....	Whole-time Director (upto 30.04.2009)
<b>B. Relatives of Key Management Personnel</b>	
Mr. Ajay Kapur .....	Son of Mr. A. L. Kapur

**SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

Party	Relation
<b>C. Enterprises over which significant influence exercised by</b>	
(A) Directors	
GACL Finance Ltd. ....	Mr. N. S. Sekhsaria
Radha Krishna Bimalkumar Pvt. Ltd. ....	Mr. Suresh Neotia (Upto 23.09.2009)
(B) Major Shareholders	
Holderind Investments Ltd., Mauritius .....	Major shareholder having significant influence
Holcim Ltd. ....	Holding Company of Holderind Investments Ltd., Mauritius
Holcim Trading Pte Ltd., Singapore .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Group Supports Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Trading FZCO, Dubai .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
PT Holcim Indonesia .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (Asia) Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Services (South Asia) Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim Lanka Ltd. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Siam City Cement, Thailand .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
St. Lawrence Cement Inc., Canada .....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
Holcim (US) Inc. ....	Fellow Subsidiary of Holderind Investments Ltd., Mauritius
ACC Ltd. ....	Associate of Holderind Investments Ltd., Mauritius
ACC Concrete Ltd. ....	Subsidiary of ACC Ltd.
ACC Machinery Company Ltd. ....	- (Subsidiary of ACC Ltd upto 10.03.2008)

**b) Disclosures required for related parties transactions**

(Rs. in Crores)

Transactions	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which significant influence exercised by Directors, Key Management Personnel and Major Shareholders
<b>I. Transactions during the period</b>			
Purchase of Goods	-	-	258.68
	(-)	(-)	(192.56)
Sale of Goods	-	-	197.27
	(-)	(-)	(238.84)
Purchase of Fixed Assets	-	-	-
	(-)	(-)	(0.11)
Sale of Fixed Assets .....	-	-	0.11
	(-)	(-)	(-)
Sale of Investments .....	-	-	-
	(-)	(-)	(589.33)
Receiving of Services .....	-	-	39.11
	(-)	(-)	(61.68)
Remuneration .....	5.96	0.63	-
	(9.22)	(0.53)	(-)
Other Recoveries .....	-	-	0.10
	(-)	(-)	(0.40)
Others Payments .....	-	-	0.06
	(-)	(-)	(4.29)
<b>II. Amounts Outstanding as at Balance Sheet date</b>			
Amounts receivable .....	-	-	14.44
	(-)	(-)	(53.23)
Amounts payable .....	-	-	22.21
	(-)	(-)	(19.83)

**III. Notes :**

1. Related Party relationship is as identified by the Company on the basis of available information.
2. Figures for the previous year have been given in brackets.

# SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Details of material related party transactions [included in b]

Rs. in Crores

Description	Key Management Personnel				Enterprises Over which significant influence is exercised by Directors / Key Management personnel, Major shareholders												
	Mr. A. L. Kapur	Mr. P. B. Kulkarni	Mr. N. P. Ghuvalewala	Mr. B. L. Taporia	PT Holcim Indonesia	St. Lawrence Cement Inc. Canada	ACC Ltd.	GACL Finance Ltd.	ACC Concrete Ltd.	Holcim Services (South Asia) Ltd.	Holcim Lanka Ltd.	Holcim Services (Asia) Ltd.	Holcim Trading FZCO, Dubai	Holcim Trading Pte, Singapore	Holcim Group Supports Ltd.	Holcim (US) Inc.	Holdrind Investments Ltd.
Purchase of Goods .....	-	-	-	-	-	-	24.81	-	-	-	-	-	233.87	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(82.55)	(-)	(-)	(-)	(-)	(-)	(109.84)	(-)	(-)	(-)	(-)
Purchase of Fixed Assets .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(0.11)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of Goods .....	-	-	-	-	-	-	0.32	-	49.08	-	-	-	147.87	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(3.83)	(-)	(18.24)	(-)	(-)	(-)	(216.78)	(-)	(-)	(-)	(-)
Sale of Investments .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.42)	(-)	(-)	(-)	(-)	(-)	(588.91)
Sale of Fixed Assets .....	-	-	-	-	-	-	0.11	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Remuneration .....	3.13	0.97	1.30	0.56	-	-	-	-	-	-	-	-	-	-	-	-	-
	(3.10)	(2.59)	(2.00)	(1.53)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Receiving of Services .....	-	-	-	-	-	-	6.65	-	-	22.65	-	-	-	-	9.81	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(13.98)	(-)	(-)	(25.54)	(-)	(-)	(2.33)	(-)	(19.84)	(-)	(-)
Equity contribution .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other Payments .....	-	-	-	-	0.03	-	-	-	-	-	0.02	-	-	-	-	0.01	-
	(-)	(-)	(-)	(-)	(0.04)	(0.13)	(-)	(1.15)	(-)	(-)	(-)	(2.97)	(-)	(-)	(-)	(-)	(-)
Other Recoveries .....	-	-	-	-	-	-	-	-	-	-	0.05	-	0.05	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Amount receivable .....	-	-	-	-	-	-	0.11	-	2.42	1.59	0.05	-	10.27	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(2.98)	(-)	(2.58)	(-)	(-)	(-)	(47.66)	(-)	(-)	(-)	(-)
Amount payable .....	-	-	-	-	-	-	0.77	-	-	-	-	-	12.72	4.10	4.62	-	-
	(-)	(-)	(-)	(-)	(0.01)	(0.13)	(6.00)	(-)	(-)	(0.17)	(-)	(1.05)	(6.86)	(-)	(5.61)	(-)	(-)

**SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

	2009 Rs. in Crores	2008 Rs. in Crores
6. Earnings per Share (EPS) :		
(i) Profit attributable to Equity Shareholders for Basic and Diluted EPS .....	<b>1,216.85</b>	1,389.71
	<b>Nos.</b>	Nos.
(ii) Weighted average number of shares for Basic EPS .....	<b>1,522,873,556</b>	1,522,509,108
Add : Potential equity shares on exercise of option of ESOS .....	<b>1,396,388</b>	462,811
Add : Potential equity shares on exercise of Rights and Warrants kept in abeyance out of the Rights issue in 1992 .....	<b>231,386</b>	200,513
Weighted average number of shares for Diluted EPS .....	<b>1,524,501,330</b>	1,523,172,432
	<b>Rs.</b>	Rs.
(iii) Nominal Value of Shares .....	<b>2.00</b>	2.00
(iv) Earnings Per Share :		
Basic .....	<b>7.99</b>	9.13
Diluted .....	<b>7.98</b>	9.12

	2009 Rs. in Crores	2008 Rs. in Crores
7. Deferred Tax Liability :		
Break up of Deferred Tax Assets & Liabilities are as under:		
a) Deferred Tax Liabilities, on account of :		
Depreciation .....	<b>515.27</b>	409.31
TOTAL .....	<b>515.27</b>	409.31
b) Deferred Tax Assets, on account of :		
Employee benefits .....	<b>21.65</b>	20.98
Others .....	<b>7.78</b>	7.58
TOTAL .....	<b>29.43</b>	28.56
Net Deferred Tax Liabilities .....	<b>485.84</b>	380.75

8. Movement of provisions during the period as required under Accounting Standard - 29		
Mines Reclamation Expenditure :		
Opening Provision .....	<b>9.96</b>	8.15
Add : Provision during the period .....	<b>0.40</b>	3.03
	<b>10.36</b>	11.18
Less : Utilisation during the period .....	<b>0.21</b>	—
	<b>10.15</b>	11.18
Less : Reversal during the period .....	<b>—</b>	1.22
Closing Provision .....	<b>10.15</b>	9.96

Mines reclamation expenditure is incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

9. Employee Defined Benefits:
- a) Defined Contribution Plans -  
The Company has recognised an expense of Rs. 15.94 crores. (31.12.2008 - Rs. 12.50 crores) towards the defined contribution plans.
- b) Defined Benefit Plans - As per Actuarial Valuation on 31st December, 2009.

	2009				2008			
Particulars	Gratuity		Death and Disability Scheme	Post Retirement Medical Benefits	Gratuity		Death and Disability Scheme	Post Retirement Medical Benefits
	Funded	Non Funded	(Shipping Staff) Non Funded	(PRMB) Non Funded	Funded	Non Funded	(Shipping Staff) Non Funded	(PRMB) Non Funded
I. Expense recognised in the Statement of Profit & Loss Account for the year ended 31st December, 2009								
1. Current Service Cost .....	<b>5.77</b>	<b>0.07</b>	<b>0.04</b>	<b>0.19</b>	3.72	0.08	0.09	0.10
2. Interest Cost .....	<b>3.88</b>	<b>0.05</b>	<b>0.02</b>	<b>0.15</b>	3.49	0.05	0.03	0.12

**SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

Rs. in Crores

Particulars	2009				2008			
	Gratuity		Death and Disability Scheme (Shipping Staff) Non Funded	Post Retirement Medical Benefits (PRMB) Non Funded	Gratuity		Death and Disability Scheme (Shipping Staff) Non Funded	Post Retirement Medical Benefits (PRMB) Non Funded
	Funded	Non Funded			Funded	Non Funded		
3. Employee Contributions .....	-	-	-	-	-	-	-	-
4. Expected Return on Plan Assets .....	(4.00)	-	-	-	(2.89)	-	-	-
5. Actuarial (Gains) / Losses .....	(13.29)	(0.22)	(0.13)	1.73	16.48	0.07	(0.15)	0.73
6. Past Service Cost .....	-	-	-	-	-	-	-	-
7. Settlement Cost .....	-	-	-	-	-	-	-	-
8. Losses / (gains) on acquisition / divestiture ..	-	-	-	-	-	-	-	-
9. Total Expense .....	(7.64)	(0.10)	(0.07)	2.07	20.80	0.20	(0.03)	0.95
II. Net Asset / (Liability) recognised in the Balance Sheet as at 31st December, 2009								
1. Present Value of Defined Benefit Obligation	57.28	0.56	0.26	4.35	63.21	0.74	0.33	2.29
2. Fair Value of Plan Assets .....	59.85	-	-	-	50.04	-	-	-
3. Funded Status [Surplus / (Deficit)] .....	2.57	(0.56)	(0.26)	(4.35)	(13.17)	(0.74)	(0.33)	(2.29)
4. Net Asset/ (Liability) as at 31st December, 2009	2.57	(0.56)	(0.26)	(4.35)	(13.17)	(0.74)	(0.33)	(2.29)
III. Change in Obligation during the Year ended 31st December, 2009								
1. Present value of Defined Benefit Obligation at the beginning of the year .....	63.21	0.74	0.33	2.29	42.39	0.68	0.36	1.34
2. Current Service Cost .....	5.77	0.07	0.04	0.19	3.72	0.08	0.09	0.10
3. Interest Cost .....	3.88	0.05	0.02	0.15	3.49	0.05	0.03	0.12
4. Settlement Cost .....	-	-	-	-	-	-	-	-
5. Past Service Cost .....	-	-	-	-	-	-	-	-
6. Employee Contributions .....	-	-	-	-	-	-	-	-
7. Liabilities assumed on acquisition / (settled on divestiture) .....	-	-	-	-	-	-	-	-
8. Actuarial (Gains) / Losses .....	(12.55)	(0.22)	(0.13)	1.72	16.67	0.07	(0.15)	0.73
9. Benefits Payments .....	(3.03)	(0.08)	-	-	(3.06)	(0.14)	-	-
10. Present Value of Defined Benefit Obligation at the end of the year .....	57.28	0.56	0.26	4.35	63.21	0.74	0.33	2.29
IV. Change in Assets during the Year ended 31st December, 2009								
1. Plan Assets at the beginning of the year .....	50.04	-	-	-	40.17	-	-	-
2. Assets acquired on amalgamation in previous year .....	-	-	-	-	-	-	-	-
3. Settlements .....	-	-	-	-	-	-	-	-
4. Expected return on plan assets .....	4.00	-	-	-	2.89	-	-	-
5. Contributions by employer .....	8.17	0.08	-	-	9.85	0.14	-	-
6. Actual Benefit Paid .....	(3.10)	(0.08)	-	-	(3.06)	(0.14)	-	-
7. Actuarial Gains / (Losses) .....	0.74	-	-	-	0.19	-	-	-
8. Plan Assets at the end of the year .....	59.85	-	-	-	50.04	-	-	-
9. Actual Return on plan assets .....	4.74	-	-	-	3.08	-	-	-
V. The major categories of plan assets as a percentage of total plan								
	2009				2008			
Qualifying Insurance policy .....	100%				100%			
VI. Effect of One percentage point change in the assumed Medical Inflation rate :								
	1% increase		1% decrease		1% increase		1% decrease	
Increase / (Decrease) on aggregate service and interest cost .....	0.07		(0.06)		0.08		(0.06)	
Increase / (Decrease) on Present value of Defined Benefit obligation as at 31st December, 2009 .....	0.96		(0.76)		0.50		(0.40)	

# SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

VII. Actuarial Assumptions:	2009	2008
1. Discount Rate .....	8.25% p.a.	5.90% p.a.
2. Expected rate of return on plan assets .....	7.50% p.a.	7.50% p.a.
3. Mortality .....	LIC (1994-96) mortality tables	LIC (1994-96) mortality tables
4. Turnover rate .....	Age 21-44 -2%, Age 45 -57 - 1%	Age 21-44 -2%, Age 45 -57 - 1%
5. Medical premium inflation .....	12% p.a. in the first 5 years and 8.5% thereafter	5% p.a.
6. Salary Escalation .....	7% p.a.	7% p.a.

## VIII. Provident Fund managed by a Trust set up by the Company

Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. The Company has recognised an expense of Rs. 0.17 crore (31.12.2008 - Rs. Nil) towards the deficit in the fund as at 31st December, 2009.

## IX. Amounts recognized as an expense in respect of defined benefit plans as under :

	2009 Rs. in Crores	2008 Rs. in Crores
a) Gratuity * .....	(8.70)	20.12
b) Shipping Staff Gratuity .....	(0.10)	0.20
c) Post Retirement Medical Benefits** .....	1.83	0.95
d) Death & Disability .....	(0.07)	(0.03)
	<b>(7.04)</b>	<b>21.24</b>

\* Net of Rs.1.06 crore (31.12.2008 - Rs. 0.68 crore) capitalised as pre-operative Expenses.

\*\* Net of Rs. 0.24 crore (31.12.2008 - Rs. Nil) capitalised as pre-operative Expenses.

c) Amount recognised as an expense in respect of Compensated Leave Absences is Rs 8.95 crores (31.12.2008 - Rs.12.85 crores)

d) Basis used to determine expected rate of return on assets:

To develop the expected long-term return on assets assumption, the company considered the current level of returns declared on its insurance policy. The fund manager is weighing the expected return for each asset class to determine the actual return on assets for the portfolio. This resulted in the selection of 7.50% assumption.

e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

f) The Company expects to contribute Rs. 8.22 crores (31.12.2008 Rs.-13.00 crores) to Gratuity Fund in the year 2010.

g) Amount for the current and previous two periods are as follows :

	2009 Rs. in Crores	2008 Rs. in Crores	2007 Rs. in Crores
<b>i) Gratuity - Funded</b>			
Defined benefit obligation .....	57.28	63.21	42.39
Plan assets .....	59.85	50.04	40.17
Surplus / (deficit) .....	2.57	(13.17)	(2.22)
Experience adjustments on plan assets .....	0.74	0.19	1.79
Experience adjustments on plan liabilities .....	2.08	4.48	9.73
<b>ii) Gratuity - Non Funded</b>			
Defined benefit obligation .....	0.56	0.74	0.68
Plan assets .....	-	-	-
Surplus / (deficit) .....	(0.56)	(0.74)	(0.68)
Experience adjustments on plan assets .....	-	-	-
Experience adjustments on plan liabilities .....	(0.14)	(0.03)	(0.08)
<b>iii) Death and Disability Scheme (Shipping Staff)</b>			
Defined benefit obligation .....	0.26	0.33	0.35
Plan assets .....	-	-	-
Surplus / (deficit) .....	(0.26)	(0.33)	(0.35)
Experience adjustments on plan assets .....	-	-	-
Experience adjustments on plan liabilities .....	(0.11)	(0.18)	(0.16)
<b>iv) Post Retirement Medical Benefit (PRMB)</b>			
Defined benefit obligation .....	4.35	2.29	1.33
Plan assets .....	-	-	-
Surplus / (deficit) .....	(4.35)	(2.29)	(1.33)
Experience adjustments on plan assets .....	-	-	-
Experience adjustments on plan liabilities .....	(0.62)	(0.02)	0.08

h) Contribution to provident and other funds of Rs.10.50 crores in the current year is net of income in certain staff benefits scheme amounting to Rs. 8.87 crores primarily on account of reversal of actuarial losses.

# SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

## 10. Employee Stock Option Plans :

- a) The Company has provided various share based payments to its employees. During the year ended 31st December, 2009, the following schemes were in operation:

Particulars	2003-04	2004-05	2005-06	2007*	2008\$	2009
a) Date of grant .....	21.01.2004	10.03.2005	07.11.2005	07.06.2007	01.07.2008	19.06.2009
b) Date of Board Approval .....	31.07.2003	23.07.2004	24.06.2005	11.01.2007	01.07.2008	06.02.2009
c) Date of Shareholders Approval .....	06.10.2003	18.10.2004	10.10.2005	26.03.2007	22.04.2008	06.04.2009
d) Number of options granted .....	864,600	812,325	873,075	7,497,900	7,498,150	7,499,600
e) Method of Settlement (Cash/Equity) .....	Equity	Equity	Equity	Equity	Equity	Equity
f) Vesting period from the date of Grant .....	1 year	1 year	1 year	1 year	1 year	1 year
g) Exercise Period from the date of Vesting .....	5 years	4 years	4 years	4 years	4 years	4 years

\* Includes 1,11,150 options in Tranche 2 granted on 1st July, 2008 @ Rs. 82/- per option

\$ Includes 1,13,850 options in Tranche 2 granted on 19th June, 2009 @ Rs. 96/- per option

- b) The details of activity under the ESOP schemes have been summarised below :

Particulars	2009		2008	
	Number of Shares	Weighted Average Exercise price (Rs.)	Number of Shares	Weighted Average Exercise price (Rs.)
a) Outstanding at the beginning of the year .....	16,274,711	91.57	9,692,038	97.90
b) Granted during the year .....	7,613,450	96.00	7,495,450	82.00
c) Forfeited during the year .....	297,150	92.91	619,400	95.45
d) Exercised during the year .....	1,110,456	66.55	219,502	56.72
e) Expired during the year .....	265,517	18.40	73,875	22.13
f) Outstanding at the end of the year .....	22,215,038	95.20	16,274,711	91.57
g) Exercisable at the end of the year .....	14,833,238	94.80	9,129,961	99.06
h) Weighted average remaining Contractual life (in years) .....	3.33		3.62	

The weighted average share price at the date of exercise for stock options was Rs. 95.00 (31.12.2008 Rs.101.18)

The weighted average share price for the period over which stock option were exercised was Rs. 92.37 (31.12.2008 Rs.90.35)

- c) The details of exercise price for stock options outstanding as at 31st December, 2009

ESOP Plans	2009			2008		
	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs. 2 each)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs. per share of Rs. 2 each)
2000-01* .....	—	—	—	35,425	0.87	18.40
2003-04* .....	17,600	0.05	41.33	32,550	1.05	41.33
2004-05* .....	51,475	0.19	59.07	105,450	1.19	59.07
2005-06# .....	139,475	0.85	69.60	193,350	1.85	69.60
2007						
Tranche 1 .....	6,861,400	2.43	113.00	6,862,500	3.43	113.00
Tranche 2 .....	105,950	3.50	82.00	108,550	4.50	82.00
2008						
Tranche 1 .....	6,650,450	3.50	82.00	7,036,200	4.50	82.00
Tranche 2 .....	110,550	4.47	96.00			
2009 .....	7,271,250	4.47	96.00			

\* one option represents 7.5 equity shares.

# one option represents 5 equity shares.

## SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

### d) Stock Options granted :

The weighted average fair value of stock options granted for the year was Rs. 26.38 (31.12.2008 - Rs. 16.95). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Variables	2009	2008
Grant date .....	<b>19.06.2009</b>	01.07.2008
Market Price (Rs. per share) on the date of grant .....	<b>89.35</b>	73.00
Volatility .....	<b>44.51%</b>	35.94%
Risk free rate .....	<b>5.98%</b>	7.02%
Exercise price .....	<b>96.00</b>	82.00
Time to Maturity (years) .....	<b>3</b>	3
Dividend yield .....	<b>2.17%</b>	2.58%
Option fair value (Rs. per share) .....	<b>26.38</b>	16.95

### e) Effect of the employee share based payment plans on the profit and loss account and on its financial position:

Particulars	2009 Rs. in Crores	2008 Rs. in Crores
Total Employee Compensation Cost pertaining to share based payment plans .....	—	—
Compensation cost pertaining to equity settled employee share based payment plan included above .....	—	—
Liability for employee stock options outstanding as at year end .....	<b>0.24</b>	0.34
Deferred Compensation Cost .....	—	—

### f) Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as under :

Particulars	2009 Rs. in Crores	2008 Rs. in Crores
Profit as reported .....	<b>1,216.85</b>	1,389.71
Add : Employee stock compensation under intrinsic value method .....	—	—
Less: Employee stock compensation under fair value method .....	<b>15.08</b>	15.10
Pro forma profit .....	<b>1,201.77</b>	1,374.61
Earning per share (Rs.)		
Basic :		
— As reported .....	<b>7.99</b>	9.13
— Proforma .....	<b>7.89</b>	9.03
Diluted :		
— As reported .....	<b>7.98</b>	9.12
— Proforma .....	<b>7.88</b>	9.02

### 11. Derivative Instrument and Unhedged Foreign Currency Exposure :

Particulars	As at 31.12.2009 Amount in million	As at 31.12.2008 Amount in million
1. Outstanding creditors for purchase of Raw Material & Spares		
a) in USD .....	<b>12.10</b>	9.11
b) in EURO .....	<b>0.19</b>	—
c) in CHF .....	<b>0.33</b>	—
2. Outstanding creditors for purchase of Capital Goods		
a) in USD .....	<b>0.02</b>	—
b) in EURO .....	<b>0.06</b>	0.04
c) in CHF .....	<b>0.01</b>	—
3. Outstanding creditors for expenses		
a) in USD .....	<b>0.66</b>	1.81
b) in EURO .....	<b>0.28</b>	—
c) in CHF .....	<b>0.87</b>	1.22
d) in THB .....	—	7.48
e) in CAD .....	—	0.03
f) in AUD .....	—	0.12
4. Outstanding debtors		
a) in USD .....	<b>2.20</b>	9.83
5. Advance to Vendors		
a) in USD .....	<b>0.05</b>	—
b) in EURO .....	<b>1.09</b>	—
c) in AUD .....	<b>0.02</b>	—
6. EEFC Account with HSBC		
a) in USD .....	—	0.89
7. EEFC Account with SCB		
a) in USD .....	—	0.18

## SCHEDULE 'Q' - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

12. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the 'Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	2009 Rs. in Crores	2008 Rs. in Crores
a) Principal Amount overdue .....	2.29	0.36
Interest amount payable thereon .....	0.02	0.04
b) The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year .....	3.91	3.01
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified .....	0.02	0.03
d) The amount of interest accrued and remaining unpaid at the end of each accounting year .....	0.02	0.04
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 2 .....	0.02	0.04
13. a) Donation include contribution paid to political parties as follows :		
Particulars	2009 Rs. in Crores	2008 Rs. in Crores
Bhartiya Janata Party .....	2.00	—
All India Congress Committee .....	2.00	—
Nationalist Congress Party .....	1.00	—
Shiromani Akali Dal .....	0.75	—
	5.75	—
b) The company is carrying out its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF), and was during the year running the schools at plant locations through the Ambuja Educational Institute (AEI) and Ambuja Vidya Niketan Trust (AVN), charitable organisations registered under section 25 of the Companies, Act. 1956. The Company has contributed Rs. 33.50 crores (31.12.2008 - Rs. 18.21 crores) to ACF, Rs. Nil (31.12.2008 - Rs.1.59 crores) to AEI and Rs. 3.05 crores (31.12.2008 - Rs. Nil) to AVN.		
14. During the year Company has prepaid deferred sales tax loan and has recognised discounting income of Rs. 46.16 crores.		
15. During the year the Company has written off pre-operative expenses incurred on certain capital projects and the temporary structure amounting to Rs. Nil (31.12.2008 - Rs. 8.11 crores).		
16. Capital Work-in-Progress includes (a) Machinery in Transit Rs. 8.93 crores (31.12.2008 - Rs. 3.03 crores) and (b) expenditure during construction for project Rs. 110.86 crores (31.12.2008 - Rs. 44.67 crores).		
17. During the previous year, the Company has sold its investments in :		
a) Ambuja Cement India Private Limited for a sale consideration of Rs. 588.91 crores and has recognised a profit of Rs. 293.23 crores.		
b) Ceylon Ambuja Cements Private Limited for a sale consideration of Rs. 0.42 crore and has recognised a loss of Rs. 0.91 crore.		
18. Figures less than Rs. 50,000/- have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lac.		
19. Figures of the previous year have been regrouped wherever necessary to conform to the current year's presentation.		

### Signatures to Schedules 'A' to 'Q'

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Mumbai, 4th February, 2010

David Atkinson  
Chief Financial Officer

B. L. Taparia  
Company Secretary &  
Head Corporate Services

For and on behalf of the Board

N. S. Sekhsaria  
Chairman

Paul Hugentobler  
Vice Chairman

M. L. Bhakta  
Director

Onne van der Weijde  
Director

A. L. Kapur  
Managing Director

Shailesh Haribhakti  
Chairman – Audit Committee

Nasser Munjee  
Director

Rajendra P. Chitale  
Director

Omkar Goswami  
Director

Naresh Chandra  
Director

# STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1. Name of the Subsidiary	M.G.T. Cements Private Limited	Chemical Limes Mundwa Private Limited	Kakinada Cements Limited
2. Financial Year of the Subsidiary company ended on	31st December, 2009	31st December, 2009	31st December, 2009
3. Holding Company's interest			
i) No. of Equity Shares	7,49,990 Equity Shares of Rs.10 each	1,39,990 Equity Shares of Rs.10 each	50,000 Equity Shares of Rs.10 each
ii) Percentage of Holding	99.99%	99.99%	100%
4. The Net aggregate amount of subsidiary's Profit / Losses so far as it concerns the members of the Holding Company not dealt within the Holding Company's Accounts			
i) For the Current Financial Year	Rs. (-) 0.29 Crores	Rs. (-) 1.23 Crores	Rs. (-) 38,617 *
ii) For the previous Financial year since it became subsidiary	Rs. (-) 29,695 *	Rs. (-) 2.85 Crores	Rs. (-) 0.03 Crores
5. The Net aggregate amount of subsidiary's Profit / Losses which has been dealt within the Holding Company's Accounts			
i) For the Current Financial year	Nil	Nil	Nil
ii) For the previous Financial year since it became subsidiary	Nil	Nil	Nil

\* (Figures less than Rs. 50,000/- have been shown at actuals, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lac)

For and on behalf of the Board

David Atkinson  
Chief Financial Officer

N. S. Sekhsaria  
Chairman

Shailesh Haribhakti  
Chairman – Audit Committee

Paul Hugentobler  
Vice Chairman

Nasser Munjee  
Director

M. L. Bhakta  
Director

Rajendra P. Chitale  
Director

Onne van der Weijde  
Director

Omkar Goswami  
Director

B. L. Taparia  
Company Secretary &  
Head Corporate Services

A. L. Kapur  
Managing Director

Naresh Chandra  
Director

Mumbai, 4th February, 2010

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have the pleasure in presenting their Report and the Audited Accounts of the Company for the period ended on 31st December, 2009.

### 1. FINANCIAL RESULTS

The Company has not commenced any business activities.

### 2. DIRECTORS

Mr. J. C. Toshniwal, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. The Board recommends his re-appointment.

### 3. AUDITORS

M/s. Suresh Pareek & Associates, Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### 4. EMPLOYEES

The Company had no employees getting salary in excess of the limits specified in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

In conformity with the provisions u/s. 217 (2AA) which was introduced by the Companies (Amendment) Act, 2000 your directors confirm that :-

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company as on 31st December, 2009 and of the loss of the Company for the year ended on 31st December, 2009.

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual Accounts on a going concern basis.

### 6. COMPLIANCE CERTIFICATE

The Compliance Certificate issued by M/s. Surendra Kanstiya & Associates, Company Secretaries, in terms of Section 383A of Companies Act, 1956 is annexed hereto and forms part of this Directors' Report.

### 7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 is not given as the same is not applicable.

On behalf of the Board of Directors

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 22nd January, 2010

## COMPLIANCE CERTIFICATE

Registration No. of the Company : U26943RJ1990PTC005668

Nominal Capital : Rs.100 Lakhs

To,  
The Members  
M.G.T. CEMENTS PVT. LTD.  
Chemical Lime Compound, Marwar-Mundwa, Nagaur 341 020

We have examined the registers, records, books and papers of M.G.T. CEMENTS PVT. LTD. (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December, 2009 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

- The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. No forms or return were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
- The Company is a private limited company but subsidiary of Ambuja Cement Ltd. (a public limited company), and has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 3. The Company has no member who is its present or past employee; and the Company during the year under scrutiny:
  - has not invited public to subscribe for its shares or debentures; and
  - has not invited or accepted any deposits from persons other than its Members, Directors or their relatives.
- The Board of Directors duly met 5 times respectively on 12th January, 2009, 20th April, 2009, 20th July, 2009, 19th October, 2009 and 4th November, 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company was not required to close its Register of Members or Debenture holders during the financial year.
- The Annual General Meeting for the financial year ended on 31st December, 2008 was held on 2nd March, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

- One extra ordinary general meeting was held during the financial year on 2nd December, 2009, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
- The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
- The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
- The Company has made necessary entries in the register maintained under Section 301 of the Act.
- As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
- The duplicate share certificates issued by the Company during the financial year were approved by the Board of Directors.
- The Company has:
  - not made any allotment/transfer/transmission of shares during the financial year;
  - not declared any dividend/interim dividend during the financial year under review;
  - not posted warrants to any member of the Company as no dividend was declared during the financial year;
  - no amount lying in the Books of Account in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon;
  - duly complied with the requirements of Section 217 of the Companies Act, 1956.
- The Board of Directors of the Company is duly constituted. There was no appointment of any director during the financial year.
- The Company has not appointed any managing director/whole-time director/manager, during the financial year.
- The Company has not appointed any sole selling agents during the financial year.
- The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rule made thereunder.
19. During the financial year, the Company has not issued any security.
20. The Company has not bought back any shares during the financial year.
21. As there were no preference shares or debentures issued, there was no redemption of preference shares or debentures during the financial year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year.
24. The borrowings made by the Company are within the ceiling prescribed under Section 293(1)(d) of the Act.
25. The Company not entered into any transaction covered by the provisions of Section 372A of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to comply with the provisions of Section 418 of the Act.

Signature : Sd/-

Name of the Company Secretary : Surendra U. Kanstiya  
C. P. No. : 1744

Place : Mumbai

Date : 22nd January, 2010

## ANNEXURE "A" TO THE COMPLIANCE CERTIFICATE

Registers as maintained by the Company

1. Register of Charges u/s 143.
2. Register of Members u/s 150.
3. Register of Particulars of contracts in which directors are interested u/s 301.
4. Register of Contracts, companies and firms in which directors are interested u/s 301(3).
5. Register of Director, Managing Director, Secretary u/s 303.
6. Register of Directors' Shareholdings u/s 307.
7. Minutes of the General Meetings & Board Meetings u/s 193.
8. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
9. Register of Transfers.

Signature : Sd/-

Name of the Company Secretary : Surendra U. Kanstiya  
C. P. No. : 1744

Place : Mumbai

Date : 22nd January, 2010

## ANNEXURE "B" TO THE COMPLIANCE CERTIFICATE

Forms and Returns as filed by the Company during/relating to the financial year ending 31.12.2009.

\* With Registrar of Companies:

S. No.	Form No. / Return	Filed under Section	For	Date of filing*	Whether filed within prescribed time	If Delay in filing whether requisite additional fee paid Yes/No
1.	Form 66	383A	Year ended 31.12.2008	09.03.2009	Yes	N.A.
2.	Form 23AC Annual Accounts	220	Year ended 31.12.2008	26.03.2009	Yes	N.A.
3.	Form 20B Annual Return	159	A.G.M. held on 02.03.2009	08.04.2009	Yes	N.A.
4.	Form 23	192, 17,18	Change of registered office from the state of Rajasthan to the state of Gujarat	15.12.2009	Yes	N.A.

\* Date of uploading of the Form

Signature : Sd/-

Name of the Company Secretary : Surendra U. Kanstiya  
C. P. No. : 1744

Place : Mumbai

Date : 22nd January, 2010

## AUDITORS' REPORT

1. Auditors' Report to the members of M.G.T. Cements Private Limited, Rajasthan.
2. We have audited the attached balance sheet of M.G.T. Cements Private Limited, Rajasthan as at 31st December 2009 and the Profit & Loss account for the period from 1st January 2009 to 31st December 2009 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
4. The information as required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 read with The Companies Act (Auditor's Report) (Amendment) Order, 2004, is not applicable to the Company.
5. Further, we report that:-
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company as far as appears from our examination of those books.
  - iii. The Balance Sheet & Profit & Loss Account as dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the Directors, as on 31st December, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - iv. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts and significant accounting policies thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a. In the case of Balance sheet, of the state of affairs of the Company as at 31st December, 2009.
    - b. In the case of the Profit & Loss account of the loss during the period from 1st January, 2009 to 31st December, 2009.

For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

(Suresh Pareek)  
Proprietor

Place : Mumbai

Date : 22nd January, 2010

## BALANCE SHEET AS AT 31ST DECEMBER, 2009

PARTICULARS	Schedule	Year ended as at 31.12.2009 (Rs.)	Year ended as at 31.12.2008 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>1 Shareholders' Funds</b>			
Share capital .....	<b>A</b>	<b>7,500,000</b>	7,500,000
Share Premium .....	<b>B</b>	<b>9,299,690</b>	9,299,690
		<b>16,799,690</b>	16,799,690
<b>2 Loan Funds</b>			
Unsecured loans from Director ..	<b>C</b>	<b>1,000,000</b>	1,000,000
<b>TOTAL (1 + 2) .....</b>		<b>17,799,690</b>	17,799,690
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets .....</b>	<b>D</b>		
Gross Block .....		<b>4,794,086</b>	4,794,086
Less: Depreciation (accumulated)		<b>3,964,961</b>	1,122,787
Net Block .....		<b>829,125</b>	3,671,299
<b>2A Current Assets, Loans &amp; Advances .....</b>	<b>E</b>		
a) Cash & bank balances .....		<b>1,340,485</b>	860,112
b) Other current assets .....		<b>4,120</b>	505,099
Total current assets .....		<b>1,344,605</b>	1,365,211
<b>2B Current Liabilities &amp; Provisions</b>	<b>F</b>		
a) Liabilities .....		<b>3,921</b>	4,495
<b>3 Net Current Assets .....</b>	<b>(2A-2B)</b>	<b>1,340,684</b>	1,360,716
<b>4 P &amp; L Debit Balance .....</b>		<b>15,629,881</b>	12,767,675
<b>TOTAL (1 + 3 + 4) .....</b>		<b>17,799,690</b>	17,799,690

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

PARTICULARS	Current Year ended 31.12.2009 (Rs.)	Previous Year ended 31.12.2008 (Rs.)
<b>1 INCOME</b>		
Interest income .....	<b>14,795</b>	5,099
Other income .....	<b>106</b>	—
	<b>14,901</b>	5,099
<b>2 EXPENSES</b>		
Audit Fees .....	<b>4,496</b>	5,928
Lease rent .....	<b>549</b>	—
Bank charges .....	<b>85</b>	30
Legal & Professional Fees .....	<b>29,803</b>	21,133
Franking Charges .....	—	3,000
Depreciation .....	<b>160,122</b>	—
Depreciation for earlier period ...	<b>2,682,051</b>	—
	<b>2,877,107</b>	30,091
<b>3 Profit / (Loss) for the period .....</b>	<b>(1-2) (2,862,206)</b>	24,992
<b>4 Balance in P&amp;L a/c as per last accounts .....</b>	<b>(12,767,675)</b>	(12,742,683)
<b>5 Balance c/f to balance sheet .....</b>	<b>(15,629,881)</b>	(12,767,675)

As per our attached Report of even date  
For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

Suresh Pareek

Membership No. 76526

Place : Mumbai

Date : 22nd January, 2010

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 22nd January, 2010

As per our attached Report of even date  
For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

Suresh Pareek

Membership No. 76526

Place : Mumbai

Date : 22nd January, 2010

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 22nd January, 2010

**SCHEDULE 'A' TO 'F' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2009**

**SCHEDULE 'A' - SHARE CAPITAL**

**Authorised**

10,00,000 Equity shares of Rs.10/- each .	<b>10,00,000</b>	10,00,000
---	------------------	-----------

**Issued**

7,50,000 Equity shares of Rs.10/- each ...	<b>7,50,000</b>	7,50,000
--	-----------------	----------

**Subscribed, Called up and Paid up**

7,50,000 Equity shares of Rs.10/- each fully paid up .....	<b>7,50,000</b>	7,50,000
<b>TOTAL</b> .....	<b>7,50,000</b>	7,50,000

**Note:** Out of 750,000 Subscribed and paid up Equity shares, 749,990 Equity shares are held by the Holding company, Ambuja Cements Limited.

**SCHEDULE 'D' - FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As on 01.01.09	Addition during the year	Sale/ Transfer if any	Total	As on 01.01.09	For the year	Written back	As on 31.12.09	W.D.V. As on 31.12.09	W.D.V. As on 31.12.08
Buildings	4,794,086	-	-	<b>4,794,086</b>	1,122,787	2,842,174	-	<b>3,964,961</b>	<b>829,125</b>	3,671,299
Current year Total	4,794,086	-	-	<b>4,794,086</b>	1,122,787	2,842,174	-	<b>3,964,961</b>	<b>829,125</b>	3,671,299
Previous year Total	4,794,086	-	-	<b>4,794,086</b>	1,122,787	-	-	<b>1,122,787</b>	<b>829,125</b>	3,671,299

**Note:** Vide Lease Deed Dated 03 / 03 / 1991, Company has got Government land admeasuring 6.2 bigha for the period of 99 years on 'Operating Lease', for which the rent is payable annually.

**SCHEDULE 'E' - CURRENT ASSETS, LOANS & ADVANCES**

**Current Assets**

**A Cash & Bank Balances**

i. Cash in hand .....	<b>1,007</b>	1,037
Bank Balance with Scheduled banks		
ii. In account with ICICI Bank .....	<b>585,947</b>	585,947
iii. In account with HDFC Bank .....	<b>753,531</b>	273,128
iv. Tax deducted at source .....	<b>4,120</b>	-

**B Loans & Advances (Given)**

M/s Seva Coal Pvt. Ltd. ....	-	500,000
Interest receivable on ICD .....	-	5,099
<b>TOTAL</b> .....	<b>1,344,605</b>	1,365,211

**SCHEDULE 'F' - CURRENT LIABILITIES & PROVISIONS**

**A Current Liabilities**

Other liabilities .....	<b>3,921</b>	4,495
<b>TOTAL</b> .....	<b>3,921</b>	4,495

**SCHEDULE 'B' - SHARE PREMIUM**

Share Premium @ Rs. 31 For 299990 Equity shares .....	<b>9,299,690</b>	9,299,690
<b>TOTAL</b> .....	<b>9,299,690</b>	9,299,690

**SCHEDULE 'C' - UNSECURED LOANS**

Other Loans & Advances .....	<b>1,000,000</b>	1,000,000
From Mayank Singh Kachhawa		
<b>TOTAL</b> .....	<b>1,000,000</b>	1,000,000

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS ON 31ST DECEMBER, 2009**

- In the opinion of Board of Directors the current assets, loans and advances have a value on realization if realized in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet.
- Figures for the previous year have been re-grouped or re-arranged, wherever necessary, to make them comparable with those of the current period.
- Loans & advances received & other liabilities are subject to its confirmations from the respective parties.
- The depreciation on fixed assets was provided up to 31/3/2001. However, in current year the depreciation for previous years & current year also provided at the rate specified as per Companies Act, 1956 till date.
- No provision for income tax has been made by the company in view of losses
- Contingent liability  
Claims against company not acknowledged as debts Rs. 35.00 lacs
- Significant Accounting Policies
  - The financial statements have been prepared in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.
  - The Accounting Statements are prepared on the basis of Mercantile System of Book-keeping.
  - Stock is valued at lower cost or net realizable value by using FIFO method for assigning the cost.
  - The fixed assets have been shown at cost less depreciation provided as on date. Depreciation is provided in accordance with the rates specified in Schedule -XIV of the Companies Act, 1956 on Straight Line Method.
  - Investments are valued at its acquisition cost.

For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

Suresh Pareek

Membership No. 76526

Place : Mumbai  
Date : 22nd January, 2010

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 22nd January, 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.

0 0 5 6 6 8

State Code 1 7

Balance Sheet Date

3 1

Date

1 2

Month

2 0 0 9

Year

### II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1 7 8 0 0

Total Assets

1 7 8 0 0

#### Sources of Funds

Paid-up Capital

7 5 0 0

Reserves & Surplus

Nil

Secured Loans

Nil

Unsecured Loans

1 0 0 0

#### Application of Funds

Net Fixed Assets

8 2 9

Investments

Nil

Net Current Assets

1 3 4 1

Misc. Expenditure

Nil

Accumulated Loss

1 5 6 3 0

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover

0 0

Total Expenditure

2 8 7 7

+/- Profit/Loss Before Tax

- 2 8 6 2

+/- Profit/Loss After Tax

- 2 8 6 2

(Please tick appropriate box + for Profit - for Loss)

Earning Per Share in Rs.

(3 . 8 2)

Dividend Rate %

Nil

### V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)

Product Description

Nil

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 22nd January, 2010

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have the pleasure in presenting their Report and the Audited Accounts of the Company for the period ended on 31st December, 2009.

### 1. FINANCIAL RESULTS

The Company has not commenced any business activities.

### 2. DIRECTORS

Mr. S. C. Joshi and J. C. Toshniwal, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

### 3. AUDITORS

M/s. Suresh Pareek & Associates, Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### 4. EMPLOYEES

The Company had no employees getting salary in excess of the limits specified in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975.

### 5. DIRECTORS' RESPONSIBILITY STATEMENT

In conformity with the provisions u/s. 217 (2AA) which was introduced by the Companies (Amendment) Act, 2000 your directors confirm that :-

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable

and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2009 and of the loss of the Company for the year ended on 31st December, 2009.

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- The Directors have prepared the Annual Accounts on a going concern basis.

### 6. COMPLIANCE CERTIFICATE

The Compliance Certificate issued by M/s. Surendra Kanstiya & Associates, Company Secretaries, in terms of Section 383A of Companies Act, 1956 is annexed hereto and forms part of this Directors' Report.

### 7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 is not given as the same is not applicable.

On behalf of the Board of Directors

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 22nd January, 2010

## COMPLIANCE CERTIFICATE

Registration No. of the Company : U14107RJ2007PTC023934

Nominal Capital : Rs. 20 Lakhs

To,

The Members  
CHEMICAL LIMES MUNDWA PVT. LTD.,  
Marwar Mundwa, Nagaur 341 026

We have examined the registers, records, books and papers of CHEMICAL LIMES MUNDWA PVT. LTD. (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st December, 2009 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

- The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. No forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
- The Company is a private limited company but subsidiary of Ambuja Cement Ltd. (a public limited company), and has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 3. The Company has no member who is its present or past employee; and the Company during the year under scrutiny:
  - has not invited public to subscribe for its shares or debentures; and
  - has not invited or accepted any deposits from persons other than its members, directors or their relatives.
- The Board of Directors duly met 5 times respectively on 12th January, 2009, 20th April, 2009, 20th July, 2009, 19th October, 2009 and 4th November, 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company was not required to close its Register of Members or Debenture holders during the financial year.
- The Annual General Meeting for the financial year ended on 31st December, 2008 was held on 2nd March, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

- One extraordinary general meeting was held during the financial year on 2nd December, 2009, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
- The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
- The Company has not entered into any contracts falling within the purview of section 297 of the Act.
- The Company has made necessary entries in the register maintained under section 301 of the Act.
- As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
- The Company has not issued any duplicate certificate during the financial year.
- The Company has:
  - not made any allotment/transfer/transmission of shares during the financial year;
  - not declared any dividend/interim dividend during the financial year under review;
  - not posted warrants to any member of the Company as no dividend was declared during the financial year;
  - no amount lying in the Books of Account in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon;
  - duly complied with the requirements of section 217 of the Companies Act, 1956.
- The Board of Directors of the Company is duly constituted. There was no appointment of any director during the financial year.
- The Company has not appointed any managing director/whole-time director/manager, during the financial year.
- The Company has not appointed any sole selling agents during the financial year.
- The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rule made thereunder.
19. During the financial year, the Company has not issued any security.
20. The Company has not bought back any shares during the financial year.
21. As there were no preference shares or debentures issued, there was no redemption of preference shares or debentures during the financial year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits falling within the purview of section 58A during the financial year.
24. The borrowings made by the Company are within the ceiling prescribed under section 293(1)(d) of the Act.
25. The Company not entered into any transaction covered by the provisions of section 372A of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to comply with the provisions of section 418 of the Act.

Signature: Sd/-

Name of the Company Secretary : Surendra U. Kanstiya  
C. P. No. : 1744

Place : Mumbai

Date : 22nd January, 2010

## ANNEXURE "A" TO THE COMPLIANCE CERTIFICATE

Registers as maintained by the Company

1. Register of Members u/s 150.
2. Register of Particulars of contracts in which directors are interested u/s 301.
3. Register of Contracts, companies and firms in which directors are interested u/s 301(3).
4. Register of Director, Managing Director, Secretary u/s 303.
5. Register of Directors' Shareholdings u/s 307.
6. Minutes of the General Meetings & Board Meetings u/s 193.
7. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
8. Register of Transfers.

Signature : Sd/-

Name of the Company Secretary : Surendra U. Kanstiya  
C. P. No. : 1744

Place : Mumbai

Date : 22nd January, 2010

## ANNEXURE "B" TO THE COMPLIANCE CERTIFICATE

Forms and Returns as filed by the Company during/relating to the financial year ending 31.12.2009.

\* With Registrar of Companies:

S. No.	Form No. / Return	Filed under Section	For	Date of filing*	Whether filed within prescribed time	If Delay in filing whether requisite additional fee paid Yes/No
1.	Form 66	383A	Year ended 31.12.2008	09.03.2009	Yes	N.A.
2.	Form 23AC Annual Accounts	220	Year ended 31.12.2008	26.03.2009	Yes	N.A.
3.	Form 20B Annual Return	159	A.G.M. held on 02.03.2009	08.04.2009	Yes	N.A.
4.	Form 23	192,17,18	Change of registered office from the state of Rajasthan to the state of Gujarat	15.12.2009	Yes	N.A.

\* Date of uploading of the Form

Signature : Sd/-

Name of the Company Secretary : Surendra U. Kanstiya  
C. P. No. : 1744

Place : Mumbai

Date : 22nd January, 2010

## AUDITORS' REPORT

1. Auditors Report to the members of Chemical Limes Mundwa Private Limited, Rajasthan.
  2. We have audited the attached balance sheet of Chemical Limes Mundwa Private Limited, Rajasthan as at 31st December, 2009 and the Profit & Loss account for the period from 1st January, 2009 to 31st December, 2009 annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
  4. The information as required by the companies (auditor's report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 read with The Companies Act (Auditor's Report) (Amendment) Order, 2004, is not applicable to the company.
  5. Further, we report that:-
    - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - ii. In our opinion, proper books of accounts as required by law have been kept by the company as far as appears from our examination of those books.
- iii. The balance sheet & profit & loss account as dealt with by this report are in agreement with the books of accounts.
  - iv. In our opinion, the balance sheet and profit & loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the directors, as on 31st December, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - iv. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts and significant accounting policies thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a. In the case of balance sheet, of the state of affairs of the company as at 31st December, 2009.
    - b. In the case of the Profit & Loss account of the loss during the period from 1st January, 2009 to 31st December, 2009.

For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

(Suresh Pareek)  
Proprietor

Place : Mumbai  
Date : 22nd January, 2010

## BALANCE SHEET AS AT 31ST DECEMBER, 2009

	Schedule	As at 31.12.2009 (Rs.)	As at 31.12.2008 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>1 Shareholders Funds</b>			
Share capital .....	<b>A</b>	<b>1,400,000</b>	1,400,000
Share premium .....	<b>B</b>	<b>12,350,000</b>	12,350,000
<b>2 Loans</b>			
Short term loan from ACL .....		<b>2,500,000</b>	2,500,000
<b>TOTAL</b> .....		<b>16,250,000</b>	16,250,000
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>			
Gross Block .....	<b>C</b>	<b>36,530</b>	36,530
<b>2A Current Assets, Loans &amp; Advances</b> .....	<b>D</b>	<b>941,126</b>	2,037,232
<b>2B Current Liabilities &amp; Provisions</b> .....	<b>E</b>	<b>25,479,633</b>	14,283,380
<b>3 Net Current Assets</b> .....	<b>(2A-2B)</b>	<b>(24,538,507)</b>	(12,246,148)
<b>4 P &amp; L Debit balance</b> .....		<b>40,751,976</b>	28,459,617
<b>TOTAL</b> .....		<b>16,250,000</b>	16,250,000

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Schedule	Current Year ended 31.12.2009 (Rs.)	Previous Year ended 31.12.2008 (Rs.)
<b>1 INCOME</b>			
Excess provision .....		–	1,191
Closing stock .....		–	208,403
<b>TOTAL</b> .....		<b>–</b>	<b>209,594</b>
<b>2 EXPENDITURE</b>			
Opening Stock .....		–	208,403
Inventory w/ off .....		<b>208,403</b>	–
Lease rent .....		<b>233</b>	–
Lease dead rent .....		<b>485,876</b>	513,798
Land Tax .....		<b>3,750,000</b>	12,500,000
Land tax - (Earlier Years) .....		<b>7,500,000</b>	–
Legal & Professional fees .....		<b>41,253</b>	126,235
Courier charges .....		–	500
Franking charges .....		–	1,300
Bank charges .....		<b>456</b>	410
Audit fees .....		<b>4,496</b>	5,619
Interest on ICD .....		<b>301,642</b>	299,180
<b>TOTAL</b> .....		<b>12,292,359</b>	13,655,445
<b>3 Profit / (Loss) for the period</b> .....	<b>(1-2)</b>	<b>(12,292,359)</b>	(13,445,851)
<b>4 Balance in P &amp; L a/c as per last accounts</b> .....		<b>(28,459,617)</b>	(15,013,766)
<b>5 Balance c/o to balance sheet</b> .....		<b>(40,751,976)</b>	(28,459,617)

As per our attached Report of even date  
For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

Suresh Pareek

Membership No. 76526

Place : Mumbai

Date : 22nd January, 2010

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 22nd January, 2010

As per our attached Report of even date  
For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

Suresh Pareek

Membership No. 76526

Place : Mumbai

Date : 22nd January, 2010

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai

Date : 22nd January, 2010

**SCHEDULE 'A' TO 'E' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST DECEMBER, 2009**

**SCHEDULE 'A' - SHARE CAPITAL**

**Authorised**

2,00,000 Equity shares of Rs.10/- each ... **2,000,000** 2,000,000

**Issued**

1,40,000 Equity shares of Rs.10/- each ... **1,400,000** 1,400,000

**Subscribed, Called up and Paid up**

1,40,000 equity shares of Rs.10/- each  
fully paid up ..... **1,400,000** 1,400,000

**TOTAL** ..... **1,400,000** 1,400,000

**Note:**

Out of 140,000 Subscribed and paid up Equity shares 139,990 Equity shares are held by the " Holding Company, Ambuja Cements Limited

**SCHEDULE 'B' - SHARE PREMIUM**

130,000 Equity shares

@ Rs.95/- per share ..... **12,350,000** 12,350,000

**TOTAL** ..... **12,350,000** 12,350,000

**SCHEDULE 'C' - FIXED ASSETS**

PARTICULARS	Cost as on 01-Jan-09	Addition during the period	Sale/ Transfer	Deletion/ w/off during the period	Cost as on 31-Dec-09	Cost as on 31-Dec-08
Land .....	20,364	—	—	—	<b>20,364</b>	20,364
Building .....	16,166	—	—	—	<b>16,166</b>	16,167
<b>TOTAL</b> .....	<b>52,697</b>	—	—	—	<b>52,697</b>	52,697

**Note:** Vide Lease Deed Dated 22 / 03 / 1977 company has got Government land admeasuring 19.12 bigha for the period of 99 years on 'Operating Lease', for which the rent is payable annually.

**SCHEDULE 'D' - CURRENT ASSETS,  
LOANS & ADVANCES**

**A. Current Assets**

i. Closing Stock (as taken & valued by the management) .....	—	208,403
ii. Cash balance .....	<b>1,573</b>	1,603
iii. Bank balance with scheduled banks .....	<b>572,084</b>	1,581,226
iv. Cash & Bank Balance .....	<b>573,657</b>	1,582,829
v. Advances recoverable in cash or in kind or for value to be received (unsecured considered good) .....	<b>246,000</b>	246,000
vi. Prepaid Expenses - (Advance dead rent paid for Q-1 2010) .....	<b>121,469</b>	—
<b>TOTAL</b> .....	<b>941,126</b>	2,037,232

**SCHEDULE 'E' - CURRENT LIABILITIES & PROVISIONS**

**A. Current liabilities**

i. Other liabilities .....	<b>1,500,001</b>	1,500,000
ii. Interest accrued but not due .....	<b>226,027</b>	224,385
iii. Provision for expenses .....	<b>23,753,605</b>	12,558,995
<b>TOTAL</b> .....	<b>25,479,633</b>	14,283,380

**NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS ON 31ST DECEMBER, 2009**

**Notes**

- In the opinion of Board of Directors, the current assets, loans and advances have been a value on realization if realized in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet.
- The company has not made any provisions for gratuity as none of the employee has completed the required period of services under the payment of Gratuity Act.
- Disputed Tax matters  
A demand of Rs. 6 crores has been raised from mining department on account of Land tax on account of wrong classification by department for past 3 years. However the matter is under trial at Jodhpur High Court and a writ petition has filed by our advocate. Based on the of opinion of our advocate the most likely demand would be Rs.1.50 crores of which the company has already paid 25 lakhs in previous year. Hence, a provision for Rs.1.25 crores has been provided.  
  
On the same ground the company has also provided additional 37.50 Lakhs for current year i.e. 2009-10, and shortfall of previous years amounting to 75 Lakhs.
- Contingent liability  
Out of total demand of disputed land tax of INR 8 Crores, an amount of INR 5.38 crores is being considered as contingent liability.

**5. Significant Accounting Policies**

- The financial statements have been prepared in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.
- The Accounting Statements are prepared on the basis of Mercantile System of Book-keeping.
- The fixed assets have been shown at cost less depreciation provided as on date. Cost includes all direct expenses incurred to bring an asset to working condition for its intended use. Cost also includes financing costs relating to specific borrowing(s) attributable to the acquisition or construction of fixed assets. Depreciation is provided in accordance with the rates specified in Schedule-XIV of the Companies Act, 1956 on written down value method.

As per our attached Report of even date  
For SURESH PAREEK & ASSOCIATES  
Chartered Accountants

Suresh Pareek

Membership No. 76526

Place : Mumbai  
Date : 22nd January, 2010

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 22nd January, 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.     0 2 3 9 3 4 State Code  1  7

Balance Sheet Date  3  1  1  2  2  0  0  9

Date                      Month                      Year

### II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue   N I L Rights Issue   N I L

Bonus Issue   N I L Private Placement   N I L

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  1  6  2  5  0 Total Assets  1  6  2  5  0

**Sources of Funds**

Paid-up Capital   1  4  0  0 Reserves & Surplus   N I L

Secured Loans   N I L Unsecured Loans   2  5  0  0

**Application of Funds**

Net Fixed Assets    3  6 Investments   N I L

Net Current Assets  (2  4  5  3  8) Misc. Expenditure   N I L

Accumulated Loss  4  0  7  5  2

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover    0  0 Total Expenditure  1  2  2  9  2

+/- Profit/Loss Before Tax   -  1  2  2  9  2 +/- Profit/Loss After Tax   -  1  2  2  9  2

Earning Per Share in Rs.  (8  7  .  8  0) Dividend Rate %   N I L

### V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)        N A

Product Description        N A

For and on behalf of the Board

Suresh Chandra Joshi  
Director

Jagdish Chandra Toshniwal  
Director

Place : Mumbai  
Date : 22nd January, 2010

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present the Thirteenth Annual Report along with Audited Accounts for the year ended on 31st December, 2009.

### 1. FINANCIAL RESULTS

The Company has not commenced any business activities during the year under review.

### 2. DIRECTORS

Retirement by rotation

Mr. B. L. Taparia, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

### 3. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year.

### 4. AUDITORS

M/s. Singrodia Goyal & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### 5. EMPLOYEES

The Company had no employees getting salary in excess of the limits specified in Section 217(2A) of the Companies Act, 1956.

### 6. DIRECTORS' RESPONSIBILITY STATEMENT

In conformity with the provisions u/s. 217(2AA) which was introduced by the Companies (Amendment) Act, 2000 your directors confirm that :-

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2009 and of the loss of the Company for the year ended on 31st December, 2009.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the Annual Accounts on a going concern basis.

### 7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company is yet to commence its operation and as such providing information required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 is not applicable.

On behalf of the Board of Directors

B. L. Taparia  
Director

A. V. Rao  
Director

Place : Mumbai

Date : 8th January, 2010

## AUDITORS' REPORT

To,  
The Members,  
Kakinada Cements Limited

We have audited the attached Balance Sheet of Kakinada Cements Limited as at 31st December, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of materials misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company as it appears from our examination of such books.
  - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply in all material aspects with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representation received from the directors, of the Company as on 31st December, 2009 and taken on record by the Board, we report that none of the directors is disqualified as on 31st December, 2009 from being appointed as directors in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon give the information required by the Companies Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2009 and
    - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
    - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For SINGRODIA GOYAL & CO.  
Chartered Accountants

Place : Mumbai  
Date : 8th January, 2010

Shyamratan Singrodia  
Partner  
Mem. No.: 049006

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Paragraph 2 of the Auditors Report to the members of Kakinada Cements Limited for the year ended 31st December, 2009.

As required by the Companies (Auditors Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

1.
  - (a) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) In view of (a) above, comments on para (b) to (g) of clause (iii) are not applicable.
2. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and rules framed there under.
3. The Central Government has not prescribed for maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956.
4.
  - a) According to the records of the Company, the undisputed statutory dues pertaining to Income Tax have been regularly deposited with the appropriate authorities. The laws relating to Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess are not applicable to the Company.
  - b) There are no undisputed amounts in respect of Income Tax, which have not been deposited with the appropriate authorities.
5. The accumulated losses of the Company are more than fifty percent of its net worth at the end of the financial year and the Company has also incurred cash losses in the current financial year as well as in the immediately preceding financial year.
6. According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no short term funds have been used for long term investment.
7. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
8. On the basis of our examination and according to the information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year.
9. In our opinion and according to the information and explanation given to us, and taking into consideration the nature of the Company's business / activities during the year, clauses (i), (ii), (iv), (v), (vii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xix), (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company for the year under audit.

For SINGRODIA GOYAL & CO.  
Chartered Accountants

Shyamratan Singrodia  
Partner  
Mem. No.: 049006

Place : Mumbai  
Dated : 8th January, 2010

## BALANCE SHEET AS AT 31ST DECEMBER, 2009

PARTICULARS	Schedule	As at 31.12.09 (Rs. in Lacs)	As at 31.12.08 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital .....	<b>A</b>	<b>5.00</b>	5.00
<b>TOTAL</b> .....		<b>5.00</b>	5.00
<b>APPLICATION OF FUNDS</b>			
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank Balance .....	<b>B</b>	<b>1.50</b>	2.09
Loans & Advances .....	<b>C</b>	<b>0.20</b>	—
		<b>1.70</b>	2.09
Less: <b>Current Liabilities &amp; Provisions</b> .....	<b>D</b>	<b>0.11</b>	0.11
		<b>0.11</b>	0.11
<b>Net Current Assets</b> .....		<b>1.59</b>	1.98
<b>Profit &amp; Loss Account</b> .....		<b>3.41</b>	3.02
<b>TOTAL</b> .....		<b>5.00</b>	5.00
Significant Accounting Policies & Notes to Accounts .....	<b>F</b>		

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

PARTICULARS	Schedule	Year ended 31.12.2009 (Rs. in Lacs)	Year ended 31.12.2008 (Rs. in Lacs)
<b>INCOME</b> .....			
<b>EXPENDITURE</b>			
Professional fees .....		<b>0.11</b>	0.09
Auditor's Remuneration :			
Audit Fees .....		<b>0.11</b>	0.11
Other Services .....		<b>0.16</b>	0.14
Miscellaneous Expenses .....	<b>E</b>	<b>0.01</b>	0.02
		<b>0.39</b>	0.36
Loss before Taxation .....		<b>0.39</b>	0.36
Less: Provision For Tax			
— Current Tax .....		—	—
— Deferred Tax Liability/(Assets) .....		—	—
Loss after Taxation .....		<b>0.39</b>	0.36
Add : Balance brought forward from last year .....		<b>3.02</b>	2.66
Balance of Loss Carried to Balance Sheet .....		<b>3.41</b>	3.02
Earning Per Share of Rs. 10/- each - Basic & Diluted .....		<b>(0.78)</b>	(0.73)
Significant Accounting Policies & Notes to Accounts .....	<b>F</b>		

As per our attached Report of even date  
For SINGRODIA GOYAL & CO.  
Chartered Accountants

Shyamratan Singrodia  
Partner  
Mem. No. 049006

Place : Mumbai  
Date : 8th January, 2010

For and on behalf of the Board

B. L. Taparia      A. V. Rao  
Director              Director

Place : Mumbai  
Date : 8th January, 2010

As per our attached Report of even date  
For SINGRODIA GOYAL & CO.  
Chartered Accountants

Shyamratan Singrodia  
Partner  
Mem. No. 049006

Place : Mumbai  
Date : 8th January, 2010

For and on behalf of the Board

B. L. Taparia      A. V. Rao  
Director              Director

Place : Mumbai  
Date : 8th January, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Year ended 31.12.2009 (Rs. in Lacs)	Year ended 31.12.2008 (Rs. in Lacs)
<b>A) Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	(0.39)	(0.36)
Adjustment for:		
Depreciation	-	-
Interest income	-	-
Financial Expenses	-	-
Taxes Paid	-	-
<b>Operating Profit before Working Capital Change</b>	<b>(0.39)</b>	<b>(0.36)</b>
Adjustment for:		
Trade Receivables	-	-
Inventories	-	-
Trade Payables	0	(0.02)
Loans and Advances	(0.20)	-
<b>Net Cash from operating activities (Total A)</b>	<b>(0.59)</b>	<b>(0.38)</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Interest Received	-	-
Purchase of Investments	-	-
<b>Net Cash used in Investing Activities (Total B)</b>	<b>-</b>	<b>-</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Secured Loan (Net of Repayment)	-	-
Proceeds from Unsecured Loan (Net of Repayment)	-	-
Financial Expenses	-	-
<b>Net Cash from Financing Activities (Total C)</b>	<b>-</b>	<b>-</b>
Net Increase in Cash & Cash Equivalents (TOTAL A+B+C)	(0.59)	(0.38)
<b>Cash &amp; Cash Equivalents (Opening)</b>	<b>2.09</b>	<b>2.47</b>
<b>Cash &amp; Cash Equivalents (Closing)</b>	<b>1.50</b>	<b>2.09</b>

### Note:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India
- Cash and Cash Equivalents at the end of the year consists of Cash in Hand and Balances with Banks as follows:

Particulars	As at 31.12.2009 (Rs. in Lacs)	As at 31.12.2008 (Rs. in Lacs)
Cash in Hand	-	-
Balances with Banks	1.50	2.09
<b>Total</b>	<b>1.50</b>	<b>2.09</b>

- The Previous periods figures have been regrouped, rearranged wherever necessary in order to confirm to current periods presentation.
- Figures in brackets reflect cash outflow.

As per our attached Report of even date

For SINGRODIA GOYAL & CO.  
Chartered Accountants

Shyamratan Singrodia  
Partner  
Mem. No. 049006

Place : Mumbai  
Date : 8th January, 2010

For and on behalf of the Board

B. L. Taparia      A. V. Rao  
Director              Director

Place : Mumbai  
Date : 8th January, 2010

## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST DECEMBER, 2009

	As at 31.12.2009 (Rs. in Lacs)	As at 31.12.2008 (Rs. in Lacs)
--	--------------------------------------	--------------------------------------

### SCHEDULE "A" - SHARE CAPITAL

#### Authorised

50,000 Equity Shares of Rs.10/- each	5.00	5.00
	<b>5.00</b>	<b>5.00</b>

#### Issued, Subscribed & Paid Up

50,000 Equity Shares of Rs.10/-each fully paid up	5.00	5.00
	<b>5.00</b>	<b>5.00</b>

(All the above 50,000 Equity Shares are held by the Holding Company, Ambuja Cements Limited and its nominees)

### SCHEDULE "B" - CASH & BANK BALANCE

Balance with Scheduled Banks in current accounts	1.50	2.09
	<b>1.50</b>	<b>2.09</b>

### SCHEDULE "C" - LOANS & ADVANCES

(Unsecured, Considered Good)

Advance receivable in cash or in kind or for value to be received		
Considered Good	0.20	-
Considered Doubtful	-	-
	<b>0.20</b>	<b>-</b>
Less: Provision for Doubtful advances	-	-
	<b>0.20</b>	<b>-</b>

### SCHEDULE "D" - CURRENT LIABILITIES & PROVISIONS

#### Current Liabilities

Sundry creditors for expenses	0.10	0.11
Other liabilities	0.01	-
	<b>0.11</b>	<b>0.11</b>

	Year ended 31.12.2009 (Rs. in Lacs)	Year ended 31.12.2008 (Rs. in Lacs)
--	---	---

### SCHEDULE "E" - MISCELLANEOUS EXPENSES

Bank charges	-	0.01
Filing Fees	0.01	0.01
	<b>0.01</b>	<b>0.02</b>

### SCHEDULE "F" - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### A) Significant Accounting Policies

##### 1) Basis of Accounting

The financial statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles & comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956.

##### 2) Recognition of Income & Expenditure

The Company follows the mercantile basis of accounting and recognises income and expenses on accrual basis

### 3) Treatment of Contingent Liabilities

Contingent Liabilities in respect of show cause notices received are considered only when they are converted into demands. Payments in respect of such demands, if any are shown as advances.

Contingent Liabilities under various fiscal laws includes those in respect of which the company/department is in appeal.

Contingent Liabilities are disclosed by way of notes.

### 4) Accounting for Taxation on Income

#### Current Taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income- tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

#### Deferred Taxes

Deferred tax is recognized on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and tax laws that has been enacted by the Balance Sheet date.

### Note:

The Company does not have any dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

### 5) Related Party Disclosures

As required under Accounting Standard 18 "Related Party Disclosure" (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS 18:

- i) For the year ended 31st December, 2009
  - a) Key Management personnel
    - Mr. B. L. Taparia Director
    - Mr. A. V Rao Director
    - Mr. Manish Agarwal Director
  - b) Holding Company  
Ambuja Cements Limited

There are no transactions entered into by the Company during the year with the related parties as mentioned in (a) and (b) above

- ii) For the year ended 31st December, 2008
  - a) Key Management personnel
    - Mr. B. L. Taparia Director
    - Mr. A. V Rao Director
    - Mr. Manish Agarwal (W.e.f 22/07/2008) Director
    - Mr. U. R. Raju (upto 21/07/2008) Director
  - b) Holding Company  
Ambuja Cements Limited

There are no transactions entered into by the Company during the year with the related parties as mentioned in (a) and (b) above

Note: Related Parties are as disclosed by the Management and relied upon by the Auditors.

- 6) As on 31.12.2009, there is no dues to the Micro, Small and Medium Enterprises suppliers defined under "The Micro Small and Medium Enterprises Development Act 2006"
- 7) Additional information pursuant to the provisions of the paragraph 1 & 2 of the Part II of the Schedule VI to the Companies Act, 1956 are either Nil or Not Applicable for the year under Audit.
- 8) Figures less than Rs. 500/- have been shown at actual wherever statutorily required to be disclosed since figures stated have been rounded off to the nearest thousands.
- 9) Figures of previous year have been re-grouped, reclassified and/or rearranged as and wherever necessary to compare with the figures of the current year.

### B) Notes to Accounts

- 1) The Schedules referred to in the Balance Sheet & Profit and Loss Account form an integral part of the Accounts.

- 2) In the opinion of the Board the Current Assets, are realisable in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

### 3) Taxation :

#### Current Tax

In absence of taxable income as per the provisions of the Income Tax Act, 1961 in the current year, provision for current tax has not been made.

#### Deferred Taxes

There are no items attributable to the timing difference between taxable income and accounting income hence no deferred tax liabilities (assets) has been recognized during the year.

### 4) Earning Per Share (as per AS- 20)

In accordance with Accounting Standard 20- Earning per Share prescribed by The Institute of Chartered Accountants of India, the computation of earning per share is set out below:

Sr. No.	Particulars	31st Dec. 2009	31st Dec. 2008
i)	Weighted average number of Equity Shares of Rs. 10 each		
a)	Number of shares at the beginning of the year .....	50000	50000
b)	Number of shares at the end of the year .....	50000	50000
c)	Weighted average number of shares outstanding during the year	50000	50000
ii)	Net Profit/ (Loss) after tax available for equity shareholders (Rs. in Lacs) .....	(0.39)	(0.36)
iii)	Basic Earning Per Share (in Rs.) .....	(0.78)	(0.73)

As per our attached Report of even date  
For SINGRODIA GOYAL & CO.  
Chartered Accountants

Shyamratan Singrodia  
Partner  
Mem. No. 049006

Place : Mumbai  
Date : 8th January, 2010

For and on behalf of the Board

B. L. Taparia A. V. Rao  
Director Director

Place : Mumbai  
Date : 8th January, 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.       2 7 5 7 3 State Code  0  1

Balance Sheet Date  3  1  1  2  2  0  0  9

Date                      Month                      Year

### II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue   N I L Rights Issue   N I L

Bonus Issue   N I L Private Placement   N I L

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities   5 0 0 Total Assets   5 0 0

**Sources of Funds**

Paid-up Capital   5 0 0 Reserves & Surplus   N I L

Secured Loans   N I L Unsecured Loans   N I L

**Application of Funds**

Net Fixed Assets   N I L Investments   N I L

Net Current Assets   1 5 9 Misc. Expenditure   N I L

Accumulated Loss   3 4 1

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover    0 0 Total Expenditure    3 9

+/- Profit/Loss Before Tax   - 3 9 +/- Profit/Loss After Tax   - 3 9

Earning Per Share in Rs.  - 0 . 7 8 Dividend Rate %   N I L

### V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)  2  5  2  3  2  9 . 0  1

Product Description Other Grey Portland Cement

For and on behalf of the Board

Place : Mumbai  
Date : 8th January, 2010

B. L. Taparia  
Director

A. V. Rao  
Director